HAITONG

2023

Annual Report

HAITONG BANK, S.A.

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1269-180 Lisbon | PORTUGAL
Registered Share Capital: 871 277 660 euros
Corporate Registration
and Tax Number: 501 385 932

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MANAGEMENT REPORT

Chairman and CEO Review


Pan Guangtao
Chairman


Wu Min
CEO

2023 was a positive year for Haitong Bank. We increased our Net Profit and improved our balance sheet in terms of asset quality, funding sources and capital preservation. Throughout the year, we consistently delivered on our strategy to build a sustainable business, while generating value and ensuring strategic options for our Shareholder. Haitong Bank was able to achieve this performance despite a challenging macro and geopolitical environment.

One of the headwinds has been the "de-risking strategies" followed by major Western countries versus China, leading to reshoring and geo-economic fragmentation. In this context, the Bank has relied more on the strength of its Western business, which performed relatively better than the Chinese franchise in 2023. This resilience shows that the Bank's multinational business model effectively works.

In 2023, Haitong Bank succeeded in increasing the Net Profit by 55% to EUR 17 million. This was well supported by the Bank's credit activities and active liability management, resulting in a significant increase of the Net Margin that more than doubled to EUR 36 million. We have also maintained tight control over costs, which showed a small reduction, despite the inflationary environment in most of our markets.

As a result of the Bank's strong discipline regarding credit, we have consistently shown strong Asset Quality indicators with a 1.2% NPL and 1.4% NPE at the end of 2023. On the capital front, we are proud to make effective use of our capital, while preserving its value and maintaining a strong capitalisation with a 19.0% CET1 ratio and a 23.8% Total Capital ratio.

The beginning of 2024 marked the transition to a new mandate of Haitong Bank's Board of Directors. We express our gratitude to the departing Board Members for their dedication and impactful contributions. We also extend a warm welcome to the new Board Members for the new journey ahead. Despite still facing great challenges, Haitong Bank's future will be shaped by even stronger foundations.

Looking back on the past few years, the Bank has undergone a profound transformation. We have built a competitive business model, consolidated the scope of our business lines and improved resource allocation, making good use of our capital and leverage. We have also taken strategic initiatives to upgrade our presence in regions such as London, Macau, and Paris and in business areas such as Asset Management and Online Banking.

Haitong Bank's key to success has been the unwavering belief in building controls over our activities, including relentless risk management, effective checks and balances and accountability across our multiple businesses and regions.

We have also followed a consistent strategy as a corporate and investment bank well anchored on our franchises in Europe, Latin America, and China. That positioning has allowed us to improve our resilience and differentiation from both other Western and Chinese competitors.

2024 is likely to be a challenging year – one which Haitong Bank is ready to face, leveraging on the growth opportunities emerging from its branches and subsidiaries, and benefitting from the continuous support of the Shareholder.

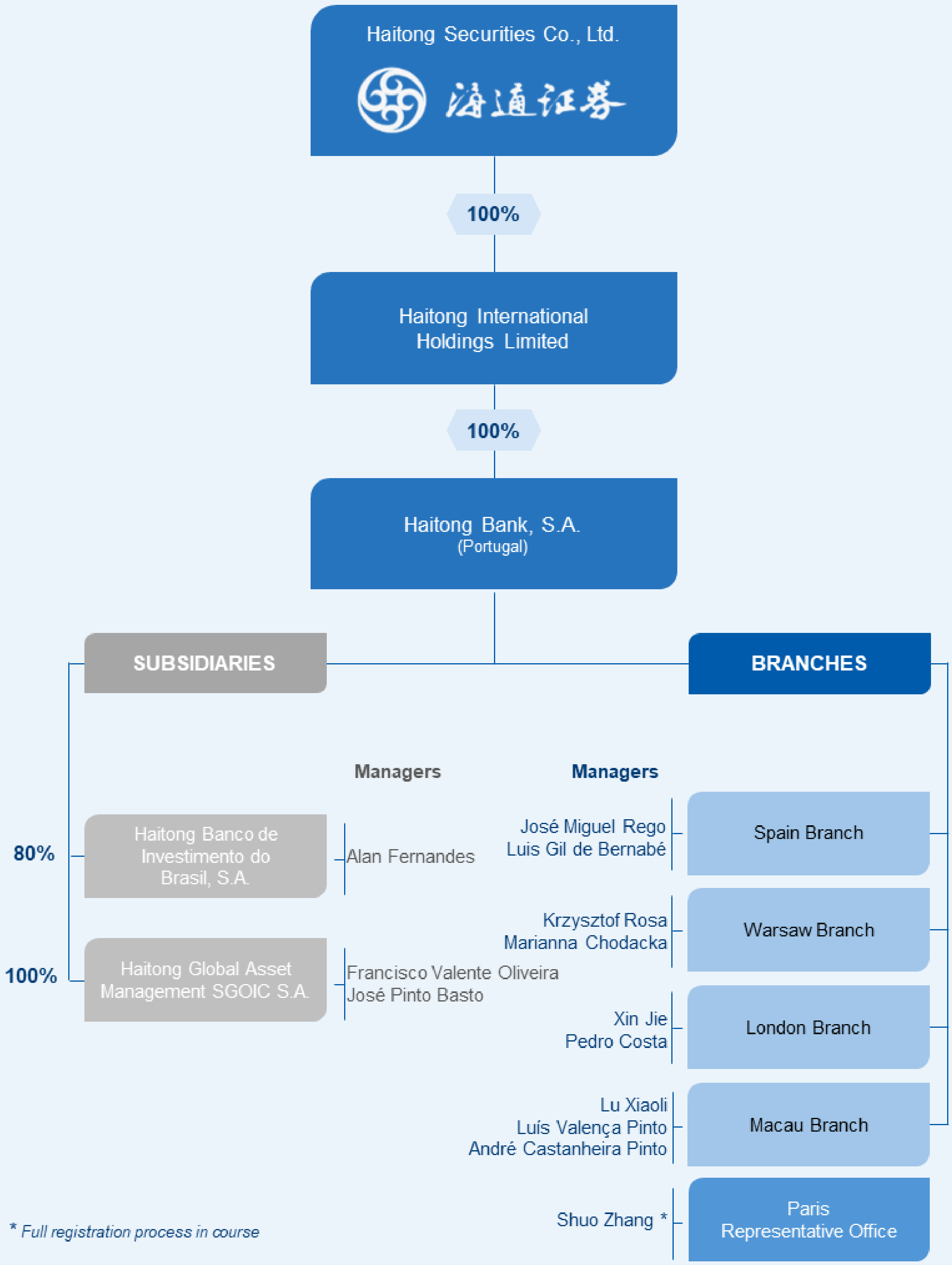
Key Indicators

(EUR million)

	2023 December	2022 December	2021 December
Balance Sheet			
Total Assets	3,499	3,416	2,747
Total Liabilities	2,846	2,788	2,140
Total Equity	652	628	607
Results			
Banking Income	76	74	89
Operating Costs (2)	-60	-61	-60
Operating Profit (2)	16	13	29
Impairment and Provisions	11	0	-20
Net Profit / (Loss)	17	11	4
Profitability			
Return on average shareholders' equity (ROE)	2.7%	1.8%	0.6%
Income before tax and non-controlling interests / Average equity (1)	4.2%	2.1%	1.4%
Return on average net assets (ROA)	0.5%	0.3%	0.1%
Income before tax and non-controlling interests / Average net asset (1)	0.8%	0.4%	0.3%
Banking Income / Average net assets (1)	2.2%	2.3%	3.3%
Efficiency			
Operating costs / Banking income (Cost to Income ratio) (1)	79.2%	82.9%	67.7%
Staff Costs / Banking Income (1)	52.5%	53.5%	41.8%
Credit Quality			
Loan Portfolio (gross)	696	786	632
Loan Loss Charge	-3	1	3
Non-Performing Loans Ratio	1.2%	1.2%	2.1%
Non-Performing Loans Coverage	48.4%	64.6%	42.1%
Solvency			
CET1 ratio (phased-in)	19.0%	17.4%	18.9%
Total capital ratio (phased-in)	23.8%	21.8%	23.6%
CET1 ratio (fully-loaded)	19.0%	17.3%	18.8%
Total capital ratio (fully-loaded)	23.8%	21.8%	23.5%
Leverage			
Leverage Ratio (phased-in)	11.5%	12.2%	17.0%
Leverage Ratio (fully-loaded)	11.5%	12.2%	17.0%
Liquidity Position			
Net Stable Funding Ratio (NSFR)	151%	145%	142%
Liquidity Coverage Ratio (LCR)	275%	236%	183%
Loans to deposits ratio ((Gross loans - provisions) / customer deposits) (1)	84%	107%	63%
Total Headcount	356	357	357

(1) Banco de Portugal Reference Indicators (Notice 23/2011)
(2) Excluding Impairment and Provisions

ORGANISATIONAL STRUCTURE



SENIOR MANAGEMENT

Board of Directors

Chairman

Pan Guangtao

Chief Executive Officer and Executive Board Member

- Treasury and Fixed Income
- Corporate Solutions
- CEO Office
- Human Resources
- Finance

Wu Min

Executive Board Member

- CEO of Haitong Banco de Investimento do Brasil, S.A.

Alan Fernandes

Executive Board Member

- M&A
- Capital Markets
- Structured Finance
- Asset Management
- Corporate Derivatives Desk
- Haitong Global Asset Management SGOIC S.A.

Miguel Guiomar

Executive Board Member

- Compliance & AML-FT
- Legal
- Special Portfolio Management
- IT & Cyber Security
- Online Banking
- Administrative

Nuno Carvalho

Executive Board Member

- Risk Management
- Rating
- Operations

Vasco Câmara Martins

Executive Board Member

- Macau Branch
- Sino-EU Business Development

Lu Xiaoli (Nick Lu)

Non-Executive Board Member

António Domingues

Non-Executive Board Member

Maria do Rosário Ventura

Non-Executive Board Member

Martina García

Non-Executive Board Member

Zhang Xinjun (Jeff Zhang)

Non-Executive Board Member

Chen Xuemei (Michelle Chen)

Senior Managers
with a Seat on the Executive Committee

Pedro Costa

- Head of the CEO Office and London Branch Manager
- Company Secretary

António Pacheco

- Head of the Finance Department
- Company Secretary Alternate

BUSINESS STRATEGY

Haitong Bank is a Corporate and Investment Bank committed to supporting clients on domestic markets and on cross-border transactions.

The Bank's strategy is to connect clients and business opportunities across its broad network, combining a long-standing expertise in Europe and Latin America with a prominent Chinese heritage.

PRODUCT LINES

- CORPORATE & INVESTMENT BANKING
- INSTITUTIONAL SERVICES

SOURCES OF BUSINESS

- EUROPE & LATIN AMERICA
- CHINA
- CROSS-BORDER

Haitong Bank's strategy is underpinned by three main drivers:

- Historical franchises in Europe and Latin America;
- A China angle, through the Macau Branch and Group connectivity; and
- A cross-border focus.

Over recent years, the Bank has followed a consistent strategy, well anchored on its franchises in Europe, Latin America, and China. This positioning has allowed the Bank to improve its resilience and differentiation versus other Western and Chinese competitors.

Through its operations in Portugal, Spain, the UK, Poland, Brazil, Macau and Paris, Haitong Bank is committed to serving its domestic, corporate, and institutional Clients alongside a growing Chinese client base.

The Bank's competitive differentiator lies in its China cross-border capabilities combined with long-standing expertise in European and Latin American markets. Its mission is to provide first-rate service to Clients and to further develop the Group's franchise while creating shareholder value. This encompasses a strong sense of capital preservation and consistent profitability driven by a conscious risk-taking approach and an effective cost base, in full compliance with rules and regulations.

The Bank is committed to sustainably supporting its Clients' activities, ensuring that all clients are treated equally, that their legal interests and confidentiality are protected, and that high quality and efficient services are provided at all times.

Haitong Bank conducts its activities guided by a corporate culture shaped by its core values of Transparency, Meritocracy, Perseverance, and Integrity. Earning the trust and respect from clients and other stakeholders, particularly Regulators, is the cornerstone of the Bank's collective goal for success. This goal is supported by a coherent rules-based organization, with a clear code of conduct, strategy, and governance framework.

Product

Business Model

CORPORATE & INVESTMENT BANKING

Structured Finance

Corporate Lending
Collateralised asset finance
Project finance
Acquisition finance

M&A Advisory

Sell-side and buy-side advisory
Advisory on asset disposals
Company valuations

STRUCTURED FINANCE

CAPITAL MARKETS

M&A ADVISORY

CORPORATE DERIVATIVES

Capital Markets

Cross-border Eurobonds
Domestic bonds
Short-term debt instruments
Advisory on ECM transactions

Corporate Derivatives

Hedging Solutions
Commodities
Interest Rate
FX

INSTITUTIONAL SERVICES

Fixed Income

Fixed Income trading and market making
Distribution to institutional clients
Syndication
Fixed Income Banking Book management

FIXED INCOME

GLOBAL ASSET MANAGEMENT

Global Asset Management

Cross-asset experience: Equities, Fixed Income and Quant
Local experience: Europe and China
Discretionary mandates and Funds management
Private Equity

CORPORATE SOLUTIONS

Overview

The Corporate Solutions Division plays a pivotal role in fostering and maintaining strong relationships with the diverse clientele of Haitong Bank. As a cornerstone of the Bank's commitment to excellence, this Division strategically engages Clients to understand their financial needs, offer bespoke solutions, and ensure a seamless experience. In the pursuit of the mission to be a trusted financial partner, the Corporate Solutions Team operates with dedication and expertise across various financial markets and sectors.

Relationship management is one of the primary responsibilities of the Corporate Solutions Division. The Team of Senior Bankers is dedicated to building and nurturing long-term relationships with Clients, ranging from corporates to high-net worth individuals. Through continuous communication and personalised interactions, the Team strives to understand the unique financial objectives and risk tolerance of each Client.

The Senior Bankers serve as the primary point of contact, ensuring that Clients engage with product specialists and receive timely and relevant information about market trends, investment opportunities, and financial strategies.

Working closely with its product specialists and other internal teams, Haitong Bank designs innovative financial products and solutions that align with Client objectives and market trends. In response to evolving Client needs and market dynamics, the Corporate Solutions Division actively engages in product development. This commitment to innovation enables this Division to offer a diverse range of investment options, from traditional securities to structured products, providing Clients with a comprehensive suite of choices to meet their unique financial goals.

Strategy

Haitong Bank holds a unique business positioning combining a differentiating China Angle with a deep-rooted presence in various domestic markets in Europe, Latin America, and Macau.

The Corporate Solutions Division plays a central role in the Bank's strategy, underpinned by the sustainable growth of its client base in the various regions where it operates.

INSIGHTS

A dedicated team with extensive **client relationships** and **market experience**, offering a unique **China Angle**

CORPORATE CLIENTS

CORPORATE SOLUTIONS

PRODUCT AREAS

CONNECTING CLIENTS TO PRODUCTS

NETWORK

Our network provides **local and global expertise** to help Clients achieve their goals and objectives

SOLUTIONS

We deliver **tailored solutions** to meet the needs of Clients regardless of **size**, industry, or **business priorities**

Activity Highlights

Overall, Haitong Bank's client-focused activity picked up throughout 2023 despite the challenging macroeconomic environment. The Bank's Senior Bankers have further engaged with existing and new Clients, who have entrusted the Bank with increasing levels of activity in multiple products.

In 2023, the Corporate Solutions Division continued to operate in strict coordination with the various product specialists, promoting a full strategic alignment between Clients and the Bank's product areas, namely:

- **Structured Finance:** the Bank continued to expand its credit portfolio with bespoke solutions to Clients in multiple sectors. The Bank's loan book comprises collateralised lending, asset financing (including real estate), acquisition financing, and syndicated loans;
- **Capital Markets:** the Bank continuously supported the origination of capital markets domestic deals, including bond offerings and short-term instruments, such as commercial paper. These deals involved different currencies (EUR, USD, CNY, JPY, PLN, and BRL) and took place in Europe, Asia, and America;
- **M&A Advisory:** Haitong Bank leveraged on its solid reputation in advisory services, with a consistent growth of the pipeline of both sell-side and buy-side deals, alongside cross-border opportunities and China-related transactions;
- **Corporate Derivatives:** the Bank expanded the number of corporate counterparties seeking hedging solutions for multiple risk exposures, offering bespoke hedging solutions (mostly interest rates, FX, and commodities) together with its recognised electronic platform for plain vanilla products;
- **Savings Products:** the Corporate Solutions Team successfully supported the distribution of the Bank's savings products, namely time deposits for corporates and equity and fixed income funds' management.

CAPITAL MARKETS

Overview

The Capital Markets Division comprises the origination, structuring and execution of market-oriented debt and equity instruments. The Bank provides its services to corporates, financial institutions, public companies, and state-related entities.

In the Debt Capital Markets (DCM) area, the Bank is involved in the process of structuring debt instruments, namely domestic debt issues and cross-border issues, especially related to China and other emerging markets, as well as hybrid products, ESG bonds, project bonds, commercial paper programmes and liability management.

Equity Capital Markets (ECM) transactions are explored on a case-by-case basis, mainly comprising capital increases, takeover offers, equity-linked instruments, and listings and delistings for corporate clients.

Strategy

The Capital Markets business area is mainly focused on debt activities.

The DCM business strategy is based on two pillars: (i) local franchises (through the local debt issuance in Portugal, Spain, Poland, Brazil, and Macau), leveraging on its local structuring, underwriting, and distribution capabilities; and (ii) China-related business, supported by Haitong's group-wide origination capabilities and Haitong Bank's structuring, underwriting, and distribution competences.

The Bank is well positioned to play the "China House" role and capitalize on its prominence in EUR and USD-denominated transactions for Chinese issuers over the last five years. In addition, the Bank benefits from the Group's unique access to Asian pools of demand.

OFFERING

- EUR and USD cross-border bonds structuring and underwriting
- Bond Issuance for the local market
- Short-term debt instruments
- Participation in equity business opportunities

Banking Income

€10.5m

Weight in Total

14%

2023 Market Review

Debt Capital Markets (DCM)

Higher interest rates, persistent inflation, and slow global economic growth continued to impact the global capital markets throughout 2023. However, markets coped much better with market volatility this year, following the significant shock felt in 2022, in the aftermath of the surge in bond issuances during the “low interest-rate era”.

Corporate and financial issuance still dominated the market. Nonetheless, borrowers faced strong pressure on their borrowing costs, due to the high interest rates to tame the inflationary pressures resulting from the COVID-19 pandemic, making the short-term refinancing option less attractive.

According to Refinitiv, overall global debt capital markets activity totalled USD 8.9 trillion in 2023, up 6% compared to 2022 and the strongest annual period of DCM activity since 2021. The number of new offerings brought to market in 2023 totalled 29,300, which represented an 8% increase compared to the previous year and a two-year high. However, DCM issuance during 4Q2023 decreased 15% compared to the previous quarter.

Global Investment Grade corporate debt offerings totalled USD 4.3 trillion in 2023, up by 5% compared to 2022 levels, and the slowest annual period for global high-grade corporate debt since 2019. Investment Grade debt issuance during 4Q2023 registered a 20% decrease compared to the previous quarter, marking the slowest quarter for Investment Grade corporate debt issuance since 4Q2018.

In 2023, Global High-Yield debt activity reached USD 219.2 billion, an increase of 66% compared to 2022 and marking a two-year high. High-Yield offerings from issuers in the United States, Canada and the United Kingdom accounted for 76% of full-year 2023 issuance, up slightly from 72% in 2022.

DCM activity from Financials, Government & Agency issuers accounted for 78% of the issuance in 2023, on par with 2022 levels. On the other hand, DCM activity from Consumer Products, Media & Entertainment, Consumer Staples, and Energy & Power issuers registered strong double-digit percentage growth compared to 2022 levels, while Retail and Telecommunications industries led the decliners.

International bond offerings totalled USD 3.8 trillion in 2023, a 7% increase compared to the previous year. Debt from emerging market corporate issuers totalled USD 268.4 billion in 2023, up by 12%. Corporate debt issuers from India, Brazil, Thailand, and Malaysia accounted for 57% of emerging markets activity. Asia local currency bond offerings totalled USD 3.6 trillion in 2023, a 7% increase compared to the previous year and the strongest full-year period for issuance on record. Chinese Yuan and Japanese Yen offerings both increased compared to 2022, 6% and 11% respectively.

According to Dealogic, during 2023, the issuance of social and sustainable bonds was down 10% and 6%, respectively, while the volume of green bonds was up by 5%. Global multinational financing institutions continued to dominate the ESG bond market in 2023.

Equity Capital Markets (ECM)

According to Refinitiv, Equity Capital Markets activity totalled USD 528.5 billion in 2023, a 7% increase compared to 2022 and the strongest period for global equity capital markets in two years. By number of issues, nearly 4,745 ECM offerings were brought to market in 2023, up by 7% compared to 2022.

In terms of the global ECM activity, the United States accounted for a market-leading 26% of overall issuance, with proceeds up by 62% compared to the previous year. Issuers from China raised USD 128.8 billion, a decrease of 33% compared with levels seen a year before.

Global initial public offerings, excluding SPACs, totalled USD 112.5 billion in 2023, a decrease of 24% compared to the previous year. Total proceeds of IPOs on US exchanges totalled USD 20.4 billion in 2023, more than double 2022 levels and a two-year high. China-domiciled IPOs totalled USD 50.2 billion in 2023, down by 30% compared to 2022 levels.

Global convertible offerings totalled USD 93.2 billion in 2023, an increase of 34% compared to the previous year and the strongest annual level for capital raising since 2021, accounting for 18% of global ECM activity.

Lastly, the global secondary offering activity totalled USD 322.8 billion in 2023, a 17% increase compared to the previous year and the strongest annual period for capital raising since 2021. There were just over 3,100 follow-on issues priced in 2023, a 12% increase compared to 2022.

Activity Highlights

In Portugal, Haitong Bank's Capital Markets activity in 2023 was marked by the diversity of transactions closed. The Bank acted, among others, as:

- Sole Global Coordinator of the Mota-Engil, SGPS, S.A. Private Offer of EUR 50 million 7.25% sustainability-linked bonds due 2028, placed with qualified investors via subscription in cash and/or in kind through two exchange offers;
- Sole Global Coordinator of the Sport Lisboa e Benfica – Futebol SAD's Public Subscription and Exchange Offer of EUR 50 million 5.75% bonds due 2026, with final demand reaching EUR 121.2 million, i.e. 2.4x of the issued amount;
- Sole Global Coordinator of the Futebol Clube do Porto – Futebol SAD's Public Subscription and Exchange Offer of EUR 55 million 6.25% bonds due 2026, with final demand reaching over EUR 75 million, i.e. ca. 1.4x of the issued amount;
- Arranger and Dealer of Mota-Engil, SGPS, S.A.'s EUR 30 million commercial paper programme;
- Listing Sponsor of the technical listing of 37,000,000 shares of Atrium BIRE SIGI, S.A., representing the total share capital of the company, which were admitted to trading on the Multilateral Trading Facility Euronext Access, a non-regulated market operated by Euronext Lisbon. The listing reference price per share was EUR 3.12.

Alongside the Fixed Income Team, the DCM Team also organized several non-deal roadshows for Portuguese corporates, allowing European institutional investors to meet with the senior management of the companies, via a series of in-person and virtual meetings.

With the aim of contributing to the development of the Capital Markets, Haitong Bank also participated in two initiatives to promote companies' understanding of how to access the markets for their financing needs:

- A project by the Portuguese market regulator CMVM, entitled “Market4Growth Sandbox”, where Haitong Bank acts as advisor to help selected companies understand the benefits, workflows and conditions precedent to entering the Capital Markets;
- A webinar entitled “Alternative Fixed-Income Market: MARF as a short, medium and long-term solution – current challenges for fixed income in the capital markets” targeted at Portuguese corporates and promoted by MARF management, EthiFinance and Haitong Bank, which highlighted, from a direct perspective, the advantages, and the necessary requirements to carry out fixed-income issuances in MARF.

In Spain, the debt capital market followed Europe’s sentiment, which was marked by volatility and caution. There was enormous uncertainty about the effects on the real economy resulting from the sustained elevated inflation, the historic rise in interest rates with a "higher-for-longer" scenario.

This macroeconomic scenario impacted the credit risk perception of issuers, especially high yields, causing investors to change their investment strategy and adopt a more conservative approach. Issuers were also sceptical about issuing new debt due to higher borrowing costs compared to previous years.

Consequently, 2023 was an adverse year for DCM in Spain, as the trend that started in 2022 continued and the year was marked by high uncertainty for investors, who focus on high credit quality issues, and by low issuance volumes.

The high-yield market represented by MARF (Mercado Alternativo de Renta Fija), continued to have a difficult year with a bond issuance volume of EUR 143 million, which was still better than in 2022, when only EUR 52.5 million was reached, but still very far from the EUR 410 million total issuance in 2021. During 2023, only issuers offering attractive collateral packages or credit profiles above MARF’s historical average were able to access the market.

Despite an unfavourable landscape, Spain’s DCM Team successfully executed an advisory transaction in the renewables sector and is now focused on positioning Haitong Bank for the expected more favourable trend at the start of 2024.

As of January 2024, the Spain Branch was mandated for a debt refinancing for an E-Commerce company, which is expected to be executed during the first half of 2024.

In Poland, after the difficult years of 2021, with the COVID-19 pandemic, and 2022, with the beginning of the war in Ukraine, the corporate bond primary market improved in 2023, with several new issues through public offers targeted at individual investors.

There was also an improvement in the professional investors’ segment of the market, but the scale of growth was much smaller, with a significant part of the transactions with a refinancing and debt “roll-over” profile. Only a very limited number of bond issues were new financing.

In this context, the transaction carried out by the Warsaw Branch for the German TAG Immobilien AG group - one of the largest European entities present in the commercial apartment rental market – was market landmark. The issuer of the EUR 24 million (PLN 130 million), 4-year tenor bonds was the Polish subsidiary - Vantage S.A. (second position on the PRS market in Poland). TAG Immobilien AG, for which Standard&Poor’s Financial Services LLC., assigned an investment grade rating of BBB-, was the guarantor in this transaction.

In Brazil, issuances in debt capital markets reached approximately BRL 360 billion in 2023, a reduction of 9% year-on-year. Once again, fixed-income debentures stood out and accounted for approximately BRL 230 billion in 2023, i.e. 64% of the total.

During 1H2023, the DCM market was significantly impacted by the financial problems of two frequent issuers which resulted in a severe reduction in demand for new issuances. Nevertheless, demand began to rise again towards the end of 1H2023, leading to a much more heated market during 2H2023.

In terms of distribution, the main asset holders continued to be the local banks, who coordinated the issuances, mutual funds, and pension funds. Under this scenario, Haitong Banco de Investimento do Brasil faced fierce competition from Brazil's largest banks, which leveraged on their balance sheet to provide firm underwriting commitments.

Lastly, in Macau, Haitong Bank continued its successful path of bringing Chinese borrowers to the international debt capital markets. Over the past two years, the Bank became a dynamic player in this market segment by successfully leveraging on its expertise.

In 2023, the Macau Branch participated in the issuance of 11 Dim Sum bonds, 11 Shanghai Free Trade Zone (Pearl) bonds, 21 USD bonds and 1 JPY bond, with respective transaction amounts of RMB 13.3 billion, RMB 12.8 billion, USD 2.9 billion and JPY 16.7 billion.

In addition, Haitong Bank's Macau Branch acted as Joint Lead Manager in 21 deals that were listed on MOX (ChongWa (Macau) Financial Asset Exchange Co., Ltd.) during 2023. The Macau Branch played a key role in contributing to the bond market development in Macau, which is considered as a priority development for the Macau government. The Branch has also proven its commitment to supporting the region's economic growth.

Furthermore, Macau's DCM team participated in four sustainable bonds, five green bonds and, one blue bond - thus strengthening the Branch's commitment to environmental, social, and governance (ESG) considerations, which have become increasingly important in the financial industry.

Overall, the Macau Branch has made significant progress in its business activities in a short period of time. Its successful participation in international bond issuances, the support in the development of the Macau bond market, and commitment to ESG demonstrate its ability to adapt to changing market conditions, as well as its commitment to sustainable growth.

SOE | CHINA

FUJIAN ZHANGLONG GROUP CO., LTD.

6.70% Blue Bonds due 2026

US$ 500,000,000

Joint Bookrunner, Joint Lead Manager

2023

HAITONG

CONSTRUCTION & REAL ESTATE | PORTUGAL

MOTA-ENGIL

7.25% Sustainability-linked bonds due 2028

€ 50,000,000

Sole Global Coordinator

2023

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SOE | CHINA

常德城发

4.7% Sustainable Bonds due 2026

¥ 1,400,000,000

Joint Bookrunner, Joint Lead Manager

2023

HAITONG

SOE | CHINA

平潭城发集团

5.6% Green Bonds due 2026

¥ 580,000,000

Joint Bookrunner, Joint Lead Manager

2023

HAITONG

SOE | CHINA

HANRUI OVERSEAS INVESTMENT CO., LTD.
(incorporated in the British Virgin Islands with limited liability)
Unconditionally and Irrevocably Guaranteed by
瀚瑞控股 HANRUI
JIANGSU HANRUI INVESTMENT HOLDINGS CO., LTD.
(江蘇瀚瑞投資控股有限公司)
(incorporated in the People's Republic of China with limited liability)

1.70% Bonds due 2026

JPY 16,720,000,000

Joint Bookrunner, Joint Lead Manager

2023

HAITONG

CONSTRUCTION & REAL ESTATE | POLAND

VANTAGE RENT

Bond Issue

€ 24,000,000

Global Arranger

2023

HAITONG

SPORTS & ENTERTAINMENT | PORTUGAL

FCP

Public Bond and Exchange Offer

€ 55,000,000

Sole Global Coordinator

2023

HAITONG

SOE | CHINA

CHOUZHOU INTERNATIONAL INVESTMENT LIMITED
(incorporated in the British Virgin Islands with limited liability)
Unconditionally and Irrevocably Guaranteed by
义乌市国有资本运营有限公司
YIWU STATE-OWNED CAPITAL OPERATION CO.,LTD
YIWU STATE-OWNED CAPITAL OPERATION CO., LTD.
（義烏市国有資本運營有限公司）
(incorporated in the People's Republic of China with limited liability)

5.70% Green Bonds due 2026

US$ 400,000,000

Joint Lead Manager, Joint Bookrunner

2023

HAITONG

SOE | CHINA

4.3% Bonds due 2026

¥ 3,858,000,000

Joint Bookrunner, Joint Lead Manager

2023

HAITONG

SOE | CHINA

HCG | 湖州城市集团
HUZHOU CITY INVESTMENT DEVELOPMENT GROUP CO., LTD.

5.68% Green Bonds due 2026

US$ 300,000,000

Joint Lead Manager, Joint Bookrunner

2023

HAITONG

SPORTS & ENTERTAINMENT | PORTUGAL

BENFICA SAD

Public Bond & Exchange Offer

€ 50,000,000

Sole Global Coordinator

2023

HAITONG

CONSTRUCTION & REAL ESTATE | PORTUGAL

ATRIUM BIRE, SIGI, S.A.

Technical Listing

€ 37,000,000

Listing Sponsor

2023

HAITONG

2024 Outlook

After navigating through a difficult 2023, the outlook for 2024 remains uncertain as most major economies, including the US, expect slower growth. The rising geopolitical tensions, the persistence of core inflation and tighter-for-longer financial conditions are all going to influence the rebound of better market conditions.

However, as bond yields rallied in the last two months of 2023, and with spreads continuing to tighten, there is reason for cautious optimism going forward, as many believe interest hikes may now have peaked, and that the primary market will start to become more attractive, providing a more positive backdrop for debt issuances in 2024.

If economic growth persists in the face of uncertainty, and the central banks tightening cycle ends sooner than anticipated, investor sentiment should improve, leading to a resurgence in issuance activity, as the maturity wall over the next three years will need to be addressed.

Regarding ESG and following the approval of the European Green Bonds Standard in October 2023, by the European Parliament and the Council, the market is awaiting further disclosures on the standards, which are expected to be implemented by year-end.

The approved regulation lays down uniform requirements for issuers that wish to use the designation 'European green bond' or 'EuGB' for their environmentally sustainable bonds. This standard is voluntary and aims to tackle greenwashing, while also boosting investor confidence in the label. As other regions watch the unfolding of regulation and taxonomy in Europe - the leader in this type of bond label - they are also expected to align with EU rules more closely.

Regarding ECM, following a strong recovery in 2023 and albeit below-than-average follow-ons, block trades and IPOs, the positive momentum is expected to continue and global equity markets are expected to be active in 2024.

Structured Finance

Overview

With a long track record and expertise in project finance, acquisition finance and other credit transactions, the Structured Finance Division develops financing solutions to meet clients' needs through the following main activities:

- Structuring, arranging and underwriting debt facilities – acquisition finance, project finance, asset-based/development finance, bank guarantees and other structured finance solutions for corporate clients;
- Structuring of financing operations through bond issues under a project finance regime ("Project Bonds");
- Post-closing services – portfolio management and agency roles;
- Financial advisory services – namely in connection with project finance deals and with the design of financing solutions for acquisitions, refinancing and other investments.

Strategy

Haitong Bank's Structured Finance Division is driven by the goal of delivering innovative and customized solutions to its Clients. With a global footprint encompassing a local presence in Europe, Brazil and China, the Bank is committed to addressing complex clients and strengthening its position as a trusted financial partner.

Through continued dedication and expertise, Haitong Bank's Structured Finance activity is grounded on a constructive approach and flexibility with a view to providing value-added transactions for its Clients.

OFFERING

- Project finance/Project bonds
- Acquisition finance
- Asset-based/development finance
- Corporate lending / Bridge financing
- Bank guarantees

Banking Income

€22.1m

Weight in Total

29%

Activity Highlights

In 2023, the Structured Finance business achieved a total banking income of circa EUR 22 million on a global basis, an improvement when compared to the previous year's performance. This achievement reflects the effectiveness of the Bank's strategies and the successful execution of the Structured Finance business.

Under a very competitive environment, the Structured Finance activity faced significant market volatility, especially in sectors more sensitive to the macroeconomic uncertainties driven by the persistent inflation trend aggravated by the current conflict in Europe. On the one hand, this context has required constant market monitoring and careful selection of business opportunities in order to mitigate potential adverse impacts. On the other hand, the pricing pressures and a general competitive landscape entailed the need to differentiate and focus on delivering value-added tailor-made propositions to Clients.

Benefiting from the Bank's global presence and the coordinated efforts between product and geographies, the Bank's Structured Finance business has increased its geographical diversification, having closed new deals in Europe, Asia, Brazil, and Australia. The contributions from the more recent units in Macau and Paris, together with the other geographies on which the Bank has a longer presence, have played a vital role in the origination of new opportunities in different markets and jurisdictions.

From a sector perspective, positive dynamics have been experienced in the real estate and infrastructure sectors, as well as in the corporate lending, acquisition, and leverage finance space.

In Portugal, the Bank capitalized on the long-established relationship with Clients and closed two new deals with relevant corporate names. The positive contribution from the secondary market activity should also be highlighted, as well as the successful syndication of a relevant real estate transaction, which was fully underwritten by Haitong Bank.

In Spain, the focus was on the energy, telecoms, and infrastructure sectors, with the highlight being the successful execution of the refinancing of a leading renewable IPP.

In the UK, Haitong Bank joined an international syndicate of banks and completed a real estate financing transaction, comprising a large and diversified portfolio of assets focusing on the leisure, consumer, and industrial sectors.

In Asia, through the Macau Branch, Haitong Bank is actively developing the Structured Finance business with positive results. During the year, three new transactions were successfully closed in the data centres, oil and gas, and mining sectors.

In Poland, Haitong Bank's Warsaw Branch completed three syndicated credit transactions in the chemical, oil & gas, and telecommunications sectors.

In Brazil, despite the high interest rates scenario, the Structured Finance activity was highly positive, especially taking into consideration the closing of several transactions in an amount of approximately BRL 730 million with a diversified sectoral risk profile.

The effective management of the Bank's existing portfolio of loans and agency services remained a priority for the Structured Finance activity, from both a risk and return perspective. The Bank remained focused on proactive monitoring, aiming to ensure the stability and profitability of its credit operations.

Overall, in the Structured Finance activity, Haitong Bank continued to position itself as a solution provider to Clients, guided by a flexible and constructive approach with a focus on value-added transactions. This approach has allowed the Bank to address complex client requirements and strengthen its position as a trusted financial partner.

TMT | PORTUGAL

GRUPO VISABEIRA

Senior Debt Facilities to Visabeira Global, SGPS

€ 450,000,000

Lender

2023

HAITONG

SERVICES | CHINA

CHINDATA GROUP

Syndicated Loan Facility to Data Centre Operator

US$ 500,000,000

Lender

2023

HAITONG

CONSTRUCTION & REAL ESTATE | U.K.

LXi REIT Long Indexed Income

Senior Loan to the LXi REIT Group

£ 565,000,000

Lender

2023

HAITONG

TMT | POLAND

Grupa Polsat Plus

Syndicated Loan Facility

PLN 8,255,000,000
&
€ 506,000,000

Lender

2023

HAITONG

CONSUMER & RETAIL | BRAZIL

ZAMP

Commercial Notes under ICVM 160 BRL 125,0 MM

R$ 50,000,000

Lender

2023

HAITONG

2024 Outlook

The macroeconomic framework for 2024 is still uncertain. However, the Structured Finance business is expected to stay on the same path as 2023 in terms of the affirmation of Haitong Bank's presence in the lending space with an increasing number of new deals closed and the establishment of new commercial relationships.

The pipeline of new Structured Finance deals remains strong and dynamic, with great geographical and sectorial diversification.

Haitong Bank will continue to focus on value-added transactions to enhance its competitiveness in the Structured Finance market. The Bank aims to differentiate itself and attract clients seeking unique financing options by consistently providing innovative and customized solutions.

Mergers and Acquisitions

Overview

Haitong Bank's M&A Division provides financial advisory services on the acquisition, sale, or merger of companies. The M&A Division also provides services such as economic and financial valuations. This Division leverages on a Team of experienced professionals with a strong local network and long-standing execution track record in several geographies. The M&A Team also provides support to Chinese companies in executing their internationalisation strategies in Europe and Latin America.

Strategy

In a more competitive environment, Haitong Bank's M&A business has become increasingly focused on its cross-border angle. In this context, the Bank continues to broaden its geographical scope to provide these services on a more global and integrated scale.

The Sino-EU M&A Department is responsible for all of the Bank's M&A business between China and the Eurozone, in addition to local business.

OFFERING

- Sell-side and buy-side advisory
- Valuations

Banking Income

€10.1m

Weight in Total

13%

2023 Market Review

During 2023, the performance of the global M&A market was lacklustre – high interest rates, combined with an economic slowdown and a period of high economic uncertainty resulted in the lowest deal value and volume in the past three years. Mergermarket figures show a decrease of 25% year-on-year in terms of the global value of completed transactions, to EUR 3 trillion, whilst the number of transactions reduced by 16%, totalling 36,820 worldwide.

The European and particularly the Iberian M&A markets suffered more than the global market, reflecting worse regional economic conditions. In Europe, there was a decrease of 45% year-on-year in terms of the value of completed transactions, reaching EUR 679 billion, and an 11% decrease in the number of transactions to 14,470. The Iberian region registered EUR 42 billion of completed transactions, which represented a 36% decrease year-on-year and a 15% decrease in the number of completed transactions to 1,267 deals.

According to Mergermarket, the China cross-border M&A reached a total of 233 completed transactions in 2023, which represents a 17% drop year-on-year (282 transactions in 2022). The total deal value reached USD 17 billion, representing a decrease of 27% year-on-year from USD 24 billion in 2022.

In Poland, the M&A market totalled 340 completed transactions during 2023 (-24% YoY). The value of completed transactions amounted to circa EUR 10 billion. Computer services & software was the most popular sector, accounting for 18% of total completed transactions in 2023, followed by the general services sector at 12% and consumer (general and retail) at 10%.

In the UK, the M&A market was relatively subdued in 2023. The picture from the first half of the year – a 20% decrease in volumes and 30% in value – largely persisted into the second half, with stubbornly high inflation and high interest rates impacting corporate confidence and valuations.

In Brazil, M&A activity slowed down mainly due to high interest rates, especially in the first half of the year. There was a total of 832 M&A deals with a disclosed value of over USD 52 billion, down from 1,280 deals in 2022. Out of the 832 deals, 279 involved international investors, including 6 deals with Chinese bidders in the energy, IT, and chemical sectors.

Since late 2023, the M&A activity in Brazil has been resuming due to a more stable political environment, inflation under control, and the Brazilian central bank cutting interest rates. During the rates-cutting cycle, Brazilian assets became more attractive, bringing more investment opportunities to companies and financial institutions aiming to develop business in Brazil.

Activity Highlights

In Iberia, Haitong Bank remained very active in the M&A market, being directly involved in a landmark transaction, and successfully completing three relevant deals, among others, as follows:

- Haitong Bank advised the Portuguese-listed company Semapa in the acquisition of Triangle's, a worldwide reference player in the production of e-bike frames that leverages on unparalleled levels of automation in the market. This acquisition was a relevant step forward for Semapa in its new strategic cycle of diversification, investing in future-proof sectors and combining objectives of decarbonization and sustainability with strong growth perspectives. The transaction was successfully closed in June 2023 and represents a landmark deal in the sector;
- Haitong Bank acted as a sell-side advisor to Aitec in the sale of a majority stake to Henko Partners. Aitec S.A. is the holding company of a leading IT services group in Portugal, offering a comprehensive portfolio of solutions, and which operates under the brand name "Link". Link has offices in Portugal, Brazil, and the Middle East. Henko's investment

will support Link's international expansion, creating a platform with delivery units in Iberia and Latin America, and clients across Europe, Latin America, and the Middle East. The transaction was closed in September 2023;

- Haitong Bank acted as a sell-side advisor to Aquaplus in the sale of a brownfield solar PV farm located in Cuenca, Spain, to Sonnedix, the international renewable energy producer (REP), which was closed in January 2023.

Additionally, the Bank provided advisory services in two M&A sell-side transactions in the transportation and renewable energy sectors, which are expected to be concluded in 2024.

Regarding cross-border transactions, the Sino-EU Team, together with the Team in Poland, advised the client CSIC Longjiang GH Gas Turbine (GHGT) on the acquisition of a Gas Turbine business from Volkswagen's subsidiary MAN Energy Solutions. This carve-out transaction was signed in June and is still subject to approvals from relevant regulators in China and Germany. Additionally, the Team continues to serve GHGT to ensure a successful closing of the transaction. During 2023, the Sino-EU Team managed to secure eight new buy-side mandates from Chinese Clients and build up a solid pipeline in different industries including TMT, Pharmaceuticals, Aesthetic Medicine, Fine Chemicals, and Sanitary Wares.

In the UK, the M&A Team assisted several corporate Clients on cross-border M&A mandates and has been working closely with the Team in Poland on a buy-side M&A transaction and with the Team in Portugal on various China-related cross-border projects. On the domestic front, the UK M&A Team continued to support the professional services sector, successfully completing a USD 553 million refinancing of a UK law firm by a large institutional investor – a deal that is considered to be a landmark transaction in the global legal services sector. The Team also continued to support an Alternative Asset Manager on a GBP 100 million fundraise, a transaction which is expected to be completed in 2024.

In Brazil, the M&A Team managed to further develop business in the local market through several initiatives, with several mandates and projects being delivered. Most of the initiatives had a China-related angle, particularly the efforts to acquire local targets from Chinese companies. In addition, the Team also created a few opportunities in diverse sectors, such as infrastructure and retail, with Brazilian companies.

During 2023, the Brazilian Team worked on eight China-related projects in the energy, infrastructure, and construction sectors, and successfully closed the acquisition by PowerChina of a 430MWp solar power plant from a local developer. By the end of 2023, the Team had five mandates under execution and two at an advanced negotiation stage.

INDUSTRIALS / ENVIRONMENT PORTUGAL

SEMAPA

Acquisition of 100% of Triangle's Cycling Equipments, S.A.

€ 178,700,000

Financial Adviser

2023

HAITONG

TMT PORTUGAL

link

Sale of a majority stake in Link to Henko Partners

Financial Adviser

2023

HAITONG

ENERGY SPAIN

AQUAPLUS

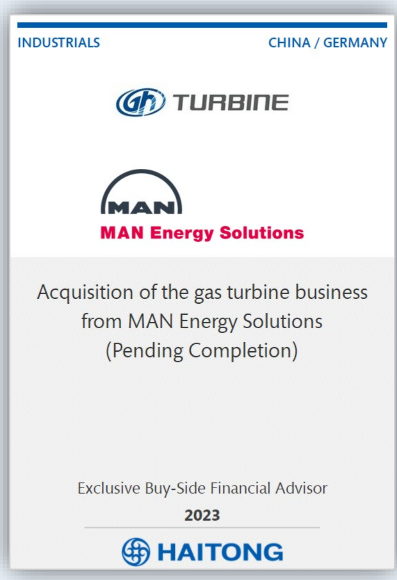
Sale of a 3MW solar PV portfolio in Spain of Aquaplus to Sonnedix España

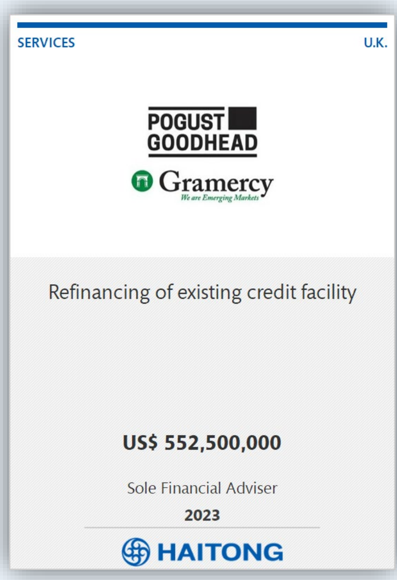
€ 14,498,000

Financial Adviser

2023

HAITONG





2024 Outlook

In 2024, the M&A activity should continue to be affected by the several factors that caused a difficult year in 2023. Geopolitical uncertainties around the world and continued concerns about inflation and the overall state of the world economy, stricter antitrust enforcement, and regulatory developments, as well as new country leaderships following several countries' national elections in 2024, are some of the most significant elements.

Nevertheless, the M&A market in 2024 holds the potential for improvement, supported by themes such as the stabilization of global macroeconomic activity and the convergence of buyer and seller price expectations. As of the end of 2023, there were already positive signs of improvement, with year-on-year increases in M&A deal values in the fourth quarter. However, in 2024, bidders are expected to continue exercising a high degree of caution, leading to more thorough due diligence processes and longer execution periods.

In Iberia, the outlook is improving as both Portugal and Spain are expected to enjoy GDP growth above the Euro Area average and inflation has slowed down in recent months. Despite the impacts in investor appetite caused by the uncertainty in global economic conditions, trends such as energy transition, digital transformation, and infrastructure are expected to remain active going forward.

Regarding cross-border transactions, the Team will continue the execution of current mandates, as well as focus on expanding and prioritizing the cross-border pipeline in both buy-side and sell-side opportunities. At the same time, the Team will continue leveraging the execution and client coverage capabilities across different branches and offices to better deliver services to clients.

In Poland, the M&A market will gradually improve in 2024, with several envisaged transactions in the pipeline. The ongoing mandates are in the following sectors: automotive, digital economy (e-commerce, e-travel) and food processing. The Polish economy remains resilient to external macroeconomic and geopolitical shocks, which should contribute to a rebound in M&A activity in 2024.

In the UK, the Team will continue the execution of the current mandates, including acting for a number of UK Clients on ongoing fundraising projects and advising a European cross-border acquirer jointly with the Polish M&A Team.

The Team is also in early-stage discussions on several China-UK pipeline projects with the M&A Teams in Lisbon, Madrid, and Paris.

In Brazil, the Team expects to continue implementing its strategy in 2024 and to continue leveraging the synergies from Haitong Group's global presence to better position itself in the Brazilian M&A market with its unique China and Iberia angle. The Team is looking to develop new mandates with both Chinese and Brazilian clients, especially in the energy and infrastructure sectors. Additionally, the Team will work on new opportunities in more diverse sectors, including assisting Brazilian companies to tap the Asian capital markets. The expectation of a gradual recovery of the Brazilian economy also points to an optimistic scenario, indicating a potential increase in M&A deals in 2024.

Fixed Income

Overview

Haitong Bank's Fixed Income Division acts as a portfolio manager team for trading and banking book portfolios, a "product factory" and as a distribution platform for debt products and OTC derivatives. The Division provides strong local and global market knowledge working as an international platform, capturing deal flow between clients in different regions, while remaining an important player in the relevant domestic markets where the Bank is present.

These multiple areas of activity allow the Fixed Income Team to acquire significant expertise in the target markets and ensure a strong distribution capability of debt products to institutional clients globally.

The Fixed Income Division is present in Portugal, Spain, Poland, Macau, and Brazil, covering Haitong Bank's Banking Book Management, Trading/Flow, Fixed Income Institutional Sales, and Syndication.

Strategy

The Fixed Income Division focuses on adding the Chinese angle to its current offer to become an important player in Chinese products. Building a strong bridge with China and having dynamic teams in the various offices will enable the Bank to create synergies and become an execution hub of cross-border business opportunities from different regions.

OFFERING

- Fixed Income Trading and Market Making
- Fixed Income Banking Book management
- OTC Derivatives to Institutional Clients
- Distribution to Institutional Clients

Banking Income

€12.8m

Weight in Total

17%

Activity Highlights

Portugal and Spain

Syndication / Sales

Regarding primary market transactions, the first three quarters of 2023 were significantly impacted by the inflationary concerns in the American and European blocs and the subsequent central banks' response. This led to a sharp rise in interest rates, reflecting the shift in monetary policies, the rise in credit spreads, and the drop in the main equity markets – in addition to higher volatility in the markets as a whole. All these factors contributed to a much lower volume of new issuances than in previous years.

In this market context, the Syndication team was essentially involved in developing pitches to new mandates and in organizing non-deal roadshows for Iberian companies to create conditions to tap those markets. In this period, it is worth highlighting the non-deal roadshows of Mota-Engil and José de Mello Capital, including both group events and one-on-one events in Lisbon and Madrid, as well as the several pitches made for new mandates.

During the last quarter of the year, the rates and spreads decreased, and the market conditions allowed the return of Fixed Income to the primary market. In this context, the Team was able to lead one of the few issues in Portuguese Corporates of the year, acting as Sole Lead Manager in the EUR 50 million Mota-Engil 7.25% due 2028 bond issue.

In 2024, the interest rates and credit spreads are expected to continue decreasing, although at a slower pace than the pace registered in the last months of the year, thus being supportive of increasing issuance on primary markets. Nonetheless, this positive factor will, to some extent, be mitigated by the trend observed by the majority of investors in the fixed income area of a specific focus in benchmark issues, which is not feasible for the majority of the Bank's issuer base. Another factor that might hinder a faster growth of issuances is the increasing completion by banks of credits (namely loans to issuers) with lower spreads than those that can be achieved in the bond market.

Banking Book Management

2023 was marked by an increase of interest rates in developed markets, as well as by the Main Refinancing Rate reaching 4.50% in September and the Fed Funds Rate Lower and Higher Bound reaching 5.25% and 5.50%, respectively, in July.

Opposite to what had happened in 2022, when significant losses on the major fixed income indexes were observed, the Benchmark Euro Aggregate posted gains of 7% in 2023 (compared to losses of 17% in 2022), while its US equivalent generated gains of 5.5% (compared to losses of 13% in 2022).

It should also be noted that the Silicon Valley Bank bankruptcy in 1Q2023 led to significant pressure on credit spreads, which allowed some investments at wider spreads.

Banking Book activity was more dynamic during 1H2023, allowing the Team to place some investments at wider spreads and higher interest rates, registering a more modest pace towards the end of the year, when credit spreads tightened.

In 2024, rates and spreads are expected to remain volatile, especially with uncertainty on the timing of possible rate cuts by the ECB and FED, while fears of untamed inflation still hover around and may result in a higher-for-longer stance in terms of interest rates.

Trading / Flow

2023 was characterised by significant volatility, with two main trends. On the one hand, the rebound in Chinese economic activity post-COVID did not happen as quickly as expected, but interest rates did rise and Central Banks successfully fought inflation without derailing the global economy. On the other hand, interest rates reached new highs after US regional bank failures in March, leading to fears of a global financial meltdown, which did not materialize. Towards the end of the year, benign inflation data set the tone for lower yields and a riskier attitude from investors that increasingly added credit and some duration to their portfolios.

At the beginning of 2024, the crossover credit index was very far from 2022's peak of 695 basis points, trading at 336 basis points. A lot of cash that was waiting on the sidelines for more clarity on the interest rate path ended up being used at the beginning of 2024. On the supply side, many companies also tried to front-load financing in order to avoid any surprises.

A further steepening in yield curves via bullish bets in the front end is expected in 2024; although higher yields on the long end of the curve may still be found, caution is advised for duration investments. Regarding credit, a decent year is expected for carry, if economic activity does not slump, which would put some pressure on high yield products.

Brazil

Banking Book Management

In 2023, the Brazilian Central Bank (BCB) started the easing cycle, with the reduction of the benchmark rate (SELIC) from 13.75% to 11.75%.

In this context, sovereign and corporate markets had opposite dynamics. On one side, the corporate market was negatively affected by the non-expected defaults in high-grade companies. Up to November 2023, the dedicated assets still had a total outflow of BRL 50 billion, which compared to an inflow of BRL 155 billion in the same period of 2022. In 2H2023, this market recovered but spreads remained higher than at the end of 2022.

This downturn in the capital markets, in Brazil, affected the Bank's strategy in the local portfolio of corporate securities. However, the worst days in this market seem to have been overcome. As BCB should keep the reduction of interest rates in 2024 towards 9.5%, the premiums in the credit market may reduce. As a consequence, the Fixed Income Team expects an inflow to dedicated assets and a better performance in this market in 2024.

On the other side, sovereign bonds performed very well, as the BCB started the easing process and the new government has shown more fiscal responsibility than initially expected by the market. In this scenario, at the end of the year, Brazil's S&P rating was upgraded from BB- to BB. Therefore, 10-year rates fell from 12.60% to 10.35%, with a solid demand for longer tenors from foreign investors.

Sovereign debt should have another positive year in 2024, driven by a dovish BCB and another year of responsible fiscal policy.

The Bank's portfolio will remain invested in fixed sovereign bonds and the spikes in interest rates can be a good opportunity to increase the portfolio.

Syndicate & Sales

As previously noted, 2023 was a challenging year for the Brazilian capital markets. The unexpected default of two important, high-grade credit-score companies led to the interruption of the local markets for public issuances of all types of companies. Despite the beginning of the easing cycle from BCB, this scenario lasted almost the whole year. Only issuances for high grade companies and bonds from banks with strong balance sheets succeeded in tapping the market.

For this reason, the syndication and local distribution Team was active in the sale of bonds (*Letras Financeiras*) from Haitong Brazil to its institutional investor clients and worked with other banks in the purchase of good credit opportunities for its own portfolio.

A better performance for local capital markets is expected for 2024, based on the growing investor interest in buying bonds for high/mid-grade ratings, and thus making companies interested in tapping the market.

Poland

In general, 2023 was marked by escalating tensions and conflicts across the world. From the conflict in the Ukraine, to the war in Gaza, and the volatile situation in the South China Sea, the world witnessed a surge in geopolitical unrest – a situation that has a direct influence on financial markets. Liquidity was poor and the fixed income market continued to be highly volatile.

In 2H2023, the financial market in Poland was split between the "before and after" the October elections. Before the election results, financial institutions and investors had cut their turnovers and limited activity to take a distinctly wait-and-see position due to the uncertain future and impossible-to-predict election result. In the end, the election's outcome boosted financial markets. The market rallied and the Team in Poland registered orders in government bonds from local financial institutions. The zloty has strengthened about 4% against the euro and 9% against the dollar since the election, while Warsaw's WIG20 stock index has gained 16%, among the best performances across emerging markets. The corporate bond market was rather stable, while retail customers' issuances were reduced. On the other hand, Haitong Bank was able to find some professional buyers on the secondary market to sell a significant amount of corporate bonds, which clearly showed that liquidity in the corporate market returned.

According to the so-called central path of the National Bank of Poland's projection, the annual inflation should stand at 5.7% in 2024, which could benefit fixed income assets when it leads to lower interest rates. The Team expects good demand for Polish government and corporate bonds, both from financial and non-financial institutions.

Macau

Banking Book Management

In 2023, a new sub-account was successfully established for the banking book of the Macau Branch. The book aims to target the investment opportunities in the Asian credit market, leveraging on both the strength of the trading relationship and the Bank's presence in the region.

With the US rates at the highest level in a decade, in 2023, the credit spread tightened and new supply from Chinese issuers shrank by about 43% to only USD 63 billion, from 2022's USD 118 billion. China's central bank (PBOC) kept a loose monetary policy in onshore Mainland market in 2023, cutting the Reserve Ratio Requirements (RRR) twice by a total of 0.5%, the 1-year Medium-Term Lending Facility (MLF) rate by a total of 25 basis points, and the 7-day Repo Rate twice by a total of 20 basis points. The monetary policy helped Chinese issuers refinance their debt in the onshore market with a much lower yield. On the other hand, some issuers issued CNH-denominated bonds in the offshore market.

Concerning the China USD investment grade bonds index, the average spread tightened from 166 basis points to 125 basis points, and in the China USD high yield bonds index, the average spread tightened from 1500 basis points to 1063 basis points. Default was still a major topic in China's high yield property sector, with a weak recovery from real estate sales, and Country Garden, the largest developer in China property market, officially defaulting on a USD-denominated bond in October. The Team has thus remained vigilant in monitoring the credit quality of Chinese issuers and the market development.

Flow/Trading

In the flow business, the Team has largely expanded the quoting in the Asian USD bond market, especially in the China Offshore bond market, which constitutes 60% of the Asian market. In 2023, the Team increased the quoting of more than 600 bonds in the region, covering all the active sectors. The Team also expanded the quoting for Korea and Japan USD credits to increase the market-making service to clients.

With a limited new issue supply from the primary market, the secondary market was less liquid than before. In the investment grade sector, the investors were more of a one-way buyer to meet reinvestment needs, and the quoting bid-ask spread became tight throughout most of the year. In the high-yield sector, investors were still cautious about the China property and POE issuers, especially when the real estate and consumption recovery did not meet expectations.

In Macau, the whole gaming sector enjoyed a strong recovery with the coming back of China tourists after the pandemic, reaching a gross gaming revenue of MOP 183.06 billion (USD 22.8 billion), 334% higher than in 2022. The gaming sector as a whole performed best in all Asian high-yield credits. The Bank caught up with this trend in the trading with market insights from the Macau Branch.

Syndicate & Sales

In 2023, Chinese offshore issuance amount slumped 46% to USD 63 billion, with some investment-grade issuers, especially central SOE issuers, turning to the onshore CNY debt market for refinancing. Other sectors, like TMT, Property and Macau Gaming companies also did not show up in the new issuance market. With the lack of new issuances, China's local SOEs and LGFVs dominated the primary market in 2023.

Due to the highest level of the spread between US Treasury and Chinese government bonds in years, some issuers have decided to target a new niche offshore market, such as the CNH-denominated bond, or the CNH CCDC FTZ bonds.

The syndication Team was involved in many local SOE and LGFV deals executed by the Bank's DCM department. In 2023, the Team participated in a total of 44 deals including USD bonds, CHN-denominated bonds and CCDC FTZ bonds, and played the role of global coordinator in 10 deals. In all these deals, the Team played the leading role in the Haitong Securities CCDC FTZ deal, the AVIC leasing deal, the Sanming City Construction deal, and the Pingdu SOAM deal, bringing solid and high-quality investors to these deals.

In 2024, with the FED being expected to cut rates, the recovery of high-grade Chinese issuers is expected to come back to the offshore market, leading to a recovering volume of new issuances.

Corporate Derivatives

Overview

Haitong Bank's Derivatives Desk covers several asset classes such as interest rates, FX and commodities, providing corporate clients with tailor-made solutions to optimise their hedging strategy against an increase in interest rates, exchange rate variations between payments and receipts of their products, as well as in fixing the cost/sale price of raw materials.

The Team has close to 20 years of combined experience in all Derivatives-related areas, such as Structured Finance and Project Finance, and maintains direct contact with Finance Managers and CFOs of the most prestigious listed and non-listed companies in Portugal, Spain, Poland, and Brazil.

Strategy

Haitong Bank's Derivatives Desk aims to support companies to protect their balance sheets against financial variables that may negatively affect their profits, allowing them to focus on their core business, lock in the margin in their products and, above all, protect the value for their shareholders.

OFFERING

- Corporate Hedging Solutions
- Commodities
- Interest Rates
- FX

Banking Income

-€0.9m

Weight in Total

-1%

Activity Highlights

In Portugal, the 2023 financial landscape was characterized by a contraction in the business volume of the Bank's interest rate and FX areas, amid escalating interest rates and heightened volatility in foreign exchange (FX). Additionally, the corporate sector grappled with uncertainty due to the lack of clarity on how inflation and growth in Europe and the US would recover in the backdrop of the ongoing conflict in Ukraine.

To address this decline, strategic measures were implemented by the Corporate Derivatives Desk, including the integration of new underlyings into its global product offering, thus providing a more comprehensive range of hedging solutions, catering to the diverse needs of the Bank's corporate Clients. Furthermore, Haitong Bank has re-established its presence in market risk coverage for businesses in Spain. This strategic initiative enables the Bank to extend its reach to a broader spectrum of economic groups across diversified sectors. Ongoing developments in the Bank's Sino-Portuguese and Sino-Brazilian partnerships are underway, facilitating the establishment of connections with Europe and South America.

As for Brazil, during 2023, the main focus of the Corporate Derivatives business area was its client portfolio. The strategic mix of products in this business area was an essential revenue driver this year, offering a comprehensive range of foreign exchange (FX) and derivatives transactions. This well-balanced approach allowed this area to capitalize on favourable market movements with its customers.

2024 Outlook

The Corporate Derivatives Desk in Portugal is confident in the recent strategic initiatives and anticipates a significant recovery of its business in 2024, characterized by increased revenue growth and expansion of the client base.

In Brazil, the main objective is to further expand the client base in order to increase the market reach, which is crucial for long-term profit sustainability.

Asset Management

Overview

The Asset Management Division acts as an Investment Manager on a range of different mandates and asset portfolios with a view to maximizing absolute returns in the long term, considering the risk profile defined by each mandate.

Strategy

This Division's strategic focus is to expand the business activity in Alternative Investment Funds (via Haitong Global Asset Management, SGOIC, S.A.'s regulatory license) and Discretionary Portfolio Management (Aggressive, Flexible, Defensive profiles and tailor-made portfolios), including Investment Management mandates (UCITS funds based in Luxembourg and Unit Links distributed in Portugal), with worldwide exposure to the different asset classes, particularly to equities and fixed income portfolios. The Bank's strong track record in the European equity portfolio is a key comparative advantage to drive Assets under Management upwards, combined with the enhancement of the fixed income reach of Haitong Group.

Additionally, the assignment of a contractual position of discretionary portfolio management of corporate and private Clients (DPM) from Haitong Bank to HGAM was implemented on July 1st, meaning that HGAM will continue to incorporate the asset management business that has been carried out by Haitong Bank into its activities. As of December 31st, the amount of Investment Management mandates reached EUR 51.5 million.

OFFERING

- Discretionary Portfolio Management
- Quantitative strategies

Banking Income

€2.6m

Weight in Total

3%

2023 Market Review

The start of 2023 was marked by the implementation of aggressive monetary policies by central banks worldwide, most notably in Europe and the US. These institutions were primarily focused on curbing the high inflation rates that had surged unexpectedly in the previous years. The Federal Reserve and the European Central Bank, among others, implemented rapid interest rate hikes, a move that significantly pushed up bond yields. While essential for controlling inflation, this strategy had a profound impact on the financial markets, influencing both stock and credit market dynamics.

As the year unfolded, equity markets showed signs of recovery from the downturns experienced in 2022. However, the optimism was tempered by the persistently tight monetary policies. The rising bond yields, a direct consequence of the aggressive rate hikes, introduced heightened levels of volatility and uncertainty in the markets. Investors, who had initially been hopeful about a swift economic recovery, had to navigate through this unpredictable landscape, constantly adjusting their strategies in response to the changing market conditions.

A significant turning point in 2023 was the gradual decline in inflation rates during the summer months. This shift marked a departure from the persistent inflationary pressures seen in the previous period and led to a revaluation of the long-term stance on high interest rates. Central banks began to communicate a potential easing of their hawkish policies, providing a semblance of relief to the markets.

The US economy, which had been relatively resilient, began to show signs of strain under the pressure of the higher interest rates. In Europe, the economic growth experienced a slowdown. These developments signalled to the central banks that a more balanced approach might be necessary. Towards the latter part of the year, there was a noticeable shift in the central banks' rhetoric towards a more moderate tone. This change was pivotal in setting the stage for a recovery in the financial markets.

The fourth quarter of 2023 was characterized by a notable resurgence in market confidence. Major stock indices, such as the S&P500 and EuroStoxx50, rallied, posting significant gains, and recovering from the turbulence earlier in the year. This upturn was further supported by dovish comments from major central banks, hinting at a potential easing of interest rates in 2024. The bond market, which had experienced a particularly challenging phase earlier in the year, also witnessed a substantial recovery. Investors who had been cautious due to the negative performances earlier in the year, started returning to the market, buoyed by the changing economic indicators and central bank signals.

The bond market's recovery was remarkable, given the steep decline it had faced. The turnaround was driven by a combination of factors, including the lowering of inflation expectations, adjustments in central bank policies, and a general re-assessment of risk among investors. As confidence grew, there was a notable decrease in bond yields, particularly in the latter part of the year. This shift was a relief for many investors who had been grappling with the impact of historically high yields.

Globally, the economic landscape was mixed. While Europe and the US grappled with their respective challenges, other regions displayed varied economic performances. Emerging markets, for example, showed resilience in certain areas, offering alternative investment opportunities. The global economic interplay also factored into how central banks assessed their domestic policies, considering not just internal indicators but also the broader international economic environment.

Activity Highlights

In 2023, several changes were implemented in the Asset Management Division, taking into account the increasing role of Haitong Global Asset Management, SGOIC, S.A. (HGAM) as the Global Asset Management subsidiary of Haitong Bank. Regarding the Discretionary Portfolio Management of private and corporate clients, a new segmented fee structure (management and custody) according to clients' risk profile and assets under management was defined and implemented. Moreover, the discretionary portfolio management service offer relies on profiled portfolios (Aggressive, Flexible and Defensive) as well as tailor-made portfolios and, during this period, corresponding Clients were previously contacted and legally informed about the main changes to be implemented, which became effective on May 1st. Additionally, during June, the assignment of these Clients' contractual positions from Haitong Bank to HGAM was executed and implemented on July 1st.

In a strategic initiative to diversify and enhance its investment portfolio, the Team embarked on a project to leverage foreign entities for the launch of Unit Linked instruments. The process of introducing these instruments progressed smoothly and is anticipated to reach completion at the beginning of 2024. This development is expected to expand the product range and provide Clients with tailored investment opportunities that align with their evolving needs.

It is also worth highlighting the very positive performance of the managed strategies, not only in absolute terms, but also when compared to their market peers. The Flexible and Aggressive discretionary portfolio management profiles had a performance of +12.9% and +20.5% since the beginning of the year, respectively (excluding performance fees). In parallel, the returns achieved by the Luxembourg UCITS Investment Funds – White Fleet III Haitong Flexible Fund and Aggressive Fund – reached +11.4% and +17.8%, respectively, while the main index for European Equities and Fixed Income performed positively. EuroStoxx 50 Index and EuroStoxx 600 Index reached +19.2% and +12.7%, respectively, and the Bloomberg Euro-Aggregate Index was up +7.2%.

In what concerns the Quant Strategies, the focus on the management of a 60/40 target allocation structure mainly invested through ETFs was maintained, enabling a worldwide exposure to Equities and Fixed Income. The return achieved in 2023 was +3%.

2024 Outlook

Looking ahead to 2024, the financial landscape is poised for further evolution, namely following the anticipated moderation in inflation and gradual easing of monetary policies by central banks, which are expected to play pivotal roles. This shift is likely to mitigate the impact of the high-interest rate environment experienced in 2023.

The global economy, while potentially facing a mild slowdown, is not expected to plunge into a deep recession. This scenario is underpinned by a gradual reduction in inflationary pressures and a possible easing of interest rates by central banks, including the Federal Reserve and the European Central Bank.

In the equity markets, the rally experienced in the last quarter of 2023 and the adjustment of valuations present a landscape of both challenges and opportunities. Geopolitical factors, such as the ongoing conflict in Ukraine together and the war in the Middle East, as well as the various global elections, add a layer of complexity and necessitate a cautious approach.

2024 is expected to be a year marked by a cautious yet optimistic approach, balancing the chance of an economic slowdown with the opportunities arising from the evolving monetary policy landscape.

Private Equity

Overview

Haitong Global Asset Management, SGOIC, S.A. (HGAM) leverages on its sector and geographical expertise to support companies wishing to expand their businesses. The ultimate goal of HGAM is to provide investors with an absolute return on their investments. Historically, this business area has managed a combination of seed capital from the Haitong Group and funds raised from external Tier I investors.

HGAM currently manages one private equity fund dedicated to the buyout/capital development market segment across Europe ("HPEF").

Strategy

HGAM's expertise in structuring and managing private equity funds is a fundamental skill to leverage on in order to best serve Clients' interests and investment goals. Benefitting from this expertise, HGAM has initiated the structuring of a new private equity fund, the Haitong Iberian Core Fund, currently in the fundraising stage.

With the purpose of enlarging the scope of its activities, HGAM has initiated the management activity of Alternative Investment Funds with the formal approval of CMVM of the new Haitong China Bond Fund.

HGAM's strategy for 2024 will rely on a combination of European and Chinese expertise to invest in sectors that can benefit from the dynamics of both regions.

OFFERING

- Buyout/ Capital Development Funds
- Alternative Investment Funds
- Discretionary Portfolio Management

Banking Income

€0.6m

Weight in Total

1%

Activity Highlights

Throughout 2023, HGAM maintained a “hands-on” management approach, focused on the value creation of the portfolio of companies.

With the purpose of enlarging the scope of its activities, HGAM has launched the Haitong Iberian Core Fund. This is a real estate asset-focused up to EUR 75 million Private Equity Fund, which has already been approved by the Portuguese Securities Market Authority (CMVM). Kronio Advisory will be the Fund’s Advisor.

Benefitting from HGAM’s consolidated Team management capabilities together with Haitong Group’s expertise, HGAM has also launched the new Haitong China Bond Fund. This is the first flagship product that will invest in USD Offshore Chinese bonds and is expected to start its fund-raising process in the first quarter of 2024.

Additionally, the assignment of a contractual position of Discretionary Portfolio Management (DPM) of corporate and private Clients from Haitong Bank to HGAM was implemented on July 1st, meaning that HGAM will continue to incorporate the asset management business that has been carried out by Haitong Bank into its activities. As of December 31st, DPM’s Assets under Management amounted to EUR 4.7 million.

Inflows totalled circa EUR 8.2 million in 2023, resulting from the disposal of one investee and the distribution of funds from two investees of HPEF’s portfolio.

In 2023, the private equity activity posted a net profit of EUR 797 thousand and total equity amounted to EUR 57 million.

2024 Outlook

In 2024, HGAM will fully incorporate the remaining activities of Haitong Bank’s Asset Management Division in order to focus on broad asset management activities. In particular, HGAM will focus on arranging additional DPM mandates and setting up new Alternative Investment Funds and Private Equity Funds, thus striving to broaden its client reach and product offering.

People

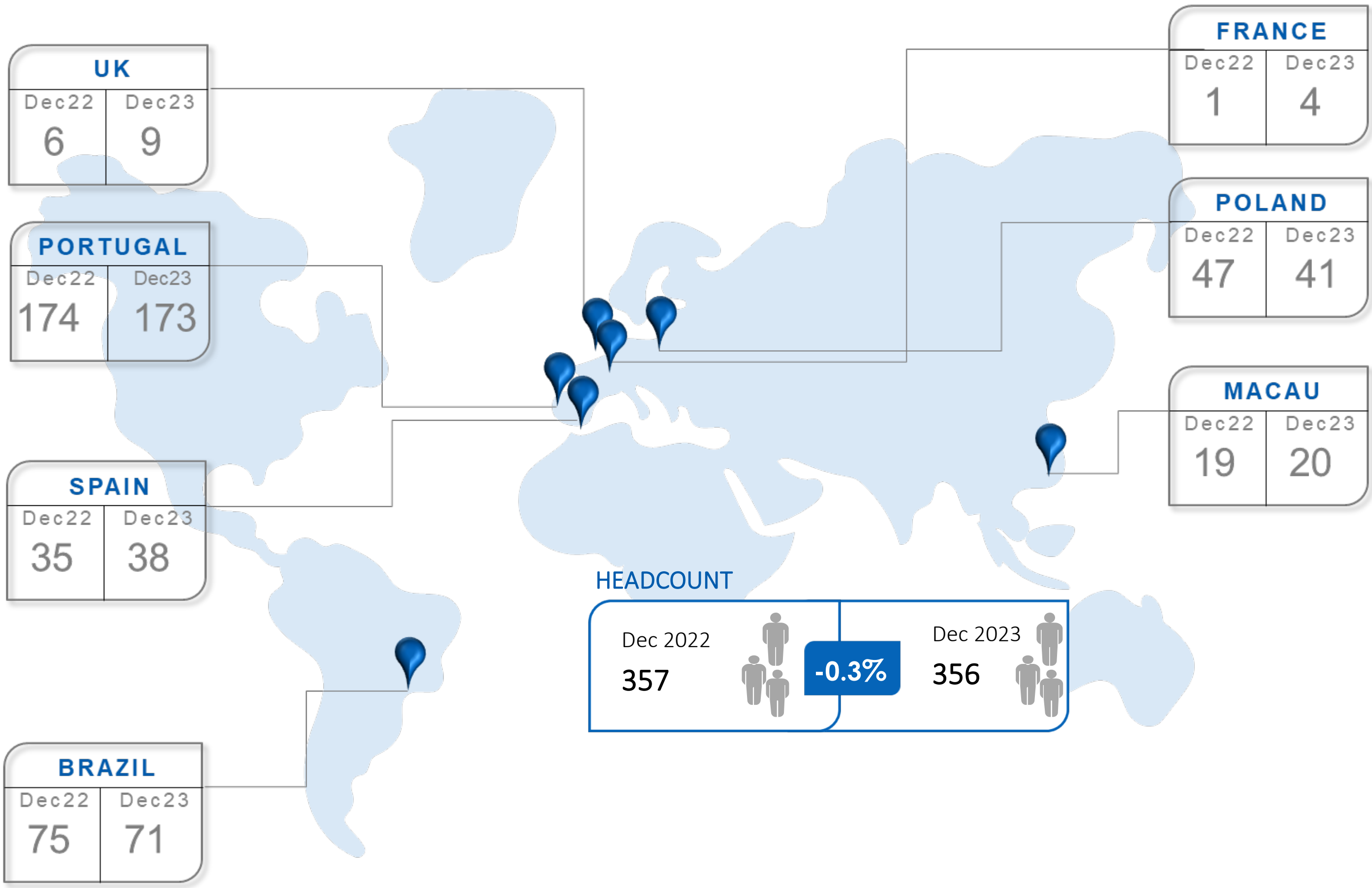
Human Resources

The Importance of Human Capital

Haitong Bank's recognition of Human Capital as a cornerstone asset is reflected in its commitment to attracting, retaining, and developing top-tier talent. The Bank understands that a skilled and motivated workforce is instrumental in achieving its business goals. This commitment extends beyond professional development to the cultivation of a collaborative culture, emphasizing teamwork and individual accomplishment as integral components of the Bank's success.

Geographic Workforce Adjustment

In 2023, the strategic efforts of Haitong Bank's Human Resources (HR) department were directed towards talent acquisition and development. Although the Bank experienced a minor overall headcount decrease, it strategically increased its workforce in key offices such as France, Macau, Spain, and the UK, through meticulous talent sourcing and recruitment processes. This geographic adjustment is seamlessly aligned with Haitong Bank's overarching business strategy, which bolsters specific teams strategically positioned to enhance the Bank's performance.



Source: Haitong Bank.

Diversity and Inclusion

Diversity and inclusion are important values at Haitong Bank. With 38% representation of women in its workforce, the Bank actively advocates for equal opportunity principles. The tangible impact is evident in the substantial presence of women in senior leadership roles, beyond statistical achievements.

Furthermore, the current Board of Directors comprises twelve members, with a balance of six Executive Directors and six Non-Executive Directors. The number of female members has risen to three, and the overall representation of women in the management body, supervisory bodies, and key positions will surpass 30%. This aligns with Haitong Bank's dedication to Banco de Portugal's guidelines on gender diversity, emphasizing a workplace culture that prioritizes and advances inclusivity at all organizational levels.

Geography	Avg age	Avg length of service (years)	No. Men	No. Women
Portugal	43.8	13.1	103	70
Spain	41.9	10.3	28	10
United Kingdom	39.0	4.0	5	4
Poland	43.1	7.5	23	18
Brazil	47.5	11.5	46	25
Macau	33.0	1.1	11	9
France	33.0	0.3	4	0
Average length of service (years)	**43.4**	**10.8**	**62%**	**38%**

Source: Haitong Bank.

Human Resources as a business partner

Haitong Bank's Human Resources department goes beyond traditional functions, assuming a pivotal position as a strategic business partner. In order to optimize workforce efficiency and promote high levels of employee motivation and retention, HR prioritizes internal mobility, in close alignment with the Bank's short and medium-term goals. Moreover, HR proactively leads succession planning, methodically identifying and nurturing a talent pool prepared to step into critical roles.

Human Resources also takes the lead in workforce planning, making an effort to anticipate future staffing needs and align the workforce with the evolving demands of the Bank. Assessing skills requirements, identifying potential gaps and implementing proactive strategies to address them are all part of this process. This comprehensive approach not only ensures compliance with regulatory requirements but also positions the Bank strategically, ensuring the right individuals are in the right places at the right time to meet the dynamic demands of the evolving business landscape.

The Human Resources department maintains a close and continuous engagement with all other departments in the Bank, positioning itself as a reliable and efficient business partner, and ensuring seamless collaboration across the Haitong Bank Group.

Activity Highlights

In the dynamic landscape of 2023, HR at Haitong Bank played an essential and dynamic role in supporting the Bank's supervisory bodies, senior management, committees, and employees. The spectrum of HR's contributions extended beyond conventional duties, encompassing active engagement in career fairs to elevate the Bank's Employer Branding. Proactive measures in talent acquisition and performance management initiatives showcased HR's proactive approach, ensuring the workforce's continued development and optimal performance.

The focus on learning initiatives within HR reflects a commitment to the ongoing growth and upskilling of the Bank's human capital. HR strives to promote a culture of meritocracy by recognizing and rewarding employees based on their skills, performance, and contributions to the Bank's success.

Furthermore, a straightforward performance management system is employed by Haitong Bank, with all business areas and geographies adhering to clear and specific annual Key Performance Indicators (KPIs). Human Resources plays a pivotal role in the preparation and discussion of these yearly KPIs, ensuring alignment with the Bank's objectives and fostering a culture of accountability and achievement across the Bank's diverse operations.

Finally, streamlined HR services demonstrate adaptability and responsiveness, ensuring efficient data administration, reporting, and effective payroll and benefits management. This aspect is particularly crucial, especially given the continuous and close connection to Haitong Bank's shareholder, emphasizing the significance of maintaining transparency and accountability. This multidimensional approach not only highlights HR's versatility, but also positions it as a strategic enabler in shaping the Bank's workforce for sustained success.

2024 Outlook

The Human Resources Department at Haitong Bank is committed to addressing future challenges and supporting the achievement of the Bank's business objectives as it anticipates the evolving landscape. In 2024, the focus will be on attracting exceptional talent to ensure a workforce that is both dynamic and skilled. Additionally, HR is focused on providing efficient support for strategic initiatives and adopting a culture of connectivity through innovative digital platforms.

The firm commitment to talent sourcing and development, global mobility, and consistent guidelines, along with proactive collaboration and regular reporting to the Shareholder, reflects HR's commitment to staying at the forefront of the Bank's organizational dynamics.

Financial Performance

Macroeconomic Overview

2023 Market Review

2023 was marked by the resilience of global economic growth in the context of high interest rates and persistent inflation in developed economies. The expected recession in the US did not occur, and the Eurozone was impacted by a stagnation in GDP without a deterioration of job market conditions. In 1H2023, the reopening of the Chinese economy eased the bottlenecks of the global supply chain and supported the disinflation of the prices of consumer goods. As for global inflation, measured by CPI (consumer price index), it decelerated from 8.7% in 2022 to 6.9% in 2023, according to the IMF's latest estimates (October 2023).

Global gross domestic product (GDP) advanced at a pace of 3.0% in 2023 (according to IMF estimates), which is close to the potential levels but lower than in 2022 (3.4%).

A surprising 2.4% expansion of the US GDP in 2023 (vs. 1.9% in 2022) occurred with the highest interest rates since 2008 and stable employment conditions. The Federal Reserve (FED) increased its fund's rate by 100 basis points to 5.5% in 2023, and the unemployment rate remained at the lowest level in five decades of 3.6% for the second consecutive year. In 1Q2023, financial conditions remained stable after the intervention of the FED in two regional banks affected by liquidity conditions. Meanwhile, the impact of the FED's tighter monetary policy, the lower cost of energy led by a 5.8% decline in gasoline prices, and the end of the distress of the global supply chain were supportive of a disinflation of the CPI from 8.0% in 2022 to 4.1% in 2023. In the absence of a recession, the S&P500 index tested all-time highs and advanced 24.2% to 4.770 points.

Economic conditions were more challenging in the Eurozone where GDP growth stagnated at 0.5% in 2023 (vs. +3.4% in 2022) with persistent inflation of 5.5% (vs. +8.4% in 2022). Energy prices were less pressured in 2023 with the EU strategy to reduce the dependence on Russian gas and lower oil prices. However, the strength of the labour market with the unemployment easing to 6.5% in 2023 (vs. 6.7% in 2022) kept inflation pressured on the upside with core-CPI (excluding food and energy) accelerating to 5.5% vs. 3.9% in 2022. To meet the inflation target of 2%, the ECB increased the refi rate by 200 basis points to 4.5%.

The financial sector showed resilience against the tighter monetary conditions of the ECB, including the quantitative tightening of the credit portfolio. The balance sheet of the ECB declined 13% with the decision to phase out the PSPP (Public Sector Purchasing Program). Meanwhile, the Eurozone's banking industry was more resilient to the adverse conditions in the aftermath of the FED's intervention in the US regional banks and the Swiss National Bank's decision to support the acquisition of Credit Suisse by UBS in 1Q2023. Such resilience has translated into an improved risk appetite in the Eurozone banking industry according to the iTraxx Sr. Financial 5Y CDS spreads which narrowed from the high of 131 basis points in 1Q2023 to 67 basis points by December 2023.

The Eurozone GDP moved at a different speed in 2023, with Germany at risk of a recession for most of the year and a contraction of 0.3% on the back of a weak 1.8% growth in 2022. Meanwhile, in France, GDP advanced 0.8% (vs. 2.5% in 2022), 2.4% in Spain (vs. 5.8% in 2022), and 2.2% in Portugal (vs. 6.9% in 2022), according to preliminary consensus estimates (Bloomberg, January 2024). The EU GDP was affected by the ongoing war in Ukraine and the weak trade of goods and services with China in 2023.

Consensus projections pointed to weaker-than-expected growth in China with a GDP advancing of 5.2% compared to the initial estimates of 5.5% in 2023 (vs. 3.0% in 2022). COVID-19 restrictions in 1Q2023 and the recession in the construction industry led to a slower rebound of the Chinese economy in 2023, according to those projections. Consumer prices remained largely subdued with CPI inflation of 0.2% in 2023 vs. 2.0% in 2022. The People's Bank of China further eased liquidity conditions by cutting the reserve requirement ratio from 11% to 10.50%.

The growth of emerging markets in 2023 was impacted by the weaker GDP in China and Europe but at a similar pace as seen in 2022. According to preliminary estimates, emerging markets' economies advanced 3.9% in 2023, compared to 3.8% in 2022.

Brazil's GDP growth outperformed the initial estimates of slower growth and expanded by 3.0% in 2023, the same pace as in 2022. Growth was driven by strong exports (+8.7% in 2023 vs. +6.2% in 2022) and weak domestic demand. The Brazilian central bank successfully reduced inflation to 4.6% in 2023 (vs. 9.3% in 2022) by keeping tight monetary conditions in 1H2023. The benchmark Selic rate remained unchanged at 13.75% in 1H2023 and the monetary authorities resumed the easing cycle with a 200 basis points cut to 11.75% by December 2023.

Poland saw a strong impact on its economy due to its proximity to the war in Ukraine, the recession in Germany, and tight monetary conditions adopted by the Polish central bank to ease inflationary pressures in 2023. The initial estimates of the GDP point to a significant deceleration to 0.5% in 2023, compared to 5.1% in 2022. Due to the weakness in economic activity, CPI inflation eased from 11.6% in 2022 to 5.2% in 2023, thus allowing the central bank to reduce the reference interest rate from 6.75% to 5.75% by December 2023.

The majority of developed economies experienced poor fiscal performance in 2023. The Eurozone's governments continued to post strong deficits of 3.2% of GDP in 2023 vs. 3.6% in 2022, according to estimates by the European Commission (Autumn Forecast 2023). The debt-to-GDP ratio of the single currency area improved to 90.4% in 2023 vs. 92.5% in 2022.

In 2023, six countries in the Eurozone kept a debt-to-GDP ratio above 100%, according to the European Commission, among which is Portugal. Nonetheless, Portugal reduced its indebtedness for the third consecutive year, to 103.4% of GDP in 2023, from the peak of 134% of GDP in 2020. This improvement led to another upgrade of its sovereign credit rating to A3 by Moody's (one notch with a stable outlook), A- by Fitch (one notch with a stable outlook), and the possibility of an upgrade in 1H2024 by S&P with the change in the outlook of BBB+ from stable to positive.

Spain's sovereign debt rating remained unchanged in 2023 with Moody's Baa1 (stable outlook), S&P's A (stable outlook), and Fitch's A- (stable outlook).

Poland's sovereign debt ratings also remained unchanged at A2 (stable outlook) by Moody's, A- (stable outlook) by S&P, and A- (stable outlook by Fitch in 2023. The country's debt-to-GDP ratio fell for the third consecutive year to 50.9%, compared to the peak of 57.2% in 2020.

The US budget deficit in 2023 of 6.1% of GDP, compared to 6.5% in 2022, caused the debt-to-GDP ratio to reach 99.4% in 2023 vs. 98.4% in 2022. The S&P maintained the US sovereign credit rating unchanged at AA+ with a stable outlook in 2023. Meanwhile, Fitch cut the AAA rating to AA+ and attributed a stable outlook, while Moody's changed the outlook of the triple-A US credit rating to negative, due to the persistent deterioration of fiscal performance and the political distress to approve new debt ceilings in the US Congress ahead of the 2024 general elections.

Brazil's newly elected government managed to approve a landmark tax reform in 2023 and the sovereign debt rating assigned by both S&P and Fitch was upgraded by one notch to BB with a stable outlook. Moody's maintained the Ba2 rating and the stable outlook, citing the continuing high deficit (7.9% of GDP in 2023 vs. 4.6% in 2022 with the debt-to-GDP ratio advancing to 59.3% in 2023 compared to 56.1% in 2022).

On the other hand, the fiscal performance of China's central government continued to deteriorate with the budget deficit increasing for the second consecutive year to 5.0% of GDP in 2023 vs. 4.7% in 2022 and 3.8% in 2021. Moody's changed the outlook of the A1 sovereign rating to negative in 2023. Both S&P and Fitch kept the A+ rating and the stable outlook unchanged in 2023.

The yields of the 10-year (10Y) benchmark government bonds were marked by high volatility during 2023, the highest in 5 years. The yield of the 10Y US Treasury notes closed 2023 at 3.9%, the same yield seen at the end of 2022. However, during the past year, these bonds tested the lowest levels of 3.3% due to the fear of a recession (March-April) and a high of 5.0% in October of 2023 when the consensus projections increased the possibility of further rate hikes by the FED. Shortly thereafter, the FED announced a hiatus in the tightening cycle that triggered a wave of expectations for rate cuts in 1H2024 by the market participants with the yield of the 10Y Treasury notes dropping 160 basis points from the highs of October by the end of December 2023.

The yield of the German 10Y bunds closed lower than the previous year's end at 2.4% in December 2023 (vs. 2.8% in December 2022), also moving with strong volatility between the low of 2.4% and the high of 3.3% during 2023. Yields dropped at a faster pace in the last quarter of 2023, with a wave of risk aversion related to the outlook of prolonged underperformance of the GDP in the Euro Area and the possibility of rate cuts in the US - leading the market participants to anticipate an earlier rate cut by the ECB in 2024.

In Asia, the yield of Chinese 10-year government bonds denominated in US dollars softened by 32 basis points to 3.2% by December 2023.

Sovereign bond markets were favourable for peripheral Euro issuers in 2023. The spreads of the 10Y government bonds of Portugal vs. the 10Y German bunds narrowed 38.5 basis points to 63 basis points and the equivalent Spanish government bond spread compressed 12 basis points to 97 basis points by December 2023. Italy's 10Y spread to German bunds dropped 47 basis points to 167 basis points in 2023.

The resilience of the economy amid tight monetary conditions and the strong performance of labour markets in the US and Europe favoured the major equity indexes in 2023. With renewed optimism in the tech sector, the Nasdaq index gained 43.4% and the Eurostoxx50 advanced 19.2% in 2023.

During 2023, the commodity markets weakened with the underperformance of growth in Europe and China and the cost of high-interest rates in USD. The CRB index declined 5.0% in 2023 led by energy (-14.8%) and agricultural products (-11.6%). According to Brent oil contracts, crude oil prices fell 5% to USD75.9/per barrel by December 2023. The price of crude oil in global markets was marked by strong volatility due to cuts in the output by OPEC members, the fear of recession, and the war in the Middle East.

In currency markets, the Euro advanced to 1.104 vs. the US dollar in 2023 (+3.1% YTD). The Dollar Index dropped 2.1% in 2023 with the expectation that the FED has reached the peak of the tightening cycle. Emerging market currencies performed in mixed directions and the BRL gained 8.2% vs. the USD 2023, due to the maintenance of high interest rates and the successful decline in CPI inflation near the Brazilian central bank target. With a similar move, the Polish zloty advanced 10.0% vs. the USD in 2023. Due to the weaker-than-expected economic reactivation and the outlook of low interest rates by the PBOC, the Chinese Yuan weakened to CNY/USD 7.1 (-2.9%) in 2023.

Foreign Exchange Markets (FX rate and % Change)				
		2022	2023	% Change
US	Dollar Index	103.52	101.33	-2.1%
Euro	USD/EUR	1.07	1.10	3.1%
UK	USD/GBP	0.89	0.87	-2.1%
China	CNY/USD	6.90	7.10	2.9%
Macau	MOP/USD	8.04	8.05	0.1%
Brazil	BRL/USD	5.29	4.85	-8.2%
Poland	PLN/USD	4.38	3.94	-10.0%

Source: Bloomberg | Analysis: Haitong Bank | Last update: 15/01/2024

2024 Outlook

Global economic activity is expected to slow down marginally in 2024 with the risk of a recession in Europe and a soft-landing of the US economy in 1H2024. The Chinese GDP is also expected to grow at a pace close to or below the target of 5% in 2024.

Gross Domestic Product (%) - Consensus					
	2020	2021	2022	2023	2024
World	-3.0%	6.2%	3.4%	*3.0%*	*2.6%*
Euro Area	-6.1%	5.9%	3.4%	*0.5%*	*0.5%*
US	-2.2%	5.8%	1.9%	*2.4%*	*1.3%*
Portugal	-8.3%	6.2%	6.9%	*6.9%*	*1.5%*
Spain	-11.2%	6.4%	5.8%	*5.8%*	*1.5%*
UK	-10.4%	9.6%	4.5%	*0.5%*	*0.3%*
Poland	-2.0%	6.9%	5.1%	*2.1%*	*1.1%*
Brazil	-3.3%	5.0%	3.0%	*2.4%*	*1.3%*
China	2.2%	8.4%	3.0%	*5.2%*	*4.5%*
Macau	-54.2%	19.3%	-26.8%	*74.4%*	*27.2%*

** Consensus according to Bloomberg Jan 24 |Bold=Actual; Italic=Consensus - Source: Bloomberg*

An intensive electoral calendar will occur in 2024 with the general election in the US, India, Russia, and Mexico, as well as the European Parliament elections. The geopolitical tensions are expected to remain high with the continuing war in Ukraine, the tensions in the Middle East, and the possibility of further trade-related tensions between China and the US/EU. The global manufacturing activity should continue to move toward a strong reshuffling in the form of reshoring (returning to the original geography), nearshoring (dislocating to near and more affordable locations), and “friend-shoring” (moving to locations where trade sanctions and issues related to the access of technology are less likely to occur).

The monetary policy in the US and Eurozone should move toward lower interest rates in the 2H2024 in the Bank’s main scenario. The FED should start cutting the fund rate in September of 2024 from 5.50% to 4.75% by December of 2024. On the other hand, the ECB should keep the refi rate unchanged at 4.50% until October 2024 and ease to 3.75% by December 2024.

During 2023, inflation remained higher than expected due to the resilience of the job market in the US and Europe. In the absence of some deterioration in the labour markets, the pressures of wages in these economies are likely to persist, keeping the core inflation (especially service inflation) pressured on the upside until 2025. According to consensus expectation, the core inflation in 2024, which is a proxy for long-term inflation, is expected to slow from 4.2% in 2023 to 2.6% in the US, and from 5.5% in 2023 to 2.6% in the Eurozone. In both cases, the central bank inflation target of 2% remains unfulfilled in 2024 and is likely to challenge the views of market participants about the possibility of an early cycle of rate cuts starting in 1H2024.

The benchmark 10Y US treasury note yield is expected to move to a range between 3.00% to 3.50%, and the 10Y German bund yield to fluctuate in a range between 1.75% and 3.00% in 2024. With the outlook of weakness in world GDP growth, the US dollar and the Euro should prevail as safe havens in 2024. The Euro is expected to advance to a range of EUR/USD1.10-EUR/USD1.15 as the ECB could take longer than the FED to cut interest rates. In the Bank’s view, emerging market currencies should remain volatile with possible improvements in 2024 based on the outlook of rate cuts by the central banks of developed economies, especially the FED in 2024.

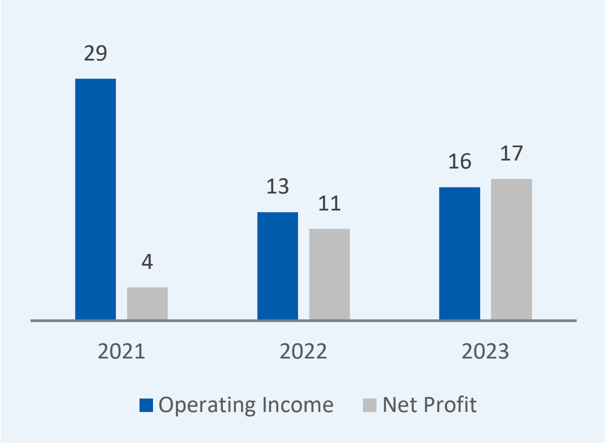
In 2023, credit rating agencies refrained from major changes in the Eurozone's sovereign debt ratings. Higher-than-expected inflation also increased tax revenues and contributed to lower fiscal deficits in the Eurozone. In the Bank's view, downside risks for sovereign credit ratings will become more visible in case of delays in fiscal rebalancing until the end of 2024 (EU's agreement). A hard-landing recession could be a risk leading to a downgrade for Italy's sovereign credit rating (S&P BBB/stable; Moody's Baa3/stable; and Fitch BBB/stable) and France (S&P AA/negative; Moody's Aa2/stable; and Fitch AA-/stable). The ECB's Transmission Protection Instrument announced in 2022 may be tested in the case of a hard recession and extreme volatility in Euro financial markets in 2024.

In 2024, riskier asset classes should remain vulnerable to volatility due to the risk of recession in Europe, weaker-than-expected recovery of the Chinese economy, the softening of US GDP, and the ongoing geopolitical tensions in the Middle East.

Financial Overview

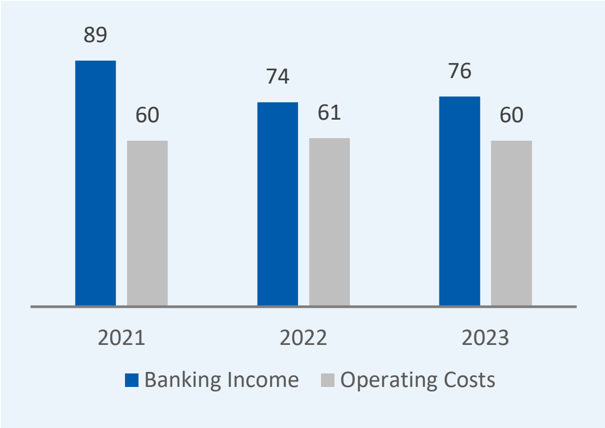
Haitong Bank's Net Profit reached EUR 17 million in 2023, well above last year's EUR 11 million. The Bank achieved that performance amidst a challenging backdrop, marked by the wars in Ukraine and the Middle East, slower than expected growth in China after a late reopening of the local economy and overall stagnation in the Euro Zone. This performance was also underpinned by a conservative approach to risk taking and close risk monitoring. As a result, no material impairment losses were recorded in 2023, leading to a 55% increase in the Net Profit YoY. The Bank also benefited from provisions reversed during the year, totalling EUR 11 million. This provision reversal, of EUR 11 million, was mainly related to Brazilian tax contingencies.

Operating Income and Net Profit (EUR million)



Haitong Bank's consolidated Banking Income reached EUR 76 million by the end of the year, which compares to EUR 74 million in 2022. The significant increase in the Net Margin, from EUR 14 million in 2022 to EUR 36 million in 2023, linked to the Structured Finance business, more than compensated the subdued performance of Fees and Commissions. In fact, the Bank's fee-driven businesses, mainly M&A and DCM, underperformed budget, impacted by the slower progress of the China-related business. The Operating Result stood at EUR 16 million, which represents a 25% increase when compared to EUR 13 million in 2022. On the Operating Cost side, the Bank maintained a strict cost discipline.

Banking Income and Operating Costs (EUR million)

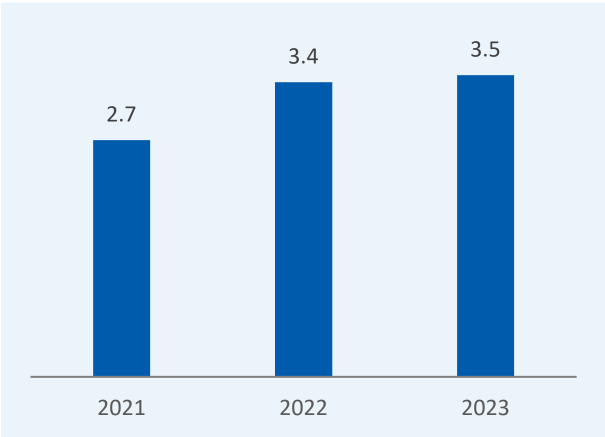


In 2023, the Operating Costs (including Staff Costs, Administrative Costs, and Depreciation) performed in line with the previous year, reaching EUR 60 million, 2% below the EUR 61 million registered in 2022.

Total Assets stood at EUR 3.5 billion, 2% above the EUR 3.4 billion at the end of 2022. The net asset growth of EUR 82 million in 2023 was mostly related to the Securities portfolio given that the Loan Portfolio shrank by 11%, compared to December 2022, to EUR 689 million. The trading securities portfolio grew 14% to EUR 848 million, benefitting from the trading activity in Brazil.

Regarding Asset Quality, the Bank continued to show solid indicators in 2023, with the NPL ratio at 1.2% and the NPE ratio at 1.4%. Regarding Capital, the Bank maintained a comfortable position with a CET1 Ratio of 19.0% and a Total Capital Ratio of 23.8%.

Total Assets (EUR billion)



On the funding side, the Bank continued to successfully diversify its funding sources, assuring a balanced funding mix and a comfortable liquidity position. Throughout the year, the Bank was able to significantly expand corporate and retail deposits and use collateral to source funds in the money markets, optimizing funding costs. In order to improve the quality of its retail deposit offering, Haitong Bank continued to take several initiatives, expanding into new markets and taking further steps in the development of a proprietary home banking platform.

Regarding strategic initiatives, the Bank succeeded in upgrading the regulatory permissions in the London Branch to move from the EU passporting regime to the UK full regulatory regime, alongside the expansion of the permitted activities to Structured Finance, M&A Advisory, and Fixed Income in London. In addition, in January 2024, Banco de Portugal informed Haitong Bank that there were no prudential reasons or legal impediments to expanding the Macau Branch's activities to additional regulated activities such as deposit taking and corporate lending.

Finally, in 2023, a resolution was passed to increase Haitong Bank's share capital, resulting from the conversion of the rights attributed to the Portuguese State, which were then acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder. As such, the Bank's share capital now amounts to EUR 871,277,660.00 and the Bank's Articles of Association have been amended accordingly.

Corporate Events

- In March 2023, Haitong Bank's London Branch received approval from the UK regulator – the Financial Conduct Authority (FCA) - on the Bank's application to the UK Full Regulatory Regime.
- In May 2023, Haitong Bank, S.A. concluded the liquidation process of Haitong Ancillary Services Poland SP Zoo.
- In December 2023, a resolution was passed to increase the share capital of Haitong Bank S.A. by EUR 7,998,935.00 to a total of EUR 871,277,660.00. This share capital increase, in the form of incorporation of a special reserve, resulted from the conversion of the rights attributed to the Portuguese State, which were acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder, relating to the fiscal years of 2017 and 2018, issued under the REAID (Regime Especial aplicável aos Ativos por Impostos Diferidos – Deferred Tax Assets Special Regime).
- In January 2024, Banco de Portugal informed Haitong Bank that no prudential reasons or legal impediments have been identified that would prevent the modification of the Macau Branch's business plan, through an expansion to additional regulated activities such as deposit taking and corporate lending. Further steps towards the completion of this process are still pending.

Rating

Haitong Bank, S.A.	Counterparty Credit Rating
February 09, 2024	BB / Negative / B
January 25, 2023	BB / Stable / B
September 16, 2022	BB / Stable / B
Haitong Banco de Investimento do Brasil, S.A.	**Counterparty Credit Rating**
February 09, 2024	BB / Negative / B
December 20, 2023	BB / Stable / B
August 17, 2023	BB- / Positive / B
August 04, 2022	BB- / Stable / B

Source: S&P

On February 09, 2024, S&P revised the Bank's outlook to "Negative" from "Stable", after a similar action on the parent company, Haitong Securities Co. Ltd.. The Bank's long-term and short-term credit ratings were reaffirmed at "BB" and "B", respectively.

On December 20, 2023, S&P upgraded Haitong Banco de Investimento do Brasil, S.A.'s long-term credit rating to BB with a "Stable" outlook, following the upgrade by one notch to BB with a stable outlook of the Brazilian sovereign debt rating assigned by both S&P and Fitch. However, on February 09, 2024 and following the review of Haitong Bank's outlook, Haitong Banco de Investimento do Brasil, S.A. saw its rating outlook also reviewed to "Negative".

TREASURY

2023 Market Review

Throughout the first half of 2023, the global economic landscape continued to be shaped by key forces that emerged in 2022. These forces, including central banks' tight monetary stances to combat inflation, the surge in commodity prices, and the geo-economic fragmentation that was triggered by Russia's conflict in Ukraine, exerted a continued influence on economic activity.

Furthermore, the unexpected failures of two regional banks in the United States in March 2023 and the subsequent loss of confidence in Credit Suisse, a globally significant bank, disrupted financial markets. These events raised concerns regarding financial stability and prompted heightened scrutiny and regulatory responses to address the vulnerabilities exposed by these incidents.

In July 2023, the FED decided to increase the fund rate to 5.50%, while the ECB decided to increase the refi rate to 4.50% in September 2023. Both central banks signalled that "the ground is already likely covered" regarding the current tightening cycle. However, both institutions reaffirmed the necessity to keep rates unchanged for a significant time to secure the anchoring of core inflation close to the target of 2%. Inflation in Europe and the US eased with core inflation further softening to the lows of more than 12 months but much above the target of 2%.

The continuing poor outlook for the global economy in 2024, marked by the looming risks of recession, an energy crisis, and the ongoing conflict in Ukraine, is compounded by the heightened military tensions in the Middle East. This confluence of factors poses additional challenges to the overall economic landscape.

10-year Yields				
Country	End of 2022	2023 Lows	2023 Highs	End of 2023
Germany	2.565%	1.893% (Dec)	2.966% (Oct)	2.021%
Italy	4.698%	3.474% (Dec)	4.979% (Oct)	3.690%
Spain	3.649%	2.819% (Dec)	4.066% (Oct)	2.981%
Portugal	3.579%	2.467% (Dec)	3.686% (Oct)	2.626%
Greece	4.565%	2.957% (Dec)	4.611% (Jan)	3.051%
USA	3.877%	3.308% (Apr)	4.990% (Oct)	3.879%

Source: Haitong Bank.

Brazil's economy exceeded expectations in 2023, showcasing a remarkable 3.3% GDP growth and surpassing initial projections of 2.9%. This good performance was driven by a heightened global demand for commodities such as soybeans and iron ore, coupled with increased government spending and a thriving services sector. Notably, Brazilian exports hit record highs, elevating the trade balance to an unprecedented USD 98.8 billion year over year, propelling the nation to the world's 9th largest economy.

Despite a peak of 5.8% in January, inflation in Brazil steadily declined to 4.6% by December, thanks to a combination of tighter monetary policy and the disciplined approach of the central bank. This improvement in inflation readings has allowed BCB to start the easing process in August. The total cut in 2023 was 200 basis points and the market expects another 200 basis points for 2024.

The Brazilian Real demonstrated resilience, starting the year at USD/BRL 5.44 and ending at USD/BRL 4.85 against the US dollar. This notable appreciation reflects enhanced economic confidence and increased capital inflows, providing stability and favourable conditions for international trade and investment.

As a consequence of these positive events, S&P upgraded the Brazilian Sovereign rating from S&P from BB- to BB.

Activity Highlights

Despite a challenging economic outlook, Haitong Bank maintained a comfortable liquidity position with a balanced funding structure during 2023.

Moreover, the Bank was able to increase retail and corporate deposits, as well as use collateral to source funds in the money markets.

Retail Deposits

During 2023, the Bank continued to source funds through online retail deposit platforms, with overall volumes increasing significantly during this period. In fact, this channel has proved to be a stable source of funding with positive effects on the NSFR and LCR ratios.

In order to enhance the quality of the retail deposit offering, the Bank continued to take several initiatives such as the analysis of new markets and, more recently, the development of a proprietary homebanking platform.

Eurosystem Refinancing

The Bank continued to closely monitor the ECB's monetary policy decisions and increased the eligible assets, improving its funding capacity. During the year, two main operations matured - PELTRO in January and TLTRO III.3 in March - and the Bank increased the pool of eligible assets.

Brazil

Keeping the strategy of diversifying its source of funds, Haitong Bank in Brazil issued BRL 162 million in IPCA denominated CDBs and BRL 72 million in securities linked to its assets in the agriculture sector (LCA).

The Bank also made its first public issuance of *Letras Financeiras* to non-financial institutions and individuals, in the amount of BRL 116 million.

Regarding the liquidity buffer, the strategy was to bring the total buffer to BRL 800 million at the end of 2023, which is still comfortable for the Bank, while also managing the Net Stable Funding (NSFR), as defined in the Bank's Risk Appetite Framework.

2024 Outlook

The Treasury Department's main goal for 2024 is to continue to ensure the liquidity needed to develop the Bank's Business Plan, with a particular focus on managing the funding cost. The Bank will thus continue to pursue a stable and diversified funding structure, mainly composed of retail funding, long-term financing through syndicated loans and/or bond issuances, and also through the usage of collateral to source funds in the capital markets.

Risk Management

Governance

The Board of Directors is the ultimate responsible for Haitong Bank's Risk Management Framework. The Board of Directors is fully aware of the types of risks to which the Bank is exposed and the processes used to identify, evaluate, monitor and control those risks, as well as the legal obligations and the duties to which the institution is subject. It is accountable for the establishment and maintenance of an appropriate and effective risk management structure.

The current structure and relevant Committees for the Bank's Risk Management are summarized below.

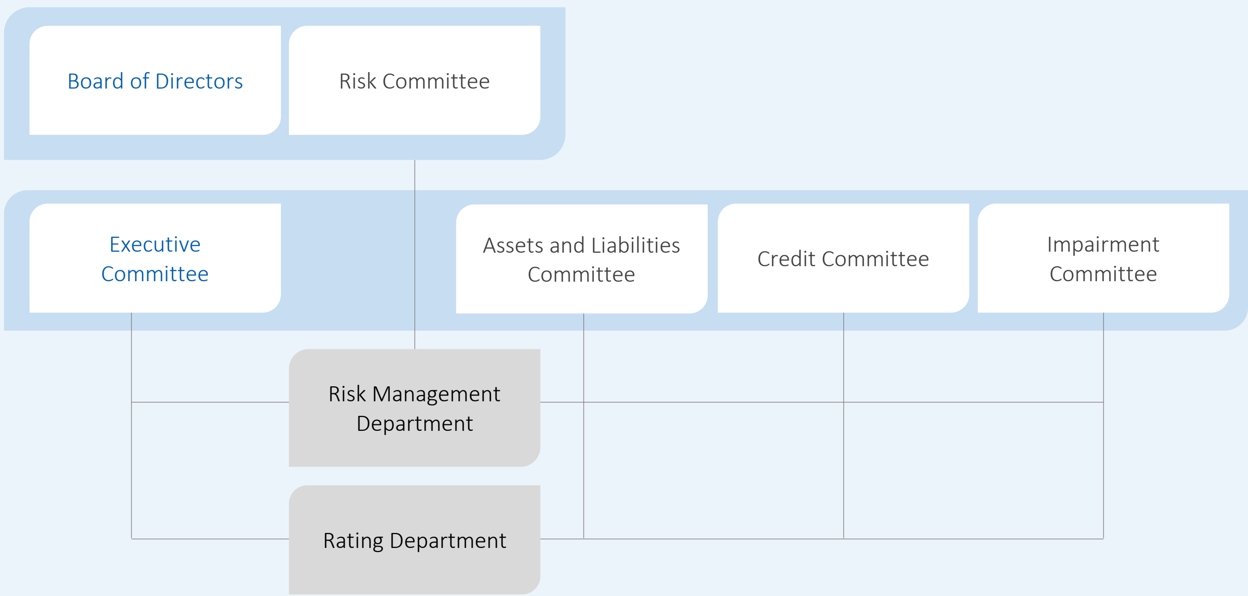
Risk Committee

The Risk Committee's mission is to continuously monitor the development and implementation of the Bank's risk strategy/appetite and verify whether they are compatible with a sustainable strategy in the medium and long term.

Risk Management Department

As an independent control function, the Risk Management Department, being actively involved in all material decisions and aligned with parent guidelines and practices, aims to enable the Bank to make informed decisions and ensure that the risk policies approved by the Board of Directors are duly implemented and followed.

RISK MANAGEMENT GOVERNANCE



Rating Department

Together with the Risk Management Department, the Rating Department is part of the Risk Control Function of Haitong Bank. The Rating Department plays a key role in supporting the Bank's decision-making process at the Credit Committee and Executive Committee and assisting the Impairment Committee in its individual basis impairment assessment.

Credit Committee

The Credit Committee is the Bank's committee established by the Executive Committee responsible for issuing credit opinions to be submitted, respectively, for the Executive Committee's or the Board of Directors' assessment in accordance with the Risk Appetite framework ("RAF") approved by the Board of Directors.

Impairment Committee

The Impairment Committee of Haitong Bank is responsible for the analysis and proposal of impairment amounts to be assigned to credit clients subject to individual analysis.

Risk Appetite

Haitong Bank's strategy is to connect clients and business opportunities across its broad network, combining long-standing expertise in Europe and Latin America with the Group's cross-border origination with a China Angle. Haitong Bank is committed to serving its European and Latin American corporate and institutional clients alongside a growing Chinese client base.

As a Corporate and Institutional Bank, the primary business fronts are the following: DCM, Structured Finance, M&A Advisory, Fixed Income, Corporate Derivatives and Asset Management.

Haitong Bank acknowledges that its risk management function is a key factor in the accomplishment of its strategic objectives. The Bank's overall risk vision assessment rests on the following three guiding principles:

- **Capital**: Haitong Bank aims to maintain prudent capital buffers on top of both internal and regulatory capital requirements;
- **Liquidity and Funding:** Haitong Bank as a whole, and all its subsidiaries individually, aim to maintain a solid short-term position and a sustainable medium- to long-term funding profile; and
- **Earnings**: The Group has the goal of generating recurrent earnings to guarantee its sustainability and a reasonable level of profitability for shareholders.

Credit Risk

Credit risk is the potential financial loss arising from the failure of an obligor or counterparty to honour its contractual obligation. As the major risk category to which the Bank is exposed, credit risk management and control are supported by a complete system that permits its identification, assessment, measurement and reporting.

MANAGEMENT PRACTICES

Credit portfolio management is carried out as an ongoing process that requires full coordination between the various teams/functions responsible for the management of risk during the different stages of the credit process.

Internal Ratings

At Haitong Bank, the internal ratings, which measure the 1-year probability of default, are assigned using the internal rating tools sponsored by Standard & Poor's ('S&P'). The internal rating assignment is carried out by an experienced pool of analysts located in Lisbon, Madrid, Warsaw, Macau, London, and São Paulo.

Monitoring

The credit risk monitoring and control activities aim to quantify and control the evolution of credit risk to allow the early detection of situations where there is a deterioration of risk, as well as to outline global strategies for credit portfolio management.

In this context, and with the central goal of complying with the risk appetite framework established by the Board of Directors, the credit risk monitoring function is considered one of the key pillars of the Bank's risk management and control system.

Credit Recovery Process

Haitong Bank's Special Portfolio Management Division manages the Bank's non-performing exposures, proposing and implementing the restructuring and or credit recovery strategies with the objective of maximizing credit recovery.

ASSET QUALITY

Loan Portfolio

Portfolio breakdown

In December 2023, the loan portfolio (gross exposure) amounted to EUR 696 million, which represents a decrease of approximately EUR 89 million compared to December 2022.

Loan Portfolio Asset Classes and Geographic Breakdown (EUR thou*sand)*

	December 2023			December 2022		
	Domestic	International	Total	Domestic	International	Total
Loan Portfolio[1]	**262 760**	**433 565**	**696 325**	**257 343**	**528 253**	**785 596**
Specialized Lending	125 294	102 223	**227 517**	160 681	140 859	**301 540**
Corporate	96 158	296 852	**393 010**	47 279	350 763	**398 042**
Others	41 308	34 490	**75 798**	49 383	36 631	**86 014**

[1] Gross of provisions - Source: Haitong Bank

Loan Portfolio Asset Classes by Industry

	December 2023				December 2022			
	Specialized Lending	Corporate	Others	Total	Specialized Lending	Corporate	Others	Total
TOTAL	**32.6%**	**56.6%**	**10.8%**	**100.0%**	**38.6%**	**50.6%**	**10.8%**	**100.0%**
Power	10.7%	7.4%	0.0%	**18.1%**	12.1%	9.3%	0.0%	**21.4%**
Transportation Infrastructure	11.3%	3.3%	0.0%	**14.6%**	13.6%	5.3%	0.0%	**18.9%**
Real Estate	5.9%	0.0%	5.5%	**11.4%**	10.9%	0.0%	5.0%	**15.9%**
Commercial & Professional Services	0.0%	9.1%	0.0%	**9.1%**	0.0%	7.9%	0.0%	**7.9%**
Oil & Gas	2.7%	4.6%	0.0%	**7.3%**	0.0%	3.2%	0.0%	**3.2%**
Telecoms	0.0%	7.0%	0.0%	**7.0%**	0.0%	6.8%	0.0%	**6.8%**
Non Bank Financial Institutions	0.0%	0.0%	5.3%	**5.3%**	0.0%	0.0%	5.8%	**5.8%**
Chemicals	0.0%	4.4%	0.0%	**4.4%**	0.0%	1.9%	0.0%	**1.9%**
Metals & Mining	0.0%	4.2%	0.0%	**4.2%**	0.0%	0.0%	0.0%	**0.0%**
Health Care	0.0%	2.9%	0.0%	**2.9%**	0.0%	1.0%	0.0%	**1.0%**
Automobiles & Components	0.0%	2.9%	0.0%	**2.9%**	0.0%	2.6%	0.0%	**2.6%**
Construction & Engineering	0.0%	2.7%	0.0%	**2.7%**	0.0%	1.0%	0.0%	**1.0%**
Retailing	0.0%	2.6%	0.0%	**2.6%**	0.0%	2.6%	0.0%	**2.6%**
Capital Goods	0.0%	2.2%	0.0%	**2.2%**	0.0%	2.2%	0.0%	**2.2%**
Rental & Leasing	1.9%	0.0%	0.0%	**1.9%**	1.8%	0.0%	0.0%	**1.8%**
Food, Beverage & Tobacco	0.0%	1.4%	0.0%	**1.4%**	0.0%	0.3%	0.0%	**0.3%**
Agribusiness & Commodity Foods	0.0%	0.7%	0.0%	**0.7%**	0.0%	3.3%	0.0%	**3.3%**
Agricultural Cooperatives	0.0%	0.7%	0.0%	**0.7%**	0.0%	1.0%	0.0%	**1.0%**
Containers & Packaging	0.0%	0.3%	0.0%	**0.3%**	0.0%	0.7%	0.0%	**0.7%**
Others	0.0%	0.2%	0.0%	**0.2%**	0.0%	0.0%	0.0%	**0.0%**
Transportation	0.1%	0.0%	0.0%	**0.1%**	0.2%	0.5%	0.0%	**0.7%**
Building Materials	0.0%	0.0%	0.0%	**0.0%**	0.0%	0.0%	0.0%	**0.0%**
Paper & Forest Products	0.0%	0.0%	0.0%	**0.0%**	0.0%	1.0%	0.0%	**1.0%**
Funds & Asset Managers	0.0%	0.0%	0.0%	**0.0%**	0.0%	0.0%	0.0%	**0.0%**

Source: Haitong Bank.

Internal Rating Profile

Haitong Bank uses internal rating models to support credit decisions, credit risk monitoring and impairment measurement. The loan portfolio was distributed by internal ratings as shown in the table below.

Loan Portfolio Rating Profile

	December 2023	December 2022
[aaa+; a-]	0.1%	2.8%
[bbb+; bbb-]	19.0%	10.7%
[bb+; bb-]	64.5%	65.7%
[b+; b-]	16.4%	20.8%

As a percentage of non-default rated gross portfolio
Source: Haitong Bank.

Risk Indicators

Credit Risk Indicators (EUR thousand)

	December 2023	December 2022
Loan Portfolio	**696,325**	**785,595**
Non-Performing Loans (NPL)	**8,219**	**9,766**
NPL Ratio	1.2%	1.2%
Impairment for NPL	**3,975**	**6,310**
NPL coverage	48.4%	64.6%
Gross Exposure	**2,595,074**	**2,679,463**
Non-performing exposures (NPE) [1]	**36,648**	**13,243**
NPE Ratio	1.4%	0.5%
NPE Impairment Coverage	30.7%	52.2%
Forborne Exposures [1]	**23,194**	**60,314**
Of which performing exposure (%)	50.6%	84.1%

(1) The Bank follows the criteria set for non-performing and forborne exposures on EBA's Final Report on Guidelines on Management of Non-Performing and Forborne exposures (EBA/GL/2018/06), as of 21 October 2018, and classification defined on the Part 2 – Template Related Instruction of Annex V – Reporting on Financial Information included in the Commission Implementing Regulation (EU) 2018/1627, of 09 October 2018, amending Implementing Regulation (EU) No. 680/2014, as regards prudent valuation for supervisory reporting.

Source: Haitong Bank

The Non-Performing Loans (NPL) ratio remained unchanged at 1.2% in December 2023 in comparison to December 2022, resulting from the prudent standards followed at credit origination and the measures undertaken throughout the year to reduce the non-performing loans of the Bank.

Fixed Income Assets

Portfolio breakdown

The fixed income portfolio ended December 2023 with a net total of EUR 1,894 million, representing a growth of EUR 131 million when compared with December 2022, as a result of the increase of sovereign debt and corporate investment portfolios.

Fixed Income Portfolio by Sector (EUR thousand)

	December 2023	December 2022
Total	**1,893,764**	**1,762,578**
Governments	1,307,314	1,248,597
Banks	99,464	80,304
Real Estate	87,111	76,931
Construction & Engineering	37,666	44,875
Power	36,650	41,456
Retailing	33,716	14,108
Chemicals	29,137	11,913
Telecoms	28,556	26,929
Metals & Mining	26,443	9,447
Food, Beverage & Tobacco	24,201	10,510
Automobiles & Components	22,105	16,870
Water Utilities	22,062	20,802
Transportation	20,203	3,629
Commercial & Professional Services	15,806	1,456
Oil & Gas	14,067	17,404
Non Bank Financial Institutions	13,238	30,639
Capital Goods	13,141	26,468
Health Care	11,173	21,958
Transportation Infrastructure	10,017	1,419
Hotels & Gaming	8,853	7,394
Technology Hardware & Equipment	8,637	1,742
Agribusiness & Commodity Foods	6,798	20,399
Funds & Asset Managers	5,661	15,997
Paper & Forest Products	4,348	2,723
Consumer Durables & Apparel	4,312	5,135
Media & Entertainment	3,085	0
Building Materials	0	1,782
Others	0	1,691

Source: Haitong Bank

Internal Rating Profile

In December 2023, the rating profile of the Bank's fixed income portfolio was the following:

Fixed Income Portfolio Rating Profile

	December 2023	December 2022
[aaa; a-]	7.0%	7.9%
[bbb+; bbb-]	26.4%	26.6%
[bb+; bb-]	64.6%	61.9%
[b+; b-]	2.0%	3.7%
[ccc+; lccc]	0.0%	0.0%

As a percentage of non-default rated portfolio
Source: Haitong Bank

Derivatives Portfolio

Portfolio Breakdown

The counterparty risk exposure in the Bank's portfolio of interest rate and exchange rate derivatives amounted to EUR 65 million in December 2023, which represents a decrease of EUR 36 million in comparison with December 2022.

In terms of the breakdown by counterparty risk sector, in December 2023, 43% of the global exposure relates to transactions in Transportation Infrastructure, followed by 26% in Banks' counterparties.

Derivatives Portfolio by sector (EUR thousand)

	December 2023	December 2022
Total	**65,014**	**101,006**
Transportation Infrastructure	27,963	28,128
Banks	17,002	21,821
Non Bank Financial Institutions	5,463	16,689
Chemicals	5,443	15,308
Paper & Forest Products	4,738	5,235
Oil & Gas	1,543	14
Agribusiness & Commodity Foods	927	108
Funds & Asset Managers	701	701
Power	576	729
Broker Dealers	333	355
Others	260	832
Food, Beverage & Tobacco	65	10,229
Construction & Engineering	0	857

Source: Haitong Bank

Internal Rating Profile

The Bank mainly takes counterparty credit risk in derivatives while providing hedge solutions to corporate clients (also encompassing project finance entities). Thus, in December 2023, the Bank's total exposure to derivative instruments focused on interest rate swaps.

Derivatives Portfolio Rating Profile

	December 2023	December 2022
[aaa+;a-]	21.7%	28.4%
[bbb+;bbb-]	48.1%	31.5%
[bb+;bb-]	26.2%	24.7%
[b+;b-]	4.1%	14.6%
[ccc+;lccc]	0.0%	0.7%

As a percentage of non-default rated portfolio
Source: Haitong Bank

MARKET RISK

Market risk corresponds to the possibility of occurrence of losses in on- and off-balance sheet positions resulting from adverse movements in market prices, such as equity, interest rates or foreign exchange rates and credit spreads. In the development of its activities, Haitong Bank is exposed to market risk in the trading and banking books.

Haitong Bank has in place policies, procedures and systems for market risk management, enabling the assessment and control of all the relevant market risk factors to which the Bank is exposed.

The identification, measurement, monitoring, control and reporting of the Bank's market risk are the responsibility of the Market Risk Control unit, which works in full independence of the Bank's business areas.

In organizational terms, Market Risk Control functions are spread geographically over the Group's different entities, which have the appropriate skills to evaluate the specific activities and risks incurred by each entity.

To provide the organisation with a clear understanding of the market risks incurred and its compliance with the approved risk appetite, the Bank uses a comprehensive set of risk metrics, and respective limits, complemented by stop loss and concentration limits. These risk metrics include Value at Risk (VaR) and sensitivity metrics for interest rates, credit spreads, foreign exchange rates, equity prices and volatility.

TRADING BOOK RISK

Management Practices

Haitong Bank estimates the potential change in the market value of the trading book positions and global FX position, by considering an historical simulation VaR, based on a 10-day time horizon and a 1-year historical observations and a 99% confidence level.

As of December 2023, Haitong Bank's VaR amounted to EUR 4.7 million, representing a decrease of EUR 5.7 million when compared with December 2022.

Value at Risk by Risk Factor (EUR million)

	December 2023	December 2022
Foreign Exchange Risk	4.8	10.1
Interest Rate Risk	1.0	0.6
Shares	0.0	0.0
Credit spread	0.3	0.6
Covariance	-1.4	-0.9
Global VaR	**4.7**	**10.4**

Source: Haitong Bank.

The main variation occurred in Foreign Exchange Risk is related to the volatility of the EUR/BRL spot, on which in the beginning of November 2022, BRL had significantly depreciated against EUR during a very short period (roughly one week), having recovered to usual values by the end of the referred period. As the VaR assumes an observation period of one year, in November 2023 these observations were excluded from VaR calculations, causing a decrease in FX Risk VaR.

BANKING BOOK RISKS

Other risks in the banking book arise from adverse movements in interest rates, credit spreads and in the market value of equity securities and real estate in non-trading exposures on the balance sheet.

Interest Rate Risk

Interest rate risk in the banking book (IRRBB) refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions.

Haitong Bank aims to capture all material sources of IRRBB and assess the potential effect of market changes on the scope of its activities and manage IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a 1-year time horizon.

Changes in interest rates can affect the underlying economic value of the Bank's assets, liabilities and off-balance sheet instruments, because the present value of future cash flows changes when interest rates change. Changes in interest rates also affect a bank's earnings by increasing or decreasing its net interest income (NII).

As of December 2023, the impact on the banking book economic value, under a parallel shock on the yield curve of +/- 200 bps was estimated at EUR 14.5 million.

Credit Spread Risk

The credit spread, which reflects the ability of an issuer to meet its obligations up to its maturity, is one of the factors considered in the assets' valuation. It represents the difference between the interest rate of a risky asset and the interest rate of a risk-free asset in the same currency and with the same maturity.

As of December 2023, the impact on the banking book economic value for this risk was estimated at EUR 11 million.

The Bank is also subject to other types of risk in the banking book, namely the risk of equity holdings and the risk of mutual funds. These risks may broadly be described as the probability of a loss resulting from an adverse change in the market value of these financial instruments.

PENSION FUND RISK

The pension fund risk stems from the possibility that the pension plan liabilities exceed the value of the pension fund portfolio of assets in such a way that Haitong Bank is required to make an extraordinary contribution to the pension fund. Otherwise, if the pension fund portfolio of assets' return is in line with the liabilities evolution, Haitong Bank is expected only to make the regular annual contribution (the pension plan normal cost).

OPERATIONAL RISK

Operational risk corresponds to the probability of occurrence of events with a negative impact on earnings or capital resulting from inadequate internal procedures or their negligent application, inadequacy or failure of information systems, staff behaviour, or external events. Legal and IT risks are included in this definition. Operational risk is considered as the sum of the operational and information systems risks.

Management Practices

Operational risk is managed through a set of procedures that standardise, systematise, and measure the frequency of actions aimed at the identification, monitoring, control and mitigation of this risk. The priority in operational risk management is to identify and mitigate or eliminate risk sources.

The management methodologies in place are supported by the principles issued by the Basel Committee for operational risk and ECB Guidelines on ICT Risk Assessment.

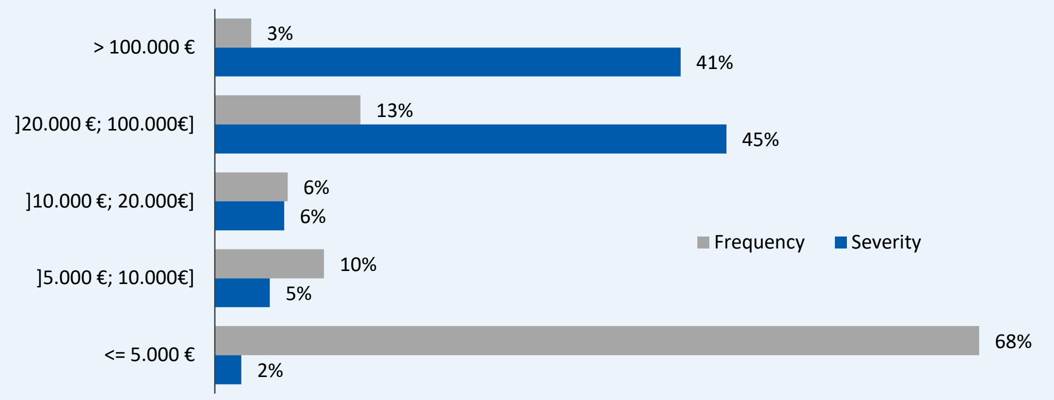
The operational risk management model is supported by an exclusively dedicated structure within the organisation which is responsible for the following processes:

- Identification and assessment of processes, risks and controls through risk and control self-assessment exercises;
- Identification and assessment of operational risks in new products, services and in the Bank's IT environment, including the need to implement new controls to mitigate identified risks;
- Identification, analysis and reporting of operational risk events;
- Monitoring risk through a selected set of risk indicators;
- Calculation of capital requirements in accordance with the Standardized Approach.

OPERATIONAL RISK ANALYSIS

The operational risk events identified are reported to permit their full and systematic categorization and the monitoring of follow-up mitigation actions. Every event is classified in accordance with the risk categories defined in Banco de Portugal, by business lines and by Basel event types.

Distribution of frequency and severity of events by loss amount

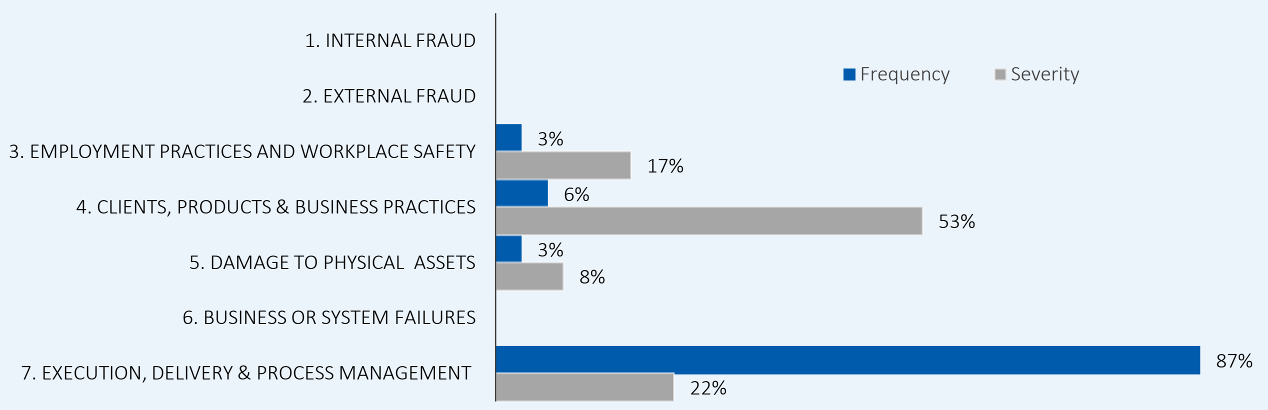


Source: Haitong Bank. Operational Risk Events, December 2023

By December 2023, 68% of the Bank's loss events were below EUR 5,000.

Following Basel's event classification, in 2023, 87% of total reported events were related with the Execution, Delivery & Process Management event type, which corresponded to 22% of reported losses associated with this risk. The Clients, Products & Business Practices event type was the one with highest loss amount by December 2023, representing 53% of the total losses from operational risks.

Distribution of frequency and severity of events by event type



Source: Haitong Bank. Operational Risk Events, December 2023

Liquidity Risk

Liquidity risk arises from an institution’s present or future inability to meet all payment obligations when they come due or secure such resources only at an excessive cost.

Management Practices

Liquidity and funding management is a key element in Haitong Bank’s business strategy and a fundamental pillar, together with capital management, in supporting its strength and resilience.

Liquidity management and Haitong Bank's funding strategy are the responsibility of the Executive Committee which ensures the management of the Bank’s liquidity in an integrated way, with the treasuries of all Haitong Bank’s entities.

In order to provide protection against unexpected fluctuations and based on a solid organizational and governance model, Haitong Bank’s liquidity risk management envisages delivering appropriate term and structure of funding consistent with the following principles:

- Ensure the ability to meet obligations as they come due in a timely manner and at a reasonable cost;
- Comply with regulatory standards on liquidity in each geography the Bank operates in;
- Ensure full alignment with liquidity and funding risk appetite;
- Make available a sufficient immediate liquidity buffer to ensure the ability to react to any event of stress that could restrict the ability to access financial markets under both normal and stressed conditions;
- Develop a diversified investors’ base and maintain access to a variety of alternative funding sources, while minimizing the cost of funding; and
- Continuously develop an appropriate internal framework for the identification, measurement, limitation, monitoring and mitigation of liquidity risk.

LIQUIDITY POSITION

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is established by the CRD IV (Directive 2013/36/EU) and it is designed to promote short-term resilience of a bank’s liquidity risk profile by measuring how adequate the stock of high-quality liquid assets (that can be easily converted into cash) is to meet liquidity needs for a 30 calendar day liquidity stress scenario.

As of December 2023, Haitong Bank reached an LCR of 275%, which represents a resilient short-term liquidity position, comfortably complying with regulatory standards.

Liquidity Coverage Ratio (EUR thousand)

	December 2023	December 2022
High-Quality Liquid Assets	831 617	615 793
30 days Net Outflow	302 215	261 353
Liquidity Coverage Ratio	275%	236%

Source: Haitong Bank

Net Stable Funding Ratio

The Basel Committee on Banking Supervision established the Net Stable Funding Ratio (NSFR) in October 2014 within the scope of the Basel III regulatory reform. The NSFR was translated into European Union law with Regulation (EU) 2019/876, entering into force from June 2021.

The NSFR constitutes a structural measure that aims at fostering longer-term stability by incentivizing banks to adequately manage their maturity mismatches by funding long-term assets with long-term liabilities.

As of December 2023, Haitong Bank reached an NSFR of 151%, ensuring an adequate medium- to long-term funding profile.

Net Stable Funding Ratio

	December 2023	December 2022
Net Stable Funding Ratio	151%	145%

Source: Haitong Bank.

Capital Management

Capital management seeks to guarantee Haitong Bank's sound solvency and profitability under the strategic objectives and the risk appetite set by the Board of Directors. Therefore, it is of critical importance to Haitong Bank's financial stability and sustainability.

Management Practices

The capital management practices and guidelines are shaped to accomplish the business' strategic goals and the risk appetite set by the Board of Directors. Accordingly, with the objective of maintaining capital that is suitable in quantity and quality, Haitong Bank has in place a capital management framework based on the following objectives:

- Promote the sustainable growth of activity by creating enough capital to withstand the increase of assets;
- Meet the minimum requirements established by the supervising entities in relation to capital adequacy; and
- Ensure the achievement of the strategic goals set by the Group in relation to capital adequacy and risk appetite.

Complementing the regulatory focus, Haitong Bank periodically executes an internal risk-based capital self-assessment (ICAAP) that consists of a forward-looking measurement of the material risks to which Haitong Bank is exposed (including the ones not covered by Pillar 1 regulatory capital).

Additionally, as part of its capital management policy, Haitong Bank performs a Recovery Plan, which provides the escalation path for crisis management governance and identifies the list of actions and strategies designed to respond to a capital stress event.

REGULATORY CAPITAL AND LEVERAGE RATIOS

Solvency

Regulatory capital requirements are determined by Banco de Portugal under the CRR (Regulation EU no. 575/2013) and CRD V (Directive EU 2013/36/EU) regulations. Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that the Bank is exposed to, which is measured through both risk-weighted assets (RWAs) and leverage.

The regulation provides for a transitional period to exclude some elements previously included (phase-out) and include/deduct new elements (phase-in) in which institutions may accommodate the new requirements. The transitional period for the majority of the elements ended in 2017, with the exception of the deferred tax assets generated prior to 1 January 2014, IFRS9 transition adjustment and both the subordinated debt and all the hybrid instruments not eligible as own funds under the new regulations, which had a longer period (until the end of 2022).

Under this regulatory framework, the minimum CET1 ratio is 4.5%, the minimum Tier 1 ratio is 6% and the minimum Total Capital Ratio is 8%. In addition, these minimum ratios are supplemented by the capital conservation buffer. CRD IV requirements permitted banks to phase in the impact of this buffer, beginning on 1 January 2016, in increments of 0.625% per year until reaching 2.5% of RWAs on 1 January 2019.

Also related to the CRD IV capital buffers, in November 2016 Banco de Portugal decided to impose a capital surcharge on six Portuguese banking groups classified as O-SIIs (Other Systemically Important Institutions) in the scope of its annual revision of the identification of the imposition of capital buffers, pursuant to Article 138-R (2) of the Legal Framework of Credit Institutions and Financial Companies (RGICSF). Haitong Bank is excluded from the scope of application of this macro-prudential buffer.

The regulation also provides a counter-cyclical capital buffer of up to 2.5% to be imposed in the event that national supervisors deem it necessary in order to counteract excessive credit growth in the jurisdictions under their supervision. As of 31st of December 2023, Banco de Portugal decided not to impose any additional counter-cyclical capital buffer, by setting it at 0% of the total risk exposure amount to domestic counterparties. This decision is subject to revision on a quarterly basis.

In addition to the above-mentioned capital buffers, as of 1 July, 2018, Haitong Bank became subject to an additional requirement with a specific add-on, determined and revised under the Supervisory Review and Evaluation Process performed by Banco de Portugal.

As of December 2023, Haitong Bank's capital ratios were calculated under CRR (Regulation EU no. 575/2013) and CRD V (Directive EU no 2013/36/EU). The capital ratios under the Standard Approach are shown in the following table.

Solvency Ratios

	December 2023		December 2022	
	Phased-in	Fully-loaded	Phased-in	Fully-loaded
CET1 ratio	19.0%	19.0%	17.4%	17.3%
Tier 1 ratio	23.7%	23.7%	21.7%	21.7%
Total capital ratio	23.8%	23.8%	21.8%	21.8%

Source: Haitong Bank.

The prudent capital management implemented by Haitong Bank has allowed the maintenance of a solid capital position.

Leverage

As a supplementary measure, the CRR II/CRD V framework introduced a non-risk based leverage ratio. The leverage ratio compares Tier 1 capital to a measure of leverage exposure, aiming to constrain the build-up of excessive leverage in the banking sector and to backstop the existing risk-weighted capital requirements with a simple, non-risk-weighted measure.

As of December 2023, Haitong Bank's leverage ratios, calculated under the Basel III / CRR II methodology on both a transitional and fully-loaded basis, are shown in the following table.

Leverage Ratios

	December 2023	December 2022
Phased-in	11.5%	12.2%
Fully-loaded	11.5%	12.2%

Source: Haitong Bank.

FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Interest and similar income	5	230 548	120 909
Interest and similar expenses	5	194 973	106 509
Financial margin		**35 575**	**14 400**
Fees and commissions income	6	36 692	45 475
Fees and commissions expenses	6	(7 431)	(4 317)
Net trading income	7	1 924	25 385
Net income from other financial instruments at fair value through profit or loss	8	844	(595)
Net gain/(loss) from derecognition of financial assets measured at fair value through other comprehensive income	9	1 447	604
Net gains/(losses) from hedge accounting	10	-	-
Net gains / (losses) from foreign exchange differences	11	(518)	(6 360)
Net gain/(loss) from derecognition of financial assets measured at amortised cost	12	1 944	713
Other operating income and expense	13	5 617	(1 244)
Operating Income		**76 094**	**74 061**
Employee costs	14	39 971	39 604
Administrative costs	16	14 619	15 396
Depreciations and amortisations	25 and 26	5 643	6 360
Provisions	31	(11 389)	(2 160)
Net impairment loss on financial assets	31	621	2 006
Operating expenses		**49 465**	**61 206**
Profit / (Loss) before Income Tax		**26 629**	**12 855**
Income tax			
Current tax	32	4 757	3 870
Deferred tax	32	4 108	(1 958)
		8 865	**1 912**
Net Profit / (Loss) for the year		**17 764**	**10 943**
Attributable to shareholders of the parent company	17	**17 262**	**11 107**
Attributable to non-controlling interests	35	**502**	**(164)**
		17 764	**10 943**
Basic Income per Share (in euros)	17	0.10	0.07
Diluted Income per Share (in euros)	17	0.10	0.07

The following notes form an integral part of these consolidated financial statements

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Comprehensive Income for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Net income for the year			
Attributable to shareholders of the parent company		17 262	11 107
Attributable to non-controlling interests		502	(164)
		17 764	10 943
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit liabilities, net of taxes	35	(4 722)	11 182
		(4 722)	11 182
Items that may be reclassified to profit and loss			
Exchange differences			
Foreign currency translation differences for foreign operations	35	5 532	11 484
Fair value changes of debt instruments measured at fair value through other comprehensive income, net of taxes	35	5 819	(8 644)
		11 351	2 840
Total other comprehensive income for the year		6 629	14 022
Total comprehensive income/(loss) for the year		24 393	24 965
Attributable to shareholders of the parent company		22 694	22 792
Attributable to non-controlling interests		1 699	2 173
		24 393	24 965

The following notes form an integral part of these consolidated financial statements

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Financial Position as at the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	18	17 164	25 828
Financial assets at fair value through profit or loss		893 703	811 079
Financial assets held for trading		880 215	794 541
Securities	19	848 480	745 603
Derivative financial assets	20	31 735	48 938
Non-trading financial assets mandatorily at fair value through profit or loss		13 488	16 538
Securities	22	13 464	16 518
Loans and advances to customers	24	24	20
Financial assets at fair value through other comprehensive income	22	226 584	295 493
Financial assets measured at amortised cost		2 090 669	1 983 622
Securities	22	818 722	721 519
Loans and advances to banks	23	583 288	490 318
Loans and advances to customers	24	688 659	771 785
Other tangible assets	25	11 883	14 678
Intangible assets	26	1 814	2 666
Tax assets		127 643	132 440
Current income tax assets	32	21 806	22 550
Deferred income tax assets	32	105 837	109 890
Other assets	27	129 182	150 314
Total Assets		**3 498 642**	**3 416 120**
Liabilities			
Financial liabilities held for trading		25 878	39 556
Securities	19	846	97
Derivative financial liabilities	20	25 032	39 459
Financial liabilities measured at amortised cost		2 726 784	2 643 228
Resources of credit institutions	28	916 921	1 354 051
Resources of customers	29	1 174 221	747 140
Debt securities issued	30	635 642	542 037
Provisions	31	9 867	19 111
Tax liabilities		14 451	13 270
Current income tax liabilities	32	8 657	7 476
Deferred income tax liabilities	32	5 794	5 794
Subordinated liabilities		-	
Other liabilities	33	69 233	72 919
Total Liabilities		**2 846 213**	**2 788 084**
Equity			
Share capital	34	871 278	863 279
Share premium	34	8 796	8 796
Other equity instruments	34	105 042	105 042
Fair-value reserves	35	(4 876)	(10 605)
Other reserves and retained earnings	35	(367 854)	(370 665)
Net profit/(loss) for the period attributable shareholders of the parent company		17 262	11 107
Total equity attributable to the shareholders of the parent company		**629 648**	**606 954**
Non-controlling interests	35	22 781	21 082
Total Equity		**652 429**	**628 036**
Total Equity and Liabilities		**3 498 642**	**3 416 120**

The following notes form an integral part of these consolidated financial statements

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Changes in Equity for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	Share Capital	Share Premium	Other equity instruments	Fair-value reserves	Other reserves and retained earnings	Net profit/(loss) for the period attributable shareholders of the parent company	Other reserves and retained earnings	Non-controlling interests	Total Equity
Balance as at 31 December 2021		844 769	8 796	108 773	(1 926)	(376 071)	3 552	587 893	18 954	606 847
Other movements recorded directly in equity:										
Changes in fair value, net of taxes	35	-	-	-	(8 679)	-	-	(8 679)	35	(8 644)
Exchange differences	35	-	-	-	-	9 182	-	9 182	2 302	11 484
Actuarial gains/ (losses), net of taxes	35	-	-	-	-	11 182	-	11 182	-	11 182
Net profit / (loss) for the period	35	-	-	-	-	-	11 107	11 107	(164)	10 943
Total comprehensive income for the year		-	-	-	(8 679)	20 364	11 107	22 792	2 173	24 965
Share capital increase	34	18 510	-	-	-	(18 510)	-	-	-	-
Transfers for reserves and retained earnings	34	-	-	-	-	3 552	(3 552)	-	-	-
Reimbursement of other equity instrument	34	-	-	(3 731)	-	-	-	(3 731)	-	(3 731)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(45)	(45)
Balance as at 31 December 2022		863 279	8 796	105 042	(10 605)	(370 665)	11 107	606 954	21 082	628 036
Other movements recorded directly in equity:										
Changes in fair value, net of taxes	35	-	-	-	5 729	-	-	5 729	90	5 819
Exchange differences	35	-	-	-	-	4 425	-	4 425	1 107	5 532
Actuarial gains/ (losses), net of taxes	35	-	-	-	-	(4 722)	-	(4 722)	-	(4 722)
Net profit / (loss) for the period	35	-	-	-	-	-	17 262	17 262	502	17 764
Total comprehensive income for the year		-	-	-	5 729	(297)	17 262	22 694	1 699	24 393
Share capital increase	34	7 999	-	-	-	(7 999)	-	-	-	-
Dividends to non-controlling interests		-	-	-	-	11 107	(11 107)	-	-	-
Balance as at 31 December 2023		871 278	8 796	105 042	(4 876)	(367 854)	17 262	629 648	22 781	652 429

The following notes form an integral part of these consolidated financial statements

The Director of the Finance Department

The Board of Directors

Consolidated Cash Flow Statement for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022 (Restated)
Cash flows from operating activities			
Interests received		234 292	104 786
Interests paid		(176 349)	(106 509)
Fees and commissions received		39 257	45 453
Fees and commissions paid		(7 431)	(4 317)
Loans and other recoveries	13	11 773	637
Cash payments to employees and suppliers		(58 018)	(64 992)
		43 524	**(24 942)**
Changes in operating assets and liabilities:			
Trading financial assets and liabilities		(96 845)	(369 666)
Loans and advances to banks		(3 062)	(20 372)
Resources of other credit institutions	28	(439 124)	594 272
Loans and advances to customers		81 064	(153 748)
Resources of customers	29	440 663	(417 242)
Other operating assets and liabilities		13 321	57 612
Net cash flow from operating activities before income tax		**39 541**	**(334 086)**
Income taxes paid		(2 609)	(1 028)
		36 932	**(335 114)**
Net cash flows from investment activities			
Purchase of securities		(390 819)	(469 780)
Sale and repaymentsof securities		374 022	251 683
Purchase of fixed assets	25 and 26	(1 506)	(1 586)
Sale of of fixed assets	25 and 26	51	2
		(18 252)	**(219 681)**
Cash flows from financing activities			
Debt securities issued	30	77 035	519 422
Reimbursement of debt securities issued	30	(11 658)	(4 135)
Reimbursement of other equity instruments	34	-	(3 731)
Rents paid for leasing operations	33	(2 720)	(3 129)
Net cash flow from financing activities		**62 657**	**508 427**
Net changes in cash and equivalents		**81 337**	**(46 368)**
Cash and equivalents at the beginning for the year		489 477	535 845
Cash and equivalents at the end for the year		570 814	489 477
		81 337	**(46 368)**
Cash and equivalents includes:			
Cash	18	5	7
Deposits at central banks	18	3 015	3 008
Deposits at other credit institutions	18	16 009	23 752
Loans and advances to Banks	23	551 785	462 710
Total		**570 814**	**489 477**

The following notes form an integral part of these consolidated financial statements

The Director of the Finance Department

The Board of Directors

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Haitong Bank, S.A.
NOTE 1 – ACTIVITY AND GROUP STRUCTURE

Haitong Bank, S.A. (Bank or Haitong Bank) is an investment bank based in Portugal, Lisbon, at Rua Alexandre Herculano, n. º 38. The Bank is duly authorised by the Portuguese authorities, central banks and regulators in order to carry out its business in Portugal and in the countries where it operates through international financial branches.

The Institution was established in February 1983 as an Investment Company, as a foreign investment in Portugal under the company name FINC – Sociedade Portuguesa Promotora de Investimentos, S.A.R.L.. In the 1986 financial year, the Company became part of the Grupo Espírito Santo, under the name Espírito Santo – Sociedade de Investimentos, S.A..

In order to widen the scope of its business, the Institution has obtained a license from the Portuguese official bodies for its conversion into an Investment Bank, by means of Ordinance no. 366/92 of November 23rd, published in the Portuguese Official Gazette – Series II – no. 279, of December 3rd. Its business as an Investment Bank started on the 1st of April, 1993, under the company name Banco ESSI, S.A..

In the 2000 financial year, Banco Espírito Santo, S.A acquired the whole of BES Investimento's share capital in order to reflect all existing synergies between both institutions in its consolidated accounts.

On the 3rd of August, 2014, following the implementation of a resolution measure by the Bank of Portugal, applied to Banco Espírito Santo, S.A., the Bank became held by Novo Banco, S.A..

Haitong International Holdings Limited acquired the whole of BES Investimento's share capital on September 2015, and the Bank's company name was thereby changed into Haitong Bank, S.A..

Haitong Bank currently operates through its headquarters in Lisbon, as well as through branches in London, Warsaw, Macau and Madrid, and subsidiaries in Brazil. In June 2022, Haitong Bank, S.A. concluded the establishment of a representative office in France.

Haitong Bank's London Branch received the FCA approval of the Bank's application to the UK Full Regulatory Regime in March 2023.

Haitong Bank's financial statements are consolidated by Haitong International Holdings Limited, based in Li Po Chun Chambers, n.º 189, Des Voeux Road Central, in Hong Kong. Haitong Securities CO., LTD., is the entity at the maximum level of consolidation (ultimate parent company).

The Group companies where the Bank holds, directly or indirectly, voting rights grater or equal to 20%, or over which the Bank exercises control or has significant influence, and that were included in the consolidated financial statements, are presented as follows:

	Incorporation date	Acquisition date	Headquarters	Activity	% Economic interest[1]	Consolidation method	Equity	Assets	Net profit/(loss)
Haitong Bank S.A.	1983	-	Portugal	Investment Bank	100%		635 370	2 443 883	12 253
Haitong Global Asset Management SGOIC S.A.	1988	2005	Portugal	Asset management	100%	Full consolidation	56 891	57 464	797
Haitong Banco de Investimento do Brasil S.A.	1973	2000	Brasil	Investment Bank	80%	Full consolidation	80 402	1 187 185	(9 389)
FI Multimercado Treasury	2005	2005	Brasil	Investment fund	80%	Full consolidation	1 779	1 780	612
Haitong Negócios, SA	1996	1999	Brasil	Holding company	80%	Full consolidation	33 803	39 297	1 918
Haitong do Brasil DTVM S.A.	2009	2009	Brasil	Asset management	80%	Full consolidation	8 225	8 795	545
Haitong Securities do Brasil S.A.	1973	2000	Brasil	Brokerage house	80%	Full consolidation	19 332	25 026	1 870

(1) There are currently no restrictions on the control of subsidiaries.

In 2013, Haitong Bank started a simplification plan for its group. Several measures were taken within the scope of such process, including the disposal and merger of several holdings. The simplification process continued 2023, and the main changes made to the group's structure are set forth below.

Subsidiaries

- In May 2023, Haitong Bank, S.A. concluded the liquidation process of Haitong Ancillary Services Poland SP Zoo.

During 2023, the movements related to acquisitions, sales and other investments and reimbursements in subsidiary and associated companies are detailed as follows:

(thousand euros)

	31.12.2023	
	Reimbursements	
	Other Investments (a)	Total
Subsidiaries		
Haitong Ancillary Services	1 759	1 759
Total	**1 759**	**1 759**

(a) Liquidation

- In January 2022, through public deed, formally started the liquidation process of Haitong Ancillary Services.
- In January 2022 the Haitong Banco de Investimento do Brasil S.A. fully subscribed the capital increase of Fundo FI Multimercado Treasury, which corresponded to an investment of 15,000 thousand reais (2,499 thousand euros).
- In March 2022 the Haitong Banco de Investimento do Brasil S.A. fully subscribed the capital increase of Fundo FI Multimercado Treasury, which corresponded to an investment of 70,000 thousand reais (13,205 thousand euros).

During the 2022 financial year, the movements related to acquisitions, sales and other investments and reimbursements in subsidiary and associated companies are detailed as follows:

(thousand euros)

	31.12.2022	
	Acquisitions	
	Other Investments (a)	Total
Subsidiaries		
FI Multimercado Treasury	15 704	15 704
Total	**15 704**	**15 704**

(a) Share capital increases, supplementary capital and loans to companies.

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1. BASES OF PREPARATION

In accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of the 19th of July, 2002, and Notice no. 1/2005 of the Bank of Portugal (revoked by Bank of Portugal Notice no. 5/2015), the consolidated financial statements of Haitong Bank, S.A., (Bank, Haitong Bank or Group) are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

The IFRS comprise the accounting standards issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by their predecessor bodies.

Haitong Bank's consolidated financial statements set forth herein refer to the year ended on the 31st December, 2023, which have been prepared in accordance with the IFRS in force in the European Union at 1st of January, 2023.

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

The consolidated financial statements are denominated in thousands of euros, rounded to the nearest thousand, and have been prepared in accordance with the historical cost principle, with the exception of the assets and liabilities accounted for at fair value, such as financial derivatives, financial assets and liabilities at fair value through profit and loss and financial assets and liabilities at fair value through other comprehensive income.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

The preparation of financial statements in accordance with the IFRS requires the Group to make judgements and estimates, as well as to use assumptions affecting the implementation of the accounting policies and the amounts corresponding to income, expenses, assets and liabilities. Any changes to such assumptions, or any difference thereof comparing to reality may have an impact on the current estimates and judgements. The areas involving a higher degree of judgement or complexity, or in which significant assumptions and estimates are used when preparing the consolidated financial statements, are analysed in Note 3.

The consolidated financial statements herein have been approved in the Board of Directors meeting held on March 1st, 2024 and will be submitted to the sole shareholder for approval, is expected that it will be approved without changes.

Comparability of the Information

On December 31, 2023, the Group carried out, at the level of the cash flow statement, the reclassification of (i) Loans and advances to Banks from the heading Cash flows from operational activities – Change in operational assets and liabilities to the heading Cash and equivalents in beginning and end of the exercise and (ii) the reclassification of the rent payments regarding financial lease rents from other opertational assets and liabilities to paid rents for lease operations . Subsequently, the Group changed the values on December 31, 2022, with the restatement presented as follows:

(thousand euros)

	31.12.2022 (Restated)	Reclassifications	31.12.2022
Cash flows from operating activities			
Loans and advances to banks	(20 372)	415 410	(435 782)
Other operating assets and liabilities	57 612	3 129	54 483
Cash flows from financing activities			
Rents paid for leasing operations	(3 129)	(3 129)	-
Net changes in cash and equivalents	**34 111**	**415 410**	**(381 299)**
Cash and equivalents at the beginning for the year	535 845	47 300	488 545
Cash and equivalents at the end for the year	489 477	462 710	26 767
	(46 368)	**415 410**	**(461 778)**
Cash and equivalents includes:			
Loans and advances to Central Banks	462 710	462 710	-
Total	**462 710**	**462 710**	**-**

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements set forth herein reflect the assets, liabilities, income and expenses of Haitong Bank and its subsidiaries (Group or Haitong Bank Group), and the profit or loss attributable to the Group concerning the financial holdings in associates.

The accounting policies have been consistently implemented by all the Group companies in the periods covered by these consolidated financial statements.

Subsidiaries

Subsidiaries are entities (including investment funds) controlled by the Group. The Group controls an entity when it holds the power to direct the relevant activities of the entity, and when it is exposed or entitled to the variability in the returns resulting from its involvement with such entity, and may get hold of such returns through its power over the relevant business of such entity (de facto control). The subsidiaries' financial statements are comprised in the consolidated financial statements from the date in which the Group acquires control, until the date when such control ceases to exist.

The accounting policies of subsidiaries are changed, whenever necessary, in order to ensure that they are consistently applied by all Group companies.

The accumulated losses of a subsidiary are attributed to non-controlling interests in the proportions held, which could imply the recognition of negative non-controlling interests.

In a step acquisition transaction resulting in the acquisition of control over a subsidiary that constitutes a business, any previous minority holding is reassessed at fair value against income statement when calculating goodwill. Upon a partial sale resulting in the loss of control over a subsidiary, any remaining minority holding is reassessed at fair value on the date of the sale, and the profit or loss resulting from such reassessment is accounted for in the income statement.

When the Group ceases to have control, any remaining interests in the entity are remeasured to fair value on that date, with the change in book value recognized in profit or loss for the year. The fair value corresponds to the initial book value, for the purposes of subsequent measurement of the remaining interest as an associate, joint venture or financial asset. Additionally, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may imply that amounts previously recognized in other comprehensive income are reclassified to profit or loss for the year.

There are currently no restrictions on the control of subsidiaries.

Transactions with non-controlling interests

The acquisition of non-controlling interests which do not result in a change in control over a subsidiary is accounted for as a transaction with shareholders and, therefore, no additional goodwill resulting arising from such transaction shall be recognised. The difference between the acquisition cost and the statement of financial positions value of the acquired non-controlling interests is directly recognised in reserves. Similarly, gains or losses arising from disposals of non-controlling interests which do not result in the loss of control over a subsidiary are always recognised against reserves.

The gains or losses arising from the dilution or sale of part of a financial holding in a subsidiary, with the loss of control, are recognised by the Group in the income statement.

Translation of financial statements in foreign currency

The financial statements of each of the Group’s subsidiaries and associates are prepared using their functional currency, which is defined as the currency of the economy in which such subsidiaries and associates operate. The Group’s consolidated financial statements are prepared in euros, which is Group's presentation currency.

The Group’s financial statements whose functional currency is other than euro are translated into euros, in accordance with the following criteria:

- Assets and liabilities are converted at the exchange rate as at the date of the statement of financial positions;
- Income and expenses are converted based on the application of exchange rates approximated to the real rates as at the date of each transaction;
- Exchange rate differences determined between the conversion amount in euros of the financial position at the beginning of the year and its amount converted at the exchange rate in force as at the date of statement of financial position to which the consolidated accounts relate are accounted for against reserves. Similarly, regarding the subsidiaries’ and associated companies’ results, the exchange differences arising from the translation of income and expenses at the rates ruling at the dates of the transactions and that determined at the statement of financial position date are recorded in reserves. As at the date of the company’s divestiture, such differences are recognised in income statement as an integral part of the gain or loss arising from the divestiture.

Balances and transactions eliminated on consolidation

The balances and transactions between companies of the Group, including any unrealised gains or losses arising from intra-group transactions, are eliminated on the consolidation process, except for the cases where the unrealised losses reveal an impairment which should be recognised in the consolidated accounts.

2.3. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted at the exchange rate in force as at the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into Euros at the exchange rate in force at the date of the statement of financial position. The exchange rate differences arising from such conversion are recognised in income statement.

Non-monetary assets and liabilities accounted for at historical cost, denominated in foreign currency, are converted at the exchange rate as at the transaction date. Non-monetary assets and liabilities denominated in foreign currency accounted for at fair value are converted at the exchange rate in force as at the date of determination of the fair value. The exchange rate differences resulting thereof are recognised in profit and loss.

2.4. FINANCIAL INSTRUMENTS

2.4.1. Financial assets classification

At the initial recognition, financial assets are classified into one of the following categories:

a) Financial assets at amortised cost;
b) Financial assets at fair value through other comprehensive income; or
c) Financial assets at fair values through profit or loss, namely:

  i. Financial assets held for trading; and
  ii. Non-trading financial assets mandatorily at fair value through profit or loss.

Financial assets classification and measurement depends on the SPPI test results (assessment if the contractual cash flows characteristics, in order to conclude if it corresponds solely payments of principal and interests) and on the business model, under which they are managed.

a) Financial assets measured at amortised cost

A financial asset is classified under the category “Financial assets at amortised cost” if both the following conditions are met:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect business moedel); and
ii. The contractual terms of the financial asset establish cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The “Financial assets at amortised cost” category maily includes Loans and advances to banks and Loans and advances to customers.

b) Financial assets at fair value through other comprehensive income

A financial asset is classified under the category of “Financial assets at fair value through other comprehensive income” if both of the following conditions are met:

i. The financial asset is held within a business model whose objective is to both collect contractual cash flows and sell financial assets (hold to collect and sale business model); and
ii. The contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, in the initial recognition of a capital instrument that is not held for trading, nor a contingent consideration by an acquirer in a concentration of activities to which IFRS 3 applies, the Group may irrevocably choose to classify it in the category of “Financial assets at fair value through other comprehensive income". This option is exercised on a case-by-case basis, investment by investment and is only available for financial instruments that comply with the definition of equity instruments set forth in IAS 32 and can not be used for financial instruments whose classification as a capital instrument in the issuer is made under the exceptions provided in paragraphs from 16A to 16D of IAS 32. Currently, the Bank does not hold instruments for which they applied this irrevocable option under IFRS 9, and only debt securities were classified in this category.

c) Financial assets at fair value through profit or loss

A financial asset is classified in the category of “Financial assets at fair value through profit and loss” if the business model defined by the Bank for its management or because of the characteristics of its contractual cash flows is not appropriate to be classified in the previous categories (residual category and/or the instrument does not meet the SPPI test requirements).

In addition, the Bank may irrevocably designate a financial asset that meets the criteria to be classified as "Financial assets at amortised cost" or "Financial assets at fair value through other comprehensive income", at fair value through profit or loss, at the time of its initial recognition, if that eliminates or significantly reduces an accounting mismatch, which would otherwise result from the measurement of assets or liabilities or from the recognition of gains and losses thereon on different bases. The Group did not adopt this irrevocable option, having classified in this category:

- financial assets in the sub-category "Financial assets at fair value through profit or loss - financial assets held for trading", when:

i. are originated or acquired for the purpose of trading in the short term;
ii. are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions with the aim of achieving gains in the short term; and
iii. are derivative instruments which do not comply with the definition of a financial guarantee and have not been designated as hedging instruments.

Gains and losses on financial assets and liabilities at fair value through profit or loss – Financial assets held for trading, that is, variations in fair value and interest on trading derivatives, as well as associated dividends received (if they effectively remunerate the invested capital) These portfolios are recognized under the heading “results from trading instruments” in the income statement.

- financial assets in the sub-category of "Financial assets at fair value through profit or loss - financial assets not held for trading necessarily at fair value through profit and loss" when:

  i. debt instruments whose cash flows do not originate cash flows on specific dates, which are only payments of principal and interest on the amount of outstanding capital (SPPI).
  ii. equity instruments, which do not classify as held for trading.

Gains and losses on financial assets and liabilities at fair value through profit or loss, namely, changes in fair value and interest on trading derivatives, as well as the dividends received from these portfolios (if they get paid the invested capital), are recognised as "Net income from other financial instruments at fair value through profit or loss" in the income statement.

Business model evaluation for financial assets management

In relation to the evaluation of the business model, this does not depend on management intentions for an individual instrument, but on a portfolio of instruments, taking into account the frequency, value, sales frequency in previous years, the reasons for such sales and expectations regarding future sales. Infrequent sales, close to the maturity of the asset due to increases in the credit risk of financial assets and/or to manage concentration risk, among others, may be compatible with the model of holding assets for the collection of contractual cash flows.

Evaluation if the contractual cash flows correspond to solely payments of principal and interest (SPPI)

If a financial asset contains a contractual clause which may modify the timing or value of contractual cash flows (such as early amortization clauses or extension of duration), the Group determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of the contractual clause, are only payments of principal and interest on the value of the capital outstanding.

The contractual conditions of financial assets that, at the time of initial recognition, have an effect on cash flows or depend on the occurrence of exceptional or highly improbable events do not prevent their classification in the portfolios at cost amortised or at fair value through other comprehensive income.

Initial recognition

At initial recognition all financial instruments are recognised at their fair value. For financial instruments that are not recognised at fair value through profit or loss, the fair value is adjusted by the transaction costs directly attributable to their acquisition or issue. In the case of instruments at fair value through profit or loss, directly attributable transaction costs are recognised immediately in profit or loss.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset or to the issue or assumption of a financial liability that would not have been incurred if the Group had not realized the transaction. If the Group considers that the costs are directly attributable to the transaction, they are specialized in results according to the effective interest rate method.

Subsequent measurement

After initial recognition, the Group proceeds to the subsequent measurement of the financial assets at amortised cost, at fair value through other comprehensive income, at fair value through profit or loss or at historical cost.

The fair value of quoted financial assets is their current bid price. This price is estimated by the Bank according to a hierarchy that meets the IFRS 13 requirements. In the absence of a market quotation, the Bank estimates the fair value using valuation methodologies such as (i) the use of prices of recent transactions, similar and carried out under market conditions, (ii) discounted cash flow techniques and (iii) customized option valuation models in order to reflect the particularities and circumstances of each instrument, and (ii) whenever possible, the Group uses valuation assumptions based on market information. These methodologies also incorporate credit risk and counterparty risk. These methodologies may require the use of assumptions or judgments in the estimate of fair value.

The income and expenses of financial instruments at amortised cost are recognised in accordance with the following criteria:

a) Interest and premium/discount are recognised in the income statement using the effective interest rate of the instrument on the gross book value of the instrument (except for assets with impairment, where the interest rate is applied on the net book value of impairment).

b) Other changes in value will be recognised as income or expense when the instrument is derecognised from the balance sheet, when it is reclassified, and in the case of financial assets, when there are impairment losses or recovery gains.

Income and expenses of financial instruments at fair value through profit or loss are recognised according to the following criteria:

a) Changes in fair value are recognised directly in profit or loss, separating between the portion attributable to the income of the instrument, which is recognised as interest or as dividends according to their nature, and the remainder, which is recognised as results in the corresponding account.
b) Interests on debt instruments are measured using the effective interest rate method and are recognied in financial margin.

Income and expenses from financial instruments at fair value through other comprehensive income are recognised according to the following criteria:

a) Interest and premium/discount have a procedure equal to that of assets at amortised cost;
b) Foreign exchange differences are recognised in income statement;
c) Impairment losses or gains on its recovery are recognised in the income statement;
d) Losses or gains associated to hedge accounting are cognised in the income statement;
e) The remaining changes in value are recognised in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognised in profit or loss for the period are the same as those that would be recognised if measured at amortised cost.

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recognised in other comprehensive income is reclassified to income for the year.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or change does not result in derecognition of the financial asset in accordance with the policy adopted by the Bank, the Bank recalculates the gross amount of the financial asset and recognises a gain or loss arising from the difference from the previous amortised cost against profit or loss. The gross amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the asset.

Reclassifications between categories of financial instruments

Only if the Group decides to change its business model for the management of a portfolio of financial assets. In this case, all financial assets affected would be reclassified in accordance with the requirements of IFRS 9. This reclassification would be applied prospectively from the date of reclassification. According to the approach of IFRS 9, this reclassifications must be infrequent, decided by the senior management resulting from events beyond the Bank's control and demonstrable to external entities.

Derecognition criteria

The Bank derecognises a financial asset in the following situations:

a) when transferring that asset and, as a result of such transfer, all the risks and benefits of that asset are transferred to another entity;
b) when a significant change in the counterparty structure of that asset occur; and/or
c) when a significant change on the asset terms and conditions occur.

Loans and debt instruments written-off

The Group writes off a loan when it does not have reasonable expectations to recovering a financial asset in its entirety or a portion thereof. This registration occurs after all the recovery actions developed by the Group prove to be fruitless. Loans written off are recognised in off-balance sheet accounts.

Eventual recoveries after the instrument received the write-off must be recognised as extraordinary gains, with an impact in the financial statement in other operactional results.

Purchase or originated credit impaired assets

Purchase or originated credit impaired (POCI) assets are credit-impaired assets on initial recognition. An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

The two events that lead to the originations of a POCI exposure are presented as follows:

- financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original agreement, which presented objective evidence of impairment that resulted in its derecognition and recognition of a new contract that reflects the credit losses incurred; and/or
- financial assets acquired with a significant discount, that the existence of a significant discount reflects credit losses incurred at the time of its initial recognition.

On initial recognition, POCI assets do not carry an impairment loss. Instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate. Consequently, at initial recognition, the gross book value of POCI (initial balance) is equal to the net book value before being recognised as POCI (difference between the initial balance and total discounted cash flows).

Impairment of financial assets

The Group determines impairment losses on debt instruments measured at amortised cost and at fair value through other comprehensive income, as well as for other exposures that have associated credit risk such as bank guarantees and commitments.

The IFRS 9 requirements aim to recognise expected losses, assessed on an individual and collective basis, considering all reasonable, reliable and reasoned information available, without incurring undue costs or efforts, at each reporting date, including forward-looking information.

The impairment losses of debt instruments in the exercise are recognised as a cost under the heading Impairment of Financial Assets in the Income Statement. The Group registers the impairment losses on debt instruments measured at amortised cost against a cumulative balance sheet impairment account, which reduces the book value of the asset. The Group recognises the impairment losses on debt instruments measured at fair value through Other Comprehensive Income against the fair value reserve, whereby its recognition does not reduce the balance sheet value of the financial instruments.

Impairment losses on exposures that have associated credit risk, and which are not debt instruments (namely, guarantees and other irrevocable commitments), are registered by means of a provision under "Provisions" in the liability side. Increases and reversals are recorded against under the heading Provisions net of annulments.

Impairment Model

Under IFRS 9, the Group determines the expected credit losses (ECL) using a forward-looking model. The expected credit losses over the lifetime of financial instruments are required to be measured through a loss allowance. Accordingly, the calculation of ECL incorporates macroeconomic factors, as well as other forward-looking information, whose changes impact expected losses.

The instruments subject to impairment are divided into three stages, taking into account their level of credit risk since its initial recognition, as follows:

- **Stage 1 – Performing**: financial assets for which there was no significant increase in credit risk from the moment of initial recognition. In this case, the impairment will reflect ECL resulting from default events that may occur in the next 12 months after the reporting date;
- **Stage 2 – Under Performing**: financial assets for which there was a significant increase in credit risk has occurred since the initial recognition but for which there is no objective evidence of impairment. In this stage, impairment will reflect the ECL resulting from default events that may occur over the expected residual life of the instrument;
- **Stage 3 – Non-Performing**: financial assets for which there is objective evidence of impairment as a result of events that resulted in losses. In this case, the impairment amount will reflect the ECL over the expected residual life of the instrument.

The collective model implemented by the Group is applicable to all instruments classified in Stage 1 that do not show any warning signals, as well to determine the minimum lifetime expected credit losses, in the case of exposures with a significant increase in credit risk (Stage 2) since initial recognition, but which are not considered to be impaired.

In addition, the top 20 performing largest debtors are annually subject to a *staging* individual analysis, in order to trace early warning signals that may indicate the need to transfer to Stage 2.

Stage 2 exposures are analysed individually, confirming that there are no indications of unlikeliness to pay of the debtor and the events considered by Capital Requirements Regulation (CRR) in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could determine a transfer to Stage 3. Stage 2 exposures are subject to the application of a lifetime impairment rate to determine the minimum impairment rate applicable to financial instruments, using a lifetime collective model. All Stage 3 clients are subject to an individual impairment analysis.

At initial recognition, any instrument is allocated to Stage 1, except for purchased or originated credit impaired (POCI) financial instruments. For each reporting date, an assessment of the change in the risk of a default occurring over the expected life of the financial instrument is performed.

An increase in the risk of default may result in a transfer from Stage 1 to Stage 2 or to Stage 3. If the risk of default of a financial asset is low or has not increase significantly since initial recognition, it remains in Stage 1 with a 12-months ECL. Otherwise, if there is a significant increase in credit risk compared with the initial recognition, the result would be a transfer into Stage 2 and, consequently to the recognition of the lifetime ECL over the residual life of the financial asset. A transfer into Stage 3 is required when objective evidence for a credit loss appears.

When a financial asset is no longer assessed to be impaired (Stage 3), it is reclassified to Stage 2, after its due probation period. It is assumed that when a financial asset recovers from Stage 3, it will still have a demonstrated significant increase in credit risk since initial recognition and must therefore be included in Stage 2. From that date on, the impairment will continue to be recognised based on lifetime expected credit losses.

A probation period was established for when a financial asset ceases to be classified in Stage 3, which is defined as 3 months from the moment that the obligor is no longer past due more than 90 days on any material credit obligation, if applicable, and no indication of unlikeliness to pay applies. The probation period for non-performing forborne exposures is longer (12 months). Performing forborne exposures should accomplish a minimum 24-month period in order to be reclassified on Stage 1, whereas throughout that period the debt sustainability should be proved.

Note 39 – Risk Management discloses the inputs of the Group's collective impairment model, as well as the adjustments made to incorporate forward-looking information.

Expected Credit Losses

According to the IFRS 9, the expected credit loss for financial assets is the present value of the difference between (1) the contractual cash flows that are due to an entity under the contract, and (2) the cash flows that the entity expects to receive.

The recognition of an impairment allowance is required on financial assets measured on an Amortised Cost (AC) or Fair Value through Other Comprehensive Income (FVOCI) basis. Given that, the financial asset types that should have impairment assessment are the following:

- Loans and advances to customers;
- Loans and advances to banks;
- Debt securities;
- Other assets - debtors and other receivables;
- Cash and cash equivalents;
- Guarantees and other financial commitments to third-parties.

The expected credit losses correspond to estimates of credit loss that will be determined as follows:

- Financial assets with no signs of impairment at the reporting date (Stage 1 – Performing): correspond to expected credit losses that result from a default event that may occur within 12 months after the reporting date (credit losses expected at 12 months);
- Financial assets with a significant increase in credit risk or with impairment at the reporting date (Stage 2 – Under Performing and Stage 3 – Non-Performing): correspond to the expected lifetime credit losses calculated by the difference between the gross accounting value and the net present value of the estimated cash flows weighted, for assets in Stage 2, by the prospect of default;
- Unused credit commitments: correspond to the present value considering the amount of the unused commitment as of the reference date multiplied by the credit conversion factor, the probability of default and the loss given default;
- Financial guarantees: the impairment is determined by the difference between the net present value of expected repayments less the amounts the Group expects to recover.

Significant increase in credit risk

Under IFRS 9, in order to determine whether there has been a significant increase in credit risk since the initial recognition of the financial instrument, the Group considers all relevant information available without incurring undue costs or efforts.

The Group identifies the occurrence of a significant increase in credit risk exposure through three approaches: (i) quantitative approach; (ii) identification of internally defined backstops (warning signals) and (iii) early warning signals (EWS) assessment in order to trace certain events and/or circumstances that could indicate a SICR.

Additionally, the Group assesses the significant increase in credit risk through a quantitative approach that was updated in 2023. For that end, the Group defined a transition matrix based upon its internal pricing methodology. The approach involves the comparison between the rating of the financial instrument as at the reporting date vis-à-vis the rating as the date of initial recognition, and the credit risk deterioration required for a Stage 2 reclassification will vary depending on the rating initially assigned to the financial instrument.

The internal warning signals in use are the following: (i) delay of payments (including capital, interest, fees or other charges) of more than 30 days; (ii) registration of at least one customer's loan in arrears in the Central Credit Register (CCR) from Banco de Portugal; (iii) debt restructuring towards a debtor facing and/or about to face financial difficulties in meeting its financial commitments (with no indication of unlikeliness to pay); (iv) overdue debts to tax agency, social security and/or to employees; (v) clients with warning signals activated in the last three months; and (vi) other specific situations (ad-hoc) criteria). The Group identifies a SICR in the following circumstances: (a) debtors with one of the triggers (i), (iii), (v) and (vi) activated; and (b) debtors with triggers (ii) and (iv) simultaneously activated.

Early warning signals (EWS) assessment includes the annual review by the Impairment Committee and Executive Committee of the Top 20 performing largest exposures in order to confirm that the largest debtors do not display any warning signals that convene a transfer to Stage 2.

Additionally, the Group implemented the internal procedure to quarterly elaborate an EWS assessment, covering all clients classified in Stage 1, thus enabling the timely manner identification of indicators which suggest a significant increase in credit risk, and encompassing all clients classified in Stage 1 and 2, allowing for the timely manner identification of indicators that may suggest unlikeliness of payments by the debtors.

According with internal procedures defined by the Group, when there is a significant increase in the credit risk of a debtor, the financial instruments are subject to individual analysis, confirming that there are no indications of unlikeliness to pay of the debtor and the events considered by CRR in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3. The exposures properly classified in Stage 2 are subject to the use of a lifetime impairment rate determined using a lifetime collective model to determine the minimum impairment rate applicable to financial instruments.

Default definition

Under IFRS 9, the Group considers its financial assets to be in default by applying the same used definition that is applied for prudential purposes. Thus, Haitong Bank Group defined default as incorporating the following criteria: 1) material exposures which are more than 90-days past due; 2) the debtor is assessed as unlikely to pay credit obligations, without collateral claim, regardless of the existence of any past due amount or of the number of days past due; and 3) if 20% of the exposures of one obligor are determined as non-performing, all other exposures should be considered non-performing ("pulling effect").

In what regards unlikeliness to pay criteria, the Group addresses the following situations: i) distressed restructurings; ii) clients with loans written-off of interest or capital; iii) the Group sells the credit obligation at a material (more than 5%) credit-related economic loss; iv) the obligor has been placed (or is likely to be placed) in bankruptcy or similar creditor's protection; v) interest related to credit obligations is no longer recognised (non-accrued status) in the income statement (part or under conditionality); and vi) other conditions (ad-hoc) that may suggest unlikeliness of payments by the debtor.

The definition of default adopted by the Group complies with article 178 of the CRR and follows the European Banking Association ("EBA") definition of non-performing exposures ("NPE") requirements according to its final report on the application of definition of default (EBA/GL/2016/07).

Forbearance definition

The internal definition of forbearance, i.e., exposures which were subject to restructuring measures due to the debtor's financial difficulties, follows the regulatory definition. Forbearance measure is a concession by the Bank towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments. An exposure can only be forborne if the debtor is facing financial difficulties that have led the Group to make a concession.

A concession may entail a loss for the Group and shall refer to either of the following actions:

i. a modification of the previous terms and conditions of a contract that the debtor is considered unable to comply with due to financial difficulties, resulting in insufficient debt service ability and that would not have been granted had the debtor not been experiencing such difficulties;
ii. a total or partial refinancing of a troubled debt contract that would not have been granted had the debtor not been experiencing financial difficulties.

When granting forbearance measures to performing exposures with significant increase in credit risk, the Group assesses whether these measures lead to a reclassification of that exposure as non-performing, being this assessment subject to compliance with the following conditions:

a) If the difference between the net present values of cash flows before and after the restructuring arrangement exceeds a certain threshold (1%), the exposure is considered to be non-performing;
b) If there are other indicators that may suggest an unlikeliness to pay of the debtor.

The definition of forbearance adopted by the Group follows article 47.º B of the CRR, the principles of the European Central Bank and the reference criteria applicable to forborne exposures set by Bank of Portugal under the Carta Circular CC/2018/0000062, from November 2018.

2.4.2. Hedge accounting

The Group uses financial derivatives as a financial risk management tool, mainly on hedge interest rate risk. When these transactions meet certain IFRS requirements, they qualify for hedge accounting. All other derivatives are classified as trading derivatives.

The Group accordingly applies the provisions of IFRS 9 for hedge accounting.

The Group maintains the hedging relationship documentation, which includes the identification of the hedging instrument and of the hedged element, the nature of the risk to be hedged and the way in which the Group assesses whether the hedging relationship meets the requirements of hedging effectiveness. To ensure that the effectiveness requirement is met:

a) There must be an economic relationship between the hedged item and the hedging instrument,
b) the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship, and

c) the coverage ratio of the hedge accounting relationship, understood as the share of the item hedged by the hedging instrument, must be the same as the coverage ratio used for management purposes.

Fair value hedge

In a fair value hedging operation of an asset or liability, the balance sheet value of this asset or liability 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. These variations are recognised as hedging accounting in the income statement.

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. If the hedged instrument is sold, the adjustment to the book value of the hedged instrument is totally recognised in profit or loss for the period.

2.4.3. Financial liabilities

Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified in one of the following categories:

- Financial liabilities at amortised cost; or
- Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities classified under “Financial liabilities at fair value through profit or loss” include:

a) Financial liabilities held for trading

In this balance are classified the issued liabilities with the purpose of repurchasing it in the near term, the ones that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative.

b) Financial liabilities designated at fair value through profit or loss (“Fair Value Option”)

The Group may irrevocably assign 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, evaluated and reported internally at its fair value;
- The designation eliminates or significantly reduces the accounting mismatch.

The fair value of quoted financial liabilities is their quoted value (ask-price). In the absence of a quotation, the Group calculates fair value by using valuation techniques considering assumptions based on market information, including in determining the issuer´s own credit risk.

If the Group repurchases an issued debt, it shall be derecognised from the consolidated statement of financial positions, and the difference between the liability's carry amount and the repurchased value is accounted directly in the income statement.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Group in the normal course of its business are made in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value with the costs or income associated with the transactions recognised in profit or loss at the initial moment.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income; and
- The remaining amount of change in the fair value of the liability is directly recognised in profit or loss.

The accrual of interest and the premium / discount (when applicable) is recognised on "Interest expense and similar charges" based on the effective interest rate of each transaction.

Financial liabilities at amortised cost

Classification

Financial liabilities that were not classified at fair value through profit or loss, or correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes Resources of credit institutions, Resources of customers and Debt securities issued.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are initially recognised at fair value, plus transaction costs directly attributed according to the IFRS9, and are subsequently measured at amortised cost. Interests on financial liabilities at amortised cost are recognised on "Interest expense and similar charges", based on the effective interest rate method.

Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

Derecognition of financial liabilities

The Group derecognises financial liabilities when they are cancelled or extinct.

2.4.4. Interest recognition

Interest income and expense for financial instruments measured at amortised cost are recognised in "Interest and similar income" and "Interest expense and similar charges" (Net interest income) through the effective interest rate method. The interest at the effective rate related to financial assets and liabilities at fair value through other comprehensive income are also recognised in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

For calculating the effective interest rate, the Group estimates futures cash flows considering all contractual terms of the financial instrument (for example: early payment options) but without considering future impairment losses. The effective rate includes all eventual fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction, except for assets and liabilities at fair value through profit and loss (the referred commissions are recognised directly in the income statement).

Interest income recognised in income associated with contracts classified in stage 1 and 2 are determined by applying the effective interest rate for each contract on its gross book value. The gross balance of a contract is its amortised cost, before deducting the respective impairment. For financial assets included in stage 3, interests are recognised in the income statement based on its net book value (less impairment). The interest recognition is always made in a prospective way, i.e. for financial assets entering in stage 3 interests are recognised on the amortised cost (net of impairment) in subsequent periods.

For purchase or originated credit impaired assets (POCIs), the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

As for derivative financial instruments, the interest component inherent to the fair value variation of fair value hedging derivatives is recognized in interest income or cost. As for the remaining derivatives, the interest component resulting from the change in fair value will not be separated, beeing classified in the income statement of assets and liabilities held for trading.

2.4.5. Financial guarantees

Financial guarantees are contracts which require its issuing entity to make payments to reimburse the holder for incurred losses resulting from breaches of the contractual terms set forth in debt instruments, namely the payment of the corresponding capital and/or interest.

Issued financial guarantees are initially recognised at their fair value. Subsequently, such guarantees are measured at the higher of (i) the initially recognised fair value and (ii) the amount of any financial obligation arising as a result of guarantee contracts, measured at the statement of financial positions date. Any change in the amount of the liability relating to guarantees is taken to the income statement

Financial guarantees issued by the Group usually have a set maturity and a periodic fee charged in advance, which varies in accordance with the counterparty risk, amount and maturity date of the contract. On that basis, the guarantees' fair value as at the date of initial recognition thereof is approximately zero, by considering that the agreed conditions are market conditions. Therefore, the amount recognised at the contract date is equal to the amount of the initial received fee, which is recognised in income statement for the period thereof. Subsequent fees are recognised in income statement for the period to which they relate.

2.4.6. Performance guarantee contracts

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual, commercial or legal obligation.

Where the performance guarantee provides the Group with contractual indemnification rights to recover any payments made to the guarantee holder from the applicant and such rights are covered by collateral, they are treated as a loan commitment provided to the applicant, if the bank concludes that there is no event with commercial substance that could cause the bank to incur an overall loss on the guarantee arrangement.

Such performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the contract.

At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the amount of the loss allowance determined based on the expected credit loss model.

2.5. ASSETS SOLD WITH REPURCHASE AGREEMENT AND SECURITIES LENDING

Securities sold subject to repurchase agreement (repos) at a fixed price or at a price equal to that of the sale plus interest inherent to the maturity of the transaction are not derecognised from the statement of financial position. The corresponding liability is accounted for in amounts due to banks or to customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred while the agreement is in force, using the effective interest rate method.

Securities bought with a resale agreement (reverse repos) at a fixed price or at a price equal to that of the sale plus interest inherent to the maturity of the transaction are not recognised in the statement of financial position, and the purchase value is accounted for as loans and advances to banks or customers, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred while the agreement is in force, using the effective interest rate method.

Securities assigned through loan agreements are not derecognised from the statement of financial positions, being classified and measured in accordance with the accounting policy applicable. Securities received through loan agreements are not recognised in the statement of financial positions.

2.6 EQUITY INSTRUMENTS

An instrument is classified as equity instrument only if:

i. The instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable conditions for the issuer; and
ii. The instrument will or may be settled in the issuer's own equity instruments, it is either a non-derivative that includes no contractual obligation on the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount in cash or another financial asset for a fixed number of its own equity instruments.

Costs directly attributable to the issuing of equity instruments are accounted for under equity, as a deduction to the issuing amount. Amounts paid and received by the purchase and sale of equity instruments are accounted for under equity, net of transaction costs.

When declared, distributions to holders of an equity instrument are deducted directly from equity as dividends.

2.7 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are presented in statement of financial position at net value when there is a legal possibility of offsetting the recognised amounts and there is an intent of settlement thereof by their net value, or to simultaneously realise the asset and settle the liability. This legal possibility cannot depend on future events, and must be enforceable in the course of the Group's activity, or even in the event of insolvency or bankruptcy of the Group or its counterparties.

2.8 OTHER TANGIBLE ASSETS

The Group's other tangible assets are measured at historical cost, less their corresponding accumulated depreciations and accumulated impairment losses. The historical cost includes expenses directly attributable to the acquisition of the assets.

The subsequent costs with other tangible assets are capitalized when it is probable that future economic benefits associated with them will flow to the Group. All repair and maintenance costs are charged to the income statement during the period in which they are incurred, on the accrual basis.

The depreciations of other tangible assets are calculated based on the straight-line method, at the following depreciations rates reflecting the expected useful life of the goods.

	Number of Years
Owned Real Estate	35 a 50
Improvements in leasehold property	4 a 10
Computer Equipment	3 a 6
Indoor Installations	4 a 10
Furniture and supplies	3 a 10
Safety Equipment	4 a 10
Tools and Machines	4 a 10
Transportation Material	4 a 5
Other Equipment	2 a 10

The useful life of other intangible assets is revewied in each financial report, so that the practiced depreciations are in accordance with the consumption patterns of the assets. Changes to the useful life is treated as a change in the accounting estimate and are propectively applied.

As defined in IAS 36, when there is evidence that an asset may be impaired, its recoverable amount is required to be estimated, and an impairment loss shall be recognised whenever the net value of an asset exceeds its recoverable amount. Any impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest amount between its fair value deducted from the sale costs and its value in use, the latter being calculated based on the net present value of the estimated future cash flows expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

Gains or losses on the sale of assets are determined by the difference between the realizable value and the book value of the asset and are recognized in the consolidated income statement.

2.9 INTANGIBLE ASSETS

Intangible assets are only recognized when: i) they are identifiable; ii) it is likely that they will generate future economic benefits; and iii) its cost can be reliably measured.

Haitong only recognizes intangible assets related to software. Costs incurred with the purchase, production and development of software are capitalised, as well as additional expenses required for its deployment, which are borne by the Group. Costs directly related to the development of software applications are recognised and accounted for as intangible assets if they are expected to create future economic benefits beyond one financial year.

Expenditure on internal software development is recorded as an expense when incurred, whenever it is not possible to distinguish the research phase from the development phase, or it is not possible to reliably determine the costs incurred in each phase or the probability of economic benefits flowing to the Group.

SaaS (Software as a Service) are service contracts that provide the Group with the right to access software from a supplier via cloud solutions for a certain period.

Costs incurred to configure or customize and usage fees to gain access to the software are recognized as operating expenses as services are provided.

If there are costs incurred related to the specific development of SaaS (Software as a Service) that improves, modifies, or creates additional capabilities, and that meets the definition and criteria set out in IAS 38 for recognition via an intangible asset. These costs are recognized as intangible software assets and amortized over the useful life of the software.

The useful lives of intangible assets are reviewed in each financial report, so that amortization practiced is in accordance with the consumption patterns of the assets. Changes to useful lives are treated as a change in accounting estimate and are applied prospectively.

All remaining charges associated with Information Technology services are recognised as costs when incurred.

2.10 LEASE TRANSACTIONS (IFRS 16)

As set out in IFRS 16, at the beginning of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

As provided for in IFRS 16, the Group chose not to apply the requirements of this standard to short-term lease contracts, less than or equal to one year, and to lease contracts in which the underlying asset has a low value (up to 5,000 EUR) . The option of not applying this standard to leases of intangible assets was also used.

As a lessee

The Group recognises a right-of-use asset in Other Tangible Assets and a lease liability in Other Liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments contractually estimated. The lease payments must be discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Bank recognises the costs associated to those leases directly in the income statement as general administration expenses.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Currently, the Group does not carry out sale and leaseback operations.

2.11 EMPLOYEE BENEFITS

Pensions

Portugal

Following the signature of the Collective Labor Agreement ("Acordo Coletivo de Trabalho" (ACT)) for the banking sector and its subsequent amendments resulting from the 3 tripartite agreements described in Note 15, pension funds and other mechanisms were set up to cover liabilities assumed with pensions on retirement, disability, survival and health-care benefits.

The liabilities' coverage is assured, for the Bank, by pension funds managed by GNB - Sociedade Gestora de Fundos de Pensões, SA.

In Portugal, there are two defined benefit pension plans which are provided to the employees. The first plan results from the abovementioned ACT agreement and foreseen by its clauses 94th and 103rd. The second plan is complementary and was applicable for its participants and beneficiaries until the 30th of December of 2020. From this date, this plan exists exclusively for the respective beneficiaries and eventual future beneficiaries, by death of those. Defined benefit plans cover pension benefits to be received by employees during retirement, usually dependent on one or more factors such as age, years of service and salary level. On 30th of December of 2020, a new defined contribution plan was introduced, for which the previous participants of the complimentary plan were transferred – former employees with vested rights, as well as active employees.

The retirement pension liabilities are calculated semiannually, in 31 December and 30 June of each year, for each plan individually, using the Projected Unit Credit Method, being annually reviewed by qualified independent actuaries. The discount rate used in this calculation is determined with reference to market rates associated with high-quality corporate bonds, denominated in the currency in which the benefits will be paid out and with a maturity similar to the expiry date of the plan's liabilities.

The Group determines the net interest income / expense for the period incurred with the pension plan by multiplying the plan's net assets / liabilities (liabilities net of the fair value of the fund's assets) by the discount rate used to measure the retirement pension liabilities referred to above. On that basis, the net interest income / expense was determined based on the interest cost on the retirement pension liabilities net of the expected return on the funds' assets, both calculated using the discount rate applied in the determination of the retirement pension liabilities.

Re-measurement gains and losses, namely (i) actuarial gains and losses arising due to differences between actuarial assumptions used and real values verified (experience adjustments) and changes in actuarial assumptions and (ii) gains and losses arising due to the difference between the expected return on the fund's assets and the actual investment returns, are recognised in equity under the caption other comprehensive income.

The Group recognises as a cost in the income statement a net total amount that includes (i) current service costs, (ii) net interest income / expense with the pension fund, (iii) the effect of early retirement, (iv) past service costs, and (v) the effect of settlements or curtailments occurring during the period. The net interest income / expense with the pension plan is recognised as interest and similar income or interest expense and similar charges, depending on its nature. Early retirement costs correspond to increases in liabilities due to employees retiring before turning 65 years-old (normal retirement age foreseen in the ACT) and which forms the basis of the actuarial calculation of pension fund liabilities. Whenever the possibility of the early retirement provided for in the pension fund regulation is invoked, the responsibilities of same must be incremented by the value of the actuarial calculation of the liabilities corresponding to the period between the early retirement and the employee turning 65 years-old. In the event of a settlement or unwind in a defined benefit plan, the difference between (i) the present value of the defined benefit obligation determined at the settlement date and (ii) the settlement amount, including the value of the plan assets to be transferred; is recorded in “Personnel costs”.

The Group makes payments to the funds in order to assure their solvency, the minimum levels set by Banco de Portugal being: (i) the liability with pensioners must be totally funded at the end of each period, and (ii) the liability relating to past service costs for active employees must be funded at a minimum level of 95%.

The Group assesses the recoverability of any excess in a fund regarding he retirement pension liabilities, based on the expectation of reductions in future contributions or on the reimbursement of contributions made.

Other Geographies

In the remaining geographies, namely Spain, United Kingdom, Poland and Brazil, the Group provides defined contribution pension plans. In these cases, the contributions are previously defined and the benefits assigned at retirement will depend on the amount of the contributions made and the accumulated income.

Health-care benefits

Portugal

The Group provides to its banking employees health-care benefits through a specific Social-Medical Assistance Service. This Social-Medical Assistance Service (Serviço de Assistência Médico-Social, SAMS) is an autonomous entity which is managed by the respective Union.

SAMS provides its beneficiaries services and/or contributions with medical assistance expenses, diagnostics, medication, hospitalization and surgeries, in accordance with its funding availability and internal regulations.

SAMS also applies to employees' family members, in accordance with clause 110 "Beneficiaries" of the Banking Sector Collective Labor Agreement ("ACT")

Arising from the signature of the new Collective Labor Agreement (ACT) on 5 July 2016, published in Labor Bulletin (Boletim do Trabalho) no. 29, of 8 August 2016, the Group’s contributions to SAMS as from 1 February 2017, correspond to a fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year.

The calculation and recognition of the Group’s liability with post-retirement health-care benefits is similar to the calculation and recognition of the pension liability described above. These benefits are covered by the Pension Fund, which presently covers all liabilities with pensions and health-care benefits.

Other Geographies

In the remaining geographies, the Group provides local medical plans to its workforce that are complimentary to the national health services provided in each of the respective geography. Namely:

- France

The Group provides to its Paris Office staff health-care supplementary insurance and personal insurance by engaging the insurance company Malakoff Humanis.

Malakoff Humanis provides the complementary refund of health-care expense for the part that is not refunded by the French Social Security, in addition to providing an indemnity to the staff member beneficiary in case of accident.

- Spain

The Spain Branch provides health-care benefits to its employees through a health insurance company named ASISA, a private company which is responsible for covering medical expenses in case of diagnosis appointments, treatments, hospitalization, and surgeries.

- Brazil

The Group provides its employees with healthcare benefits through a specific Medical Assistance Service. The company that provides access to disease treatment and health preservation coverage is the operator Care Plus, leader in the corporate healthcare segment in Brazil, and part of Bupa Global, one of the largest health insurers in the world.

Care Plus has its own network of affiliated doctors, as well as a reimbursement system for procedures and medical consultations, in addition to access to hospitals and laboratories throughout the national territory.

- Macau

The Macau Branch provides its employees with healthcare benefits through the American International Assurance Group ("AIA").

AIA is the largest publicly listed life insurance group in Asia-Pacific and provides its beneficiaries with worldwide medical coverage and group life insurance. AIA has an extensive network of affiliated doctors and clinics across the region, in addition to an accessible online reimbursement system at the disposal of its beneficiaries.

- UK

In the London Branch, healthcare benefits for staff are administered via a designated Private Medical insurance with Bupa Health UK, the major health insurance provider in the UK and one of the largest worldwide. Employees have access to treatments for physical and mental health, treatment in private hospitals, private consultations, access to a digital GP service, out-patient care, and access to a network of labs throughout the UK.

- Poland

Haitong Branch in Warsaw provides its employees with healthcare benefits through Medicover. Medicover, a private company, provides a wide range of healthcare services including outpatient and specialist care and access to a network of hospitals, laboratories and blood collection points provided under two divisions – Healthcare Services and Diagnostic Services. Medicover also provides our employees with the benefits required by occupational medicine.

Employees across geographies are covered by defined contribution plans.

Long-term service bonuses

In Portugal, under the new ACT, signed at the 5th July 2016, the long-term service bonus was replaced by a career bonus, payable immediately prior to the employee´s retirement date, if the employee retires at the service of the Group, corresponding to 1.5 of his/her salary at the time of its payment.

The career bonus is accounted for by the Group in accordance with IAS 19, as a long-term employee benefit. The remeasurement effects and past service costs of this benefit are recognised in the income statement for the year, as occurred with the accounting model for long-term service bonuses.

The amount of the Group's liabilities with this career bonus is likewise periodically estimated based on the Projected Unit Credit Method. The actuarial assumptions used are based on expectations of future salary increases and mortality tables. The discount rate used in this calculation is determined applying the same methodology described above for retirement pensions.

Variable remuneration paid to employees

In accordance with IAS 19 - Employee benefits, variable remuneration (profit sharing, bonuses and others) granted to employees and, possibly, to executive members of administration bodies, is accounted for in profit or loss of its respective financial year.

2.12 INCOME TAXES

Income taxes comprise current and deferred taxes. Income taxes are recognised in income statement, unless when relating to items not directly recognised in equity, in which case they are also accounted for against equity. Taxes recognised in equity, as a result of the reassessment of financial assets at fair value through other comprehensive income, are subsequently recognised in income statement when the gains and losses which were in their origin are recognised in income statement.

Current taxes are those expected to be paid based on the taxable income which is calculated in accordance with the existing tax rules and by using the tax rate enacted or substantially enacted in each jurisdiction.

Deferred taxes are calculated in accordance with the liability method based on the statement of financial positions, on the temporary differences between the carry amount of assets and liabilities and their tax base, by using the tax rates which have been enacted or substantially enacted on the date of the statement of financial position in each jurisdiction and which are expected to be applied once the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill not deductible for tax purposes, of the differences arising out of the initial recognition of assets and liabilities which affect neither accounting profit nor taxable profit, which do not result from simultaneous recognition in a single transaction and of differences relating to investments in subsidiaries insofar as it is not likely that they reverse in the future. Deferred tax assets are only recognised insofar as it is expected that there will be taxable profit in the future which will absorb the tax losses carried forward and the deductible temporary differences.

As of 1 January 2019, the Bank adopted the new interpretative standard of IAS 12 - IFRIC 23 - 'Uncertainty over Income Tax Treatments' - which to recommend the measurement requirements and recognition to be applied in the event of uncertainties regarding the acceptance of a given tax treatment by the Tax Administration concerning income tax and should reflect the entity's best estimate of the presumed outcome of the situation under discussion. This estimated value based on the expected value or the most probable value should be recorded by the entity as an asset or liability for income tax based on IAS 12 and not by IAS 37.

It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020).

In addition, Law No. 24-D/2022, of December 30, was published, which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated . Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

The Group offsets assets and liabilities by deferred taxes for each subsidiary, every time (i) the income tax of each subsidiary to be paid to the Tax Authorities is determined on a net basis, i.e., offsetting current asset and liability taxes, and (ii) taxes are collected by the same Tax Authority over the same tax entity. This offsetting is therefore made at the level of each subsidiary, reflecting the asset balance in the consolidated balance sheet the sum of the values of the subsidiaries that present deferred tax assets and the liability balance in the consolidated balance sheet the sum of the values of the subsidiaries that present deferred tax liabilities.

2.13 CONTINGENT ASSETS

Contingent assets are not recognized in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources following the treatment provided for by IAS 37.

2.14 PROVISIONS

Provisions are recognised when (i) the Group has a current, legal or constructive obligation, (ii) it is likely that its payment will be required and (iii) when the amount of such obligation may be estimated in a reliable manner.

When the effect of the passage of time (discounting) is material, the provision corresponds to the net present value of the expected future payments, discounted at an appropriate rate considering the risk associated with the obligation.

If it is not likely for payment to be required, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the likelihood of their realization is remote. Provisions for restructuring are recognised once the Group approves a formal and detailed restructuring plan, and such restructuring has been commenced or publically announced on the reference date of the financial statements.

A provision for onerous contracts is recognised when the expected benefits of a formal contract are lower than the costs that the Group will inevitably incur in order to meet the obligations arising therefrom. This provision is measured based on the current lowest value between the contract termination costs or the net estimated costs of continuing the contract.

2.15 RECOGNITION OF FEE AND COMMISSION INCOME

Income from services and commissions are recognised when (or as) a performance obligation is fulfilled by transferring a service, based on the transaction price associated with that performance obligation, as follows:

- Income from services and commissions obtained for the performance of a given performance obligation, such as commissions in loan syndications, are recognised in profit or loss when each of the performance obligations has been completed;
- Income from services and commissions obtained for the performance obligations fulfilled over time are recognised in profit or loss over the period in which these performance obligations are fulfilled;

Income from services and commissions which are an integral part of the effective interest rate of a financial instrument are accounted for in income statement by the effective interest rate method.

2.16 SEGMENT REPORTING

The Group adopted IFRS 8 – Operating Segments for the disclosure of financial information by operating segments (see Note 4).

An operating segment is a component of the Group: (i) which engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions on the allocation of resources to the segment and assess its performance; and (iii) for which discrete financial information is available.

2.17 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding, with the exclusion of the average number of own shares held by the Group.

For the calculation of diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to reflect the effect of all dilutive potential ordinary shares, such as those arising out of convertible debt and of options granted to employees over own shares. The effect of the dilution is a decrease in earnings per share, resulting from the assumption that the convertible instruments are converted or that the granted options are exercised.

2.18 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and its equivalents encompass the amounts accounted for in the statement of financial position whose maturity is less than three months from the date of acquisition/contract with imaterial risk of fair value flutuation, which includes cash, deposits in Central Banks, deposits in other credit institutions and loans and advances to to banks.

The flows from financial assets at fair value through other comprehensive income and at amortized cost are allocated to investment activities, in turn, the flows from financial assets at fair value through profit or loss are allocated to operating activities.

2.19 SUBSEQUENT EVENTS

The Group analyses events occurred after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date the financial statements were authorized for issue. In this context, two types of events can be identified:

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,
ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the consolidated financial statements in Note 40.

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

The IFRS set forth a range of accounting treatments and require the Board of Directors to make the necessary judgements and estimates to decide on the most appropriate accounting treatment. These estimates were made considering the best information available at the date of preparation of the financial statements, considering the context of uncertainly that results from the impact of Russia-Ukraine conflict in the current economic scope. The Group's main accounting estimates and judgements used thereby when applying the accounting principles are laid down in this Note with the purpose of improving the understanding on how the implementation thereof affects the Group's reported results and their disclosure.

A broader description of the main accounting policies used by the Group is shown in Note 2 to the consolidated financial statements.

Whereas in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Group could have differed if it adopted a different treatment. The Board of Directors believes that it made the appropriate choices, and that the financial statements give an adequate description of the Group's financial position and of the result of its operations in all material respects.

3.1. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group periodically reviews financial assets at amortised cost and debt at fair value through other comprehensive income in order to accurately evaluate the existence of impairment, as referred on Note 2.4.1.

Individual analysis

The Risk Management Department identifies all exposures subject to individual staging analysis, encompassing Top 20 performing largest exposures, all under-performing (Stage 2) and non-performing (Stage 3) exposures, and ensures that they are subject of analysis by the Impairment Committee and Executive Committee. In the case of Stage 1 exposures, the individual staging analysis is carried out in order to confirm that the Top 20 largest exposures doesn't show any warning signals that causes a reclassification to Stage 2. Stage 2 exposures are analysed individually, in order to verify the absence of indicative unlikeliness to pay of the debtor and the events considered by Capital requirements Regulations (CRR) in its definition of default and by standard IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3.

The documentation supporting the individual analysis of cases to be discussed at the Impairment Committee and Executive Committee includes: a) historical information (exposure by contract and type, impairment rates in force, collateral and respective valuation); and b) recovery scenarios with expected cash flows discounted to the current date, using the effective interest rate that was determined at initial recognition, in order to obtain expected credit losses.

The recovery scenarios should be influenced by future prospects contemplating not only the most probable scenario (base case) but also alternative scenarios (optimistic or downside scenarios). For each of the scenarios presented, the respective assumptions and respective explanation is assured based on the activity of the company (incorporating data from the historical financial statements, certain events and other financial estimates when available), the value of collaterals (including the respective valuation methodologies) and sale or execution thereof. The recovery scenarios are weighted by their probability of occurrence.

Thus, the individual analysis' process is subject to various estimates and evaluations, including recovery predictions and valuation of existing collaterals.

The use of scenarios or alternative methodologies with other assumptions and estimates could result in different levels of impairment losses recognised, with a consequent impact on the Group's results.

Collective analysis

Impairment assessment on the collective basis is based upon the evaluation of the net present value of the expected cash flows for each loan, using pre-defined risk parameters supported by external information.

Taking into account the specificities of Haitong Bank Group credit portfolios, the collective model is based on external information for all the key risk parameters used. The main parameters used are: (i) Probability of Default (PD), (ii) Loss Given Default (LGD), (iii) Exposure at Default, (iv) Collateral haircut, and (v) Credit Conversion Factor (CCF) for off-balance exposures.

- Probability of Default (PD) reflects the likelihood of default. The Group takes into account Standard & Poor's (S&P) provided PD, whereas the rating assigning process is performed internally based on the S&P methodology, which ensures the alignment between internal risk management and the process of impairment calculation. The PDs published by S&P are, by their nature, Through-the-Cycle (TTC) PDs. As such, and in order to comply with the requirements of IFRS 9, the Group converts the aforementioned PDs to point-in-time (PiT) and forward-looking information. This conversion is carried out in accordance with an internal methodology that is based on the correlation of PDs published by S&P with selected explanatory macroeconomic variables.
- Loss Given Default (LGD) is the magnitude of loss at the time of default. The Group applies LGD based on Moody's benchmarks (recovery rates), depending on the type of debtor (*corporate* or *sovereign*) and the financial instrument's characteristics (collateralized or not).
- The Exposure at Default (EAD) for off-balance sheet exposures is determined as the amortized cost of the financial instrument based upon the effective interest rate method.
- The Group applies the Collaterals Haircut based on the regulatory capital requirements (CRR) eligibility criteria and haircut.
- Credit Conversion Factor (CCF) is based on the CRR where CCF applies to all guarantees and lines of credit (off-balance exposures).

The Group updated the inputs of the collective model in 2023 regarding the incorporation of forward-looking information, according to the information presented in Note 39 – Risk Management.

3.2. INCOME TAXES

The Group is subject to the payment of income taxes in various jurisdictions. Determining the aggregate amount of income taxes requires certain interpretations and estimates. There are several transactions and calculations for which determining the final amount of tax to be paid is uncertain throughout the normal course of business.

Other interpretations and estimates could result in a different level of income taxes recognized in the period, whether current or deferred.

The historical loss calculation in recent years justifies an assessment of the recoverability of deferred tax assets, but these results are significantly affected by extraordinary situations (eg. restructuring) that are not expected to occur in future years.

The assessment of the recoverability of deferred tax assets (including the rate at which they shall be realized) was carried out by the Bank based on projections of its future taxable profit, such projections being specified from a business plan.

The estimate of future taxable profit involves a significant level of judgment regarding the future development of the Group's activity and the timing of execution of temporary differences. For such purpose, several assumptions were adopted, in particular the analysis of several scenarios due to a uncertainty about the fiscal treatment of a set of Bank realities.

Tax Authorities are required to review the calculation of the basis of assessment, made by the Bank, for a period of four years, except where any deduction or tax credit has been made, where the time-limit is the exercise of that right. Hence, there is a possibility that the basis of assessment will be corrected, mainly due to differences in the interpretation of the tax legislation. However, it is the Bank's Boards of Directors belief that there will be no additional settlements of significant value in the context of the financial statements.

The Group complies with the IFRIC 23 guidelines – Uncertainty regarding Income Tax Treatment with regard to the determination of taxable profit, tax bases, tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatment, with its did not result material impact on its financial statements.

3.3. PENSIONS AND OTHER EMPLOYEE BENEFITS

Determining responsibilities for retirement pensions requires the use of assumptions and estimates, including the use of actuarial projections, responsabilities discount rate, and other factors that could impact the cost and liability of the pension plan.

Any changes to such assumptions could have a significant impact on the determined amounts.

3.4. FAIR VALUE OF FINANCIAL DERIVATIVES AND ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the purposes of determining the fair value of bond and equity instruments, the use of their quotation is preferred, namely the current purchase price (bid-price). In the absence of this quote, the Bank estimates fair value using: (i) valuation methodologies, such as the use of prices from recent, similar transactions carried out under market conditions, discounted future cash flow techniques and value valuation models customized options to reflect the particularities and circumstances of the instrument, and (ii) valuation assumptions based on market information. These methodologies also incorporate own and counterparty credit risk, and may require the use of assumptions or judgments in estimating fair value. Regarding financial liabilities, the Group applies the same valuation hierarchy, but considering the ask-price.

In relation to derivatives, market risk factors are considered (e.g. interest rate curves and exchange rates) that feed the evaluation models implemented for each derivative. Additionally, the CVA is calculated for which, among others, LGD, PD and Collateral Ratio are used.

Consequently, the use of different methodologies or different assumptions or judgments when applying a given model could result in valuations different from those reported.

3.5. CLASSIFICATION OF PERFORMANCE GUARANTEE

The Group analysed the issued performance guarantee contracts to assess whether they would meet the definition of insurance contracts in the scope of IFRS 17.

The Group has concluded that its performance guarantee contracts expose the Group solely to credit risk of the applicant because (i) all the contracts require the customers who apply for a guarantee to fully collateralise their obligations to indemnify the Group as the issuer and (ii) there are no scenarios with commercial substance where the Group would have to pay significant additional amounts to the holders of such guarantees.

Accordingly, the Group accounts for these contracts as loan commitments in accordance with IFRS 9. The gross amount of the performance guarantees issued and accounted for as loan commitments is 90,808 (31 December 2022: 55 404 thousand euros) (refer to Note 37) and the carrying value of the related liability recognised in the statement of financial position is 1,866 thousand euros (31 December 2022: 1,682 thousand euros) at 31 December 2023. The fee income recognised for these performance guarantees was 77 thousand euros (2022: 70 thousand euros) for the year ended 31 December 2023.

3.6. PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

The recognition of a provision occurs when there is a present obligation (legal or constructive) resulting from past events in relation to which the future expenditure of resources is probable, and this can be reliably determined.

The outcome of ongoing legal proceedings, as well as the amount of the provision corresponding to the best estimate of the amount to be disbursed to settle the liability on the balance sheet date, is assessed based on the Board of Directors' perspective supported in accordance with the opinion of the Group's lawyers/legal consultants and the decisions up to the date of the courts (jurisprudence), which however may not come to fruition.

3.7. TERM OF LEASE AGREEMENTS

The Group applies judgment to determine the lease term of some contracts, in which it is the lessee, and which include renewal and termination options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by a renewal option if it is reasonably certain to be exercised, or any periods covered by a termination option if it is reasonably certain not to be exercised.

This assessment has an impact on the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognized.

NOTE 4 – SEGMENT REPORTING

4.1. DESCRIPTION OF BUSINESS AREAS

Each operating segment comprises the following activities, products, customers and structures of the Group:

Mergers and Acquisitions

The Mergers and Acquisitions (M&A) Division provides financial advisory services on the acquisition, sale or merger of companies. This Division also provides services such as valuations, and restructuring and feasibility studies.

Capital Markets

The Capital Markets Division comprises the origination, structuring and execution of market-oriented debt and equity instruments. The Bank provides its services to corporates, financial institutions, public companies and state-related entities.

In the Debt Capital Markets (DCM) area, the Bank engages in structuring debt instruments, namely domestic debt issues and cross-border issues, especially related to China and emerging markets, as well as hybrid products, ESG bonds, project bonds, commercial paper programmes, and liability management.

Equity Capital Market (ECM) transactions are explored on a case-by-case basis, according to the opportunities that arise, mainly comprising capital increases, takeover offers, equity-linked instruments, and listings and delisting for corporate clients.

Corporate Derivatives

Haitong Bank's Corporate Derivatives Desk covers several asset classes such as interest rates, FX and commodities, and assists companies in the immunization of their balance against financial variables that may negatively affect their profits, allowing them to focus on their core business and lock in the margin in their products. Consequently, companies can optimize their hedging strategy against the increase in interest rates and against the exchange variations between payments and receipts of their products, in addition to fixing the cost/sale price of raw materials.

Fixed Income

With dedicated Trading, Syndication, and Distribution teams, the Fixed Income Division offers market-making services for corporate and sovereign debt securities, multi-product international distribution, syndication capacity for different debt products and the production of tailor-made products for institutional clients. Its presence in various geographies and the combination of its origination and distribution capacity stimulate the identification of new business opportunities and promote cross-border activity.

The Fixed Income Division is also responsible for managing Haitong Bank's banking and trading book portfolios, in accordance with the investment policies and pre-defined limits established by the Executive Committee.

The Fixed Income Division in Brazil aims to manage several risk factors to which the Bank is locally exposed, such as fixed interest rates, inflation, FX, and equities. The Fixed Income activity in Brazil also comprises the risk originating management through the proprietary portfolio alongside its strategy (trading and banking books), following the internal guidance and in accordance with the investment policies established by the Executive Committee and the Board of Directors of Haitong Brazil.

Structured Finance

The Structured Finance Division develops financing solutions for its Clients, namely under the form of acquisition/leverage finance, project finance, or corporate and asset-based loans, and provides financial advisory services and arranging and agency services for financing operations.

Corporate Solutions

The Corporate Solutions Division is responsible for establishing relationships with clients in various sectors and for identifying business opportunities and attracting business to the Bank's product areas.

This unit also monitors cross-border opportunities with a view to ensuring a business liaison between the Groups' various geographies.

Treasury

The Treasury Division is responsible for ensuring an appropriate level of funding to meet the Bank's and the Group's current and future funding needs, as well as for maintaining and managing an appropriate level of liquidity to meet the financial liabilities.

Additionally, the Treasury Division is responsible for managing the Bank's proprietary HQLA portfolio.

Private Equity

This business segment, carried out via the Bank's subsidiary Haitong Global Asset Management, SGOIC, S.A., undertakes to provide support to the private corporate initiative, by promoting productive investment, which is mostly financed by equity.

Corporate Centre

The Corporate Centre does not correspond to a business area; it is a combination of corporate structures ensuring basic functions of the Group's global management, such as those associated with the management and supervisory bodies, and areas such as Compliance, CEO Office, Finance, Corporate Solutions, among others.

Special Portfolio Management

The purpose of the Special Portfolio Management Division (SPM) is to manage all the non-performing exposures, according to IFRS9 criteria, in which the Bank is involved.

This Division also manages all credit operations in which the Bank is solely involved as an agent, in case the operations are in default or classified as non-performing.

Other

Includes all remaining segments of the Group's Management Information model, which in accordance with the provisions laid down in IFRS8 are not subject to mandatory individualization (Asset Management and other revenue centres, including the Research Division that was discontinued in the Warsaw Branch in January 2023).

4.2. CRITERIA FOR THE ATTRIBUTION OF THE BUSINESS AND OF THE RESULTS TO THE SEGMENTS

The financial information set forth for each segment has been prepared by reference to the criteria used for the preparation of internal information, on the basis of which the Group's decisions are made, as provided by the IFRS 8.

The accounting policies used when preparing the information concerning the operating segments are those used when preparing the financial statements herein, as referred to in Note 2.

Measurement of profits or losses from the segments

The Group uses the profit/loss before tax as a measurement tool for the performance assessment of each operating segment.

Haitong Bank's Structures dedicated to the Segment

Haitong Bank's business encompasses all operating segments, therefore being subject to disaggregation accordingly.

For the purpose of allocating financial information, the following principles are used: (i) origination of transactions, i.e., the business originated by the commercial structures dedicated to the segment is allocated to each segment, even if the Group makes a subsequent strategic decision to securitize some of these assets originating therefrom; (ii) allocation of direct costs from commercial and central structures dedicated to the segment; (iii) allocation of indirect costs (central support and IT services) determined in accordance with 7 specific parameters and with the internal Information Management model; (iv) allocation of credit risk determined in accordance with the impairment model.

Transactions between legally autonomous units of the Group are carried out at market prices; the price of provisions between the structures of each unit, such as the prices set for the provision or internal assignment of funds, is determined by the margins process referred to above (which vary according to the strategic relevance of the instrument and the balance of the structures between the fundraising and the credit assignment roles); the remaining transactions are allocated to the segments in accordance with the Management Information internal model.

The services rendered by the various units of the Corporate Centre are governed by SLAs (Service Level Agreements).

Interest income and expenses

Since the Group's activities are exclusively related to the financial sector, a substantial amount of generated revenue results from the difference between interests received from its assets and interest borne by the raised financial resources. This situation and the fact that the segments' activity is assessed by management through negotiated or predetermined margins for each instrument, leads to the profits of the brokerage activity being presented, as permitted by IFRS 8, paragraph 23, by the net value of interest, under the designation of Financial Income.

Net profit/(loss) from fee and commission

In accordance with the policy defined by the Group, net profit/(loss) from fee and commission is recognised in the moment that the service is delivered to its customers.

Investments consolidated under the equity method

Investments in associates which are consolidated under the equity method are comprised in the segment designated 'Other', for Haitong Bank's associates. For investments in associates of other entities of the Group, such entities are allocated to the segments they relate to.

Non-current assets

The Corporate Centre segment comprises non-current assets, which, as foreseen in IFRS 8, comprise Other tangible assets, Intangible assets and real estate received as payment in kind not yet falling into the classification of Non-current assets held-for-sale.

Deferred tax assets

The Income tax component is an element for the generating of the Group's income statement which does not have an effect on the assessment of the Operating Segments. Deferred tax assets are allocated to the Corporate Centre segment.

Domestic and International Areas

In the presentation of the financial information by geographical areas, the operating units making up the International Area are the Branches in London, Spain, Macau and Poland, as well as the subsidiaries in the consolidation perimeter, with the allocation being made by the Headquarters' country (see Note 1).

The equity and economic elements relating to the international area are those contained in the financial statements of those units with the respective consolidation adjustments and eliminations.

The statement of financial position and economical items concerning the international area are those shown in the financial statements of such units, along with their corresponding consolidation eliminations and adjustments.

(thousand euros)

	31.12.2023												
	Structured Finance	Special Portfolio Management	Mergers and Acquisitions	Capital Markets	Corporate Derivatives	Fixed Income	Equities	Private Equity	Treasury	Corporate Solutions	Corporate Centre	Other	Total
Net interest income	16 160	(29)	169	(16)	(8)	2 450	(22)	-	14 250	(22)	2 645	(2)	35 575
Net fees and commisions	5 682	130	11 071	10 581	(93)	751	34	514	(1 333)	8	(190)	2 638	29 793
COMERCIAL OPERATING INCOME	21 842	101	11 240	10 565	(101)	3 201	12	514	12 917	(14)	2 455	2 636	65 368
Results on financial operation	546	11 574	(1 116)	(52)	(935)	9 259	(37)	55	(745)	-	(1 807)	-	16 742
Costs Deducting Banking Income	(326)	11	(39)	(11)	59	(665)	(7)	(15)	(659)	-	(4 326)	(37)	(6 015)
Intersegment Operating Income	88	(83)	-	-	32	994	-	-	(2 104)	56	1 010	6	(1)
TOTAL OPERATING INCOME	22 150	11 603	10 085	10 502	(945)	12 789	(32)	554	9 409	42	(2 668)	2 605	76 094
Operating expenses	3 022	890	3 914	2 486	1 771	4 625	272	823	1 034	1 919	38 725	752	60 233
Employee costs	2 370	540	2 893	1 973	1 076	2 423	81	754	442	1 620	25 396	403	39 971
Administrative Costs	508	302	789	421	573	1 988	174	52	544	172	8 756	340	14 619
Depreciations and Amortisations	144	48	232	92	122	214	17	17	48	127	4 573	9	5 643
Gross income	19 128	10 713	6 171	8 016	(2 716)	8 164	(304)	(269)	8 375	(1 877)	(41 393)	1 853	15 861
Impairment and Provisions	(52)	243	131	88	-	(1 739)	-	4	(194)	-	12 284	3	10 768
Credit impairment	3 670	(87)	-	-	-	-	-	-	(232)	-	41	-	3 392
Securities impairment	(1 769)	-	-	-	-	(1 770)	-	-	35	-	531	-	(2 973)
Net provisions and other impairment	(1 953)	330	131	88	-	31	-	4	3	-	11 712	3	10 349
Profit / (Loss) before Income Tax	19 076	10 956	6 302	8 104	(2 716)	6 425	(304)	(265)	8 181	(1 877)	(29 109)	1 856	26 629
Income tax	-	-	-	-	-	-	-	-	-	-	-	8 865	8 865
Net Profit / (Loss) for the period	19 076	10 956	6 302	8 104	(2 716)	6 425	(304)	(263)	8 181	(1 877)	(29 109)	(7 009)	17 764
Attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	502	502
Attributable to shareholders of the parent company	19 076	10 956	6 302	8 104	(2 716)	6 425	(304)	(263)	8 181	(1 877)	(29 109)	(7 511)	17 262

Note: There is no internal cancellation between segments thousand euros)

	31.12.2022												
	Structured Finance	Special Portfolio Management	Fusões e Aquisições	Mercado de Capitais	Corporate Derivatives	Fixed Income	Equities	Private Equity	Tesouraria	Corporate Solutions	Centro corporativo	Outros	Total
Net interest income	13 325	230	(9)	(6)	(4)	(6 375)	(101)	(6)	1 793	(7)	2 038	3 522	14 400
Net fees and commisions	5 532	332	14 355	13 805	(45)	4 131	576	849	(2 649)	1 809	(1 300)	4 199	41 594
COMERCIAL OPERATING INCOME	**18 857**	**562**	**14 346**	**13 799**	**(49)**	**(2 244)**	**475**	**843**	**(856)**	**1 802**	**738**	**7 721**	**55 994**
Results on financial operation	1 684	2 169	187	47	7 309	20 242	(2)	45	(3 373)	-	(3 841)	(111)	24 356
Costs Deducting Banking Income	(365)	-	(13)	(28)	(150)	(397)	(16)	(18)	(1 363)	(1)	(3 898)	(40)	(6 289)
Intersegment Operating Income	1 076	(1 073)	-	(810)	(201)	218	-	1	1 910	39	(1 332)	172	-
TOTAL OPERATING INCOME	**21 252**	**1 658**	**14 520**	**13 008**	**6 909**	**17 819**	**457**	**871**	**(3 682)**	**1 840**	**(8 333)**	**7 742**	**74 061**
Operating expenses	**3 284**	**713**	**3 788**	**2 610**	**1 597**	**4 513**	**1 282**	**683**	**1 049**	**1 663**	**38 700**	**1 478**	**61 360**
Employee costs	2 368	484	2 739	2 134	849	2 181	729	442	501	1 366	24 757	1 054	39 604
Administrative Costs	781	181	793	360	585	2 033	479	131	487	167	9 029	370	15 396
Depreciations and Amortisations	135	48	256	116	163	299	74	110	61	130	4 914	54	6 360
Gross income	**17 968**	**945**	**10 732**	**10 398**	**5 312**	**13 306**	**(825)**	**188**	**(4 731)**	**177**	**(47 033)**	**6 264**	**12 701**
Impairment and Provisions	**(1 980)**	**181**	**175**	**(604)**	**46**	**(521)**	**7**	**111**	**840**	**-**	**1 905**	**(6)**	**154**
Credit impairment	(758)	(390)	-	-	-	-	-	-	(139)	-	28	(3)	(1 262)
Securities impairment	1 119	-	-	(1)	-	(487)	-	-	(27)	-	(312)	-	292
Net provisions and other impairment	(2 341)	571	175	(603)	46	(34)	7	111	1 006	-	2 189	(3)	1 124
Profit / (Loss) before Income Tax	**15 988**	**1 126**	**10 907**	**9 794**	**5 358**	**12 785**	**(818)**	**299**	**(3 891)**	**177**	**(45 128)**	**6 258**	**12 855**
Income tax	-	-	-	-	-	-	-	-	-	-	-	1 912	1 912
Net Profit / (Loss) for the period	**15 988**	**1 126**	**10 907**	**9 794**	**5 358**	**12 785**	**(818)**	**299**	**(3 891)**	**177**	**(45 128)**	**4 346**	**10 943**
Attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(164)	(164)
Attributable to shareholders of the parent company	15 988	1 126	10 907	9 794	5 358	12 785	(818)	299	(3 891)	177	(45 128)	4 510	11 107

Note: There is no internal cancellation between segments

The reporting of secondary segments is made in accordance with the geographical location of the various business units of the Group:

(thousand euros)

	31.12.2023				
	Portugal	Rest of Europe	America	Asia	Total
Net income*	(9 684)	16 766	2 351	7 829	17 262
Net asset	1 907 803	329 969	1 204 933	55 937	3 498 642
Investments in assets					
tangible	404	47	402	22	875
intangible	492	2	123	14	631

**Net income attributable to shareholders of the parent company*

(thousand euros)

	31.12.2022				
	Portugal	Rest of Europe	America	Asia	Total
Net income*	(9 893)	18 171	(382)	3 211	11 107
Net asset	1 781 732	484 763	1 136 002	13 623	3 416 120
Investments in assets					
tangible	325	375	118	87	905
intangible	516	125	40	-	681

**Net income attributable to shareholders of the parent company*

NOTE 5 – FINANCIAL MARGIN

This heading's amount is composed of:

(thousand euros)

	31.12.2023			31.12.2022		
	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total
Interest and similar income						
Interest from loans and advances to customers	61 935	-	61 935	39 764	-	39 764
Interest from deposits and investments in credit institutions	15 929	-	15 929	6 092	-	6 092
Interest from financial assets at fair value through other comprehensive income	21 080	-	21 080	15 093	-	15 093
Interest from financial assets at fair-value through profit and loss	-	93 535	93 535	-	42 884	42 884
Interest from debt securities at amortised cost	36 237	-	36 237	16 795	-	16 795
Other interest and similar income	1 832	-	1 832	281	-	281
	137 013	93 535	230 548	78 025	42 884	120 909
Interest and similar expenses						
Interest from deposits from central banks and other credit institutions	102 162	-	102 162	30 778	-	30 778
Interest from debt securities issued	46 981	-	46 981	22 531	-	22 531
Interest from customers accounts	42 202	-	42 202	52 410	-	52 410
Interest from leasing	818	-	818	412	-	412
Other interest and similar expenses	2 810	-	2 810	378	-	378
	194 973	-	194 973	106 509	-	106 509
	(57 960)	93 535	35 575	(28 484)	42 884	14 400

As at December 31st, 2023 interest and similar income includes an amount of 1 875 thousand euros and 324 thousand euros concerning contracts flagged as stage 2 and stage 3, respectively (December 31st, 2022: 5 501 thousand euros and 278 thousand euros, respectively).

The heading Interest and similar expenses – Interest from deposits and investment in credit institutions has a cost of 860 thousand euros associated with TLTRO III operations (December 31st, 2022: negative cost of 98 thousand euros). It has also recorded a cost of 312 thousand euros associated with PELTRO operations (31st of December,2022 corresponded to a cost of 667 thousand euros).

For each TLTRO III tranche, the effective interest rate is being periodised. This interest rate considers the interest rates applicable to each operation in the elapsed period, according to the Bank's estimate of the achievement of targets variation in the volume of eligible credit defined by the ECB. The targets have ended with the last observable period in December 2023, and have been achieved.

As of December 31st, 2023, only one TLTRO III operation is alive with a nominal value of 11,060 thousand euros (31 December 2022 corresponded to a nominal value of 99,660 thousand euros). (Refer to Note 28).

The item lease interest refers to the interest expense related to lease liabilities recognized under IFRS 16.

The average interest rates recorded for the years ended December 31, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 39.

As of December 31, 2023 and 2022, the amount of Interest and similar income has the following distribution by geographic segment:

(thousand euros)

	31.12.2023	31.12.2022
Interest and similar income		
Brazil	139 696	78 269
Portugal	26 937	8 869
Poland	14 861	11 061
Spain	11 260	5 407
Luxembourg	8 961	3 309
Italy	5 745	1 247
China	-	5 008
Netherlands	3 816	-
UK	2 914	3 292
Ireland	2 796	1 328
Cayman Islands	2 475	-
France	-	662
Others	11 087	2 457
	230 548	120 909

NOTE 6 – NET FEES AND COMMISSIONS INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Fees and commissions income		
From banking services	27 895	34 224
From guarantees provided	1 634	1 666
From transactions with securities	7 163	9 585
	36 692	**45 475**
Fees and commissions expenses		
From banking services rendered by third parties	114	1 814
From transactions with securities	1 994	1 881
From guarantees received	360	277
Other fee and comission expenses	4 963	345
	7 431	**4 317**
	29 261	**41 158**

As at December 31st, 2023, the income regarding fees and commission included 16 607 thousand euros (December 31st ,2022: 24 003 thousand euros) concern Haitong Group related parties (Note 37).

As at December 31st 2023 and 2022, the amount of fees and commissions income present the following distribution, by geographical segment:

(thousand euros)

	31.12.2023	31.12.2022
Fees and commissions income		
China	21 973	28 004
Portugal	6 944	5 496
Brazil	1 755	1 929
Poland	1 514	2 234
United Kingdom	1 283	502
Spain	834	1 980
Virgin Islands	744	2 082
Luxembourg	580	992
Hong Kong	520	-
Ireland	374	-
Cayman Islands	-	730
Others	171	1 526
	36 692	45 475

NOTE 7 – NET TRADING INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Trading assets and liabilities		
Securities		
Bonds and other fixed-income securities		
Issued by public entities	2 560	(19 626)
Of other entities	1 716	(2 383)
Shares	207	171
	4 483	**(21 838)**
Financial derivatives		
Foreign-exchange contracts	(3 163)	11 425
Interest rates contracts	4 431	35 280
Equity/indexes contracts	(792)	254
Other	(3 035)	264
	(2 559)	**47 223**
	1 924	**25 385**

The assets that gave rise to the results presented here are detailed in Note 19 and 20.

NOTE 8 – NET INCOME FROM OTHER INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Financial assets at fair value through profit or loss		
Loans and advances to customers	2	(2)
Shares	878	240
Other variable-income securities	(36)	(833)
	844	**(595)**

The assets that gave rise to the results presented here are detailed in Note 22 and 24.

NOTE 9 – NET GAIN/(LOSS) FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FAIR VALUE TRHOUGH OTHER COMPREHENSIVE INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Bonds and other fixed-income securities		
Issued by public entities	193	-
Of other entities	1 254	604
	1 447	**604**

The assets that gave rise to the results presented here are detailed in Note 22.

NOTE 10 – NET GAINS/(LOSSES) FROM HEDGE ACCOUNTING

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Net gains/(losses) from hedge accounting		
Hedging derivatives (Note 21)	248	-
Hedged items (Note 22)	(248)	-

The Group carries out accounting hedges using interest rate futures. This item records changes in the fair value of derivatives designated for hedging as well as the respective variation in the covered risk of debt instruments designated for hedging (see notes 21 and 22). In 2022, no accounting coverage was carried out.

The assets that gave rise to the results presented here are detailed in Note 21 and 22.

NOTE 11 – NET GAINS / (LOSSES) FROM FOREIGN EXCHANGE DIFFERENCES

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Currency revaluation	(518)	(6 360)
	(518)	**(6 360)**

On the 31st of December 2023 and 2022, this heading includes results arising out of the exchange rate revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy set forth in Note 2.3, and the results of foreign exchange derivatives. The exposure of assets and liabilities, by currency, is presented in Note 39.

NOTE 12 – NET GAIN/(LOSS) FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

As at the December 31st, 2023 and 2022, this heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Loans recoveries	-	637
Sale of loans and advances to customers	403	-
Gains/Losses on Amortized Cost Investments	2 710	76
Gains/Losses Other Assets at Amortized Cost	(1 169)	
	1 944	**713**

In 2023, the Bank sold loans and securities, totaling 21 million euros and 67 million euros, respectively. These transactions generated a result of 403 thousand euros in capital gains from the sale of credits and 2 710 thousand euros in capital gains from the sale of bonds. Sales fit into the Hold to Collect business model, as they were infrequent or insignificant, or motivated by a significant increase in the credit risk of financial assets or to manage concentration risk.

The assets that gave rise to the results presented here are detailed in Note 22.

NOTE 13 – OTHER OPERATING INCOME AND EXPENSES

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Other customer services	542	1 904
Direct and Indirect taxes	(3 686)	(3 633)
Non-financial assets	(77)	195
Sub-leasing	450	442
Other operating results	(3 385)	(152)
Gains / (losses) on recoveries of loans		
Credit Recoveries (Note 24)	2 831	-
Securities recoveries (Note 22)	8 868	-
Other recoveries	74	-
	5 617	**(1 244)**

Direct and indirect taxes include:

- 2,009 thousand euros concerning the cost associated with the Bank Levy (1,480 thousand euros at 31st December 2022), established pursuant to Law no. 55-A/2010, of the 31st of December.
- 827 thousand euros concerning the cost associated with Social Integration and Contribution Programs for the Financing of Social Security (PIS/CONFINS) (December 31st, 2022: 1,195 thousand euros), created through art. 239 of the 1988 Constitution and Complementary Laws 7, of September 7, 1970, and 8, of December 3, 1970; and by Complementary Law 70 of 12/30/1991.

Other operating results include 1,153 thousand euros relating to the Contribution to the National Resolution Fund and European Resolution Fund (31 December 2022: 1,346 thousand euros).

In 2023, there was a recovery of 8,868 thousand euros relating to a debt instrument.

NOTE 14 – EMPLOYEE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Wages and salaries		
Remuneration	31 670	30 200
Career benefits (Note 15)	56	(21)
Changes from termination agreements	34	248
Expenses with retirement pensions (Note 15)	19	137
Other mandatory social charges	6 087	6 113
Other expenses	2 105	2 927
	39 971	**39 604**

The costs with remuneration and other benefits granted to key management employees of the Haitong Bank Group are distributed as follows:

(thousand euros)

	Board of Directors	Identified Staff (1)	Total
December 2023			
Remunerations and other short-term benefits	1 822	8 219	10 041
Variable remunerations	959	1 691	2 650
Total	**2 781**	**9 910**	**12 691**
December 2022			
Remunerations and other short-term benefits	1 809	9 203	11 012
Variable remunerations	870	1 266	2 136
Total	**2 679**	**10 469**	**13 148**

(1) Excluding Board of Directors

The category "Identified Staff" considers the staff whose actions have a material impact on the Bank's risk profile ("Identified Staff").

On the 31st of December 2023 and 2022, Haitong Bank Group did not present any credit granted to its Management Bodies.

Per professional category, the average number of employees of the Haitong Bank Group can be analysed as follows:

	31.12.2023	31.12.2022
Directors	182	187
Management	3	3
Specific roles	145	141
Administrative roles	22	24
Support roles	10	10
Total Group HT Bank (media)	**365**	**362**

As at the 31st of December 2023, the Group had a total of 356 employees, compared to 357 in December 2022.

NOTE 15 – EMPLOYEES BENEFITS

Retirement pensions and healthcare benefits

Pension and health-care benefits In compliance with the Collective Labor Agreement ("Acordo Coletivo de Trabalho", ACT) for the banking sector established with the unions, the Bank undertook the commitment to grant its employees, or their families, pensions on retirement, disability and survival. These payments consist of a percentage that increases in accordance with the years of service, applied to each year's negotiated salary table for the active work force.

Arising from the signature of the new Collective Labor Agreement ("Acordo Coletivo de Trabalho", ACT) on 5 July 2016, published in Labor Bulletin (Boletim do Trabalho) no. 29, of 8th August 2016, the Group's contributions to SAMS as from 1 February 2017, correspond to a fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year.

The measurement and recognition of the Group's liability with post-retirement health-care benefits is similar to the measurement and recognition of the pension liability. These benefits are covered by the Pension Fund, which currently covers all liabilities with pensions and health-care benefits.

For employees hired until 31 December 2008, the retirement pension and the disability, survival and death pensions consecrated under the ACT, as well as the liabilities for health-care benefits (SAMS), are covered by a closed pension fund, managed by GNB – Sociedade Gestora de Fundos de Pensões, S.A.

Protection of employees in the event of maternity, paternity and adoption, as well as old age, is covered by the General Social Security Regime, given that with the publication of Decree-Law no. 1A/2011, of 3rd January, all banking employees who were beneficiaries of "CAFEB – Caixa de Abono de Família dos Empregados Bancários" were integrated in the General Social Security Regime as from 1st January 2011.

Employees hired after 31 December 2008 are covered by the Portuguese General Social Security Regime.

Retirement pensions of banking employees integrated in the General Social Security Regime within the scope of the 2nd tripartite agreement continue to be calculated in accordance with the provisions of the ACT and other conventions; however, banking employees are entitled to receive a pension under the General Regime, that takes into account the number of years of contributions under that regime. The banks are responsible for the difference between the pension determined in accordance with the provisions of the ACT and that which the banking employees are entitled to receive from the General Social Security Regime.

The contribution rate is 26.6%, 23.6% paid by the employer and 3% paid by the employees to the General Social Security Regime on the behalf of Caixa de Abono de Família dos Empregados Bancários (CAFEB), abolished by said Decree-law. In consequence of this change, pension entitlements of active employees are to be covered on the terms defined under the General Social Security Regime, for the length of their employment between 1st January 2011 and their retirement date. The differential required to make up the pension guaranteed under the ACT is paid by the Banks.

At the end of financial year 2011 and pursuant to the 3rd tripartite agreement, it was decided to transfer, definitively and irreversibly, to the General Social Security Regime all the banks' liabilities with pensions in payment to retirees and pensioners that were in that condition as at 31st December 2011 at constant values (0% discount rate) for the component foreseen in the "Instrumento de Regulação Colectiva de Trabalho" (IRCT) applicable to banking employees, including the eventualities of death, disability and survival. The liabilities relating to the updating of pension amounts, pension benefits other than those to be borne by Social Security, health-care contributions to SAMS, death allowances and deferred survivor's pensions will remain under the banks' responsibility, with the corresponding funding being met through the respective pension funds.

The agreement further established that the financial institutions' pension fund assets relating to the part allocated to the satisfaction responsibilities for those pensions, be transferred to the State.

The main assumptions used in the calculation of liabilities are as follows:

	Assumptions	
	31.12.2023	31.12.2022
Financial Assumptions		
Discount rate	3,59%	4,23%
Pension growth rates	2024: 2,00% 2025: 1,20% ≥2026: 0,50%	0,50%
Salary growth rates	2024: 2,25% 2025: 1,45% ≥2026: 0,75%	0,75%
Demographic Assumptions and Assessment Methods		
Mortality table		
Men	TV 88/90	TV 88/90
Women	TV 88/90 -3 anos	TV 88/90 -3 anos
Actuarial valuation method	Project Unit Credit Method	

Disability decrements are not included in the calculation of responsibilities. The discount rate used as reference to the 31st of December, 2023, was based on: (i) the development sustained by the main indices concerning high quality corporate bonds and (ii) the duration of the responsibilities (16 years).

Recipients of the pensions plan are disaggregated as follows:

(thousand euros)

	31.12.2023	31.12.2022
Active workers	86	90
Former employees with vested rights	83	81
Retired	51	46
Survivors	9	10
TOTAL	229	227

Former employees with vested rights refer to employees who ceased their activity in the Group in 2023 and 2022 and maintained the pension plan rights.

The IAS 19 application implies the following liabilities and coverage levels, which shall be reported on the 31st of December 2023 and 2022:

(thousand euros)

	31.12.2023	31.12.2022
Net Assets / (Liabilities) recognised in the statement of financial position		
Liabilities as at 31st of December		
Pensioners and former employees with vested rights	30 838	25 177
Active workers	9 212	7 739
	40 050	32 916
Balance of funds as at 31st of December	**52 788**	**49 786**
Excess of coverage / Contributions to the fund	12 738	16 870
Assets / (Liabilities) in the statement of financial position (see Note 26 and 32)	**12 738**	**16 870**
Acummulated actuarial gains / losses recognised in other comprehensive income	28 749	23 957

The Group assesses the recoverability of any excess of the fund in relation to retirement pension liabilities, based on the expectation of a reduction in future necessary contributions or the reimbursement of contributions made.

Retired includes the former employees, with vested rights acquired under the Social Plan.

The evolution of liabilities regarding retirement pensions and healthcare benefits is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities at the beginning of the period	32 916	50 066
Current service cost (see Note 13)	19	137
Interest expenses	1 374	730
Participants contributions	90	86
Actuarial (gains)/losses	6 640	(17 388)
-Changes in financial assumptions	4 831	(19 692)
- Experience (Gains)/losses	1 809	2 304
Pensions paid by the fund	(1 023)	(963)
Changes from termination agreements (see Note 13)	34	248
Liabilities at the end of the period	40 050	32 916

Liabilities with Health Benefits were fully covered by the Pension Fund and correspond to 2,500 million euros on 31st December 2023 (31 December 2022: 2,026 thousand euros).

Considering the situation on the 31st of December 2023, the analysis to the sensibility and alterations of the actuarial assumptions revealed the following impacts:

- An increase in the discount rate of 25 base points would have represented a reduction in liabilities of approximately 1,545 thousand euros. A discount rate decrease of the same proportion would have represented an increase in liabilities of approximately 1,604 thousand euros;
- An increase of 25 base points in the growth of salaries and pensions would have represented an increase in liabilities of approximately 1,786 thousand euros. A decrease in the growth of salaries of the same proportion would have represented a decrease in liabilities of approximately 1,713 thousand euros.

The evolution of value regarding the pension funds on the financial years ending on the 31st of December 2023 and 2022, may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Pension Funds at the beginning of the period	49 786	56 260
Real income of the fund	3 935	(5 305)
Participants contributions	90	86
Benefits paid	(1 023)	(963)
Transfers from liabilities	-	(292)
Pension Funds at the end of the period	52 788	49 786

Pension fund assets can be analysed as follows:

	% Portfolio	
	31.12.2023	31.12.2022
Bonds	76,96%	64,60%
Shares	20,78%	28,40%
Alternative investment	0,00%	5,20%
Liquidity	2,26%	1,80%
Total	**100%**	**100%**

All assets (except Liquidity assets) are quoted and valued based on market prices.

An adequacy exercise was carried out between the Pension Fund's assets and liabilities, taking into account the investment, contribution and financing policies intended by the associate, which gave rise to the investment strategy. The VaR of the ratio between the fund's financial assets and the pension plan's liabilities is estimated periodically throughout the year to monitor whether the expected level of volatility between the fund's financial assets and the pension plan's liabilities fits within the budget for risk defined by the Bank.

On the 31st of December 2023 and 2022 the funds did not contain securities issued by entities of the Group.

The evolution of accumulated actuarial deviations reflected in other comprehensive income may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Accumulated actuarial gains / (losses) as at 1st January	23 957	35 223
- Actuarial assumptions changes	4 831	(19 692)
- (Gains)/losses in experience	(39)	8 426
Accumulated actuarial deviations as at 31st of December	28 749	23 957

The costs of the financial year with retirement pensions and healthcare benefits may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Current service cost (see Note 14)	19	137
Interest Expenses / (Income)	(713)	(87)
Expenses of the period	**(694)**	**50**

The earnings / costs of the interests are recognised according at net value in interest and similar income / expenses.

The evolution of the net assets / (liabilities) on the balance regarding the financial years ending on the 31st of December 2023 and 2022 may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**16 870**	**6 194**
Year expenses	694	(50)
Actuarial gains / (losses) recognised in other comprehensive income	(4 792)	11 266
Group contributions	-	-
Changes in termination agreements	(34)	(248)
Transfer to other funds	-	(292)
Final Balance	**12 738**	**16 870**

The normal contribution planned for the year 2024 is 137 thousand euros. This value corresponds to a cost of 4.58% of the expected value of pensionable salaries for 2024, and does not take into account the deduction of the contribution of employees admitted to the sector after January 1, 1995 (global contribution of 5% on their minimum monthly salary).

However, as the pension fund is fully funded on December 31, 2023, it is not anticipated that the Member will need to make contributions during the year 2024.

The evolution of liabilities and fund balances, as well as the earnings and losses of experience in the last 5 years shall be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Liabilities	(40 050)	(32 916)	(50 066)	(52 754)	(84 043)
Funds balances	52 788	49 786	56 260	53 072	78 792
(Under) / over funded liabilities	**12 738**	**16 870**	**6 194**	**318**	**(5 251)**
Experience (gains) / losses from liabilities	1 809	2 304	(142)	(1 352)	(2 088)
Experience (gains) / losses from plan assets	(1 848)	6 122	(2 518)	(1 733)	(5 796)

Career bonuses

On the 31st of December, 2023 and 2022, the liabilities assumed by the Group and the costs recognised in the periods with the career bonus are the following:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities at the begining of the period	**574**	**595**
Period expenses (See Note 14)	56	(21)
Liabilities at the end of the period (see Note 33)	**630**	**574**

The actuarial assumptions used for calculation of liabilities are identical for calculation of retirement pensions (when applicable).

The liability regarding career bonuses is registered in other liabilities (see Note 33).

NOTE 16 – ADMINISTRATIVE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Communications and expedition	2 922	3 281
Rents and leases	629	506
Travels and representation costs	661	459
Maintenance and related services	717	784
Insurance	149	150
Advertising and publications	48	100
Legal and litigation	148	269
Specialised services		
IT services	3 882	3 333
Temporary labour	16	10
Independent labour	590	898
Other specialised services	3 103	3 620
Other expenses	1 754	1 986
	14 619	**15 396**

The LEASE and Rental heading includes costs relating to short-term rental contracts, less than or equal to one year, and rental contracts in which the underlying asset has a low value, as described in accounting policy 2.10.

The Other Specialised Services heading includes, among others, the costs with external consultants and auditors. The item Other Costs includes, among others, the costs with security and surveillance, information, training costs and costs with external suppliers.

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2023 financial year are as follows:

(thousand euros)

	31.12.2023
PwC SROC	**444**
Audit	240
Other assurance services	195
Other non-reliability assurance services	9
Companies in the PwC network (1)	**357**
Audit	339
Other non-reliability assurance services	18
Total value of agreed services	**801**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Services agreed with the Company of Statutory Auditors and the auditors, according to the provisions of article 508-F of the Commercial Companies Code, during the 2022 financial year are as follows:

(thousand euros)

	31.12.2022
Statutory audit of annual accounts (Haitong Bank)	492
Statutory audit of annual accounts (subsidiaries)	160
Other reliability assurance services	74
Tax advisory	-
Other non-statutory audit services	71
Total value of agreed services	**797**

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the year 2023 and 2022. The fees presented for the remaining services relate to amounts agreed during the 2023 and 2022 financial year.

NOTE 17 – EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by the division of the result to be attributed to the shareholders of the Bank by the average number of ordinary shares issued during the year, excluding the average number of shares bought and held in portfolio as own shares.

(thousand euros)

	31.12.2023	31.12.2022
Consolidated net income attributable to shareholders of the parent company(1)	17 262	11 107
Weighted average number of ordinary shares outstanding (thousand)	**172 708**	**169 435**
Basic earnings per share attributable to shareholders of the parent company (euros)	**0,10**	**0,07**

(1) Net profit/ (loss) for the period attributable to the equity holders of the Bank adjusted by the interest paid from perpetual subordinated bonds atributtable to the period (that are recorded as a change in reserves).

Diluted earnings per share

The diluted earnings per share are calculated by adjusting the effect of all the potential ordinary diluting shares to the considered average number of existing ordinary shares and to the net result attributed to the bank shareholders.

On the 31st December, 2023 and 2022, the Bank holds instruments issued without diluting effect, therefore diluted earnings per share equals basic earnings per share.

NOTE 18 – CASH AND CASH EQUIVALENTS

As at the 31st December, 2023, and 31st December, 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Cash	5	7
Demand deposit at central banks		
Bank of Portugal	1	30
Other central banks	3 013	2 978
	3 015	**3 008**
Deposits at other credit institutions		
in Portugal		
Demand deposits	1 464	4 255
	1 464	**4 255**
Deposits at other credit institutions abroad		
Demand deposits	14 546	19 497
	14 546	**19 497**
	19 029	**26 767**
Impairment losses (Note 31)	(1 865)	(939)
	17 164	**25 828**

The 'Demand deposits in central banks – Bank of Portugal' heading, includes deposits with a mandatory nature, intended to comply with the legal minimum cash deposits requirements. In accordance with Regulation (EU) no. 1358/2011 of the European Central Bank, of the 14th of December, 2011, the mandatory minimum deposits in demand deposits in the Bank of Portugal, are paid and represent 1% of the deposits and debt securities with maturity up to 2 years, whereof are excluded deposits and debt securities from entities subject to the minimum reserve requirement scheme of the European System of Central Banks. On the 31st December, 2023, the average rate of return of such deposits was 0,00% (31st of December, 2022: 2.50%).

The compliance with mandatory minimum deposits, for a specific observation period, is effected by taking into account the medium amount of the balances of the deposits with the Bank of Portugal throughout the aforementioned period. The balance of the account with the Bank of Portugal as at the 31st December, 2023, has been comprised in the maintenance period from the 20th of December, 2023, to the 31st of January, 2024, which corresponded a mandatory minimum reserve amounting to 1,801 thousand euros (31st of December, 2022: 1,818 thousand euros).

NOTE 19 – FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING – SECURITIES

As at the 31st December, 2023, and 31st December, 2022, the heading of trading financial assets and liabilities is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Financial assets held-for-trading		
Bonds and other fixed-income securities		
From public issuers	802 024	711 470
From other issuers	46 435	34 098
Shares	21	35
	848 480	**745 603**
Financial liabilities held-for-trading		
Short selling	846	97
	846	**97**
	849 326	**745 700**

As at 31st December 2023, the heading of financial assets held for trading includes 594,596 thousand euros in securities pledged as collateral by the Group (493,143 thousand euros as at 31st of December 2022) (see Note 36).

As at 31 st December 2023 and 31st December 2022, the analysis of financial assets held-for-trading, by residual maturity period, is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	4 876	5 124
From three months to one year	15 087	5 980
From one to five years	278 909	58 441
More than five years	549 587	676 023
Undetermined period	21	35
	848 480	**745 603**

In accordance with the accounting policy described in Note 2.4.1, trading financial assets and liabilities are bought for the purpose of short-term trading, regardless of their maturity.

As at 31 st December 2023 and 31st December 2022, the heading of financial assets held-for-trading, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Bonds and other fixed-income securities						
Issued by public entities	3 470	798 554	802 024	968	710 502	711 470
Issued by other entities	38 014	8 421	46 435	30 829	3 269	34 098
Shares	21	-	21	35	-	35
Total book value	**41 505**	**806 975**	**848 480**	**31 832**	**713 771**	**745 603**

Unquoted securities issued by public entities refers mainly to Brazilian public debt instruments, which, despite being quoted, are valued according to internal model and are therefore presented as unquoted securities.

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The short selling represents securities sold by the Group, which had been purchased under a reverse repurchase agreement. In accordance with the accounting policy described in Note 2.5, securities purchased under a repurchase agreement are not recognised in the statement of financial positions, with its fair value being presented in Note 36. When such securities are sold, the Group recognises a financial liability equivalent to the fair-value of the assets which shall be returned in pursuance of the repurchase agreement. These liabilities are measured according to the valuation hierarchy of the Bank.

NOTE 20 – DERIVATIVES

As at 31st December 2023 and 2022, financial derivatives heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Derivatives financial assets		
Trading derivatives		
Foreign-exchange contracts	1 336	7 559
Interest-rate contracts	30 399	41 161
Other contracts	-	218
	31 735	**48 938**
Derivatives financial liabilities		
Trading derivatives		
Foreign-exchange contracts	3 143	7 405
Interest-rate contracts	21 889	31 836
Other contracts	-	218
	25 032	**39 459**
	6 703	9 479

As at 31st December 2023 and 31st December 2022, trading financial derivatives is analysed as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Notional	Fair value		Notional	Fair value	
		Positive	Negative		Positive	Negative
Foreign-exchange contracts						
Forward		647	2 218		4 168	4 455
- buy	178 828			105 236		
- sell	178 839			105 244		
Currency Swaps		39	275		1 100	557
- buy	95 818			142 988		
- sell	96 036			142 544		
Currency Futures		-	-		-	-
- buy	44 227			43 618		
- sell	196 680			67 988		
Currency Interest Rate Swaps		-	-		1 178	1 222
- buy	-			2 288		
- sell	-			2 440		
Currency Options		650	650		1 113	1 171
- buy	151 614			217 951		
- sell	169 143			232 552		
	1 111 185	1 336	3 143	1 062 849	7 559	7 405
Interest-rate contracts						
Interest Rate Swaps		30 206	21 696		40 657	31 333
- buy	663 543			897 504		
- sell	663 543			897 504		
Interest Rate Caps & Floors		193	193		504	503
- buy	20 365			32 197		
- sell	20 365			32 197		
Interest Rate Futures		-	-		-	-
- buy	278 343			99 012		
- sell	94 611			323 132		
	1 740 770	30 399	21 889	2 281 546	41 161	31 836
Contracts on shares/indexes						
Equity / Index Swaps		-	-		218	218
- buy	-			3 256		
- sell	-			3 256		
Equity / Index Options		-	-		-	-
- buy	5 403			5 764		
Equity / Index Futures		-	-		-	-
- sell	3 680			3 255		
	9 083	-	-	15 531	218	218
Total	2 861 038	31 735	25 032	3 359 926	48 938	39 459

As at 31st December 2023 and 31st December 2022, the analysis of trading financial derivatives, by residual maturity period, is as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Notional		Fair Value (net)	Notional		Fair Value (net)
	Sale	Purchase		Sale	Purchase	
Up to three months	511 124	380 709	(1 489)	520 950	436 035	(172)
From three months to one year	265 409	301 938	(408)	178 374	188 445	(59)
From one to five years	479 130	588 478	8 608	729 202	720 858	9 888
More than five years	167 235	167 015	(8)	381 586	204 476	(178)
	1 422 898	1 438 140	6 703	1 810 112	1 549 814	9 479

As at 31st of December 2023 and 31st of December 2022, derivatives, both assets and liabilities, include operations collateralized by the constitution of collateral accounts in order to ensure the fair value hedge of the active and liability exposures contracted between the Bank and several financial institutions (contracts under ISDA with CSA). The balances related to these collateral are recorded under "Other assets - collateral deposited under clearing agreements" (Note 27) and "Other liabilities - collateral deposited under clearing agreements" (Note 33). The fair value associated with futures is reflected under “Other Assets” (Note 27).

NOTE 21 – HEDGING DERIVATIVES

As at 31st December 2023, this heading is analysed as follows:

(thousand euros)

			31.12.2023						
			Hedging instrument			Hedged instrument			
Hedged risk	Derivative product	Associated financial asset / liability	Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	Net gains/(losses) from hedge accounting
Interest rate	Futures	Debt instruments	19 900	-	248	29 663	690	(248)	-

(1) Balance sheet value excluding fair value coverage adjustments and Impairment

The variations in fair value associated to the assets described above and the respective hedge derivatives are entered in the income statement of the period in the caption of Net gains/(losses) from hedge accounting (Note 10). With regard to the fair value of futures, this is reflected in the caption of Other Assets (Note 27).

As of December 31, 2022, interest rate risk was not hedged.

NOTE 22 – SECURITIES

As at 31st December 2023 and 31st December 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Non-trading financial assets mandatorily at fair value through profit or loss		
Shares	4 472	12 647
Other variable income securities	8 992	3 871
	13 464	**16 518**
Financial assets at fair value through other comprehensive income		
Bonds and other fixed-income securities		
From public issuers	43 540	92 975
From other issuers	183 044	202 518
	226 584	**295 493**
Financial assets measured at amortised cost Securities		
Bonds and other fixed-income securities		
From public issuers	464 332	444 153
From other issuers	354 390	277 366
	818 722	**721 519**
	1 058 770	**1 033 530**

In accordance with the accounting policy described in Note 2.4, the Group regularly assesses whether there is objective evidence of impairment in the investment securities portfolios, following the judgement criteria described in Note 3.1.

As at 31st December 2023 and 2022, the portfolio of Financial assets at fair value through other comprehensive income is analysed as follows:

(thousand euros)

	Cost (1)	Fair value reserve(2)		Fair value hedge (Note 21)	Impairment (Note 31)	Book value
		Positive	Negative			
Bonds and other fixed-income securities						
Issued by public entities	45 040	166	(1 566)	-	(100)	43 540
Issued by other entities	191 671	1 196	(7 157)	217	(2 883)	183 044
Balance as at 31 December 2023	**236 711**	**1 362**	**(8 723)**	**217**	**(2 983)**	**226 584**
Bonds and other fixed-income securities						
Issued by public entities	96 921	140	(3 626)	-	(460)	92 975
Issued by other entities	215 316	500	(12 469)	-	(829)	202 518
Balance as at 31 December 2022	**312 237**	**640**	**(16 095)**	**-**	**(1 289)**	**295 493**

(1) Amortized cost including accrued interest
(2) Includes all revaluation reserve components, including coverage and impairment adjustments

As at 31st December 2023 and 31st December 2022, the portfolio of financial assets at amortised cost is analysed as follows:

(thousand euros)

	Cost (1)	Fair value hedge	Impairment (Note 31)	Book value
Bonds and other fixed-income securities				
Issued by public entities	464 713	-	(381)	464 332
Issued by other entities	356 607	473	(2 690)	354 390
Balance as at 31 December 2023	**821 320**	**473**	**(3 071)**	**818 722**
Obrigações e outros títulos de rendimento fixo				
Issued by public entities	444 577	-	(424)	444 153
Issued by other entities	278 604	-	(1 238)	277 366
Balance as at 31 December 2022	**723 181**	**-**	**(1 662)**	**721 519**

(1) Amortized cost including accrued interest

As at 31st December 2023, the heading of Financial assets includes in securities pledged as collateral by the Group (see Note 36): 721,227 thousand euros (31st December 2022: 661,988 thousand euros), which corresponds to a fair value of 710,210 thousand euros.

As at 31 st December 2023 and 31st December 2022, the analysis of securities portfolios by maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	131 327	24 820
From three months to one year	91 106	140 901
From one to five years	713 953	768 302
More than five years	108 920	82 989
Undetermined period	13 464	16 518
	1 058 770	1 033 530

As at 31 st December 2023 and 31st December 2022, the heading of securities, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Quoted (1)	Unquoted	Total	Quoted (1)	Unquoted	Total
Securities						
Bonds and other fixed-income securities						
Issued by public entities	422 220	85 652	507 872	436 787	100 341	537 128
Issued by other entities	347 237	190 197	537 434	318 323	161 561	479 884
Shares	18	4 454	9 564	5	12 642	12 647
Other variable-income securities	-	8 992	3 900	-	3 871	3 871
Total book value	**769 475**	**289 295**	**1 058 770**	**755 115**	**278 415**	**1 033 530**

(1) Includes Financial assets at fair value through other comprehensive income and Financial assets not mandatorily held for trading at fair value through profit or loss valued at fair value (Level 1) see Note 38.

Unquoted securities issued by public entities refers mainly to Brazilian public debt instruments, which, despite being quoted, are valued according to internal model and are therefore presented as unquoted securities.

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The average interest rates recorded for the periods ended December 31st, 2023 and 2022, as well as the respective average balances and interest for the period are presented in Note 39.

Securities written off from assets

The movement in the years 2023 and 2022 of the value of securities written off from assets is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Balance at the beginning of the year	21 037	22 672
Decreases:		
Recovery of capital and interest (Note 13)	(8 868)	(1 635)
Balance at the end of the year	12 169	21 037

The Group recognizes a security written off when it has no expectation of recovering an asset in full or in part. Written off assets are recorded in off-balance sheet accounts (Note 36), and recoveries in other operating results (Note 13).

As of December 31st, 2023 and 2022, securities written off from assets correspond to debt instruments.

NOTE 23 - LOANS AND ADVANCES TO BANKS

As at 31 st December 2023 and 31st December 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Loans and advances to banks in Portugal		
Interbank money market	560 561	436 666
	560 561	436 666
Loans and advances to banks abroad		
Deposits	6 458	5 949
Reverse repos	3 228	19 180
Very short-term deposits	8 968	28 543
Other loans and advances	4 088	-
	22 742	53 672
	583 303	490 338
Impairment losses (Note 31)	(15)	(20)
	583 288	490 318

As at 31[st] December 2023 and 31[st] December 2022, the analysis of loans and advances to banks, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months (Cash equivalents)	551 785	462 710
Up to three months (Others)	3 228	19 179
From three months to one year	28 290	8 449
	583 303	490 338

The average interest rates recorded for the periods ended December 31, 2023 and 2022, as well as the respective average balances and interest for the period are presented in Note 39.

Loans and advances to banks written off from assets

The movement in the years 2023 and 2022 of the value of loans and advances written off from assets is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Balance at the beginning of the year	15 077	15 077
Balance at the end of the year	15 077	15 077

The entire balance of the item relates to an application written off from assets and for which there were no movements in 2023 and 2022.

The Group recognizes an investment in credit institutions written off when it has no expectation of recovering an asset in full or in part. Investments in credit institutions written off are recorded in off-balance sheet accounts, and recoveries in other operating results.

NOTE 24 – LOANS AND ADVANCES TO CUSTOMERS

As at 31 st December 2023 and 31st December 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
At fair value throught profit and loss		
Overdue loans and interest		
For more than 90 days	24	22
	24	22
Revaluation at fair value	-	(2)
	24	20
At Amortised cost		
Domestic loans		
Corporate		
Loans	168 028	214 245
Retail		
Loans	-	2
	168 028	214 247
Foreign loans		
Corporate		
Loans	525 480	568 880
	525 480	568 880
Overdue loans and interest		
For more than 90 days	2 793	2 448
	2 793	2 448
	696 301	785 575
Impairment losses (Note 31)	(7 642)	(13 790)
	688 659	771 785
	688 683	771 805

As at 31 st December 2023 and 31st December 2022, the analysis of loans and advances to customers, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	1 603	2 130
From three months to one year	19 880	24 258
From one to five years	542 661	496 796
More than five years	129 364	259 943
Undetermined period(1)	2 817	2 470
	696 325	785 597

(1) Corresponds to accrued capital and interest.

Written-off loans

The movement in written off loans, in 2023 and 2022 was as follows:

(thousand euros)

	31.12.2023	31.12.2022
Balance at the beginning of the year	84 038	82 706
Increases:		
Credits written off from assets	3 139	-
Decreases:		
Recovery of capital and interest (Note 13)	(2 831)	(579)
Remission of credits written off from assets	(49 102)	-
Exchange rate	1 195	1 911
Balance at the end of the year	36 440	84 038

The Group recognizes a credit written off from assets when it has no expectation of recovering an asset in full or in part. Credits written off from assets are recorded in off-balance sheet accounts (Note 36) and recoveries in other operating results (Note 13).

NOTE 25 – OTHER TANGIBLE ASSETS

As at 31st December 2023 and 31st December 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Real Estate		
For own use	1	1
Improvements in leasehold property	8 744	8 299
	8 745	8 300
Equipment		
IT equipment	10 507	11 884
Indoor installations	1 487	2 025
Furniture	2 205	3 020
Machinery and tools	866	1 094
Motor vehicles	336	327
Security equipment	151	272
Others	246	299
	15 798	18 921
	24 543	27 221
Right-of-use		
Buildings	22 333	21 396
Vehicles	277	353
IT equipment	102	84
	22 712	21 833
	47 255	49 054
Accumulated depreciations	(35 372)	(34 376)
	11 883	14 678

The movement in this heading was as follows:

(thousand euros)

	Real estate	Equipment	Right-of-use			Work in progress	Total
			Buildings	IT equipment	Vehicles		
Acquisition cost							
Balance as at 31 December 2021	7 436	17 823	13 780	112	576	1 697	41 424
Acquisitions	-	713	-	-	-	192	905
Write-offs / sales	-	(702)	-	-	-	-	(702)
Transfers	929	967	-	-	-	(1 889)	7
Exchange differences and other movements	(65)	120	7 616	(28)	(223)	-	7 420
Balance as at 31 December 2022	8 300	18 921	21 396	84	353	-	49 054
Acquisitions	46	457	372	-	-	-	875
Write-offs / sales	(41)	(3 124)	-	-	-	-	(3 165)
Transfers	337	(524)	-	-	-	-	(187)
Exchange differences and other movements	103	68	565	18	(76)	-	678
Balance as at 31 December 2023	8 745	15 798	22 333	102	277	-	47 255
Depreciations							
Balance as at 31 December 2021	6 381	16 931	7 835	30	272	-	31 449
Depreciations of period	525	727	3 258	27	117	-	4 654
Write-offs / sales	-	(701)	-	-	-	-	(701)
Exchange differences and other movements	82	73	(973)	(17)	(191)	-	(1 026)
Balance as at 31 December 2022	6 988	17 030	10 120	40	198	-	34 376
Depreciations of period	341	721	2 993	24	68	-	4 147
Write-offs / sales	(14)	(3 113)	-	-	-	-	(3 127)
Transfers from distontinued operations	342	(529)	-	-	-	-	(187)
Exchange differences and other movements	100	46	124	10	(117)	-	163
Balance as at 31 December 2023	7 757	14 155	13 237	74	149	-	35 372
Net book value as at 31 December 2023	988	1 643	9 096	28	128	-	11 883
Net book value as at 31 December 2022	1 312	1 891	11 276	44	155	-	14 678

NOTE 26 – INTANGIBLE ASSETS

As at 31st December 2023 and 31st December 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Purchased from third parties		
Software	23 559	35 806
Others	173	1 009
	23 732	36 815
Work in progress	756	507
	24 488	37 322
Accumulated amortisations	(22 674)	(34 656)
	(22 674)	(34 656)
	1 814	2 666

The movement in this heading was as follows:

(thousand euros)

	Software	Other fixed assets	Work in progress	Total
Acquisition cost				
Balance as at 31 December 2021	34 121	998	1 394	36 513
Acquisitions:				
Purchased from third parties	286	-	395	681
Write-offs / sales	(54)	-	-	(54)
Transfers	1 279	-	(1 287)	(8)
Exchange differences	174	11	5	190
Balance as at 31 December 2022	35 806	1 009	507	37 322
Acquisitions:				
Purchased from third parties	30	-	601	631
Write-offs / sales	(12 897)	(841)	(8)	(13 746)
Transfers	535	-	(348)	187
Exchange differences	85	5	4	94
Balance as at 31 December 2023	23 559	173	756	24 488
Amortizations				
Balance as at 31 December 2021	31 961	934	-	32 895
Amortizations of the year	1 695	11	-	1 706
Write-offs / sales	(53)	-	-	(53)
Exchange differences	106	2	-	108
Balance as at 31 December 2022	33 709	947	-	34 656
Amortizations of the year	1 484	12	-	1 496
Write-offs / sales	(12 892)	(841)	-	(13 733)
Discontinued Activity Transfers	187	-	-	187
Exchange differences	66	2	-	68
Balance as at 31 December 2023	22 554	120	-	22 674
Net balance as at 31st December 2023	1 005	53	756	1 814
Net balance as at 31st December 2022	2 097	62	507	2 666

In 2023, a review of the intangible assets in use was carried out, which led to the write-off of 12,897 thousand euros from the acquisition cost and the write-off of depreciation of 12,892 thousand euros.

NOTE 27 – OTHER ASSETS

As at 31st December 2023 and 31st December 2022, the Other Assets heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Debtors and other assets		
Collateral deposited under collateral agreements (Note 20)	18 662	29 095
Public sector	65 608	57 336
Deposits placed under margin accounts (futures contracts)	2 941	3 159
Other sundry debtors	10 077	15 673
Loans and derivatives receivables	9 891	17 286
	107 179	**122 549**
Impairment losses for debtors and other investments (Note 31)	(12 479)	(12 441)
	94 700	**110 108**
Other assets		
Gold, other precious metals, numismatic, medals and other liquid assets	4 949	780
Other assets	5 470	5 389
	10 419	**6 169**
Income receivable	**-**	**(1)**
Prepayments and deferred costs	**7 347**	**7 190**
Other sundry assets		
Exchange transactions pending settlement	231	5
Market securities transactions pending settlement	-	2 709
Other transactions pending settlement	3 747	7 264
	3 978	**9 978**
Retirement Benefits (Note 14)	12 738	16 870
	129 182	**150 314**

As at 31st December 2023 Public sector includes (i) an amount of 26,745 thousand euros (23,459 thousand euros as at 31 December 2022) related with a tax contingency, until 2014 (Note 35); (ii) and 13,126 thousand euros 10,505 thousand euros as at 31 December 2022) relating to ongoing tax proceedings since 2015 (Note 36). This item also includes the value of the security deposit made to the Directorate-General for the Treasury and Finance under the tax credit (confirmed by the Tax and Customs Authority) inherent to REAID in the amount of 6,147 thousand euros.

Regarding the security deposit under REAID, paragraph 8 of article 6 of Ordinance 2016 (in the wording resulting from Ordinance no. 272/2017, of September 13) establishes that "Within a maximum period of three months counting from the confirmation of the conversion of deferred tax assets into tax credit provided for in Ordinance no. 259/2016, of October 4, the taxpayer constitutes a deposit in favor of the State, in an entity to indicate by the member of the Government responsible for the area of finance, in the amount corresponding to the price of exercising the potential right to acquire all conversion rights, which is reduced, in the respective proportion, whenever there is delivery to the State of the price relating to the rights acquisition powers exercised or exercise by the State of conversion rights".

The heading - Other sundry debtors mainly includes commissions pending payment from customers for the provision of services by the Bank.

The heading Market securities transactions pending settlement, on December 31, 2023 and 2022, shows the balance of orders for the sale and purchase of securities awaiting their respective financial settlement.

NOTE 28 – RESOURCES OF CREDIT INSTITUTIONS

The resources of credit institutions heading is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Resources of central banks		
Banco de Portugal	11 397	298 418
	11 397	**298 418**
Resources of other credit institutions		
Domestic		
Other resources	45 565	25 179
	45 565	**25 179**
Foreign		
Repurchase agreements	607 919	618 521
Other resources	252 040	411 933
	859 959	**1 030 454**
	916 921	**1 354 051**

As of 31st of December 2023, only one TLTRO operation with a nominal value of 11,060 thousand euros (31 December 2022 corresponded to a nominal value of 99,660 thousand euros in a TLTRO operation and 200 000 thousand euros in PELTRO operation).

The balance Repurchase agreements corresponds to repo operations carried out in the money market and is a tool for the Bank's treasury management. Other resources correspond to medium and long-term investments made by other credit institutions.

As at 31st December 2023 and 31st December 2022, the analysis of resources of credit institutions by residual maturity period is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	540 128	894 125
From three months to one year	61 915	36 959
From one to five years	312 814	391 719
More than five years	2 064	31 248
	916 921	**1 354 051**

As of 31st of December 2023 and 2022, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	1 354 051	759 397
Cash Flows	(439 124)	594 272
Others changes	1 994	382
Closing balance	916 921	1 354 051

The average interest rates recorded for the years ended December 31, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 39.

NOTE 29 – RESOURCES OF CUSTOMERS

The balance of the resources of customers heading is composed, with regard to its nature, as follows:

(thousand euros)

	31.12.2023	31.12.2022
Repayable on demand		
Demand deposits	36 192	55 247
	36 192	55 247
Time deposits		
Fixed-term deposits	782 198	667 763
	782 198	667 763
Other resources		
Repurchase agreements	354 535	22 623
Other Deposits	1 296	1 500
Other	-	7
	355 831	24 130
	1 174 221	747 140

The balance Repurchase agreements corresponds to operations carried out in market with non financial corporations counterparts.

As at 31st December 2023 and 31st December 2022, the analysis of due to customers by residual maturity period is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Demand deposits	36 192	55 247
Fixed-term deposits		
Up to 3 months	269 223	198 860
3 to 12 months	311 784	307 296
1 to 5 years	201 191	161 607
	782 198	667 763
Other resources		
Up to 3 months	302 947	24 130
3 to 12 months	17 522	-
1 to 5 years	35 362	-
	355 831	24 130
	1 174 221	**747 140**

As of 31st of December 2023 and 2022, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**747 140**	**1 164 000**
Cash Flows	440 663	(417 242)
Others	(13 582)	382
Closing balance	**1 174 221**	**747 140**

The average interest rates recorded for the years ended December 31, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 39.

NOTE 30 – DEBT SECURITIES ISSUED

The debt securities issued heading can be divided as follows:

(thousand euros)

	31.12.2023	31.12.2022
Debt securities issued		
Other Bonds	635 642	542 037
	635 642	**542 037**

The fair-value of the portfolio regarding debt securities issued is presented in Note 38.

During 2023, Haitong Bank Group issued securities amounting to 77,035 thousand euros (31st of December 2022: 519,422 thousand euros) and reimbursed debt securities of 11,658 thousand euros (31st of December 2022: 4,135 thousand euros).

The main characteristics of the debt securities issued during 2023 are as follows:

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - IPCA BRINTLAG0001	BRL	2022	2 084	2024	IPCA 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - IPCA BRINTLAG0019	BRL	2022	34	2024	IPCA 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0027	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0035	BRL	2022	109	2024	CDI 97%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0043	BRL	2022	55	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0050	BRL	2022	29	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0068	BRL	2022	7	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0076	BRL	2022	20	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0084	BRL	2022	67	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0092	BRL	2022	79	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00A3	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00B1	BRL	2022	3	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00C9	BRL	2022	30	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00D7	BRL	2022	66	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00E5	BRL	2022	32	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00F2	BRL	2022	32	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00G0	BRL	2022	26	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00H8	BRL	2022	5	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00I6	BRL	2022	7	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00J4	BRL	2022	9	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00K2	BRL	2022	73	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00L0	BRL	2022	3	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00M8	BRL	2022	142	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00N6	BRL	2022	113	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00O4	BRL	2022	7	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00P1	BRL	2022	41	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00Q9	BRL	2022	13	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00R7	BRL	2022	58	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00S5	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00T3	BRL	2022	28	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00U1	BRL	2022	32	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00V9	BRL	2022	37	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG00W7	BRL	2022	5	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00X5	BRL	2022	41	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00Y3	BRL	2022	44	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG00Z0	BRL	2022	17	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0100	BRL	2022	37	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0118	BRL	2022	44	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0126	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0134	BRL	2022	25	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0142	BRL	2022	18	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0159	BRL	2022	33	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0167	BRL	2022	17	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0175	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0183	BRL	2022	7	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0191	BRL	2022	11	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01A1	BRL	2022	96	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01B9	BRL	2022	38	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01C7	BRL	2022	55	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01D5	BRL	2022	9	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01E3	BRL	2022	1	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01F0	BRL	2022	18	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01G8	BRL	2022	8	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01H6	BRL	2022	67	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01I4	BRL	2022	4	2024	CDI 96%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01J2	BRL	2022	7	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01K0	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01L8	BRL	2022	50	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01M6	BRL	2022	2	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01N4	BRL	2022	11	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01O2	BRL	2022	21	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01P9	BRL	2022	13	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01Q7	BRL	2022	59	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01R5	BRL	2022	44	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01S3	BRL	2022	179	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01T1	BRL	2022	15	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01U9	BRL	2022	21	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01V7	BRL	2022	-	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG01W5	BRL	2022	49	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01X3	BRL	2022	2	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01Y1	BRL	2022	5	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG01Z8	BRL	2022	33	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0209	BRL	2022	12	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0217	BRL	2022	4	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0225	BRL	2022	41	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0233	BRL	2022	2	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0241	BRL	2022	43	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0258	BRL	2022	119	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0266	BRL	2022	4	2024	CDI 97%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0274	BRL	2022	21	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0282	BRL	2022	37	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0290	BRL	2022	12	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02A9	BRL	2022	12	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02B7	BRL	2022	71	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02C5	BRL	2022	2	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02D3	BRL	2022	24	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02E1	BRL	2022	27	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02F8	BRL	2022	60	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02G6	BRL	2022	78	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02H4	BRL	2022	2	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02I2	BRL	2022	3	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02J0	BRL	2022	7	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02K8	BRL	2022	2	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02L6	BRL	2022	1	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02M4	BRL	2022	44	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02N2	BRL	2022	42	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02O0	BRL	2022	20	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02P7	BRL	2022	2	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02Q5	BRL	2022	4	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02R3	BRL	2022	34	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02S1	BRL	2022	33	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02T9	BRL	2022	130	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02U7	BRL	2022	26	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02V5	BRL	2022	49	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02W3	BRL	2022	15	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02X1	BRL	2022	19	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG02Y9	BRL	2022	4	2024	CDI 96%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG02Z6	BRL	2022	14	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0308	BRL	2022	41	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0316	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0324	BRL	2022	3	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0332	BRL	2022	9	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0340	BRL	2022	102	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0357	BRL	2022	38	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0365	BRL	2022	26	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0373	BRL	2022	6	2024	PRÉ 100%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0381	BRL	2022	54	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0399	BRL	2022	8	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03A7	BRL	2022	14	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03B5	BRL	2022	36	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03C3	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03D1	BRL	2022	137	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03E9	BRL	2022	91	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03F6	BRL	2022	14	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03G4	BRL	2022	2	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03H2	BRL	2022	53	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03I0	BRL	2022	15	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03J8	BRL	2022	47	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03K6	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03L4	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03M2	BRL	2022	11	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03N0	BRL	2022	13	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03O8	BRL	2022	11	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03P5	BRL	2022	39	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03Q3	BRL	2022	3	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03R1	BRL	2022	42	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03S9	BRL	2022	43	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03T7	BRL	2022	10	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03U5	BRL	2022	30	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03V3	BRL	2022	4	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03W1	BRL	2022	6	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03X9	BRL	2022	36	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG03Y7	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG03Z4	BRL	2022	128	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0407	BRL	2022	10	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0415	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0423	BRL	2022	12	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0431	BRL	2022	68	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0449	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0456	BRL	2022	4	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0464	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0472	BRL	2022	64	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0480	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0498	BRL	2022	17	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04A5	BRL	2022	5	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04B3	BRL	2022	100	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04C1	BRL	2022	16	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04D9	BRL	2022	3	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04E7	BRL	2022	37	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04F4	BRL	2022	28	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04G2	BRL	2022	5	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04H0	BRL	2022	51	2024	CDI 97%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04I8	BRL	2022	43	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04J6	BRL	2022	2	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04K4	BRL	2022	49	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04L2	BRL	2022	12	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04M0	BRL	2022	117	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04N8	BRL	2022	40	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04O6	BRL	2022	7	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04P3	BRL	2022	462	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04Q1	BRL	2022	127	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04R9	BRL	2022	74	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04S7	BRL	2022	11	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04T5	BRL	2022	117	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04U3	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04V1	BRL	2022	2	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG04W9	BRL	2022	20	2024	PRÉ 100%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04X7	BRL	2022	6	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04Y5	BRL	2022	10	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG04Z2	BRL	2022	6	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0506	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0514	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0522	BRL	2022	19	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0530	BRL	2022	50	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0548	BRL	2022	43	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0555	BRL	2022	277	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0563	BRL	2022	11	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0571	BRL	2022	43	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0589	BRL	2022	4	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0597	BRL	2022	35	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05A2	BRL	2022	116	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05B0	BRL	2022	163	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05C8	BRL	2022	5	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05D6	BRL	2022	167	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05E4	BRL	2022	134	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05F1	BRL	2022	3	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05G9	BRL	2022	12	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05H7	BRL	2022	514	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05I5	BRL	2022	151	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05J3	BRL	2022	87	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05K1	BRL	2022	44	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05L9	BRL	2022	68	2024	CDI 97,5%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05M7	BRL	2022	30	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05N5	BRL	2022	55	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05O3	BRL	2022	116	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05P0	BRL	2022	132	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05Q8	BRL	2022	111	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05R6	BRL	2022	140	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05S4	BRL	2022	56	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05T2	BRL	2022	18	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05U0	BRL	2022	47	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05V8	BRL	2022	42	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05W6	BRL	2022	5	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05X4	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG05Y2	BRL	2022	36	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG05Z9	BRL	2022	16	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0605	BRL	2022	7	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0613	BRL	2022	3	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0621	BRL	2022	43	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0639	BRL	2022	375	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0647	BRL	2022	49	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0654	BRL	2022	27	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0662	BRL	2022	77	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0670	BRL	2022	85	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0688	BRL	2022	18	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0696	BRL	2022	54	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06A0	BRL	2022	495	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06B8	BRL	2022	11	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06C6	BRL	2022	56	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06D4	BRL	2022	4	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06E2	BRL	2022	251	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06F9	BRL	2022	71	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06G7	BRL	2022	13	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06H5	BRL	2022	3	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06I3	BRL	2022	43	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06J1	BRL	2022	91	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06K9	BRL	2022	43	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06L7	BRL	2022	23	2024	CDI 97,5%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06M5	BRL	2022	63	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06N3	BRL	2022	5	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06O1	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06P8	BRL	2022	21	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06Q6	BRL	2022	25	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06R4	BRL	2022	484	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06S2	BRL	2022	45	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06T0	BRL	2022	23	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06U8	BRL	2022	8	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06V6	BRL	2022	89	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06W4	BRL	2022	22	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG06X2	BRL	2022	28	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06Y0	BRL	2022	58	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG06Z7	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0704	BRL	2022	12	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0712	BRL	2022	3	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0720	BRL	2022	76	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0738	BRL	2022	920	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0746	BRL	2022	208	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0753	BRL	2022	28	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0761	BRL	2022	21	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0779	BRL	2022	5	2024	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0787	BRL	2022	14	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG0795	BRL	2022	15	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07A8	BRL	2022	42	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07B6	BRL	2022	74	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07C4	BRL	2022	131	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07D2	BRL	2022	40	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07E0	BRL	2022	210	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07F7	BRL	2022	109	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07G5	BRL	2022	20	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07H3	BRL	2022	205	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07I1	BRL	2022	38	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07J9	BRL	2022	13	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07K7	BRL	2022	73	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07L5	BRL	2022	43	2024	CDI 97,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07M3	BRL	2022	54	2024	CDI 98%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07N1	BRL	2022	6	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07O9	BRL	2022	35	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07P6	BRL	2022	33	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07Q4	BRL	2022	6	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07R2	BRL	2022	343	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07S0	BRL	2022	2	2024	CDI 95%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLAG07T8	BRL	2022	51	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07U6	BRL	2022	182	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07V4	BRL	2022	2	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07W2	BRL	2022	209	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07X0	BRL	2022	11	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07Y8	BRL	2022	205	2024	CDI 98%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07Z5	BRL	2023	153	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0803	BRL	2023	53	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0811	BRL	2023	7	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0829	BRL	2023	23	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0837	BRL	2023	107	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0845	BRL	2023	375	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0852	BRL	2023	4	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0860	BRL	2023	37	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0878	BRL	2023	19	2025	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0886	BRL	2023	16	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0894	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08A6	BRL	2023	40	2025	CDI 92%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08B4	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08C2	BRL	2023	40	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08D0	BRL	2023	35	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08E8	BRL	2023	18	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08F5	BRL	2023	26	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08G3	BRL	2023	39	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08H1	BRL	2023	12	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08I9	BRL	2023	45	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08J7	BRL	2023	44	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08K5	BRL	2023	10	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08L3	BRL	2023	9	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08M1	BRL	2023	21	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08N9	BRL	2023	224	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08O7	BRL	2023	76	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08P4	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08Q2	BRL	2023	51	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08R0	BRL	2023	45	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08S8	BRL	2023	50	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08T6	BRL	2023	3	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08U4	BRL	2023	130	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08V2	BRL	2023	50	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08W0	BRL	2023	8	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG08X8	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG08Y6	BRL	2023	10	2024	CDI 94,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG08Z3	BRL	2023	386	2024	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0902	BRL	2023	60	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0910	BRL	2023	223	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0928	BRL	2023	124	2024	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0936	BRL	2023	93	2024	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0944	BRL	2023	173	2024	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0951	BRL	2023	739	2024	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0969	BRL	2023	329	2024	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0977	BRL	2023	18	2024	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0985	BRL	2023	11	2024	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0993	BRL	2023	71	2024	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09A4	BRL	2023	19	2024	CDI 90%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09B2	BRL	2023	52	2024	CDI 91%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09C0	BRL	2023	40	2024	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09D8	BRL	2023	57	2024	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09E6	BRL	2023	292	2024	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09F3	BRL	2023	26	2024	CDI 92,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09G1	BRL	2023	21	2024	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09H9	BRL	2023	112	2024	CDI 91%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09I7	BRL	2023	50	2024	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG09J5	BRL	2023	429	2024	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AI2	BRL	2023	43	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AJ0	BRL	2023	5	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AK8	BRL	2023	80	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AL6	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AM4	BRL	2023	132	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AN2	BRL	2023	29	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AO0	BRL	2023	41	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AP7	BRL	2023	90	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AQ5	BRL	2023	36	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AR3	BRL	2023	20	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AT9	BRL	2023	11	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AU7	BRL	2023	44	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AV5	BRL	2023	40	2025	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AW3	BRL	2023	74	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AX1	BRL	2023	6	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AY9	BRL	2023	12	2025	CDI 96%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AZ6	BRL	2023	51	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B01	BRL	2023	142	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B19	BRL	2023	132	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B27	BRL	2023	32	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B35	BRL	2023	7	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B43	BRL	2023	24	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B50	BRL	2023	16	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B68	BRL	2023	51	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B76	BRL	2023	68	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B84	BRL	2023	20	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B92	BRL	2023	40	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BA7	BRL	2023	76	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BB5	BRL	2023	54	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BC3	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BD1	BRL	2023	44	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BE9	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BF6	BRL	2023	30	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BG4	BRL	2023	60	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BH2	BRL	2023	17	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BI0	BRL	2023	38	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BJ8	BRL	2023	2	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BK6	BRL	2023	42	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BL4	BRL	2023	63	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BM2	BRL	2023	40	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BN0	BRL	2023	72	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BO8	BRL	2023	25	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BP5	BRL	2023	20	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BQ3	BRL	2023	14	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BR1	BRL	2023	20	2025	CDI 94,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BS9	BRL	2023	192	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BT7	BRL	2023	155	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BU5	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BV3	BRL	2023	20	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BW1	BRL	2023	11	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BX9	BRL	2023	43	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BY7	BRL	2023	293	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BZ4	BRL	2023	10	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C00	BRL	2023	17	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C18	BRL	2023	10	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C26	BRL	2023	111	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C34	BRL	2023	10	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C42	BRL	2023	269	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C59	BRL	2023	44	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C67	BRL	2023	4	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C75	BRL	2023	19	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C83	BRL	2023	50	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C91	BRL	2023	213	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CA5	BRL	2023	21	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CB3	BRL	2023	255	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CC1	BRL	2023	10	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CD9	BRL	2023	3	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CE7	BRL	2023	21	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CF4	BRL	2023	41	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CG2	BRL	2023	4	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CH0	BRL	2023	4	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CI8	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CJ6	BRL	2023	363	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CK4	BRL	2023	7	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CL2	BRL	2023	8	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CM0	BRL	2023	38	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CN8	BRL	2023	12	2025	CDI 95%

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CO6	BRL	2023	18	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CP3	BRL	2023	84	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CQ1	BRL	2023	11	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CR9	BRL	2023	439	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CS7	BRL	2023	50	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CT5	BRL	2023	36	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CU3	BRL	2023	7	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CV1	BRL	2023	40	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CW9	BRL	2023	51	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CX7	BRL	2023	439	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CY5	BRL	2023	37	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CZ2	BRL	2023	78	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D09	BRL	2023	3	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D17	BRL	2023	6	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D25	BRL	2023	291	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D33	BRL	2023	15	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D41	BRL	2023	26	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D58	BRL	2023	44	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D66	BRL	2023	183	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D74	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D82	BRL	2023	3	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D90	BRL	2023	161	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DA3	BRL	2023	110	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DB1	BRL	2023	14	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DC9	BRL	2023	11	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DE5	BRL	2023	5	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DF2	BRL	2023	280	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DG0	BRL	2023	7	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DH8	BRL	2023	106	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DI6	BRL	2023	169	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DJ4	BRL	2023	17	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DM8	BRL	2023	68	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DQ9	BRL	2023	57	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DR7	BRL	2023	18	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DS5	BRL	2023	105	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DT3	BRL	2023	61	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DU1	BRL	2023	10	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DV9	BRL	2023	13	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DW7	BRL	2023	40	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLC07652	BRL	2022	35	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLC07660	BRL	2022	138	2024	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLC07678	BRL	2022	174	2024	CDI 97%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLC076L3	BRL	2022	24	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLC076N9	BRL	2022	29	2024	PRÉ 100%
HT_BR	LCA PRE RES 4410 LCA NOVA PRE RES 4410 - 2 BRINTLC076O7	BRL	2022	21	2024	PRÉ 100%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07V60	BRL	2023	14	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07V86	BRL	2023	90	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07W51	BRL	2023	66	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07W69	BRL	2023	8	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07WC7	BRL	2023	6	2025	CDI 93%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0N1	BRL	2023	224	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0O9	BRL	2023	196	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0P6	BRL	2023	72	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0Q4	BRL	2023	9	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0R2	BRL	2023	94	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0S0	BRL	2023	29	2024	CDI 92%
HT_BR	LCI RES 4410 LCI NOVA RES 4410 - DESAGIADA BRINTLLCB0T8	BRL	2023	37	2024	CDI 92%
HT_BR	LF NOVA LF HAITONG BRINTLLFI674	BRL	2021	4 951	2024	IPCA 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI682	BRL	2021	1 496	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI690	BRL	2021	2 493	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6A5	BRL	2021	249	2024	CDI 100%

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HT_BR	LF NOVA LF HAITONG BRINTLLFI6B3	BRL	2021	374	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6C1	BRL	2021	1 870	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6D9	BRL	2021	623	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6I8	BRL	2021	124	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6K4	BRL	2022	268	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6L2	BRL	2022	488	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6M0	BRL	2022	1 037	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6N8	BRL	2022	549	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6O6	BRL	2022	98	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6P3	BRL	2022	610	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6Q1	BRL	2022	7 058	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6R9	BRL	2022	487	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6T5	BRL	2022	243	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6U3	BRL	2022	244	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6V1	BRL	2022	220	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6W9	BRL	2022	98	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6X7	BRL	2022	488	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6Y5	BRL	2022	147	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6Z2	BRL	2022	171	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI708	BRL	2022	195	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI716	BRL	2022	244	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI724	BRL	2022	366	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI732	BRL	2022	977	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI740	BRL	2022	562	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI757	BRL	2022	1 221	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI773	BRL	2022	1 465	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI781	BRL	2022	854	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI799	BRL	2022	1 409	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7A3	BRL	2022	4 179	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7B1	BRL	2022	510	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7C9	BRL	2022	5 928	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7D7	BRL	2022	2 017	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7E5	BRL	2022	1 919	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7F2	BRL	2022	1 045	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7G0	BRL	2022	956	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7H8	BRL	2022	1 672	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7I6	BRL	2022	957	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7J4	BRL	2022	954	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7K2	BRL	2022	7 521	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7L0	BRL	2022	2 183	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7M8	BRL	2022	3 725	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7N6	BRL	2022	807	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7O4	BRL	2022	4 618	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7P1	BRL	2022	2 071	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7Q9	BRL	2022	1 785	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7R7	BRL	2022	3 333	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7S5	BRL	2022	24	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7T3	BRL	2022	71	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7U1	BRL	2022	1 661	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7V9	BRL	2022	591	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7X5	BRL	2022	591	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7Z0	BRL	2022	5 875	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI807	BRL	2022	3 514	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI815	BRL	2022	936	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI823	BRL	2022	234	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI831	BRL	2022	466	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI849	BRL	2022	409	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI856	BRL	2022	464	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI864	BRL	2022	3 006	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI872	BRL	2022	6 930	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI880	BRL	2022	808	2026	CDI 100%

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HT_BR	LF NOVA LF HAITONG BRINTLLFI898	BRL	2022	29	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8A1	BRL	2022	5 226	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8B9	BRL	2022	36 121	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8C7	BRL	2022	11 694	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8D5	BRL	2022	3 395	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8E3	BRL	2022	4 127	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8F0	BRL	2022	223	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8G8	BRL	2022	555	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8H6	BRL	2022	3 882	2024	CDI 113,5%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8I4	BRL	2022	1 109	2024	CDI 113,5%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8J2	BRL	2022	445	2024	CDI 113,5%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8K0	BRL	2022	112	2024	CDI 113,5%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8L8	BRL	2022	334	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8M6	BRL	2022	1 522	2024	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8N4	BRL	2022	1 719	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8O2	BRL	2023	1 073	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG DESAGIADA BRINTLLFI8P9	BRL	2023	3 517	2025	CDI 111,25%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8Q7	BRL	2023	14 557	2025	CDI 114%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8R5	BRL	2023	1 299	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8S3	BRL	2023	5 989	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8T1	BRL	2023	5 934	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8U9	BRL	2023	3 956	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8V7	BRL	2023	9 780	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8W5	BRL	2023	10 032	2026	CDI 100%
HT_BR	LF NOVA PRE LF HAITONG PRE BRINTLLFI8X3	BRL	2023	2 041	2026	PRÉ 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8Y1	BRL	2023	5 662	2025	CDI 100%
HB_PT	HAITIB Float 02/08/25 Corp	EUR	2022	231 331	2025	EURIBOR 3M +1.45%
HB_PT	HAITIB 4 05/29/27 Corp	USD	2022	135 958	2027	4%
Total				635 642		

As at 31st of December 2023 and 2022, the residual duration of the debt securities issued is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	31 134	6 737
From three months to one year	125 433	5 617
From one to five years	479 075	529 683
	635 642	542 037

As at 31st of December 2023 and 2022, reconciliation of the cash flows this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	542 037	26 750
Cash Flows	65 377	515 287
Others changes	28 228	-
Closing balance	635 642	542 037

NOTE 31 – PROVISIONS AND IMPAIRMENT

As at 31st December 2023 and 31st December 2022, the Provisions heading presents the following movements:

(thousand euros)

	Provisions for other risks and charges	Provisions for guarantees and other commitments	Total
Balance as at 31 December 2021	**18 955**	**984**	**19 939**
Net charge of the period	(2 857)	697	(2 160)
Write back	(1 613)	-	(1 613)
Foreign exchange differences and others	2 954	(9)	2 945
Balance as at 31 December 2022	**17 439**	**1 672**	**19 111**
Net charge of the period	(11 713)	324	(11 389)
Write back	(140)	-	(140)
Foreign exchange differences and others	2 292	(7)	2 285
Balance as at 31 December 2023	**7 878**	**1 989**	**9 867**

Provisions for guarantees and provisions for other commitments correspond to 1,816 thousand euros and 173 thousand euros respectively (2022: 931 thousand euros and 741 thousand euros).

These provisions are meant to cover possible contingencies related to the activity of the Group. The main ongoing contingencies are presented in Note 36.

The movements in impairment losses can be analysed as follows:

(thousand euros)

	31.12.2022	Net charge of the period	Write back	Stage 3	Exchange differences and others	31.12.2023
Cash and cash equivalents (Note 18)	939	997	-	-	(71)	1 865
Financial assets measured at fair value through OCI (Note 22)	1 289	1 468	(55)	228	53	2 983
Financial assets measured at Amortised cost						
Loan and advances to banks (Note 23)	20	(4)	-	-	-	16
Loan and advances to customers (Note 24)	13 790	(3 393)	(3 146)	17	374	7 642
Securities (Note 22)	1 662	1 505	(106)	-	10	3 071
Other assets (Note 27)	12 441	48	(25)	-	15	12 479
	30 141	**621**	**(3 332)**	**245**	**381**	**28 056**

(thousand euros)

	31.12.2021	Net charge of the period	Stage 3	Exchange differences and others	31.12.2022
Cash and cash equivalents (Note 18)	1	996	-	(58)	939
Financial assets measured at fair value through OCI (Note 22)	837	(723)	(43)	1 218	1 289
Financial assets measured at Amortised cost					
Loan and advances to banks (Note 23)	916	(1 008)	-	112	20
Loan and advances to customers (Note 24)	11 968	1 260	(38)	600	13 790
Securities (Note 22)	1 210	431	-	21	1 662
Other assets (Note 27)	11 306	1 050	-	85	12 441
	26 238	**2 006**	**(81)**	**1 978**	**30 141**

NOTE 32 – INCOME TAXES

The Bank and its subsidiaries domiciled in Portugal are subject to taxation in accordance with the corporate income tax code (CIT code) and to local taxes.

Income taxes (current or deferred) are recognised in the income statement except in cases where the underlying transactions have been reflected in equity items. In these situations, the corresponding tax is also charged to equity, not affecting the net result for the period.

The current tax of 2023 and 2022 were calculated based on a nominal corporate income nominal tax rate of 21% plus tax rate of 1.5% of Municipal Surcharge in accordance with Law no. 82-B/2014, of 31st of December, and Law no. 2/2007, of 15th of January. Additionally there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between 1,500 and 7,500 thousand euros, 5% of the profit between 7,500 and 35,000 thousand euros, 9% of any profit which exceeds this amount (if applicable).

Deferred taxes are calculated based on tax rates anticipated to be in force at the temporary differences reversal date, which corresponds to the rates enacted or substantively enacted at the balance sheet date. Thus, for the year 2023 deferred tax was calculated at the rate of 26.24%.

Regarding activity in Portugal, Law No. 98/2019 was published on 4 September 2019, which changed the tax regime applicable to the impairment of financial and credit institution. That law establishes in article 4 an adaptation period of 5 years beginning on or after 1 January 2019, pursuant to which the regime in force on the date of entry into force of this law remains applicable, unless there is communication addressed to the Director-General of the Portuguese Tax Authority of the option for the definitive regime. Bearing in mind that for the 2022 financial year this regime was optional, the Bank has not yet joined it. Therefore, the Bank considered, for the purpose of calculating taxable income and the recording and analysis of the recoverability of deferred tax assets with reference to December 31, 2023, that the amount of credit impairment and provisions for guarantees recorded, for the purposes of CIT (Corporate Income Tax), corresponds to the amount of impairments/provisions that would have been calculated if the reference to Banco de Portugal Notice 3/95 remained in force.

Special Scheme Applicable to Deferred Tax Assets

In 2014, Haitong Bank joined the special scheme applicable to deferred tax assets (REAID) related to impairment losses in credits and post-employment or long-term employee benefits, established by Law no. 61/2014, of August 26th. For the purpose of this scheme, the conversion of the mentioned assets in tax credits is expected in the following situations:

- Determining net losses;
- Voluntary winding-up, court insolvency or, when applicable, with the withdrawal of the corresponding authorisation by the competent supervising authority.

It should be noted that, pursuant to Law No. 23/2016, of August 19, REAID is no longer applied to deferred tax assets relating to expenses and negative equity changes accounted for in tax periods beginning on or after 1 January 2016.

The tax credit as well as the respective special reserve recorded in the accounts with reference to 31st of December 2023 can be analysed in the table below, which also includes reimbursements already made by the Portuguese Tax Authority:

(thousand euros)

Year	Tax Credit	Special Reserve
2015	5 281	5 809
2016	20 529	22 582
2017	9 060	9 966
2018	233	255
2020	433	476
2021	(15 078)	-
2022	(5 414)	(16 585)
2023	(174)	(5 956)
Total	**14 870**	**16 547**

The tax credit and the respective special reserve were recorded during the year following that of the tax credit year, booked in a current tax asset and other reserves item, respectively.

In 2021, the Bank received amounts concerning tax credit from the Portuguese Tax Authority, with reference to the years 2015 and 2016, in the amount of 15,078 thousand euros.

In turn, during the 2022, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the 2017 and 2018, in the amount of 5,414 thousand euros.

In 2023, the Bank received tax credit from the Portuguese Tax Authority, with reference to the year 2020, in the amount of 174 thousand euros.

In pursuance of the abovementioned scheme, such conversion rights correspond to securities that grant the Government the right to request Haitong Bank to issue and deliver ordinary shares at no charge, following the increase in share capital through the inclusion of the reserve value. However, Haitong Bank´s shareholder is granted the right to acquire those conversion rights to the Government in accordance with Ordinance no. 293-A/2016 of 18th of November.

In the 2023, the Bank's shareholder exercised the right to acquire the conversion rights attributed to the State (1,548 thousand acquire rights) under the special regime of deferred tax assets relating to the years 2017 and 2018. In this way, the value of the special reserve, in 2023, decreased in proportion to the number of rights acquired by the shareholder from the Portuguese State (5,956 thousand euros). In 2022, the shareholder also exercised the rights under Special Regime of DTA with reference to the years 2015 and 2016, with the reserve decreasing, in that year, by 16,585 thousand euros.

For the year 2020, if shareholder do not exercise the right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the year in which the State exercises these rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequent issue and free delivery of ordinary shares representing the capital stock of the Bank, and it may be necessary to adjust the amount of the reserve initially constituted.

As Haitong Bank has determined, in its individual accounts, a positive net result with reference at 31 December 2023 there is no possible converts' part of the deferred taxes covered by this regime into a tax credit, with reference to this financial year.

In July 2019 and January 2020, the Bank was notified of the final Reports of the Tax Authority's inspection services, issued for 2015 and 2016, respectively, both issued by Tax Authorities. In these reports, certain procedures adopted by the Bank, namely in association with special regime of deferred tax assets - (REAID) and costs accepted by Tax Authorities are being challenged.

In this sense, following the Bank disagreement with these corrections, in November 2019, an administrative complaint was submit regarding the 2015 Tax Inspection Report and in April 2020, an administrative complaint was submit regarding the 2016 inspection report. Currently, for the year 2015, the corrections in question are being challenged in a Judicial Court and for the year 2016 in a Hierarchical Appeal. On January 2021, the Bank received the 2017 and 2018 tax inspection report issued by the Tax Authority's inspection services. In this report, similarly to what happened in the 2015 and 2016 tax inspection reports, some procedures adopted by the Bank with regard to the application of REAID are raised by Tax Authorities.

The Bank disagreeing with these corrections, so in 2021, submitted an administrative complaint for the Tax inspection report of 2017 and 2018. Currently, the corrections in question are being contested in a hierarchical appeal.

In May 2023, the Bank was notified of 2020 tax inspection report issued by the Portuguese Tax Authority. In this report, similar to what happened in the tax inspection reports from 2015 to 2018, some procedures adopted by the Bank with regard to the application of REAID are being challenge.

As the Bank did not agree with these corrections, in 2023, it submitted an administrative complaint to contest the 2020 inspection report.

Finally, it is also noted that, within the scope of the tax inspection for the years 2015, 2016, 2017, 2018 and 2020, the tax authority made corrections to the tax credit of these years in the amount of 14,870 thousand euros (of a total amount of 35,536 thousand euros).

The Bank's management considers that the procedures adopted in those years are compliant with the legislation in force, and therefore estimates that it is not likely that the Tax Authority's position will prevail. Even so, if this correction occur, it would materialize in the recognition of deferred tax assets. In addition, the Board of Directors believes that any other corrections that may arise, related to the years inspected, will not have a material impact either on the Bank's capital or on the Bank's results in fiscal year 2022, as essentially its affect tax losses that have not yet been used and for which deferred tax assets have not been recognised.

The activity of branches abroad is incorporated in the Bank's accounts for determining the taxable profit. Although, the profit of those branches is subject to taxation in the countries where they are established. Local taxes are deductible to the taxes to be paid in Portugal, in accordance with art. 91º of CIT Code", when applicable.

The branches' profits are subject to local taxation at the following nominal rates:

Branch	Nominal income tax rate
London	19%
Madrid	30%
Warsaw	19%
Macau	12%

The subsidiary located in Brazil, are subject to tax on their profits under the terms established in the tax rules in force in Brazil, thus in this country profits are subject to nominal rates situated between 34% and 45%.

As at 31st of December 2023 and 2022, current tax assets and liabilities can be analyzed as follows:

(thousand euros)

	Asset		Liability	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Corporate income tax	6 936	7 506	(8 657)	(7 476)
Tax Credit (Special Scheme for Deferred Taxes)	14 870	15 044	-	-
Current tax asset / (liability)	**21 806**	**22 550**	**(8 657)**	**(7 476)**

The variation that occurred in 2023 in the tax credit under the Special Regime of DTA concerns the receipt by the Portuguese Tax Authority, during the 2023, of the 2020 tax credit.

According to legislation in force, Haitong Bank shareholder may exercise the rights to acquire conversion rights until three years from the conversion confirmation of the deferred tax assets into tax credit by the Tax Authority, which, in the case of the2020, it will be until May 2026.

Deferred tax assets and liabilities recognized in the statement of financial position in 2023 and 2022 can be analyzed as follows:

(thousand euros)

	Asset		Liability		Net	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Derivative financial instruments	(6 843)	10 554	-	-	(6 843)	10 554
Securities	2 282	4 556	-	-	2 282	4 556
Loans and advances to customers	16 798	23 809	-	-	16 798	23 809
Provisions	(1 865)	3 871	-	-	(1 865)	3 871
Pension Fund and Long-term employee benefits	5 511	5 342	-	-	5 511	5 342
Depreciations (IFRS 16)	1 780	-	-		1 780	-
Other	7 801	5 324	(5 794)	(5 794)	2 007	(470)
Tax losses carried forward	80 373	56 434	-	-	80 373	56 434
	105 837	**109 890**	**(5 794)**	**(5 794)**	**100 043**	**104 096**
Net deferred tax asset / (liability)	**105 837**	**109 890**	**(5 794)**	**(5 794)**	**100 043**	**104 096**

The tax amount mentioned in “Others”, in Portugal, corresponds to branch tax credits (6,270 thousand euros) and deferred tax relating to fair value for profit and loss (- 376 thousand euros). The remaining amount corresponds to Brazil and essentially concerns deferred tax relating to legal contingencies (905 thousand euros) and other expenses related to the employees (395 thousand euros).

The Group only recognizes deferred tax assets in relation to reportable tax losses when it considers that they are expected to be recovered in the near future. Of the total deferred tax assets of tax losses, 31,560 thousand euros relate to Haitong Bank in Portugal and the remaining amount corresponds to Brazil. It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020).

In addition, Law No. 24-D/2022, of December 30, was published, which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated . Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

Therefore, for Haitong Bank in Portugal, the tax loss for 2014 and 2019 does not expire date and the tax loss for 2015 and 2016 expires in 2029 and 2030, respectively.

The amount of unrecognized deferred tax relating to the tax losses, by year of origin is presented in the following table:

(thousand euros)

Tax losses	2023	2022	Expiry date
2017	106 450	106 450	2024
2018	7 738	7 738	2025
2019	645	645	no expiry
	114 833	**114 833**	

The movements in deferred taxes, in the balance sheet, can be presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	104 096	94 931
Recognised in profit or loss	(4 108)	1 958
Recognised in fair value reserves	(2 201)	3 024
Recognised in other reserves	70	(2)
Foreign exchange variation and others	2 186	4 185
Closing balance (Asset / (Liability))	**100 043**	**104 096**

Tax recognised in the income statement and reserves during 2023 and 2022 financial years had the following source:

(thousand euros)

	31.12.2023		31.12.2022	
	Recognised in profit or loss	Recognised in reserves	Recognised in profit or loss	Recognised in reserves
Deferred Taxes				
Derivative financial instruments	17 811	-	(5 146)	-
Securities	-	2 201	-	(3 024)
Loans and advances to customers	7 168	-	4 340	-
Provisions	5 883	-	58	-
Pension Fund	(98)	(70)	(137)	2
Depreciations (IFRS 16)	(1 780)	-		
Other	(2 385)	-	(442)	-
Tax losses carried forward	(22 491)	-	(631)	-
	4 108	2 131	(1 958)	(3 022)
Current Taxes	4 757	-	3 870	-
Total recognised tax	8 865	2 131	1 912	(3 022)

Reconciliation of the tax rate, concerning the recognised amount in the income statement, can be analysed as follows:

(thousand euros)

	31.12.2023		31.12.2022	
	%	Value	%	Value
Profit or loss before tax and Non-controlling interests		26 628		12 855
Income tax rate of Haitong Bank	26.2		26.2	
Tax determined based on the income tax rate of Haitong Bank		6 987		3 373
Difference in the tax rate of subsidiaries	(0.8)	(203)	18.2	2 342
Tax-exempt dividends	(1.5)	(400)	(1.8)	(232)
Tax benefits	(0.2)	(55)	(0.3)	(43)
Impairment of subsidiaries	3.9	1 036	(19.9)	(2 558)
Bank Levy	1.8	489	3.3	421
Tax losses used	0.0	-	0.5	60
Branches' income tax	8.0	2 124	12.5	1 604
Differences arising from consolidation	(0.7)	(198)	(8.7)	(1 123)
Other movements according to the tax estimation	(4.0)	(1 054)	(16.6)	(2 130)
Autonomous taxation	0.5	139	1.5	198
	33.2	8 865	14.9	1 912

NOTE 33 – OTHER LIABILITIES

As at 31st December 2023 and 31st December 2022, the other liabilities heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Creditors and other resources		
Public sector	16 701	13 622
Deposited collateral under collateral agreements (Note 20)	13 651	10 019
Sundry creditors		
Leasing liabilities	9 911	11 811
Creditors from transactions with securities	1 548	5 320
Suppliers	1 811	973
Other sundry creditors	7 347	7 694
	50 969	**49 439**
Accrued expenses		
Career bonuses (see Note 15)	630	574
Other accrued expenses	6 607	7 554
	7 237	**8 128**
Deferred income	**542**	**368**
Other sundry liabilities		
Stock exchange transactions pending settlement	901	3 432
Foreign exchange transactions pending settlement	549	1 076
Other transactions pending settlement	9 035	10 476
	10 485	**14 984**
	69 233	**72 919**

The Public Administrative Sector item includes 13,170 thousand euros payable in PIS/Cofins contributions, incurred after December 31, 2014 (Note 36)

As at 31st December 2023 and 31st December 2022, the headings regarding Stock exchange transactions pending settlement refer to transactions with securities pending settlement.

In the sub-heading Accrued expenses – Other accrued expenses corresponds to responsibilities relating to employees remuneration.

The headings Lease liability represents commitments with future rents corresponding to the adoption of IFRS 16, and presents the following movement during the years 2023 and 2022:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**11 811**	**7 096**
Increases/Reductions	327	7 957
Updates	425	(456)
Payments	(2 720)	(3 129)
Other variations	68	343
Closing balance	**9 911**	**11 811**

As of December 31, 2023 and 2022, the contractual cash flows are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to 3 months	3	6
3 to 12 months	647	38
1 to 2 years	131	1 361
2 to 5 years	9 652	10 504
More than 5 years	-	2 367
Total	**10 433**	**14 276**

NOTE 34 – CAPITAL, SHARE PREMIUM AND OTHER CAPITAL INSTRUMENTS

Ordinary shares

Until August 3rd 2014 the Bank was part of Grupo Banco Espírito Santo, S.A.

On the 3rd of August 2014, the Bank of Portugal applied a resolution action to Banco Espírito Santo, S.A., shareholder of 100% of the capital of the Bank, and established Novo Banco, S.A., with the share capital of 4.9 billion euros, which incorporated assets of Banco Espírito Santo, S.A. selected by the Bank of Portugal. In this regard, the Bank, its branches and subsidiaries were transferred to Novo Banco, S.A.

On the 7th of September 2015, the capital of the Bank was fully purchased by Haitong International Holdings Limited.

On the 17th of December 2015, the Bank increased its capital in 100,000 thousand euros, through the issuance of 20,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 22nd of May 2017, the Bank increased its capital in 40,000 thousand euros, through the issuance of 8,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 25th of May 2017, the Bank increased its capital in 20,000 thousand euros, through the issuance of 4,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 13th of June 2017, the Bank increased its capital in 160,000 thousand euros, through the issuance of 32,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 26th of June 2017, the Bank increased its capital in 160,000 thousand euros, through the issuance of 32,000 thousand shares with the nominal value of 5 euros each, resulted from a in the conversion of a shareholder loan in the amount of 80,000 thousand euros and the conversion of the Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments, amounting to 80,000 thousand euros, which was fully subscribed and paid-up by Haitong International Holdings Limited.

On the 31st of August 2017, the Bank increased its capital in 38,500 thousand euros, through the issuance of 7,700 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

In 2022 two resolutions have been passed to increase the share capital of Haitong Bank S.A. by 2,630 thousand euros in the 1st of July 2022, and by 15,879 thousand euros in December 2022 to 863,279 thousand euros.

On the 19th of December 2023, the Bank increased its capital in 7,999 thousand euros, through the issuance of 1,600 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

This share capital increase in 2023 and 2022, in the form of incorporation of a special reserve, resulted from the conversion of the rights attributed to the Portuguese State and which were acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder. In the case of the 2023 capital increase relating to the 2016 and 2017 tax years and in the case of the 2022 capital increase relating to the 2015 tax year, issued under the Special Regime applicable to Deferred Tax Assets (REAID).

As at 31st December 2023 and 2022, the share capital of Haitong Bank amounts to 871 278 thousand euros (December 2022: 863,279 thousand euros) and is represented by 174,255,532 shares (December 2022: 172,655,745 shares) with the nominal value of 5 euros each, fully held by Haitong International Holdings Limited.

Share premiums

As at 31st December 2023and 31st December 2022, share premiums are represented by 8,796 thousand euros, corresponding to the amount paid by shareholders in the increase of capital of previous years.

Other equity instruments

During October 2010 the Group issued perpetual subordinated bonds with conditioned interest in the overall amount of 50 million euros. These bonds have a noncumulative conditioned interest, payable only if and when declared by the Board of Directors.

This conditioned interest, corresponding to the applicable annual rate of 8.5% on nominal value, is paid biannually. These securities may be fully, but not partially, reimbursed after the 15th of September 2015, relying solely on the choice of Haitong Bank, upon approval of the Bank of Portugal. These bonds are considered a capital instrument in accordance with the accounting policy described in Note 2.6 due to their characteristics.

During the year of 2011, 46,269 thousand euros in other capital instruments were cancelled due to a transaction regarding owned instruments.

As at 20th April 2022, the Bank have fully early repaid these Bonds, at the repayment price, corresponding to the nominal value of 3,731 thousand euros.

In March 2018, the Bank issued perpetual instruments eligible as additional own funds of level 1 (Additional Tier 1), in the overall amount of USD 130,000 thousand, corresponding to 105,042 thousand euros, identified as "Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments". Such bonds have a non-cumulative conditional interest which is payable only if and when reported by the Board of Directors. Due to their features, such bonds are deemed to be capital instruments, in accordance with the accounting policy laid down in Note 2.6.

These bonds are subordinated in relation to any liability of Haitong Bank and *pari passu* regarding any identical subordinated bonds that may be issued by the Bank.

Since it was issued in 2018, the Group did not pay interest regarding any of these instruments.

NOTE 35 – FAIR-VALUE RESERVES, OTHER RESERVES, RETAINED EARNINGS AND NON-CONTROLLING INTERESTS

Legal reserve, fair-value reserves and other reserves

The legal reserve can only be used for the purposes set out in the article no. 296 of the Commercial Companies Code. One of these purposes is to cover "that part of the losses carried forward from the previous year that cannot be covered by the profit for the year or by the use of other reserves" (article no. 296, paragraph b) of the CSC). Since the Bank presents accumulated losses relating to previous years, the Legal Reserve was not reinforced in the year of 2023, with the profit relating to that year being completely taken to Other Reserves and Retained Earnings, in order to cover those losses.

Fair-value reserves represent the possible capital gains and losses in relation to the financial assets through other comprehensive income portfolio, net of impairment recognised in the income statement of the year and/or previous years. The value of this reserve is presented net of deferred tax.

The heading of other reserves includes the special reserve under REAID in the amount corresponding to 16,547 thousand euros in December 2023 (22,504 thousand euros in December 2022).

The movements of these headings were the following:

(thousand euros)

	Fair Value reserves			Other reserves and retained earnings				
	Revaluation reserves	Income tax reserves	Total fair value reserve	Legal Reserve	Actuarial gains/losses (net of taxes)	Exchange differences	Other reserves and retained earnings	Total Other reserves and retained earnings
Balance as at 31 December 2021	(3 218)	1 292	(1 926)	39 878	(27 470)	(178 128)	(210 351)	(376 071)
								-
Actuarial gains/losses, net of taxes	-	-	-	-	11 182	-	-	11 182
Changes in fair value	(11 703)	3 024	(8 679)	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	9 182	-	9 182
Transfer to reserves	-	-	-	-	-	-	3 552	3 552
Share capital increase	-	-	-	-	-	-	(18 510)	(18 510)
Balance as at 31 December 2022	(14 921)	4 316	(10 605)	39 878	(16 288)	(168 946)	(225 309)	(370 665)
Actuarial gains/losses, net of taxes	-	-	-	-	(4 722)	-	-	(4 722)
Changes in fair value	7 930	(2 201)	5 729	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	4 425	-	4 425
Transfer to reserves	-	-	-	-	-	-	11 107	11 107
Share capital increase							(7 999)	(7 999)
Balance as at 31 December 2023	(6 991)	2 115	(4 876)	39 878	(21 010)	(164 521)	(222 201)	(367 854)

The movement of the fair-value reserve, net of deferred taxes and non-controlling interests can be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**(10 605)**	**(1 926)**
Fair value changes	6 679	(10 980)
Fair value hedge	(217)	
Impairment recognised in the period	1 468	(723)
Deferred taxes recognised in reserves during the period	(2 201)	3 024
Closing balance	**(4 876)**	**(10 605)**

Non-controlling interests

The Non-controlling interests heading information per subsidiary is as follows:

(thousand euros)

	31.12.2023		31.12.2022	
	Balance sheet	Income statement	Balance sheet	Income statement
Haitong Banco de Investimento do Brasil S.A.	9 466	(891)	5 130	(901)
Haitong Securities do Brasil S.A.	4 037	462	3 597	295
Haitong Negócios S.A.	7 279	701	6 245	202
FI Multimercado Treasury	1 644	108	1 455	77
	22 781	**502**	**21 082**	**(164)**

The movement of Non-controlling interests of the periods ended on the 31st December 2023 and 31st December 2022, can be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**21 082**	**22 014**
Dividends paid	-	(45)
Changes in fair value reserve	90	148
Exchange difference and other	1 107	(821)
Net income for the period	502	(214)
Closing balance	**22 781**	**21 082**

In 2022, the value of dividends to be distributed concerns interest on equity that Haitong Banco de Investimento do Brasil determined to pay, in the amount of 223 thousand euros, of which 45 thousand euros will be paid to the minority shareholder.

NOTE 36 – CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

As at 31st December 2023 and 31st December 2022 off-balance elements are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Contingent liabilities		
Guarantees and stand by letters of credit	137 763	151 279
Assets pledged as collateral	1 304 797	1 128 394
	1 442 560	1 279 673
Commitments		
Irrevocable commitments	75 370	164 360
	75 370	164 360

The rendered guarantees and sureties are banking transactions that do not necessarily represent any outflow for the Group.

As at 31st of December 2023 and 31st of December 2022, the heading of financial assets pledged as collateral includes:

- Securities pledged as collateral to the Bank of Portugal (i) within the scope of the Large-Value Payment System, amounting to 10,000 thousand euros as at the 31st December 2023 (31st of December, 2022: 10,000 thousand euros), (ii) within the scope of target long-term refinancing operations, amounting to 11 720 thousand euros (31st of December, 2022: 301,733 thousand euros), (iii) within the scope of Interbank Clearing System [Sistema de Compensação Interbancária], amounting to 2,000 thousand euros (31st of December, 2022: 1,500 thousand euros); and (iv) 208,433 thousand euros of collaterals not discounted (31st of December, 2022: 73, 856 thousand euros), the values previously described refer to the value after haircut applied by Banco de Portugal, with the total fair value of securities eligible for rediscount with Banco de Portugal amounting to 253,702 thousand euros on 31 December 2023 (31 December 2023). 2022: 420,726 thousand euros); and
- Securities pledged as collateral to the Portuguese Securities Market Commission within the Investor Compensation Scheme in the amount of 207 thousand euros (31st of December 2022: 108 thousand euros);
- Securities pledged as collaterals to Fundo de Garantia de Depósitos [Deposit Guarantee Fund] in the amount of 105 thousand euros (31st of December 2022: 108 thousand euros);
- Securities pledged as collateral within the scope of transactions with repurchase agreements: 1,008,353 thousand euros (31st of December 2022: 655,655 thousand euros);
- Securities pledged as collateral within the scope of transactions with repurchase agreements: 42,429 thousand euros (31st of December 2022: 51,797 thousand euros);

The nominal value of the contracted derivative positions is presented in Notes 20 and 21. The assets written off are also presented in the respective notes, in particular Note 22, Note 23 and Note 24.

Securities received in operations with resale agreements (Note 23) have a fair value of 2,926 thousand euros (31 December 2022: 22,818 thousand euros).

Additionally, the off-balance elements related to banking services provided are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities related to services provided		
Commercial paper programmes agency	25 400	35 500
Other responsabilities related with services provided	164 613	614 798
	190 013	**650 298**

Other responsibilities for service provision include values relating to client assets invested in Portfolio Management.

Contingent liabilities

Banco Espírito Santo (BES), Novo Banco and Haitong Bank (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo (GES).

Within this framework, Haitong Bank is currently a defendant in a proceeding associated with the share capital increase of BES, which took place in June 2014.

As regards to this legal proceeding (case brought by several investment funds), after the decision of the trial court to declare that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the proceeding. Two of the Defendants in this proceeding appealed to the Supreme Court of Justice that confirmed the decision of the Court of Appeal. Extraordinary review and Constitutional Court appeals were filed, all of them maintaining the previously decided by the Lisbon Court of Appeal. The legal procedure returned to the trial court (1st instance) for the continuation of said procedure, and now the appointment of the preliminary hearing is yet to be awaited.

Haitong Bank is also a Defendant in 8 proceedings, all associated with issues of financial instruments of GES's entities.

Since the beginning of these legal proceedings in 2015, it is the opinion of Haitong Bank's Legal Department and of the external lawyers to whom the proceedings have been entrusted, that such proceedings do not have legal sustainability, wherefore it is considered unlikely that any judgment will be made against Haitong Bank in relation thereto. Such opinion is hereby reasserted.

Such opinion has been supported by several judicial decisions.

In fact, of the 78 cases filed against the Bank regarding the issue of commercial paper and other financial instruments by GES' entities, 49 cases have already been res judicata with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the Claimants.

On July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by Espírito Santo International and Rioforte in 2013 and 2014.

Such legal action has been submitted by a credit recovery fund (Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte") to which have been allegedly assigned the claims submitted by certain holders of ESI and Rioforte commercial paper, which amounts up to € 517,500,099.71, plus interests. Haitong Bank presented its written defence on the 25th June 2020. The Bank is waiting for the preliminary hearing to be scheduled by the Court.

In the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have a solid legal sustainability and therefore it is considered unlikely that any judgment will be made against Haitong Bank.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On July 2021, Haitong Bank has been fined by the Portuguese Securities Exchange Commission (“CMVM”) in connection with Haitong Bank’s participation as agent in the commercial paper issuance of ESI and Rio Forte between September 2013 and February 2014. CMVM considered that Haitong Bank (referred to as, at the time of the facts, Banco Espírito Santo de Investimento, S.A.) had a causal contribution for Banco Espírito Santo, S.A. – In Liquidation to disclose to its customers that subscribed commercial paper issued by ESI, between September and December 2013, and by Rio Forte, between 9 January and 24 February 2014, information memoranda containing information that was not true, not complete, not up-to-date and not lawful, hence violating the duty to provide quality information, provided for in article 7. of the Portuguese Securities Code. The breach, with intent, of such duty to provide quality information is subject to a penalty of €25,000.00 to €5,000,000.00, in each of the cases (ESI and Rio Forte) and the Board of Directors of CMVM decided to impose on Haitong Bank a single fine in the amount of €300,000, suspending its execution regarding the amount of €100,000, for the period of two years.

Haitong Bank has contested the administrative decision towards the Judicial Court and on 15 February 2022, the Court of First Instance rejected the defense filled by Haitong Bank and applied a single joint fine in the amount of €400,000, partially suspending its execution in the amount of €200,000 for a period of 2 years. Haitong Bank appealed from such decision to the Lisbon Court of Appeal, being such appeal considered totally unfounded. Haitong Bank has appealed of this decision to the Portuguese Constitutional Court and on 13 July 2023 has been notified of the non-admission of such appeal.

Thus, the aforementioned decision became final and the respective fine, in the amount of € 200.000,00, was paid.

On June 2022, Haitong Bank was served of a civil legal action brought against itself, with a claim value of € 4,905,460.96, filled by REDITUS GESTÃO, S.A. and GREENDRY LDA, (Claimants), within Lisbon’s first instance civil court of law. The Claimants argue that the Bank breached its obligations as an Escrow Agent.

Haitong Bank presented its defense regarding the referred legal action and the judicial process is currently proceeding in the first instance civil court, with the preliminary hearing scheduled for 20/02/2024.

In Brazil, the constitutionality of the law applicable to the levy of contributions to the Social Integration Program ("PIS") and Social Security Financing ("Cofins") on other revenues other than those arising from the sale of goods and the provision of services. Supported by a court decision, the entities of the Group in Brazil, deposit monthly the amounts subject to judicial discussion and deliver directly to the Tax Authorities only those amounts that affect service revenues, which are not the object of this discussion. The amounts subject to judicial deposits are recorded in the balance sheet, under other assets. It is the Group's understanding, based on the opinions of its legal advisors, that the possibility of suffering a court decision against the Bank is less than 50%.

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 Bank of Portugal, which is based on the amount of its liabilities. In 2023, the Bank's periodical contribution amounted to 357 thousand euros (31 December 2023: 517 thousand euros), based on a contribution rate of 0.057% calculated pursuant to Instruction 22/2021 of the Bank of 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 Regime Geral das Instituições de Crédito e Sociedades Financeiras (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.

Additionally 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. 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.. 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.

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 Bank 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 Bank 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.

NOTE 37 – RELATED PARTIES

The Group's related parties transactions as at 31st December 2023 and 31st December 2022, as well as the respective expenses and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2023					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Shareholders						
HAITONG SECURITIES CO., LTD	-	-	-	-	14 983	-
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	18
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	1 001	-
HAITONG INVESTMENT IRELAND PLC	36 810	-	36 810	3 444	3 063	4 997
HAITONG PRIVATE EQUITY FUND	-	-	-	648	316	94
TOTAL	36 810	-	36 810	4 092	19 363	5 109

(thousand euros)

	31.12.2022					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Shareholders						
HAITONG SECURITIES CO., LTD	-	-	-	-	22 000	-
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	531	-
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	1 000	-
HAITONG INVESTMENT IRELAND PLC	45 772	299	46 071	1 331	1 791	1 264
HAITONG PRIVATE EQUITY FUND	-	-	-	6 774	452	5
TOTAL	**45 772**	**299**	**46 071**	**8 105**	**25 774**	**1 269**

As at 31st December 2023, the income heading includes 16,607 thousand euros concerning fee and commission income heading from banking services (31st of December 2022: 24,003 thousand euros).

The value of Haitong Group transactions with related entities in which the Administrator and/or family have significant influence, in the period ended December 31, 2023, as well as the respective costs and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2023						
	Assets				Liabilities	Income	Expenses
	Loans	Securities	Others	Total			
Entities with relevant influence							
Mota Engil SGPS	861	14 357	-	15 218	4	1 308	178
Semapa - Sociedade de Investimento e Gestão SGPS SA	-	-	-	-	2	1 375	-
Haitong Bank Pension Fund	-	-	52 788	52 788	0	3 935	-
TOTAL	**861**	**14 357**	**52 788**	**68 006**	**6**	**6 618**	**178**

(thousand euros)

	31.12.2022					
	Assets			Liabilities	Income	Expenses
	Loans	Securities	Total			
Entities with relevant influence						
Mota Engil SGPS	-	14 919	14 919	18	217	198
TOTAL	**-**	**14 919**	**14 919**	**18**	**217**	**198**

All transactions with Related Parties are carried out under normal market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Group applies a comparability benchmark to assess market conditions.

NOTE 38 – FAIR-VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair-value of financial assets and liabilities

Haitong Bank Group estimates the fair value of its instruments based on prices quoted in active markets or, when such prices are not available, based on valuation techniques following standard valuation models such as discounted cash flows and option pricing models. The valuation models' parameter inputs are based on observable data, when available, derived from prices of financial instruments actively traded or based on indicative broker quotes.

The Group performs valuation adjustments to reflect counterparty credit risk (CVA) for uncollateralized derivatives assets considering the current exposure, loss given default and the probability of default. This probability of default is based on the Group's credit risk assessment model or market information where applicable.

The fair-value of financial assets and liabilities for the Group is analysed as follows:

(thousand euros)

	Amortised cost	Valued at Fair Value Level 1	Valued at Fair Value Level 2	Valued at Fair Value Level 3	Total book value	Fair Value
Balance as at 31 December 2023						
Cash and cash equivalents	17 164	-	-	-	17 164	17 164
Financial assets at fair value through profit or loss						
Financial assets held for trading						
Securities	-	41 505	798 565	8 410	848 480	848 480
Derivative financial assets	-	-	29 621	2 114	31 735	31 735
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	18	5 092	8 354	13 464	13 464
Loans and advances to customers	-	-	-	24	24	24
Financial assets at fair value through other comprehensive income	-	119 194	42 722	64 668	226 584	226 584
Financial assets measured at amortised cost						
Securities	818 722	-	-	-	818 722	807 912
Loans and advances to banks	583 288	-	-	-	583 288	583 288
Loans and advances to customers	688 659	-	-	-	688 659	684 404
Financial Assets	**2 107 833**	**160 717**	**876 000**	**83 570**	**3 228 120**	**3 213 055**
Financial liabilities held for trading						
Securities	-	846	-	-	846	846
Derivative financial liabilities	-		25 032	-	25 032	25 032
Financial liabilities measured at amortised cost						
Resources of credit institutions	916 921	-	-	-	916 921	916 921
Resources of customers	1 174 221	-	-	-	1 174 221	1 174 221
Debt securities issued	635 642	-	-	-	635 642	632 185
Financial Liabilities	**2 726 784**	**846**	**25 032**	**-**	**2 752 662**	**2 749 205**
Balance as at 31 December 2022						
Cash and cash equivalents	25 828	-	-	-	25 828	25 828
Financial assets at fair value through profit or loss						
Financial assets held for trading						
Securities	-	31 832	713 771	-	745 603	745 603
Derivative financial assets	-	-	48 404	534	48 938	48 938
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	5	7 953	8 560	16 518	16 518
Loans and advances to customers	-	-	-	20	20	20
Financial assets at fair value through other comprehensive income	-	121 510	84 712	89 271	295 493	295 493
Financial assets measured at amortised cost						
Securities	721 519	-	-	-	721 519	675 804
Loans and advances to banks	490 318	-	-	-	490 318	490 318
Loans and advances to customers	771 785	-	-	-	771 785	763 967
Financial Assets	**2 009 450**	**153 347**	**854 840**	**98 385**	**3 116 022**	**3 062 489**
Financial liabilities held for trading						
Securities	-	97	-	-	97	97
Derivative financial liabilities	-	-	39 237	222	39 459	39 459
Financial liabilities measured at amortised cost						
Resources of credit institutions	1 354 051	-	-	-	1 354 051	1 354 051
Resources of customers	747 140	-	-	-	747 140	747 140
Debt securities issued	542 037	-	-	-	542 037	535 311
Financial Liabilities	**2 643 228**	**97**	**39 237**	**222**	**2 682 784**	**2 676 058**

Fair-value Hierarchy

The Bank's financial instruments are classified under the three levels defined in IFRS 13 according to the following:

Level 1 – Instruments valued using quoted prices observed in active and liquid markets. These include government bonds, credit bonds and exchange traded equities and derivatives.

Level 2 – Instruments valued using valuation techniques based on observable market inputs, quotes prices for similar instruments in active markets or for identical instruments in markets that are neither active nor liquid. These includes bonds, plain vanilla OTC derivatives, less liquid equities and funds valued at Net Asset Values (NAV) published daily by the fund manager and with possibility of daily redemption. The OTC derivatives includes financial instruments traded in OTC (over-the-counter), in which the counterparty has signed agreements of collateral (ISDA with CSA – Credit Support Annex), with very small Minimum Transfer Amount (MTA), which allows to mitigate the counterparty's Credit Risk while the CVA (Credit Value Adjustment) does not have a significant impact on the instrument valuation. Additionally, it also includes financial derivatives traded in OTC, without CSA, but the percentage of information not observed in market (e.g.: Internal Rating, Probability of Default determined by internal models, etc.) within the CVA valuation is not meaningful in what concerns the value of derivative as a whole. It is considered as significant when the value of CVA is higher than 5%.

Level 3 – Instruments measured using valuation techniques based on non-observable market inputs and that do not comply with the requirements to be classified under Level 1 nor Level 2. These include non-plain vanilla OTC derivatives valued based on non-observable market inputs or on indicative prices published by third parties, distressed and highly illiquid bonds, funds valued at Net Asset Values (NAV) published by the fund manager without possibility of daily redemption and private equity placements. In the Level 3 are included financial instruments traded in OTC market with counterparties which Haitong Bank doesn't have CSA signed and the percentage of unobservable data incorporated in CVA valuating is considered significant in the total value of the derivative (value of CVA has a weight higher than 5% of the value of derivate).

For the valuation of these instruments, unobservable inputs are the Credit Spread, in the case of bonds and the CVA in the case of derivatives. For the purposes of calculating the CVA, LGD, PD and Collateral Ratio are used, among others.

For financial instruments recorded in the balance sheet at fair value, the movement occurred between 31st December 2023 and 31st December 2022 in assets and liabilities classified in level 3 is as follows:

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as at 31 December 2022	**-**	**312**	**8 560**	**20**	**89 271**	**98 163**
Results recognized in Net Interest Margin	489	-	-	-	2 187	**2 676**
Net trading income and from other financial instruments at fair value through profit or loss	23	(133)	(120)	2	-	**(228)**
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	84	**84**
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	2 465	**2 465**
Other fair value changes	51	383	(86)	2	2 050	**2 400**
Fair value reserve changes	-	-	-	-	(725)	**(725)**
Acquisitions	7 847	-	-	-	27 566	**35 413**
Sales	-	-	-	-	(42 125)	**(42 125)**
Reimbursements	-	-	-	-	1 212	**1 212**
Derivatives financial flows	-	(397)	-	-	-	**(397)**
Transfers from other levels	-	1 949	-	-	567	**2 516**
Transfers to other levels	-	-	-	-	(17 884)	**(17 884)**
Balance as at 31 December 2023	**8 410**	**2 114**	**8 354**	**24**	**64 668**	**83 570**

In 2023, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 4,393 thousand euros were transferred from Level 1 to Level 2, 566 thousand euros from Level 2 to Level 3 and 1,175 thousand euros from Level 3 to Level 2.

Based on the assessment of the market liquidity of the securities trading assets (Financial Assets HFT) of 719 thousand euros were transferred from Level 1 to Level 2.

In regards to the derivative instruments, during 2023, 1 949 thousand euros were transferred from Level 2 to Level 3, which CVA impact on the valuation of the derivative now exceeds 5% (with higher than 5% CVA impact on the derivative's valuation)."

(thousand euros)

	Financial assets held for trading	Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Derivative financial assets	Securities	Loans and advances		
Balance as at 31 December 2021	19	11 478	22	93 240	104 759
Results recognized in Net Interest Margin	-	-	-	4 829	**4 829**
Net trading income and from other financial instruments at fair value through profit or loss	502	(1 792)	(2)	-	**(1 292)**
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	138	**138**
Impairment on other financial assets net of reversal and recoveries	-	-	-	1 348	**1 348**
Other fair value changes	(13)	572	-	468	**1 027**
Fair value reserve changes	-	-	-	(1 214)	**(1 214)**
Acquisitions	-	-	-	61 082	**61 082**
Sales	-	(1 635)	-	(11 000)	**(12 635)**
Reimbursements	-	(63)	-	(58 754)	**(58 817)**
Derivatives financial flows	(271)	-	-	-	**(271)**
Transfers from other levels	75	-	-	-	**75**
Transfers to other levels	-	-	-	(866)	**(866)**
Balance as at 31 December 2022	312	8 560	20	89 271	98 163

In 2022, based on the assessment of the market liquidity of the securities, Investment Securities of 866 thousand euros were transferred from Level 3 to Level 2.

With regard to derivative instruments, in 2022, 75 thousand euros were transferred from Level 2 to Level 3, whose CVA impact on the derivative's valuation increased to more than 5%.

Based on the assessment of the market liquidity of the securities, Investment Securities of 4 564 thousand euros of Investment Securities transferred from Level 1 to Level 2. In regards to Trading Securities, 1 273 thousand were transferred from Level 1 to Level 2 and 657 thousand from Level 2 to Level 1.

The main parameters used, during 2023, in the valuation models were the following:

Yield curves

The short-term rates set out below reflects indicative values of deposit interest rates and/or futures. Swap rates are used in the long-term tenors of the interest curve:

(%)

	31.12.2023			31.12.2022		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	3,90	5,40	3,64	1,89	4,32	3,44
1 month	3,85	5,35	5,80	1,88	4,46	3,47
3 months	3,91	5,33	5,88	2,13	4,77	3,87
6 months	3,86	5,15	5,82	2,69	5,16	4,37
1 year	2,89	4,76	5,52	3,69	4,76	4,69
3 years	2,56	3,75	4,67	3,31	4,33	4,56
5 years	2,44	3,53	4,45	3,24	4,02	4,32
7 years	2,44	3,48	4,46	3,20	3,90	4,13
10 years	2,49	3,48	4,52	3,20	3,84	3,99
15 years	2,56	3,51	4,68	3,14	3,81	3,91
20 years	2,52	3,49	4,86	2,92	3,74	3,83

Credit spreads

Credit spreads curves and recovery rates used by the Group are sourced, on a daily basis, from Markit. The table below reflects the evolution of the main CDS indices:

(basis points)

Index	Series	3 years	5 years	7 years	10 years
31.12.2023					
CDX USD Main	31	33,60	56,70	78,70	98,20
iTraxx Eur Main	30	33,10	58,20	79,00	98,70
iTraxx Eur Senior Financial	30	-	67,00	-	103,70
31.12.2022					
CDX USD Main	31	56,90	82,00	101,70	117,80
iTraxx Eur Main	30	66,40	90,60	107,50	123,20
iTraxx Eur Senior Financial	30	-	99,30	-	128,90

Interest rate volatilities

The following figures reflect at-the-money implied volatilities:

(%)

	31.12.2023			31.12.2022		
	EUR	USD	GBP	EUR	USD	GBP
1 year	87,75	98,08	101,15	99,45	92,63	127,11
3 years	108,84	124,75	146,46	123,34	143,55	169,91
5 years	104,91	121,07	148,19	124,84	143,58	167,18
7 years	101,38	115,54	141,96	121,78	135,76	158,58
10 years	97,01	108,39	132,46	115,50	125,08	147,39
15 years	91,09	98,61	123,41	106,94	109,68	130,46

Foreign exchange rate and volatilities

The table below reflects ECB's (European Central Bank) foreign exchange rates fixings and at-the-money implied volatilities:

	Exchange Rate		Volatility (%)				
	31.12.2023	31.12.2022	1 month	3 months	6 months	9 months	1 year
EUR/USD	1,1050	1,0666	6,71	6,46	6,45	6,46	6,58
EUR/GBP	0,8691	0,8869	4,52	4,92	5,28	5,55	5,71
EUR/CHF	0,9260	0,9847	6,01	5,54	5,50	5,47	5,48
EUR/PLN	4,3395	4,6808	6,58	6,71	6,87	6,89	6,95
EUR/CNY	7,8509	7,3582	5,65	5,59	5,59	5,71	5,73
USD/BRL a)	4,8523	5,2865	12,12	12,64	13,22	13,57	13,92

a) Determined based on EUR/USD and EUR/BRL

Equity Indexes

The evolution of the main equity indices and the corresponding volatilities are summarized in the following table:

	Quotation			Historical volatility (%)		Implied volatility (%)
	31.12.2023	31.12.2022	Range %	1 month	3 months	
DJ Euro Stoxx 50	4 521	3 794	19%	13,70	20,24	13,57
PSI 20	6 396	5 726	12%	10,79	13,56	0,00
IBEX 35	10 102	8 229	23%	12,45	13,38	0,00
DAX	16 752	13 924	20%	11,73	13,53	13,53
S&P 500	4 311	3 585	20%	10,42	12,62	11,25
BOVESPA	24 952	19 436	28%	15,13	17,07	-

The main methods and assumptions used in the abovementioned valuation of the fair-value of financial assets and liabilities are analysed as follows:

Cash and cash equivalents and Loans and advances to banks

The statement of financial position value of these financial instruments is considered a reasonable assumption of the corresponding fair-value due to their associated short timeframe.

Loans and advances to customers

The fair-value of loans and advances to customers is estimated based on the update of expected cash flows and interest, by taking into account market spreads for similar transactions (if they were entered into in the current moment) considering that the instalments are paid in compliance with the deadlines contractually agreed upon.

Resources of other credit institutions

Taking into account the financial instruments in question, it is considered that their balance sheet value is a reasonable estimate.

Resources of customers

The fair-value of these financial instruments is determined based on the update of expected cash flows in capital and interest, considering that the payments are in compliance with the deadlines agreed upon contract. Considering that the applicable interest rates are of variable nature and the maturity period of the deposits is substantially inferior to one year, there are no measurable differences in fair-value.

Debt securities issued and Subordinated Liabilities

The fair-value of these instruments is based in market prices, when available. When unavailable, the fair-value it is estimated based on the update of expected cash flows in capital and interest regarding these instruments in the future.

NOTE 39 – RISK MANAGEMENT

As an independent control function, the Risk Management Department, being actively involved in all material decisions and aligned with parent guidelines and practices, aims to enable the Bank to make informed decisions and ensure that the risk policies approved by the Board of Directors are duly implemented and followed.

Credit Risk

The Credit Risk results from the possibility of financial losses arising from the default of the customer or counterparty in relation to the contractual financial obligations established with the Group in the scope of its credit activity. Credit risk is mainly present in traditional banking products - loans, guarantees and loan commitments given - and in derivative products - swaps, forwards and options (counterparty risk).

The Group's credit portfolios are permanently monitored, with interaction between the business teams and risk management throughout the sequential stages of the credit cycle.

The Group's credit risk profile is regularly monitored, namely, in what concerns the evolution of credit exposure, delinquency ratios and provisioning, and concentration metrics.

The Group also controls the approved credit limits and assures the proper functioning of mechanisms related with the credit approval process.

ECL Calculation

The IFRS 9 standard outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition. According to Haitong Bank Group model, Expected Credit Loss (ECL) is determined as per the detailed information included in chapter 2.4.1., Impairment of Financial Assets and Financial Model:

- **Stage 1 – Performing**: Impairment assessment is carried out based 12-month expected credit loss (ECL). The ECL is measured by the present value of the exposure at default as at the reference date multiplied by the 12-month probability of default and the loss given default;
- **Stage 2 – Under Performing**: Impairment assessment will reflect the ECL lifetime resulting from a possible default event that may occur over the expected residual life of the instrument. The ECL considers the expected cash flows and the lifetime PD over the remaining life of the financial instrument. The Group considers the daily inter-period PD at the reference date for the ECL calculation.
- **Stage 3 – Non Performing**: Impairment assessment will reflect the ECL over the expected residual life of the instrument.

ECL measurement inputs

As a result of the characteristics of the Group's portfolio (reduced number of transactions and high heterogeneity), the calculation of the ECL has as the main vector of measurement the individual analysis assessment. Under the collective model, which is applied to financial instruments classified in Stage 1 and to determine the minimum impairment rate applicable to financial instruments classified in Stage 2, the key inputs for ECL measurement are the following:

- Probability of Default (PD): describes the likelihood of default. Haitong Bank takes in account the PD provided by from S&P, whereas the rating assigning process is performed internally based on the S&P methodology. This assures the alignment between the internal risk management and the impairment calculation process.
- Loss Given Default (LGD): is the magnitude of the loss at the time of a default. The Bank applies the LGD based on Moody's LGD benchmarks (recovery rates), depending on the debtor and the financial instrument's characteristics.
- Exposure at Default (EAD): the expected exposure in the event of a default. The calculation of EAD depends of the asset type.

Regarding undrawn loan commitments and financial guarantees, the amount considered in the calculation of impairment at each stage results from the exposure as of the reference date weighted by the credit conversion factor (according with CRR).

Forward-Looking Information

As part of the forward-looking exercise, the Group adjusted the through-the-cycle probabilities of default ("TTC PD"), incorporating prospective macroeconomic information, and generated "point-in-time" probabilities of default ("PiT PD"), which are more precise and adequate to a point in time. The TTC PD are the default probabilities provided by S&P, having the Group developed a methodology to estimate PiT PD, based on the Scalar Factor concept, i.e., a coefficient that enables the conversion of TTC PD into PiT PD.

The forward-looking information used by the Group is grounded on a simplified approach, based on a proportionality concept, and due to size and profile of the Bank. Considering the characteristics of the Bank's portfolio, and in view of its worldwide presence, the 2023 forward-looking exercise major change relates to the adoption of a global macroanalysis instead of a Portuguese focused approach.

A scenario-based approach upon external information was implemented, which provides sufficient granularity to meet regulatory and accounting requirements. The scenario-based approach incorporates a base case and downside scenario, weighted by their probability of occurrence, respectively, 80% and 20%.

The table below systematizes the assumptions considered for each scenario, whereas the Bank took into consideration the existing projections of reputed entities.

	Global GDP *(% of change of constant prices)*		Global Inflation *(% change in average CPI)*		EURIBOR 3-months rate *(rate)*	
Scenario / Year	Downside	Base	Downside	Base	Downside	Base
2024	2.60%	2.94%	4.40%	5.79%	4.00%	3.70%
2025	3.00%	3.20%	3.40%	4.62%	3.50%	3.10%
2026	3.25%	3.20%	3.50%	4.23%	3.50%	2.68%

The Group's forward-looking exercise applies to the collective impairment model and covers exposures with a significant increase in credit risk, i.e., classified in Stage 2, namely whenever economic projections are available.

The annual update of the forward-looking exercise as of December 2023 led to an increase of impairment of approximately 1.510 thousand euros.

Haitong Bank also carried out a sensitivity analysis, as of 31 December 2023, based on the impact assessment of a 10% variation in external parameters considered in the collective model for the calculation of expected credit losses (PD and LGD). Finally, a +10% shock was applied to the PiT PD and the LGD parameters, verifying that the impact on expected credit losses would result in an increase of around 542 thousand euros and 571 thousand euros, respectively.

Additionally, the Group has carried out the regular stress testing exercise covering its credit portfolios, which essentially relies on a sensitivity analysis to assess the potential impacts over its asset quality/risk profile main indicators, resulting from market wide, counterparty-specific, and region-specific shock scenarios.

The financial instruments subject to standard IFRS 9 impairment requirements are presented below, detailed by stage, as of December 31st, 2023 and December 31st, 2022.

(thousand euros)

Asset Type	31.12.2023								
	Stage 1			Total Stage 1	Stage 2	Total Stage 2	Stage 3	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]		Impaired [d]		
Loans and advances to customers	744	674 900	-	675 644	12 462	12 462	8 219	8 219	696 325
Guarantees	12 454	108 524	-	120 978	-	-	16 785	16 785	137 763
Securities	120 739	908 577	-	1 029 316	20 588	20 588	8 127	8 127	1 058 031
Loans and advances to banks	554 283	29 021	-	583 304	-	-	-	-	583 304
Cash equivalents	10 713	4 646	-	15 359	-	-	3 665	3 665	19 024
Debtors and other assets	-	1 346	8 731	10 077	-	-	9 891	9 891	19 968
Commitments to Third Parties	-	24 000	-	24 000	-	-	-	-	24 000
Total	698 933	1 751 014	8 731	2 458 678	33 050	33 050	46 687	46 687	2 538 415

(thousand euros)

Asset Type	31.12.2022												
	Stage 1					Total Stage 1	Stage 2			Total Stage 2	Stage 3	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Substandard [ccc+;ccc]	Doubtful [lccc]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]	Doubtful [lccc]		Impaired [d]		
Loans and advances to customers	21 733	702 161	-	-	2	723 896	51 933	-	-	51 933	9 768	9 768	785 597
Guarantees	11 827	118 648	-	-	-	130 475	-	-	18 112	18 112	2 692	2 692	151 279
Securities	138 262	897 156	-	-	-	1 035 418	-	-	-	-	-	-	1 035 418
Loans and advances to banks	468 658	21 680	-	-	-	490 338	-	-	-	-	-	-	490 338
Cash equivalents	15 432	5 832	-	-	1 696	22 960	-	3 800	-	3 800	-	-	26 760
Debtors and other assets	7	1 861	285	41	13 467	15 661	-	-	-	-	17 298	17 298	32 959
Total	655 919	1 747 338	285	41	15 165	2 418 748	51 933	3 800	18 112	73 845	29 758	29 758	2 522 351

As of December 31, 2023, and December 31, 2022, most of non-rated exposures relates to other debtors transactions.

As of December 31, 2023, the maximum exposure to credit risk of financial assets not subject to impairment requirements amounts to 3.0 million euros (December 31, 2022: 3 million euros) corresponding to exposures to Central banks.

The table below compiles all financial instruments at amortized cost by industry, stage and days of delay as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	31.12.2023																			
	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3				Total Stage 3		Total	
	No overdue		1 - 29 days		More than 181 days (1)				No overdue				No overdue		More than 181 days					
	Gross carrying amount	Loss allowance	Gross carrying	Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance
Agribusiness & Commodity Foods	6 838	63	-	-	-	-	6 838	63	4 979	70	4 979	70	-	-	-	-	-	-	11 817	133
Agricultural Cooperatives	4 839	46	-	-	-	-	4 839	46	-	-	-	-	-	-	-	-	-	-	4 839	46
Automobiles & Components	35 825	72	-	-	-	-	35 825	72	-	-	-	-	-	-	-	-	-	-	35 825	72
Banks	647 740	89	-	-	1 632	1 632	649 372	1 721	-	-	-	-	3 665	1 865	-	-	3 665	1 865	653 037	3 586
Building Materials	13	13	-	-	190	190	203	203	-	-	-	-	-	-	-	-	-	-	203	203
Capital Goods	39 032	147	-	-	40	40	39 072	187	-	-	-	-	-	-	-	-	-	-	39 072	187
Chemicals	47 188	793	-	-	-	-	47 188	793	-	-	-	-	-	-	-	-	-	-	47 188	793
Commercial & Professional Services	76 488	664	-	-	95	95	76 583	759	-	-	-	-	3 521	1 178	-	-	3 521	1 178	80 104	1 937
Construction & Engineering	111 772	197	17	-	407	407	112 196	604	-	-	-	-	569	216	1 596	1 591	2 165	1 807	114 361	2 411
Consumer Durables & Apparel	-	-	-	-	-	-	-	-	-	-	-	-	3 908	1 867	-	-	3 908	1 867	3 908	1 867
Containers & Packaging	1 882	28	-	-	-	-	1 882	28	-	-	-	-	-	-	-	-	-	-	1 882	28
Food, Beverage & Tobacco	18 170	32	-	-	-	-	18 170	32	-	-	-	-	-	-	-	-	-	-	18 170	32
Funds & Asset Managers	5 665	3	-	-	-	-	5 665	3	-	-	-	-	-	-	-	-	-	-	5 665	3
Governments	465 457	381	-	-	214	214	465 671	595	-	-	-	-	-	-	-	-	-	-	465 671	595
Health Care	20 114	103	-	-	-	-	20 114	103	-	-	-	-	-	-	-	-	-	-	20 114	103
Household & Personal Products	38	19	-	-	-	-	38	19	-	-	-	-	-	-	-	-	-	-	38	19
Media & Entertainment	-	-	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94	94
Metals & Mining	49 563	78	-	-	-	-	49 563	78	-	-	-	-	-	-	-	-	-	-	49 563	78
Non Bank Financial Institutions	41 105	381	-	-	-	-	41 105	381	-	-	-	-	-	-	-	-	-	-	41 105	381
Oil & Gas	64 008	262	-	-	-	-	64 008	262	-	-	-	-	-	-	-	-	-	-	64 008	262
Paper & Forest Products	23 835	31	-	-	60	60	23 895	91	-	-	-	-	-	-	-	-	-	-	23 895	91
Power	176 945	784	-	-	57	57	177 002	841	-	-	-	-	-	-	-	-	-	-	177 002	841
Real Estate	133 283	1 764	-	-	149	144	133 432	1 908	3 754	278	3 754	278	-	-	-	-	-	-	137 186	2 186
Rental & Leasing	13 483	69	-	-	-	-	13 483	69	-	-	-	-	-	-	-	-	-	-	13 483	69
Retailing	51 002	297	-	-	-	-	51 002	297	-	-	-	-	-	-	-	-	-	-	51 002	297
Telecoms	65 778	269	-	-	13	3	65 791	272	-	-	-	-	15 913	1 428	-	-	15 913	1 428	81 704	1 700
Transportation	19 789	95	-	-	-	-	19 789	95	731	5	731	5	-	-	-	-	-	-	20 520	100
Transportation Infrastructure	100 325	103	-	-	-	-	100 325	103	2 999	91	2 999	91	2 184	839	9 891	3 907	12 075	4 746	115 399	4 940
Water Utilities	1 710	8	-	-	-	-	1 710	8	8 415	31	8 415	31	-	-	-	-	-	-	10 125	39
Others	11 498	630	-	-	3 202	3 202	14 700	3 832	-	-	-	-	-	-	-	-	-	-	14 700	3 832
Total	2 233 385	7 421	17	-	6 153	6 138	2 239 555	13 559	20 878	475	20 878	475	29 760	7 393	11 487	5 498	41 247	12 891	2 301 680	26 925

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	31.12.2022																	
	Stage 1				Total Stage 1		Stage 2		Total Stage 2		Stage 3				Total Stage 3		Total	
	No overdue		More than 181 days (1)				No overdue				No overdue		More than 181 days					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Total Gross carrying amount	Total Loss allowance	Gross carrying amount	Loss allowance
Agribusiness & Commodity Foods	40 109	287	-	-	40 109	287	5 670	161	5 670	161	-	-	-	-	-	-	45 779	448
Agricultural Cooperatives	7 696	42	-	-	7 696	42	-	-	-	-	-	-	-	-	-	-	7 696	42
Automobiles & Components	31 815	60	-	-	31 815	60	-	-	-	-	-	-	-	-	-	-	31 815	60
Banks	540 413	86	1 617	1 617	542 030	1 703	3 800	938	3 800	938	-	-	-	-	-	-	545 830	2 641
Building Materials	-	-	191	191	191	191	-	-	-	-	12	12	-	-	12	12	203	203
Capital Goods	49 542	89	40	40	49 582	129	-	-	-	-	-	-	-	-	-	-	49 582	129
Chemicals	23 717	725	-	-	23 717	725	-	-	-	-	-	-	-	-	-	-	23 717	725
Commercial & Professional Services	59 006	415	92	92	59 098	507	-	-	-	-	4 916	1 111	-	-	4 916	1 111	64 014	1 618
Construction & Engineering	115 808	368	407	407	116 215	775	-	-	-	-	762	239	2 448	2 444	3 210	2 683	119 425	3 458
Consumer Durables & Apparel	4 483	88	-	-	4 483	88	-	-	-	-	-	-	-	-	-	-	4 483	88
Containers & Packaging	5 350	105	-	-	5 350	105	-	-	-	-	-	-	-	-	-	-	5 350	105
Food, Beverage & Tobacco	2 365	46	-	-	2 365	46	-	-	-	-	-	-	-	-	-	-	2 365	46
Funds & Asset Managers	14 412	15	-	-	14 412	15	-	-	-	-	-	-	-	-	-	-	14 412	15
Governments	445 808	424	214	214	446 022	638	-	-	-	-	-	-	-	-	-	-	446 022	638
Health Care	7 947	43	-	-	7 947	43	-	-	-	-	-	-	-	-	-	-	7 947	43
Hotels & Gaming	-	-	-	-	-	-	-	-	-	-	-	-	2 127	2 127	2 127	2 127	2 127	2 127
Household & Personal Products	38	17	-	-	38	17	-	-	-	-	-	-	-	-	-	-	38	17
Investment Holdings	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-
Media & Entertainment	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94	94
Metals & Mining	15 421	17	-	-	15 421	17	-	-	-	-	-	-	-	-	-	-	15 421	17
Non Bank Financial Institutions	50 640	150	-	-	50 640	150	-	-	-	-	-	-	-	-	-	-	50 640	150
Oil & Gas	39 299	187	-	-	39 299	187	-	-	-	-	-	-	-	-	-	-	39 299	187
Paper & Forest Products	10 334	45	60	60	10 394	105	-	-	-	-	-	-	-	-	-	-	10 394	105
Power	167 472	964	57	57	167 529	1 021	36 521	3 526	36 521	3 526	-	-	-	-	-	-	204 050	4 547
Real Estate	183 385	1 899	166	166	183 551	2 065	3 754	278	3 754	278	-	-	-	-	-	-	187 305	2 343
Rental & Leasing	13 917	76	-	-	13 917	76	-	-	-	-	-	-	-	-	-	-	13 917	76
Retailing	34 336	230	-	-	34 336	230	-	-	-	-	-	-	-	-	-	-	34 336	230
Technology Hardware & Equipment	-	-	-	-	-	-	-	-	-	-	7 395	40	-	-	7 395	40	7 395	40
Telecoms	70 112	293	-	-	70 112	293	18 112	453	18 112	453	-	-	-	-	-	-	88 224	746
Transportation	4 051	22	-	-	4 051	22	1 182	22	1 182	22	-	-	-	-	-	-	5 233	44
Transportation Infrastructure	141 280	201	-	-	141 280	201	4 806	301	4 806	301	2 185	729	9 891	3 569	12 076	4 298	158 162	4 800
Water Utilities	17 737	143	-	-	17 737	143	-	-	-	-	-	-	-	-	-	-	17 737	143
Others	3 844	623	3 235	3 235	7 079	3 858	-	-	-	-	-	-	-	-	-	-	7 079	3 858
Total	2 100 338	7 660	6 173	6 173	2 106 511	13 833	73 845	5 679	73 845	5 679	15 270	2 131	14 466	8 140	29 736	10 271	2 210 092	29 783

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

The following section presents the gross exposure categorized by asset type, impairment stage, and internal rating bucket.

Loans and advances to customers

The table below presents a summary of the portfolio of loans and advances to customers of Haitong Bank Group, as of December 31st, 2023, and December 31st, 2022:

(thousand euros)

Loans and advances to customers		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	744	-	-	-	744
Monitoring	[bbb+;b-]	674 900	12 462	-	-	687 362
Impaired	[d]	-	-	6 039	2 156	8 195
Gross carrying amount		675 644	12 462	6 039	2 156	696 301
Loss allowance (Note 31)		3 224	443	2 926	1 049	7 642
Carrying amount		672 420	12 019	3 113	1 107	688 659
Fair Value Trough Profit and Loss						
Impaired	[d]	-	-	24	-	24
Gross carrying amount		-	-	24	-	24
Revaluation		-	-	-	-	-
Carrying amount		-	-	24	-	24
Total gross carrying amount		675 644	12 462	6 063	2 156	696 325
Loss allowance (Note 31)		3 224	443	2 926	1 049	7 642
Revaluation		-	-	-	-	-
Total Carrying amount		672 420	12 019	3 137	1 107	688 683

(thousand euros)

Loans and advances to customers		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	21 733	-	-	-	21 733
Monitoring	[bbb+;b-]	702 161	51 933	-	-	754 094
Impaired	[d]	-	-	7 590	2 156	9 746
Not rated		2	-	-	-	2
Gross carrying amount		723 896	51 933	7 590	2 156	785 575
Loss allowance (Note 31)		3 192	4 288	5 580	730	13 790
Carrying amount		720 704	47 645	2 010	1 426	771 785
Fair Value Trough Profit and Loss		-	-	-	-	-
Impaired	[d]	-	-	22	-	22
Gross carrying amount		-	-	22	-	22
Revaluation		-	-	(2)	-	(2)
Carrying amount		-	-	20	-	20
Total gross carrying amount		723 896	51 933	7 612	2 156	785 597
Loss allowance (Note 31)		3 192	4 288	5 580	730	13 790
Revaluation		-	-	(2)	-	(2)
Total Carrying amount		720 704	47 645	2 030	1 426	771 805

Guarantees

The table below presents a summary of the portfolio of guarantees granted to clients of Haitong Bank Group, as of 31st December 2023 and December 31st, 2022:

(thousand euros)

Guarantees		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	12 454	-	-	-	**12 454**
Monitoring	[bbb+;b-]	108 524	-	-	-	**108 524**
Substandard	[ccc+;ccc]	-	-	-	-	**-**
Impaired	[d]	-	-	16 785	-	**16 785**
Total gross carrying amount		**120 978**	**-**	**16 785**	**-**	**137 763**
Loss allowance (Note 31)		87	-	1 729	-	**1 816**
Total Carrying amount		**120 891**	**-**	**15 056**	**-**	**135 947**

(thousand euros)

Guarantees		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	11 827	-	-	-	**11 827**
Monitoring	[bbb+;b-]	118 648	-	-	-	**118 648**
Substandard	[ccc+;ccc]	-	18 112	-	-	**18 112**
Impaired	[d]	-	-	2 692	-	**2 692**
Total gross carrying amount		**130 475**	**18 112**	**2 692**	**-**	**151 279**
Loss allowance (Note 31)		138	453	340	-	**931**
Total Carrying amount		**130 337**	**17 659**	**2 352**	**-**	**150 348**

Debt securities

The table below presents a summary of the portfolio of debt securities at amortised cost and at fair value through other comprehensive income of Haitong Bank Group, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	103 564	-	-	-	103 564
Monitoring	[bbb+;b-]	706 629	8 416	-	-	715 045
Substandard	[ccc+;ccc]	-	-	-	-	-
Gross carrying amount		810 193	8 416	2 711	-	821 320
Loss allowance (Note 31)		1 624	32	1 415	-	3 071
Fair Value Hedge		473	-	-	-	473
Carrying amount		809 042	8 384	1 296	-	818 722
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	17 176	-	-	-	17 176
Monitoring	[bbb+;b-]	201 947	12 172	-	-	214 119
Impaired	[d]	-	-	5 416	-	5 416
Gross carrying amount		219 123	12 172	5 416	-	236 711
Loss allowance (Note 31)		560	186	2 237	-	2 983
Revaluation		(6 656)	-	(705)	-	(7 361)
Fair Value Hedge		217	-	-	-	217
Carrying amount		212 124	11 986	2 474	-	226 584
Total gross carrying amount		1 029 316	20 588	8 127	-	1 058 031
Loss allowance (Note 31)		2 184	218	3 652	-	6 054
Revaluation		(6 656)	-	(705)	-	(7 361)
Fair Value Hedge		690	-	-	-	690
Total Carrying amount		1 021 166	20 370	3 770	-	1 045 306

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						0
Low to fair risk	[aaa+;a-]	103 200	-	-	-	103 200
Monitoring	[bbb+;b-]	619 981	-	-	-	619 981
Gross carrying amount		723 181	-	-	-	723 181
Loss allowance (Note 31)		1 662	-	-	-	1 662
Carrying amount		721 519	-	-	-	721 519
Fair Value through Other Comprehensive Income		-	-	-	-	-
Low to fair risk		35 062	-	-	-	35 062
Monitoring	[bbb+;b-]	277 175	-	-	-	277 175
Gross carrying amount		312 237	-	-	-	312 237
Loss allowance (Note 31)		1 289	-	-	-	1 289
Revaluation		(15 455)	-	-	-	(15 455)
Carrying amount		295 493	-	-	-	295 493
Total gross carrying amount		1 035 418	-	-	-	1 035 418
Loss allowance (Note 31)		2 951	-	-	-	2 951
Revaluation		(15 455)	-	-	-	(15 455)
Total Carrying amount		1 017 012	-	-	-	1 017 012

Cash equivalents

The table below presents a summary of the cash equivalents portfolio of Haitong Bank Group, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Cash equivalents		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	10 713	-	-	-	10 713
Monitoring	[bbb+;b-]	4 646	-	-	-	4 646
Impaired	[d]	-	-	3 665	-	3 665
Total gross carrying amount		15 359	-	3 665	-	19 024
Loss allowance (Note 31)		-	-	1 865	-	1 865
Total Carrying amount		15 359	-	1 800	-	17 159

(thousand euros)

Cash equivalents		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	15 432	-	-	-	**15 432**
Monitoring	[bbb+;b-]	5 832	-	-	-	**5 832**
Substandard	[ccc+;ccc]	-	3 800	-	-	**3 800**
Not rated		1 696	-	-	-	**1 696**
Total gross carrying amount		**22 960**	**3 800**	**-**	**-**	**26 760**
Loss allowance (Note 31)		1	938	-	-	**939**
Total Carrying amount		**22 959**	**2 862**	**-**	**-**	**25 821**

Loans and advances to banks

The table below presents a summary of the portfolio of loans and advances to banks of Haitong Bank Group, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Loans and advances to Banks		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	554 284	-	-	-	**554 284**
Monitoring	[bbb+;b-]	29 020	-	-	-	**29 020**
Total gross carrying amount		**583 304**	**-**	**-**	**-**	**583 304**
Loss allowance (Note 31)		16	-	-	-	**16**
Total Carrying amount		**583 288**	**-**	**-**	**-**	**583 288**

(thousand euros)

Loans and advances to Banks		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	468 658	-	-	-	**468 658**
Monitoring	[bbb+;b-]	21 680	-	-	-	**21 680**
Total gross carrying amount		**490 338**	**-**	**-**	**-**	**490 338**
Loss allowance (Note 31)		20	-	-	-	**20**
Total Carrying amount		**490 318**	**-**	**-**	**-**	**490 318**

Debtors and other assets

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Debtors and other assets		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Monitoring	[bbb+;b-]	1 347	-	-	-	**1 347**
Impaired	[d]	-	-	-	9 891	**9 891**
Not rated		8 730	-	-	-	**8 730**
Total gross carrying amount		**10 077**	**-**	**-**	**9 891**	**19 968**
Loss allowance (Note 31)		8 572	-	-	3 907	**12 479**
Total Carrying amount		**1 505**	**-**	**-**	**5 984**	**7 489**

(thousand euros)

Debtors and other assets		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	7	-	-	-	7
Monitoring	[bbb+;b-]	1 861	-	-	-	**1 861**
Substandard	[ccc+;ccc]	285	-	-	-	**285**
Doubtful	[lccc]	41	-	-	-	**41**
Impaired	[d]	-	-	7 407	9 891	**17 298**
Not rated		13 467	-	-	-	**13 466**
Total gross carrying amount		**15 661**	**-**	**7 407**	**9 891**	**32 958**
Loss allowance (Note 31)		8 820	-	52	3 569	**12 441**
Total Carrying amount		**6 841**	**-**	**7 355**	**6 322**	**20 518**

Commitments to Third Parties

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2023:

(thousand euros)

Commitments to Third Parties		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	24 000	-	-	-	**24 000**
Total gross carrying amount		**24 000**	**-**	**-**	**-**	**24 000**
Loss allowance (Note 31)		36	-	-	-	**36**
Total Carrying amount		**23 964**	**-**	**-**	**-**	**23 964**

No Commitments to Third parties existed as of 31st December, 2022.

During 2023, the following stage moves occurred:

(thousands of euros)

	Of which:			Total
	Stage 1	Stage 2	Stage 3	
Balance on December 31st, 2022	2 418 748	73 845	29 758	2 522 351
Exposure increases/decreases	175 602	(41 805)	(8 827)	124 970
Transfers:				-
from stage 1	(29 912)	20 588	9 324	-
from stage 2	-	(19 578)	19 578	-
from stage 3	-	-	-	-
Write-off	(25)	-	(3 146)	(3 171)
Sales	(105 735)	-	-	(105 735)
Balance on December 31st, 2023	2 458 678	33 050	46 687	2 538 415

During 2022, an exposure totaling 18.8 million euros was transferred from Stage 2 (lifetime expected credit losses) to Stage 1 (12-month expected credit losses).

The use of credit protection is a key element of the risk policy and credit decision process, influencing the acceptance criteria, the decision levels, and the pricing.

The main risk mitigation techniques used by the Group are financial pledges (funded credit protection – financial collateral in the form of securities and cash) and personal guarantees (unfunded credit protection with substitution effect).

Haitong Bank Group follows the prescription of CRR in what concerns collateral haircuts for impairment calculation. Thus, instead of using the collateral value, the Group considers the collateral value after haircut application.

Frequency and methods of collateral valuation depends on the nature of the collateral. For listed equity securities and debt securities, valuation occurs on a daily basis using market prices.

The pledge of bank accounts valuation takes place on a quarterly basis according to information provided by the depositary bank.

Regarding pledges over non-listed equity securities, pledges over equipment and mortgages valuation, it is done at least on an annual basis and it is based on financial information of the borrower or on valuation reports of external entities (e.g. real estate).

As of December 31st, 2023, the amount of financial instruments with no losses identified, due to credit risk's mitigation techniques (i.e. whenever the exposure at default net of collateral is equal to zero), was 11.896 thousand euros, accounted under guarantees and securities.

The table below disaggregates the financial instrument and financial guarantees' gross exposure, and exposure at default (EAD) separately for each stage and POCI.

(thousand euros)

Rating bucket		31.12.2023 Stage 1 Gross Exposure	Stage 1 EAD	Stage 2 Gross Exposure	Stage 2 EAD	Stage 3 Gross Exposure	Stage 3 EAD	POCI Gross Exposure	POCI EAD
Low to fair risk	[aaa+;a-]	698 933	688 971	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 751 013	1 616 663	33 050	32 968	-	-	-	-
Substandard	[ccc+;ccc]	-	-	-	-	-	-	-	-
Impaired	[d]	-	-	-	-	34 640	26 316	12 047	12 048
Not rated		8 732	8 729	-	-	-	-	-	-
Total		**2 458 678**	**2 314 363**	**33 050**	**32 968**	**34 640**	**26 316**	**12 047**	**12 048**

(thousand euros)

Rating bucket		31.12.2022 Stage 1 Gross Exposure	Stage 1 EAD	Stage 2 Gross Exposure	Stage 2 EAD	Stage 3 Gross Exposure	Stage 3 EAD	POCI Gross Exposure	POCI EAD
Low to fair risk	[aaa+;a-]	655 919	643 738	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 747 338	1 548 026	51 933	51 760	-	-	-	-
Substandard	[ccc+;ccc]	285	285	3 800	3 800	-	-	-	-
Impaired	[d]	-	-	-	-	17 709	17 321	12 047	12 047
Not rated		15 165	15 161	-	-	-	-	-	-
Total		**2 418 748**	**2 207 251**	**73 845**	**64 616**	**17 709**	**17 321**	**12 047**	**12 047**

Breakdown of Non-Performing and Forborne Exposures

The Group discloses the non-performing exposures and the forborne exposures in accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting.

The definitions of non-performing and forborne exposures are provided under section 2.4.1.

In this sense, as of December 31st, 2023 and December 31st, 2022, the breakdown of performing and non-performing exposures was as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Gross amount and Revaluations	Impairment and Provisions	Coverage	Gross amount and Revaluations	Impairment and Provisions	Coverage
Performing exposures	2 558 427	6 322	0,20%	2 666 219	12 459	0,50%
Non-Performing exposures (NPE)	36 648	11 244	30,70%	13 244	6 915	52,20%
Banking Book Debt Securities	7 422	3 652	49,20%	0	0	0,00%
Loans and advances to customers	8 220	3 975	48,36%	9 766	6 310	64,61%
Cash & Cash Equivalents	3 665	1 865	50,89%	0	0	0,00%
Guarantees	16 785	1 729	10,30%	2 692	340	12,63%
Loan commitments	556	23	4,14%	786	265	33,72%
Total	2 595 075	17 566	0,70%	2 679 463	19 374	0,7%
NPE ratio	1,4%			0,5%		
NPL ratio	1,2%			1,2%		

As of December 31st, 2023 and December 31st, 2022, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros).

	31.12.2023			31.12.2022		
	Gross amount and Revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and Revaluations	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	2 546 696	5 883	0,2%	2 615 468	8 193	0,3%
Performing Forborne exposures	11 731	439	3,7%	50 751	4 266	8,4%
Loans and advances to customers	11 731	439	3,7%	50 751	4 266	8,4%
Non-Performing Forborne exposures	11 462	5 413	47,2%	9 563	5 606	58,6%
Banking Book Debt Securities	2 711	1 415	52,2%	-	-	0,0%
Loans and advances to customers	8 195	3 975	48,5%	8 777	5 341	60,9%
Loan commitments	556	23	4,1%	786	265	33,7%
Non-Performing exposures	25 185	5 831	23,2%	3 681	1 309	35,6%
Banking Book Debt Securities	4 711	2 237	47,5%	-	-	0,0%
Loans and advances to customers	24	-	0,0%	989	969	98,0%
Cash & Cash Equivalents	3 665	1 865	50,9%	-	-	0,0%
Guarantees	16 785	1 729	10,3%	2 692	340	12,6%
Total	2 595 074	17 566	0,7%	2 679 463	19 374	0,7%

Concentration risk

Concerning the concentration risk - that is, the risk arising from the possibility of exposure or from a group of exposures sharing common or interrelated risk factors that produce losses large enough to affect the Group's solvency - Haitong Bank has internal limits established for the largest single-name exposures. Regular monitoring of these limits, together with regulatory limits, strengthens the Group's monitoring framework for the concentration of credit risk.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by sector of activity, as of December 31st, 2023 and December 31st, 2022, is as follows:

(thousand euros)

	31.12.2023								
	Loans and advances to customers					Financial assets held-for-trading		Securities	
	Gross amount		Impairment		Revaluation				
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans	Securities	Derivative financial assets	Gross amount	Impairment
Agribusiness & Commodity Foods	4 979	-	70	-	-	23	1	6 838	63
Agricultural Cooperatives	4 839	-	46	-	-	-	-	-	-
Automobiles & Components	20 240	-	33	-	-	514	-	21 648	56
Banks	-	-	-	-	-	22 802	8 554	76 765	103
Broker Dealers	-	-	-	-	-	-	46	-	-
Building Materials	-	-	-	-	-	-	-	-	-
Capital Goods	15 090	-	132	-	-	1 667	2	11 489	14
Chemicals	30 298	-	82	-	-	3 108	1 949	26 082	52
Commercial & Professional Services	63 637	-	1 685	-	-	-	-	15 873	67
Construction & Engineering	17 222	1 620	88	1 591	-	1 925	-	35 906	145
Consumer Durables & Apparel	-	1 197	-	452	-	-	-	5 741	1 430
Containers & Packaging	1 882	-	28	-	-	-	-	-	-
Food, Beverage & Tobacco	9 671	-	11	-	-	-	-	24 238	37
Funds & Asset Managers	-	-	-	-	-	-	-	14 657	3
Governments	744	-	-	-	-	799 442	-	508 353	481
Health Care	20 112	-	103	-	-	11	-	11 217	55
Hotels & Gaming	-	-	-	-	-	1 305	-	7 549	2
Insurance	-	-	-	-	-	-	-	-	-
Media & Entertainment	-	-	-	-	-	3 085	-	-	-
Metals & Mining	29 047	-	46	-	-	-	-	26 521	78
Non Bank Financial Institutions	36 810	-	378	-	-	2 186	3 412	11 059	7
Oil & Gas	50 477	-	230	-	-	568	451	13 531	32
Paper & Forest Products	-	-	-	-	-	520	81	3 835	6
Power	125 962	-	639	-	-	1 336	191	37 687	2 373
Real Estate	79 507	-	580	-	-	1 733	-	90 211	379
Rental & Leasing	13 483	-	69	-	-	-	-	-	-
Retailing	18 216	-	181	-	-	1 048	-	32 784	116
Software	-	-	-	-	-	-	-	18	-
Technology Hardware & Equipment	-	-	-	-	-	3 181	-	5 481	26
Telecoms	48 951	-	179	-	-	2 740	11	25 975	159
Transportation	731	-	5	-	-	510	-	19 788	95
Transportation Infrastructure	101 610	-	1 015	-	-	-	17 037	10 065	48
Water Utilities	-	-	-	-	-	776	-	21 513	227
Others	-	-	-	-	-	-	-	-	-
TOTAL	693 508	2 817	5 600	2 043	-	848 480	31 735	1 064 824	6 054

(thousand euros)

	31.12.2022								
	Loans and advances to customers					Financial assets held-for-trading		Securities	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Agribusiness & Commodity Foods	25 548	-	337	-	-	278	9	20 231	110
Agricultural Cooperatives	7 696	-	42	-	-	-	-	-	-
Automobiles & Components	20 165	-	38	-	-	-	-	16 912	42
Banks	-	-	-	-	-	4 047	13 261	76 383	126
Broker Dealers	-	-	-	-	-	494	430	-	-
Building Materials	-	-	-	-	-	1 782	-	-	-
Capital Goods	17 596	-	62	-	-	3 336	-	23 159	27
Chemicals	14 968	-	48	-	-	3 842	9 621	8 097	26
Commercial & Professional Services	61 686	-	1 391	-	-	601	-	939	5
Construction & Engineering	5 607	2 468	60	2 444	-	1 292	441	43 977	359
Consumer Durables & Apparel	-	-	-	-	-	-	-	5 202	67
Containers & Packaging	5 350	-	105	-	-	-	-	-	-
Food, Beverage & Tobacco	2 365	-	46	-	-	-	1 178	10 522	12
Funds & Asset Managers	-	-	-	-	-	1 600	-	26 235	15
Governments	1 231	-	-	-	-	711 469	-	538 012	884
Health Care	7 946	-	43	-	-	-	-	22 078	120
Hotels & Gaming	2 127	-	2 127	-	-	-	-	7 445	1
Insurance	-	-	-	-	-	-	-	-	-
Media & Entertainment	-	-	-	-	-	1 197	4	-	-
Metals & Mining	-	-	-	-	-	-	-	9 459	12
Non Bank Financial Institutions	45 626	-	146	-	-	3 866	6 945	26 855	82
Oil & Gas	25 102	-	125	-	-	3 269	-	14 197	62
Paper & Forest Products	7 572	-	41	-	-	-	458	2 727	3
Power	167 448	-	4 383	-	-	1 692	137	39 894	129
Real Estate	124 397	-	589	-	-	791	29	81 189	489
Rental & Leasing	13 917	-	76	-	-	-	-	-	-
Retailing	20 210	-	212	-	-	-	-	14 126	18
Software	-	-	-	-	-	-	-	5	-
Technology Hardware & Equipment	-	-	-	-	-	1 742	-	-	-
Telecoms	53 086	-	200	-	-	1 430	237	25 663	164
Transportation	5 232	-	44	-	-	657	-	2 998	26
Transportation Infrastructure	148 250	-	1 231	-	-	1 419	16 188	-	-
Water Utilities	-	-	-	-	-	799	-	20 176	172
Others	2	-	-	-	-	-	-	-	-
TOTAL	783 127	2 468	11 346	2 444	-	745 603	48 938	1 036 481	2 951

The breakdown of loans and advances to customers, financial assets held for trading and securities, by country risk, as of December 31st, 2023 and December 31st, 2022, is as follows:

(thousand euros)

Country	31.12.2023							
	Loans and advances to customers				Financial assets held-for-trading		Securities	
	Gross amount		Impairment					
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Securities	Derivative financial assets	Gross amount	Impairment
Australia	29 047	-	46	-	-	-	-	-
Austria	-	-	-	-	1 527	-	5 481	26
Bermuda	-	-	-	-	776	-	-	-
Brazil	72 299	1 197	1 320	452	805 574	2 593	236 440	4 492
Bulgaria	-	-	-	-	-	-	11 190	19
Canada	-	-	-	-	-	-	-	-
China	-	-	-	-	6 210	-	87 791	611
Cyprus	-	-	-	-	-	-	9 130	7
Czech Republic	-	-	-	-	-	-	23 199	33
Finland	-	-	-	-	-	-	2 693	3
France	39 733	-	204	-	6	180	55 888	43
Germany	20 240	-	33	-	5 871	782	23 446	26
Greece	-	-	-	-	-	-	22 816	26
Guatemala	17 198	-	86	-	-	-	-	-
Hong Kong	-	-	-	-	5 943	-	8 127	3
Hungary	-	-	-	-	-	-	10 311	12
Ireland	36 810	-	378	-	-	-	-	-
Italy	-	-	-	-	1 863	-	178 809	266
Japan	-	-	-	-	-	-	-	-
Luxembourg	-	-	-	-	2 582	-	18 669	11
Macau	-	-	-	-	2 484	-	-	-
Netherlands	-	-	-	-	719	-	10 808	8
Poland	86 060	1 620	226	1 591	368	430	32 237	46
Portugal	185 046	-	1 072	-	7 885	16 932	184 816	285
Romania	-	-	-	-	-	-	23 574	27
Singapore	-	-	-	-	23	-	-	-
Spain	132 425	-	1 992	-	3 384	859	93 712	52
Sweden	-	-	-	-	-	-	7 732	9
Switzerland	-	-	-	-	2 000	-	-	-
United Kingdom	49 474	-	213	-	-	3 562	8 078	23
United States	25 176	-	29	-	1 265	6 397	9 877	26
Virgin Islands (British)	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
TOTAL	693 508	2 817	5 599	2 043	848 480	31 735	1 064 824	6 054

(thousand euros)

Country	31.12.2022							
	Loans and advances to customers				Financial assets held-for-trading		Securities	
	Gross amount		Impairment		Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans				
Bermuda	-	-	-	-	799	-	-	-
Brazil	121 737	969	5 242	969	711 216	9 925	186 778	1 034
Bulgaria	-	-	-	-	-	-	10 972	22
Canada	-	-	-	-	186	-	-	-
China	-	-	-	-	5 076	-	137 579	727
Cyprus	-	-	-	-	-	-	9 237	8
Czech republic	-	-	-	-	-	-	10 165	19
Finland	-	-	-	-	-	-	2 727	3
France	-	-	-	-	610	1 142	60 113	53
Germany	20 165	-	38	-	-	4 244	10 155	22
Greece	-	-	-	-	-	-	22 702	43
Hong kong	-	-	-	-	6 915	-	-	-
Hungary	-	-	-	-	-	-	17 908	15
Ireland	45 626	-	146	-	-	299	-	-
Italy	-	-	-	-	2 163	-	177 976	281
Japan	-	-	-	-	723	-	-	-
Luxembourg	90 864	-	595	-	-	-	32 554	19
Netherlands	-	-	-	-	3 988	-	-	-
Poland	94 894	1 499	188	1 475	288	29	34 065	176
Portugal	211 714	-	3 231	-	6 691	17 024	199 709	425
Romania	-	-	-	-	-	-	23 847	30
Singapore	-	-	-	-	278	-	-	-
Spain	137 622	-	1 638	-	3 173	9 415	77 731	29
Sweden	-	-	-	-	-	-	7 783	15
Switzerland	-	-	-	-	841	-	-	-
United Kingdom	60 503	-	268	-	-	6 860	14 480	30
United States	-	-	-	-	1 433	-	-	-
Virgin islands (british)	-	-	-	-	1 223	-	-	-
Others	2	-	-	-	-	-	-	-
TOTAL	783 127	2 468	11 346	2 444	745 603	48 938	1 036 481	2 951

Russia-Ukraine Conflict

The Russia-Ukraine conflict has disrupted global economic conditions and triggered turmoil in financial and credit markets.

Although the overall implications of the conflict are not fully known, nor are the indirect effects likely to be quantified or predicted, the general conclusion is that at present date none of the borrowers analysed has suffered a severe impact from the conflict.

Pension Fund Monitoring

The Pension Fund portfolio management is ensured by GNB Fundo de Pensões, responsible for ensuring the implementation and monitoring of the funds' investment strategy, while respecting the limits defined in the Investment Policy. Haitong Bank delegates to Mercer Portugal the responsibility to conduct an independent assessment of the actuarial assumptions, as well as for defining the methodology for actuarial valuation.

These entities also bear the responsibility to provide the requisite information to the various Bank's governing bodies, namely the Executive Committee, the Independent Monitoring Committee, and the Risk Committee, enabling them to effectively oversee the risk associated with the pension funds.

Pension Fund Risk

The Fund's asset portfolio is primarily comprised of stocks, bonds, and investment units (investment funds and ETFs). The risks inherent in the Fund's assets are specific to various types of investments (credit risk, market risk, liquidity risk, etc.). As for the Fund's liabilities, consisting of pension payment obligations, which entail several actuarial risks that could have a negative impact on the value of the Fund's liabilities: inflation rate, growth of wages and pensions, evolution of mortality tables, corresponding increase in life expectancy, and discount rate.

The Pension Fund Risk is integrated into the Bank's Risk Appetite Framework (RAF), being monitored on a monthly basis the asset, liabilities, and discount rate evolution. The Pension Fund Risk is quantified for internal capital purposes within the scope of the Haitong Bank's ICAAP exercise.

Market risk

Market risk is defined as the possibility of occurrence of losses in on and off balance sheet positions resulting from adverse movements in market prices, specifically, equity, interest rates, foreign exchange rates and credit spreads. In the development of its activities, Haitong Bank is exposed to market risk in both its trading and banking books.

The main mechanism to manage trading market risk is the application of the risk appetite policy, of which the limit framework is a key component. The Bank sets group-wide value-at-risk (VaR) limits for market risk in the trading book.

VaR is a quantitative measure of the potential loss of fair value positions due to market movements and it should not be exceeded in a defined period of time and with a defined confidence level. Haitong Bank estimates VaR by taking actual historical changes in the market variables over one-year time interval, a ten-day time horizon and revalues every position for each market scenario considering a 99% confidence level.

(thousand euros)

	31.12.2023				31.12.2022			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Foreign Exchange Risk	4 804	9 794	12 770	4 515	10 123	7 623	10 584	5 969
Interest Rate Risk	1 008	1 022	2 943	231	550	708	1 218	191
Shares	6	6	9	5	8	7	10	4
Credit spread	268	380	717	180	604	655	882	420
Covariance	(1 420)	(1611)	(3886)	(528)	(908)	n.a.	n.a.	n.a.
Global VaR	**4 665**	**9 592**	**12 553**	**4 402**	**10 377**	**8 994**	**12 694**	**6 584**

Unaudited information

The following table shows the average interest rates verified for the Bank's major categories of financial assets and liabilities, for the financial periods ended on December 31, 2023 and December 31, 2022, as well as the respective average balances and interest for the financial period:

(thousand euros)

	31.12.2023			31.12.2022		
	Average balance of the period	Interest of the period	Average interest rate	Average balance of the period	Interest of the period	Average interest rate
Monetary assets	368 914	15 929	4,32%	561 757	6 092	1,08%
Loans and advances to customers	786 747	61 935	7,87%	729 567	39 764	5,45%
Investment in securities	1 888 497	150 852	7,99%	741 386	74 772	10,09%
Collateral accounts	26 407	1 832	6,94%	57 926	281	0,49%
Financial assets	**3 070 565**	**230 548**	**7,50%**	**2 090 636**	**120 909**	**5,78%**
Monetary resources	1 009 575	102 161	10,12%	1 008 547	30 778	3,05%
Resources of customers	1 004 230	42 202	4,20%	922 290	52 410	5,68%
Liabilities represented by securities	566 976	46 981	8,29%	439 167	22 531	5,13%
Other resources	15 922	3 629	22,79%	18 009	790	4,39%
Financial liabilities	**2 596 703**	**194 973**	**7,51%**	**2 388 013**	**106 509**	**4,46%**
Financial Result		**35 575**			**14 400**	

Considering that, the foreign exchange open risk position is the main source of market risk, Haitong Bank closely manages the exposures by currency. As of December 2023 and December 2022, the exposure of assets and liabilities by currency was as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Spot	Forward	Net Exposure	Spot	Forward	Net Exposure
AOA	3	-	3	7	-	7
AUD	14	-	14	14	-	14
BRL	106 915	7 751	114 665	91 343	14 226	105 568
CAD	36	-	36	36	-	36
CHF	(112)	-	(112)	22	-	22
CNY	6 481	-	6 481	12 149	-	12 149
DKK	199	-	199	201	-	201
GBP	35 592	(36 592)	(1 000)	37 059	(37 523)	(464)
HKD	(313)	-	(313)	(777)	-	(777)
JPY	37	-	37	41	-	41
MOP	4 788	-	4 788	5 177	-	5 177
MXN	11	-	11	10	-	10
NOK	10	-	10	11	-	11
PLN	(30 986)	56 919	25 933	57 038	(33 307)	23 732
SEK	36	-	36	36	-	36
TRY	-	-	-	1	-	1
USD	8 278	(5 036)	3 243	38 012	(36 727)	1 285
Total	**130 989**	**23 042**	**154 031**	**240 380**	**(93 331)**	**147 049**

Note: asset (liability)
Source: Haitong Bank

The main source of FX risk of Haitong Bank comes from its foreign subsidiary Haitong Banco de Investimento do Brasil S.A.

Non-trading market risk arises primarily from activities outside of our trading units, in the banking book, and from certain off balance sheet items, embedding considerations of different accounting treatments of transactions. The most significant risks in the banking book are the changes in the interest rate risk (IRRBB) and the changes in credit spread risk (CSRBB).

In what regards to IRRBB, Haitong Bank aims to capture all material sources of interest rate risk and assess the effect of market changes on the scope of its activities, and manage IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a given time horizon.

To measure the economic value, the Bank uses a run-off balance sheet, where existing assets and liabilities are not replaced as they mature, whether for net interest income metric, the Bank follows a stable balance sheet model, where maturing contracts are replaced like for like, but with rates equal to be forward rates at the time of maturing.

As of December 2023 and December 2022, the repricing profile of the Bank for interest rate risk sensitive positions was the following:

(thounsand euros)

Tenor / Accounting Item	31.12.2023			31.12.2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Up to 3 months	1 441 155	(1 416 033)	25 122	1 230 605	(1 379 015)	(148 410)
3 to 6 months	405 155	(354 026)	51 129	274 841	(461 926)	(187 085)
6 to 12 months	95 380	(187 187)	(91 807)	287 198	(123 321)	163 877
From 1 to 5 years	525 188	(299 773)	225 414	651 417	(280 952)	370 465
More than 5 years	63 413	(19 941)	43 472	106 392	(50 397)	55 995
Total	**2 530 291**	**(2 276 961)**	**253 330**	**2 550 453**	**(2 295 611)**	**254 842**

Source: Haitong Bank

Hence the impact of different shocks in the yield curves, measured by the economic value of equity and the net interest income was as follows:

(thounsand euros)

Scenarios	31.12.2023		31.12.2022	
	Delta EVE	Delta NII	Delta EVE	Delta NII
+200 bps	(14 544)	2 690	(23 379)	4 355
-200 bps	2 963	(2 690)	6 999	(4 355)
Parallel up	(17 347)	n.a.	(24 865)	n.a.
Parallel down	4 854	n.a.	8 130	n.a.
Steepener	(313)	n.a.	1 382	n.a.
Flattener	(3 586)	n.a.	(7 063)	n.a.
Short rates up	(8 836)	n.a.	(13 780)	n.a.
Short rates down	2 114	n.a.	5 150	n.a.
% Total Capital	2,70%	0,50%	4,36%	0,81%
% Tier 1 Capital	3,24%	0,50%	4,65%	0,81%

Source: Haitong Bank
Unaudited information

In what regards to CSRBB, Haitong Bank aims to capture changes in market perception about the credit quality of individual credit-risky instruments, either because of the changes to expected default levels or because of changes to market liquidity. Changes to underlying credit quality perceptions can amplify the risks already arising from yield curve risk, being this risk also defined as any kind of asset and/or liability spread risk of credit-risky instruments which is not explained by IRRBB, nor by the expected credit/jump-to-default risk.

To monthly measure the CSRBB, the Haitong Bank considers a historical VaR simulation approach with one year holding period, five years observation period and 99,9% confidence level.

(thousand euros)

	31.12.2023		31.12.2022	
	CSR Requirement	HTCS Exposures	CSR Requirement	HTCS Exposures
Haitong Bank S.A.	9 905	166 402	8 157	188 690
of which: Sovereign	205	6 511	522	13 526
of which: Corporate	9 701	159 891	7 636	175 163
Haitong Banco de Investimento do Brasil S.A.	2 397	60 182	2 693	106 803
of which: Sovereign	1 858	37 029	1 717	79 449
of which: Corporate	540	23 153	976	27 354
Covariance	(1 534)	n.a.	(2 187)	n.a.
Global	**10 769**	**226 584**	**8 663**	**295 493**
Average Duration (years)	**-**	**2.32**	**-**	**1.81**

Source: Haitong Bank
Unaudited information

Reference interest rate reforms

Regulation (EU) 2016/1011 of the European Parliament and of the Council (known as the EU Benchmark Regulation or BMR) established a common framework to ensure that benchmark interest rates meet certain requirements that guarantee their reliability and efficiency as well as protect the consumer and investor, which implied a set of reforms, currently underway, of the reference interest rates with different implications for the activities of financial institutions.

The Bank holds fallback provisions in its contracts in accordance with market practice to respond to a discontinuity in rates. As of December 31, 2023, there are no financing contracts whose contract rate is associated with Libor rates that are expected to be discontinued. The Bank holds derivatives whose rates are expected to be discontinued and the respective contractual amendments are being negotiated. The contracts in question are under ISDA contracts.

The benchmark reform in Poland replaces the WIBOR index with the WIRON index. From December 2022, banks may use the WIRON index, while a gradual implementation of the index to contracts and financial instruments is planned for 2023-2027. From 2028, it is planned to use the WIRON indicator widely. WIRON is transaction index developer on the basis of deposit transactions concluded by data providers (9 data submitters) with banks, financial institutions and large enterprises.

The Bank recognizes credit exposures with maturity after 2028, therefore, part of the exposure will be subject to the WIRON index. There're interest rate derivatives that go beyond the tenor and mandatory change to WIRON (2028) will apply. Therefore, there will be need to amend the contracts with customers on these products.

Liquidity risk

Liquidity risk arises from an institution's present or future inability to meet all payment obligations when they come due or secures such resources only at an excessive cost.

Within the scope of the risk vision statement approved by the Board of Directors, Haitong Bank as whole, and all its subsidiaries individually aim to maintain a solid short-term liquidity position and a sustainable medium and long-term funding profile.

To achieve these goals, Haitong Bank seeks to develop a diversified investors' base, ensuring access to alternative funding sources and instruments, and keeping an adequate funding structure to finance its activity.

Haitong Bank's liquidity and funding management is under the direct responsibility of the Executive Committee, advised by the Assets and Liabilities Committee (ALCO). Local treasury teams ensure liquidity daily management in each of the Bank's liquidity hubs (Lisbon, S. Paulo and Warsaw), under the global coordination of Hationg Bank's CEO.

The Bank manages its liquidity by establishing a liquidity risk policy, monitoring a set of liquidity risk metrics, including prudential liquidity ratios, stress testing and liquidity contingency plans, and by setting limits consistent with the Bank's liquidity risk appetite and regulatory requirements.

As of 31 December 2023, the Bank held 832 million Euros of High Quality Liquid Assets (616 million Euros in 31 December 2022), of which 541 million were available deposits in Central Banks (459 million Euros in 31 December 2022). The remainder of the High Quality Liquid Assets (HQLA) was mainly composed by sovereign debt of European Union countries and by Brazilian Government bonds denominated in Brazilian Reais owned by Haitong Bank subsidiary in Brazil.

In 31 December 2023, Haitong Bank held a surplus of 529 million Euros of its 30 days stressed net outflows, which corresponded to a LCR of 275% (236% on 31 December 2022) comfortably above both regulatory and internal limits.

(million euros)

Liquidity Coverage Ratio	December 2023	December 2022
High Quality Liquid Assets	832	616
Surplus over stressed net outflows	529	355
Liquidity Coverage Ratio	**275%**	**236%**

Source: Haitong Bank
Unaudited information

Haitong Bank funding from the Bank of Portugal amounts to 12 million Euros at 31 December 2023 (302 million Euros at December of 2022) obtained through the Targeted Longer-Term Refinancing Operations (TLTRO), maturing in 2024.

During 2023, Haitong Bank's main sources of funding were long term facilities provided by banks, debt securities issued both by Haitong Bank and by the Brazilian subsidiary, sales with repurchase agreements (repos), deposits from clients (households, corporate and institutional clients) and secured facilities provided by the Central Bank.

In market stress situations where the value of derivatives is significantly impacted, additional collateral amounts may be required from Haitong Bank due to master netting agreements (e.g. ISDA) and margin agreements (e.g. Credit Support Annex) entered into mostly with financial institutions. Derivatives positions and collateral received and posted are detailed in notes 20 and 27, respectively.

As of 31st December 2023, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2023						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	17 164	-	-	-	-	-	17 164
Financial assets held-for-trading (Securities)	-	5 028	14 313	433 320	941 129	-	1 393 790
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	13 464	13 464
Financial assets at fair value through other comprehensive income	-	16 334	11 196	180 051	42 936	-	250 517
Financial assets at amortised cost	-	127 415	91 130	558 342	60 882	-	837 769
Loans and advances to banks	551 206	6 780	28 588	-	-	-	586 574
Loans and advances to customers	1 203	12 990	82 227	648 051	107 836	-	852 307
Derivatives Instruments	-	253 933	54 263	168 102	8 673	18 987	503 958
	569 573	422 480	281 717	1 987 866	1 161 456	32 451	4 455 543
Liabilities							
Resources from credit institutions	265 834	264 531	69 947	348 024	34 460	-	982 796
Resources from customers	63 074	536 993	339 155	266 299	-	-	1 205 521
Debt securities issued	-	34 563	147 095	510 423	-	-	692 081
Financial liabilities held-for-trading (Securities)	846	-	-	-	-	-	846
Derivatives Instruments	-	256 442	52 183	146 954	4 145	10 130	469 854
	329 754	1 092 529	608 380	1 271 700	38 605	10 130	3 351 098

As of 31st of December 2022, contractual undiscounted cash flows of financial assets and liabilities presented the following structure:

(thousand euros)

	31.12.2022						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	25 828	-	-	-	-	-	25 828
Financial assets held-for-trading (Securities)	-	21 595	22 485	193 779	1 194 133	-	1 431 992
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	16 518	16 518
Financial assets at fair value through other comprehensive income	-	26 509	99 763	187 059	248 915	-	562 246
Financial assets at amortised cost	-	5 061	22 856	37 180	697 673	-	762 770
Loans and advances to banks	462 739	19 241	8 436	-	-	-	490 416
Loans and advances to customers	971	29 860	144 528	600 603	183 358	-	959 320
Derivatives Instruments	-	233 965	59 639	156 783	12 142	27 584	490 113
	489 538	336 231	357 707	1 175 404	2 336 221	44 102	4 739 203
Liabilities							
Resources of other credit institutions	139 747	774 775	55 160	440 288	50 452	-	1 460 422
Resources of customers	60 205	204 289	315 741	180 813	-	-	761 048
Debt securities issued	-	8 710	16 909	593 014	-	-	618 633
Financial liabilities held-for-trading (Securities)	96	-	-	-	-	-	96
Derivatives Instruments	-	226 356	56 545	139 555	5 477	9 830	437 763
	200 048	1 214 130	444 355	1 353 670	55 929	9 830	3 277 962

The derivatives undiscounted cash flows are calculated as gross cash flows of each side of the deal, not considering any net positions.

Operational risk

Operational Risk corresponds to the possible loss resulting from inadequate internal procedures or its negligent application, inadequacy or failure of information systems, staff behaviour or external events. Legal risks are included in this definition. Operational risk is therefore considered as the sum of operational and information systems (IT) risks.

The Bank has in place a framework to ensure the standardization and systematization of the regular activities regarding the identification, assessment, response/ mitigation, monitoring, and control and report of operational risk. A team within the Risk Management Department is exclusively dedicated to the management of this framework.

Capital Management and Solvency Ratio

The main purposes of capital management in the Group are (i) to promote sustainable growth of activity by creating enough capital to withstand the increase of assets, (ii) meet the minimum requirements established by the supervising entities in relation to capital adequacy and (iii) ensure the achievement of the strategic goals set by Group in relation to capital adequacy.

Regulatory capital requirements are determined by the Bank of Portugal under the CRR (Regulation EU nº 575/2013) and CRD IV (Directive EU nº 2013/36/EU). Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that the Bank is exposed to, which is measured through both risk weighted assets (RWAs) and leverage.

The regulation provides for a transitional period to exclude some elements previously included (phase-out) and include/deduct new elements (phase-in) in which institutions may accommodate the new requirements. The transitional period for the majority of the elements ended in 2017, with the exception of the deferred tax assets generated prior to 1 January 2014, IFRS9 transition adjustment and both the subordinated debt and all the hybrid instruments not eligible as own funds under the new regulations, which have a longer period (until the end of 2022).

Under this regulatory framework, the minimum CET1 ratio is 4.5%, the minimum Tier1 ratio is 6% and the minimum Total Capital Ratio is 8%. In addition, these minimum ratios are supplemented by the capital conservation buffer. CRD IV requirements permitted banks to phase in the impact of this buffer, beginning on 1 January 2016, in increments of 0.625% per year until reaching 2.5% of RWAs on 1 January 2019.

Also related to the CRD IV capital buffers, in November 2016 the Bank of Portugal decided to impose a capital surcharge on six Portuguese banking groups classified as O-SIIs (Other Systemically Important Institutions) in the scope of its annual revision of the identification of the imposition of capital buffers, pursuant to Article 138-R (2) of the Legal Framework of Credit Institutions and Financial Companies (RGICSF). Haitong Bank is excluded from the scope of application of this macro-prudential buffer.

The regulation also provides a counter-cyclical capital buffer of up to 2.5% to be imposed in the event that national supervisors deem it necessary in order to counteract excessive credit growth. As of 31 December 2023, the Bank of Portugal decided not to impose any additional counter-cyclical capital buffer, by setting it at 0% of the total risk exposure amount to domestic counterparties. This decision is subject to revision on a quarterly basis.

In addition to the above-mentioned capital buffers, as of 1 July 2018 Haitong Bank became subject to an additional requirement with a specific add-on, determined and revised under the Supervisory Review and Evaluation Process performed by the Bank of Portugal. As of February 1st 2022, Bank of Portugal, as the authority responsible for supervision of Haitong Bank, SA on a consolidated basis, communicated the decision regarding the annual supervisory review and evaluation process (SREP 2021), according to which it assigns to Haitong Bank a specific own funds requirement of 4%, to be met at all times from the 1st of July of 2022 onwards, determined under the combined provisions of Article 116C (1), (2)(a), (3)(b) and (4) of the RGICSF.

At the moment and for reporting purposes related to prudential effects before the supervising authorities, the Group uses the Standard method for handling credit risk and operational risk ("The Standardized Approach" - TSA method).

The following table summarizes the capital adequacy of the Haitong Bank S.A. Group as at 31st December 2023 and 31st of December 2022:

	31.12.2023		31.12.2022	
	Phased-in	Fully-loaded	Phased-in	Fully-loaded
CET1 ratio	19,0%	19,0%	17,4%	17,3%
Tier 1 ratio	23,7%	23,7%	21,7%	21,7%
Total Capital ratio	23,8%	23,8%	21,8%	21,8%

Source: Haitong Bank
Unaudited information

NOTE 40– SUBSEQUENT EVENTS

Between December 31, 2023 and the date of approval of these financial statements by the Bank's Board of Directors, there was no subsequent event that required adjustments or modifications to them.

NOTE 41 – ACCOUNTINGS STANDARDS AND RECENT INTERPRETATIONS

Standards, interpretations, amendments and revisions that came into force in this year

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union, with mandatory application for the financial year beginning on January 1, 2023:

Description	Change	Effective date
IAS 1 – Disclosure of accounting policies	Requirement for disclosure of "material" accounting policies, to the detriment of "significant" accounting policies	January 1, 2023
IAS 8 – Disclosure of accounting estimates	Definition of accounting estimate. Clarification regarding the distinction between changes in accounting policies and changes in accounting estimates	January 1, 2023
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with characteristics of discretionary participation in results, in terms of aggregation, recognition, measurement, presentation and disclosure	January 1, 2023
IFRS 17 – Initial application of IFRS 17 and IFRS 9 - Comparative Information	This change makes it possible to avoid temporary accounting gaps between financial assets and insurance contract liabilities in the comparative information presented, when applying IFRS 17 for the first time. This change allows the application of an "overlay" in the classification of a financial asset, for which the entity does not update the IFRS 9 comparative information	January 1, 2023
IAS 12 - Deferred tax related to assets and liabilities associated with a single transaction	Requirement for recognition of deferred tax on the registration of assets under right of use/lease liability and provisions for dismantling/related asset, when their initial simultaneous recognition gives rise to equal values of taxable temporary differences and deductible temporary differences, as they are not relevant for tax purposes	January 1, 2023
IAS 12 – International taxation reform – Pillar Two model rules	Introduction of a temporary exception to the requirements for recognition and disclosure of information on deferred tax assets and liabilities related to Pillar Two income taxes. Targeted disclosure requirements for affected entities (entities belonging to multinational groups that have consolidated revenues of €750 million in at least two of the last four years)	Immediately or January 1, 2023

The work carried out at the level of the OECD Inclusive Framework regarding BEPS Pillar 2 resulted in the adoption of the rules of the Global model (Global anti-Erosion Rules) at EU level with the publication of Council Directive (EU) 2022/2523, of 15 December 2022.

In short, this model aims to ensure that the profits of large multinational groups are subject to a minimum level of effective taxation no less than 15% in all jurisdictions. This minimum taxation operates through a so-called Top-up Tax whose assessment and collection is primarily the responsibility of the jurisdiction where the so-called Ultimate Parent Entity (UPE) of the multinational group or an intermediate holding company of that group is located. However, when this mechanism is not activated, the Undertaxed Payments Rule (UTPR) is activated at the level of the companies held.

The development of work by the OECD has shown that most jurisdictions intend to adopt a solution called Qualified Domestic Minimum Top-up Tax (QDMTT) which is based on the creation of a domestic tax that determines that a possible level of taxation below the limit of 15% in that country is charged and constitutes tax revenue of the country itself and not of the tax jurisdiction where the UPE is located.

In Portugal, and with reference to December 31, 2023, the transposition of Directive (EU) 2022/2523 into domestic legislation has not yet occurred. Therefore, the Bank, as an entity integrated into a multinational Group whose UPE is Haitong Securities Co.Ltd., based in Shanghai, is analyzing the possible impacts that the transposition of this Directive may have at the level of the Haitong Group, namely the possibility or not of applying safeharbours measures provided in transitional regime.

There were no significant effects on the Bank's financial statements for the year ended December 31, 2023, as a result of the adoption of the aforementioned standards, interpretations, amendments and revisions.

Standards, interpretations, amendments and revisions that will take effect in future years

The following accounting standards and interpretations, with mandatory application in future financial years, were, until the date of approval of these financial statements, approved ("endorsed") by the European Union:

Description	Change	Effective date
IAS 1 – Classification of liabilities as non-current and current and Non-current liabilities with "covenants"	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment beyond 12 months, after the reporting date, when subject to "covenants"	January 1, 2024
IFRS 16 – Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and leaseback transactions after the transaction date when some or all lease payments are variable	January 1, 2024

These standards, although endorsed by the European Union, were not adopted by the Bank in 2023, as their application is not yet mandatory. As a result of the application of the aforementioned standards, no relevant impacts are expected.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Description	Change	Effective date
IAS 7 and IFRS 7 – Supplier financing agreements	Additional disclosure requirements regarding supplier financing arrangements (or "reverse factoring"), the impact on liabilities and cash flows, as well as the impact on liquidity risk analysis and how the entity would be affected if these arrangements were to fail be available	January 1, 2024
IAS 21 – Effects of changes in exchange rates: Lack of interchangeability	Requirements for determining whether a currency is capable of being exchanged for another currency and when exchange is not possible for a long period of time, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation on the entity's liquidity, financial performance and equity situation, as well as the spot exchange rate used on the reporting date.	January 1, 2024

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the year ended December 31, 2023.

Regarding these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, it is not estimated that their future adoption will have significant impacts on the attached financial statements.

FINANCIAL REPORT

Individual Financial Statements
And Notes To The Individual Financial Statements

1. INDIVIDUAL FINANCIAL STATEMENTS

Individual Income Statement for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Interest and similar income	4	91 227	43 408
Interest and similar expense	4	62 102	22 624
Financial margin		**29 125**	**20 784**
Dividend Income	5	-	178
Fees and commissions income	6	35 282	43 528
Fees and commissions expenses	6	(7 106)	(4 011)
Net trading income	7	(962)	10 228
Net Income from other financial instruments at fair value trough profit or loss	8	860	238
Net gains/(losses) from derecognition of financial assets measured at fair value through other comprehensive income	9	1 447	604
Net gains/(losses) from hedge accounting	10	-	-
Net gains/(losses) from foreign exchange differences	11	187	(6 748)
Net gain /(loss) from derecognition of financial assets measured at amortised cost	12	1 944	3
Other Operating income and expense	13	5 385	(588)
Operating Income		**66 162**	**64 216**
Employee costs	14	30 181	30 902
Administrative costs	16	11 115	11 233
Depreciations and amortisations	25 and 26	4 605	5 084
Provisions	32	(2 424)	74
Net impairment loss on financial assets	32	2 470	(7 638)
Operating expenses		**45 947**	**39 655**
Profit / (Loss) before Income Tax		**20 215**	**24 561**
Income tax			
Current tax	33	3 264	2 437
Deferred tax	33	4 699	2 909
		7 963	**5 346**
Net Profit / (Loss) for the year		**12 252**	**19 215**
Basic Income per Share (in euros)	17	0,07	0,11
Diluted Income per Share (in euros)	17	0,07	0,11

The following notes form an integral part of these financial statements

The Director of the Finance Department

The Board of Directors

Individual Statement of Comprehensive Income the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Net income of the year		12 252	19 215
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit liabilities, net of taxes	36	(4 722)	11 182
		(4 722)	11 182
Items that may be reclassified to profit and loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income, net of taxes	36	5 369	(8 819)
		5 369	(8 819)
Other comprehensive income total		647	2 363
Total comprehensive income/(loss) of the year		12 899	21 578

The following notes form an integral part of these financial statements

The Director of the Finance Department

The Board of Directors

Individual Statement of Financial Position as at the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	18	13 784	14 888
Financial assets at fair value through profit or loss		75 238	85 987
Financial assets held-for-trading		65 650	73 399
Securities	19	42 906	34 387
Derivative financial assets	20	22 744	39 012
Non-trading financial assets mandatorily at fair value through profit or loss		9 588	12 588
Securities	22	9 564	12 568
Loans and advances to customers	24	24	20
Financial assets at fair value through other comprehensive income	22	166 402	188 690
Financial assets measured at amortised cost		1 882 047	1 792 978
Loans and advances to banks	23	576 795	471 139
Loans and advances to customers	24	635 426	655 290
Securities	22	669 826	666 549
Other tangible assets	25	9 428	11 964
Intangible assets	26	1 359	2 105
Investments in associated companies	27	150 311	156 221
Tax assets		74 908	82 348
Current income tax assets	33	16 184	17 086
Deferred income tax assets	33	58 724	65 262
Other assets	28	70 405	99 445
Total Assets		**2 443 882**	**2 434 626**
Liabilities			
Financial liabilities held for trading		23 371	38 575
Securities	19	846	96
Derivative financial assets	20	22 525	38 479
Financial liabilities measured at amortised cost		1 735 420	1 708 635
Resources of credit institutions	29	628 573	842 834
Resources of customers	30	739 559	494 949
Debt securities issued	31	367 288	370 852
Provisions	32	1 118	3 635
Tax liabilities		12 917	11 753
Current income tax liabilities	33	7 123	5 959
Deferred income tax liabilities	33	5 794	5 794
Other liabilities	34	35 686	49 557
Equity		**1 808 512**	**1 812 155**
Share capital			
Share premium	35	871 278	863 279
Other equity instruments	35	8 796	8 796
Fair-value reserves	35	105 042	105 042
Other reserves and retained income	36	(4 064)	(9 433)
Net profit/(loss) of the year	36	(357 934)	(364 428)
Equity		12 252	19 215
Total equity		**635 370**	**622 471**
Total Equity and Liabilities		**2 443 882**	**2 434 626**

The following notes form an integral part of these financial statements

The Director of the Finance Department

The Board of Directors

Individual Statement of Changes in Equity for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	Share Capital	Share premium	Other equity instruments	Fair value reserves	Other reserves and retained income	Total	Net profit / (loss) for the year	Total equity
Balance as at 31st of December 2021		844 769	8 796	108 773	(614)	(366 250)	(366 864)	9 150	604 624
Other movements directly recorded in equity:									
Changes in fair value, net of taxes	36	-	-	-	(8 819)	-	(8 819)	-	(8 819)
Actuarial gains / (losses), net of taxes	36	-	-	-	-	11 182	11 182	-	11 182
Net profit / (loss) for the period	36	-	-	-	-	-	-	19 215	19 215
Total of comprehensive income of the year		-	-	-	(8 819)	11 182	2 363	19 215	21 578
Share capital increase	35	18 510	-	-	-	(18 510)	(18 510)		-
Reimbursement of other equity instrument	35	-	-	(3 731)	-	-	-		(3 731)
Reserve establishment	36	-	-	-	-	9 150	9 150	(9 150)	-
Balance as at 31st of December 2022		863 279	8 796	105 042	(9 433)	(364 428)	(373 861)	19 215	622 471
Other movements directly recorded in equity:									
Changes in fair value, net of taxes	36	-	-	-	5 369	-	5 369	-	5 369
Actuarial gains / (losses), net of taxes	36	-	-	-	-	(4 722)	(4 722)	-	(4 722)
Net profit / (loss) for the period		-	-	-	-	-	-	12 252	12 252
Total of comprehensive income of the year		-	-	-	5 369	(4 722)	647	12 252	12 899
Share capital increase	35	7 999	-	-	-	(7 999)	(7 999)	-	-
Reserve establishment	36	-	-	-	-	19 215	19 215	(19 215)	-
Balance as at 31st of December 2023		871 278	8 796	105 042	(4 064)	(357 934)	(361 998)	12 252	635 370

The following notes form an integral part of these financial statements

The Director of the Finance Department

The Board of Directors

Individual Cash Flow Statement for the financial years ended on the 31st December 2023 and 2022

(thousand euros)

	Notes	31.12.2023	31.12.2022 (Reexpresso)
Cash flows from operating activities			
Interests received		92 991	39 273
Interests paid		(49 808)	(11 952)
Fees and commission received		36 277	43 268
Fees and commission paid		(7 106)	(4 011)
Loans and other recoveries	13	8 868	3
Cash payments to employees and suppliers		(44 067)	(47 877)
		37 155	**18 704**
Changes in operating assets and liabilities:			
Trading financial assets and liabilities		(8 417)	10 786
Loans and advances to banks		(20 425)	(5 300)
Resources of other credit institutions	29	(219 927)	121 500
Loans and advances to customers		21 749	(138 253)
Resources of customers	30	237 639	(314 438)
Other operating assets and liabilities		9 886	56 587
Net cash flow from operating activities			
before income tax		**57 660**	**(250 414)**
Income taxes paid		(1 198)	2 643
		56 462	**(247 771)**
Net cash flows from investment activities			
Sale of investments in subsidiaries and associates	27	1 758	-
Dividends received		-	178
Purchase of securities		(116 090)	(312 275)
Sale and reimbursement of securities		145 926	161 788
Purchase of fixed assets	25 and 26	(982)	(1 367)
Sale of of fixed assets	25 and 26	46	3
		30 658	**(151 673)**
Cash flows from financing activities			
Debt securities issued	31	-	363 816
Issuance of other equity instruments	35	-	(3 731)
Leasing payments	34	(2 311)	(2 656)
Net cash flow from financing activities		**(2 311)**	**357 429**
Net changes in cash and equivalents		**84 809**	**(42 015)**
Cash and equivalents at the beginning of the year		478 537	520 552
Cash and equivalents at the end of the year		563 346	478 537
		84 809	**(42 015)**
Cash and equivalents includes:			
Cash	18	4	5
Demand deposit at central banks	18	2 984	2 981
Deposits at other credit institutions	18	12 661	12 841
Loans and advances to Banks	23	547 697	462 710
Total		**563 346**	**478 537**

The following notes form an integral part of these financial statements

The Director of the Finance Department

The Board of Directors

2. NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

NOTE 1 – ACTIVITY

Haitong Bank, S.A. (Bank or Haitong Bank) is an investment bank based in Portugal, Lisbon, at Rua Alexandre Herculano, n.º 38. The Bank is duly authorised by the Portuguese authorities, central banks and regulators in order to carry out its business in Portugal and in the countries where it operates through international financial branches.

The Institution was established in February 1983 as an Investment Company, as a foreign investment in Portugal under the company name FINC – Sociedade Portuguesa Promotora de Investimentos, S.A.R.L.. In the 1986 financial year, the Company became part of the Grupo Espírito Santo, under the name Espírito Santo – Sociedade de Investimentos, S.A..

In order to widen the scope of its business, the Institution has obtained a license from the Portuguese official bodies for its conversion into an Investment Bank, by means of Ordinance no. 366/92 of November 23rd, published in the Portuguese Official Gazette – Series II – no. 279, of December 3rd. Its business as an Investment Bank started on the 1st of April, 1993, under the company name Banco ESSI, S.A..

In the 2000 financial year, Banco Espírito Santo, S.A acquired the whole of BES Investimento's share capital in order to reflect all existing synergies between both institutions in its individual accounts.

On the 3rd of August, 2014, following the implementation of a resolution measure by the Bank of Portugal, applied to Banco Espírito Santo, S.A., the Bank became held by Novo Banco, S.A..

Haitong International Holdings Limited acquired the whole of BES Investimento's share capital on September 2015, and the Bank's company name was thereby changed into Haitong Bank, S.A..

Haitong Bank currently operates through its headquarters in Lisbon, as well as through branches in London, Warsaw, Macau and Madrid, and subsidiaries in Brazil. In June 2022, Haitong Bank, S.A. concluded the establishment of a representative office in France.

Haitong Bank's London Branch received the FCA approval of the Bank's application to the UK Full Regulatory Regime in March 2023.

Haitong Bank's financial statements are consolidated by Haitong International Holdings Limited, based in Li Po Chun Chambers, n.º 189, Des Voeux Road Central, in Hong Kong. Haitong Securities CO., LTD., is the entity at the maximum level of consolidation (ultimate parent company).

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1. BASES OF PREPARATION

In accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of the 19th of July, 2002, and Notice no. 1/2005 of the Bank of Portugal (revoked by Bank of Portugal Notice no. 5/2015), the individual financial statements of Haitong Bank, S.A., (Bank or Haitong Bank) are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union.

The IFRS comprise the accounting standards issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by their predecessor bodies.

Haitong Bank's individual financial statements set forth herein refer to the year ended on the 31st December, 2023, which have been prepared in accordance with the IFRS in force in the European Union at 1st of January, 2023.

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

The individual financial statements are denominated in thousands of euros, rounded to the nearest thousand, and have been prepared in accordance with the historical cost principle, with the exception of the assets and liabilities accounted for at fair value, such as financial derivatives, financial assets and liabilities at fair value through profit and loss and financial assets and liabilities at fair value through other comprehensive income.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost

The preparation of financial statements in accordance with the IFRS requires the Bank to make judgements and estimates, as well as to use assumptions affecting the implementation of the accounting policies and the amounts corresponding to income, expenses, assets and liabilities. Any changes to such assumptions, or any difference thereof comparing to reality may have an impact on the current estimates and judgements. The areas involving a higher degree of judgement or complexity, or in which significant assumptions and estimates are used when preparing the consolidated financial statements, are analysed in Note 3.

The individual financial statements herein have been approved in the Board of Directors meeting held on the 1st of March, 2024 and will be submitted to the sole shareholder for approval, is expected that it will be approved without changes.

Comparability of the Information

On December 31, 2023, the Group carried out, at the level of the cash flow statement, the reclassification of (i) Loans and advances to Banks from the heading Cash flows from operational activities – Change in operational assets and liabilities to the heading Cash and equivalents in beginning and end of the exercise and (ii) the reclassification of the rent payments regarding financial lease rents from other opertational assets and liabilities to paid rents for lease operations .

Subsequently, the Group changed the values on December 31, 2022, with the restatement presented as follows:

(thousand euros)

	31.12.2022 (Restated)	Reclassifications	31.12.2022
Cash flows from operating activities			
Loans and advances to banks	(5 300)	415 410	(420 710)
Other operating assets and liabilities	56 587	2 656	53 931
Cash flows from financing activities			
Leasing payments	(2 656)	(2 656)	-
Net changes in cash and equivalents	**48 631**	**415 410**	**(366 779)**
Cash and equivalents at the beginning of the year	520 552	47 300	473 252
Cash and equivalents at the end of the year	478 537	462 710	15 827
	(42 015)	**415 410**	**(457 425)**
Cash and equivalents includes:			
Loans and advances to Banks	462 710	462 710	-
Total	**462 710**	**462 710**	-

2.2. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted at the exchange rate in force as at the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into Euros at the exchange rate in force at the date of the statement of financial position. The exchange rate differences arising from such conversion are recognised in income statement.

Non-monetary assets and liabilities accounted for at historical cost, denominated in foreign currency, are converted at the exchange rate as at the transaction date. Non-monetary assets and liabilities denominated in foreign currency accounted for at fair value are converted at the exchange rate in force as at the date of determination of the fair value. The exchange rate differences resulting thereof are recognised in profit and loss.

2.3. FINANCIAL INSTRUMENTS

2.3.1. Financial assets classification

At the initial recognition, financial assets are classified into one of the following categories:

a) Financial assets at amortised cost;
b) Financial assets at fair value through other comprehensive income; or
c) Financial assets at fair values through profit or loss, namely:
   i. Financial assets held for trading; and
   ii. Non-trading financial assets mandatorily at fair value through profit or loss.

Financial assets classification and measurement depends on the SPPI test results (assessment if the contractual cash flows characteristics, in order to conclude if it corresponds solely payments of principal and interests) and on the business model, under which they are managed.

a) Financial assets measured at amortised cost

A financial asset is classified under the category “Financial assets at amortised cost” if both the following conditions are met:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect business moedel); and
ii. The contractual terms of the financial asset establish cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The “Financial assets at amortised cost” category maily includes Loans and advances to banks and Loans and advances to customers.

b) Financial assets at fair value through other comprehensive income

A financial asset is classified under the category of “Financial assets at fair value through other comprehensive income” if both of the following conditions are met:

i. The financial asset is held within a business model whose objective is to both collect contractual cash flows and sell financial assets (hold to collect and sale business model); and
ii. The contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, in the initial recognition of a capital instrument that is not held for trading, nor a contingent consideration by an acquirer in a concentration of activities to which IFRS 3 applies, the Bank may irrevocably choose to classify it in the category of " Financial assets at fair value through other comprehensive income ". This option is exercised on a case-by-case basis, investment by investment and is only available for financial instruments that comply with the definition of equity instruments set forth in IAS 32 and can not be used for financial instruments whose classification as a capital instrument in the issuer is made under the exceptions provided in paragraphs from 16A to 16D of IAS 32. Currently, the Bank does not hold instruments for which they applied this irrevocable option under IFRS 9, and only debt securities were classified in this category.

c) Financial assets at fair value through profit or loss

A financial asset is classified in the category of “Financial assets at fair value through profit and loss” if the business model defined by the Bank for its management or because of the characteristics of its contractual cash flows is not appropriate to be classified in the previous categories (residual category and/or the instrument does not meet the SPPI test requirements).

In addition, the Bank may irrevocably designate a financial asset that meets the criteria to be classified as "Financial assets at amortised cost" or "Financial assets at fair value through other comprehensive income", at fair value through profit or loss, at the time of its initial recognition, if that eliminates or significantly reduces an accounting mismatch, which would otherwise result from the measurement of assets or liabilities or from the recognition of gains and losses thereon on different bases. The Bank did not adopt this irrevocable option, having classified in this category:

- financial assets in the sub-category "Financial assets at fair value through profit or loss - financial assets held for trading", when:

    i. are originated or acquired for the purpose of trading in the short term;
    ii. are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions with the aim of achieving gains in the short term; and

iii. are derivative instruments which do not comply with the definition of a financial guarantee and have not been designated as hedging instruments.

- financial assets in the sub-category of "Financial assets at fair value through profit or loss - financial assets not held for trading necessarily at fair value through profit and loss" when:

i. debt instruments whose cash flows do not originate cash flows on specific dates, which are only payments of principal and interest on the amount of outstanding capital (SPPI).
ii. equity instruments, which do not classify as held for trading.

Gains and losses on financial assets and liabilities at fair value through profit or loss, namely, changes in fair value and interest on trading derivatives, as well as the dividends received from these portfolios (if they get paid the invested capital), are recognised as "Net income from other financial instruments at fair value through profit or loss" in the income statement.

Business model evaluation for financial assets management

In relation to the evaluation of the business model, this does not depend on management intentions for an individual instrument, but on a portfolio of instruments, taking into account the frequency, value, sales frequency in previous years, the reasons for such sales and expectations regarding future sales. Infrequent sales, close to the maturity of the asset due to increases in the credit risk of financial assets and/or to manage concentration risk, among others, may be compatible with the model of holding assets for the collection of contractual cash flows.

Evaluation if the contractual cash flows correspond to solely payments of principal and interest (SPPI)

If a financial asset contains a contractual clause which may modify the timing or value of contractual cash flows (such as early amortization clauses or extension of duration), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of the contractual clause, are only payments of principal and interest on the value of the capital outstanding.

The contractual conditions of financial assets that, at the time of initial recognition, have an effect on cash flows or depend on the occurrence of exceptional or highly improbable events do not prevent their classification in the portfolios at cost amortised or at fair value through other comprehensive income.

Initial recognition

At initial recognition all financial instruments are recognised at their fair value. For financial instruments that are not recognised at fair value through profit or loss, the fair value is adjusted by the transaction costs directly attributable to their acquisition or issue. In the case of instruments at fair value through profit or loss, directly attributable transaction costs are recognised immediately in profit or loss.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset or to the issue or assumption of a financial liability that would not have been incurred if the Bank had not realized the transaction. If the Bank considers that the costs are directly attributable to the transaction, they are specialized in results according to the effective interest rate method.

Subsequent measurement

After initial recognition, the Bank proceeds to the subsequent measurement of the financial assets at amortised cost, at fair value through other comprehensive income, at fair value through profit or loss or at historical cost.

The fair value of quoted financial assets is their current bid price. This price is estimated by the Bank according to a hierarchy that meets the IFRS 13 requirements. In the absence of a market quotation, the Bank estimates the fair value using valuation methodologies such as (i) the use of prices of recent transactions, similar and carried out under market conditions, (ii) discounted cash flow techniques and (iii) customized option valuation models in order to reflect the particularities and circumstances of each instrument, and (ii) whenever possible, the Bank uses valuation assumptions based on market information. These methodologies also incorporate credit risk and counterparty risk. These methodologies may require the use of assumptions or judgments in the estimate of fair value.

The income and expenses of financial instruments at amortised cost are recognised in accordance with the following criteria:

a) Interest and premium/discount are recognised in the income statement using the effective interest rate of the instrument on the gross book value of the instrument (except for assets with impairment, where the interest rate is applied on the net book value of impairment).
b) Other changes in value will be recognised as income or expense when the instrument is derecognised from the balance sheet, when it is reclassified, and in the case of financial assets, when there are impairment losses or recovery gains.

Income and expenses of financial instruments at fair value through profit or loss are recognised according to the following criteria:

a) Changes in fair value are recognised directly in profit or loss, separating between the portion attributable to the income of the instrument, which is recognised as interest or as dividends according to their nature, and the remainder, which is recognised as results in the corresponding account.
b) Interests on debt instruments are measured using the effective interest rate method and are recognied in financial margin.

Income and expenses from financial instruments at fair value through other comprehensive income are recognised according to the following criteria:

a) Interest and premium/discount have a procedure equal to that of assets at amortised cost;
b) Foreign exchange differences are recognised in income statement;
c) Impairment losses or gains on its recovery are recognised in the income statement;
d) Losses or gains associated to hedge accounting are cognised in the income statement;
e) The remaining changes in value are recognised in other comprehensive income.

When a debt instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recognised in other comprehensive income is reclassified to income for the year.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or change does not result in derecognition of the financial asset in accordance with the policy adopted by the Bank, the Bank recalculates the gross amount of the financial asset and recognises a gain or loss arising from the difference from the previous amortised cost against profit or loss. The gross amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the asset.

Reclassifications between categories of financial instruments

Only if the Bank decides to change its business model for the management of a portfolio of financial assets. In this case, all financial assets affected would be reclassified in accordance with the requirements of IFRS 9. This reclassification would be applied prospectively from the date of reclassification. According to the approach of IFRS 9, this reclassifications must be infrequent, decided by the senior management resulting from events beyond the Bank's control and demonstrable to external entities.

Derecognition criteria

The Bank derecognises a financial asset in the following situations:

a) when transferring that asset and, as a result of such transfer, all the risks and benefits of that asset are transferred to another entity;
b) when a significant change in the counterparty structure of that asset occur; and/or
c) when a significant change on the asset terms and conditions occur.

Loans and debt instruments written-off

The Bank writes off a loan when it does not have reasonable expectations to recovering a financial asset in its entirety or a portion thereof. This registration occurs after all the recovery actions developed by the Bank prove to be fruitless. Loans written off are recognised in off-balance sheet accounts.

Eventual recoveries after the instrument received the write-off must be recognised as extraordinary gains, with an impact in the financial statement in other operactional results.

Purchase or originated credit impaired assets

Purchase or originated credit impaired (POCI) assets are credit-impaired assets on initial recognition. An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

The two events that lead to the originations of a POCI exposure are presented as follows:

- financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original agreement, which presented objective evidence of impairment that resulted in its derecognition and recognition of a new contract that reflects the credit losses incurred; and/or

- financial assets acquired with a significant discount, that the existence of a significant discount reflects credit losses incurred at the time of its initial recognition.

On initial recognition, POCI assets do not carry an impairment loss. Instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate. Consequently, at initial recognition, the gross book value of POCI (initial balance) is equal to the net book value before being recognised as POCI (difference between the initial balance and total discounted cash flows).

Impairment of financial assets

The Bank determines impairment losses on debt instruments measured at amortised cost and at fair value through other comprehensive income, as well as for other exposures that have associated credit risk such as bank guarantees and commitments.

The IFRS 9 requirements aim to recognise expected losses, assessed on an individual and collective basis, taking into account all reasonable, reliable and reasoned information available, without incurring undue costs or efforts, at each reporting date, including forward-looking information.

The impairment losses of debt instruments in the exercise are recognised as a cost under the heading Impairment of Financial Assets in the Income Statement. The Bank registers the impairment losses on debt instruments measured at amortised cost against a cumulative balance sheet impairment account, which reduces the book value of the asset. The Bank recognises the impairment losses on debt instruments measured at fair value through Other Comprehensive Income against the fair value reserve, whereby its recognition does not reduce the balance sheet value of the financial instruments.

Impairment losses on exposures that have associated credit risk and which are not debt instruments (namely, guarantees and other irrevocable commitments), are registered by means of a provision under "Provisions" in the liability side. Increases and reversals are recorded against under the heading Provisions net of annulments.

Impairment Model

Under IFRS 9, the Bank determines the expected credit losses (ECL) using a forward-looking model. The expected credit losses over the lifetime of financial instruments are required to be measured through a loss allowance. Accordingly, the calculation of ECL incorporates macroeconomic factors, as well as other forward-looking information, whose changes impact expected losses.

The instruments subject to impairment are divided into three stages, taking into account their level of credit risk since its initial recognition, as follows:

- **Stage 1 – Performing**: financial assets for which there was no significant increase in credit risk from the moment of initial recognition. In this case, the impairment will reflect ECL resulting from default events that may occur in the next 12 months after the reporting date;
- **Stage 2 – Under Performing**: financial assets for which there was a significant increase in credit risk has occurred since the initial recognition but for which there is no objective evidence of impairment. In this stage, impairment will reflect the ECL resulting from default events that may occur over the expected residual life of the instrument;
- **Stage 3 – Non-Performing**: financial assets for which there is objective evidence of impairment as a result of events that resulted in losses. In this case, the impairment amount will reflect the ECL over the expected residual life of the instrument.

The collective model implemented by the Bank is applicable to all instruments classified in Stage 1 that do not show any warning signals, as well to determine the minimum lifetime expected credit losses, in the case of exposures with a significant increase in credit risk (Stage 2) since initial recognition, but which are not considered to be impaired.

In addition, the top 20 performing largest debtors are annually subject to a *staging* individual analysis, in order to trace early warning signals that may indicate the need to transfer to Stage 2.

Stage 2 exposures are analysed individually, confirming that there are no indications of unlikeliness to pay of the debtor and the events considered by Capital Requirements Regulations (CRR) in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could determine a transfer to Stage 3. Stage 2 exposures are subject to the application of a lifetime impairment rate to determine the minimum impairment rate applicable to financial instruments, using a lifetime collective model. All Stage 3 clients are subject to an individual impairment analysis.

At initial recognition, any instrument is allocated to Stage 1, except for purchased or originated credit impaired (POCI) financial instruments. For each reporting date, an assessment of the change in the risk of a default occurring over the expected life of the financial instrument is performed.

A change in the risk of default may result in a transfer from Stage 1 to Stage 2 or to Stage 3. If the risk of default of a financial asset is low or has not increase significantly since initial recognition, it remains in Stage 1 with a 12-months ECL. Otherwise, if there is a significant increase in credit risk compared with the initial recognition, the result would be a transfer into Stage 2 and, consequently to the recognition of the lifetime ECL over the residual life of the financial asset. A transfer into Stage 3 is required when objective evidence for a credit loss appears.

When a financial asset is no longer assessed to be impaired (Stage 3), it is reclassified to Stage 2, after its due probation period. It is assumed that when a financial asset recovers from Stage 3, it will still have a demonstrated significant increase in credit risk since initial recognition and must therefore be included in Stage 2. From that date on, the impairment will continue to be recognised based on lifetime expected credit losses.

A probation period was established for when a financial asset ceases to be classified in Stage 3, which is defined as 3 months from the moment that the obligor is no longer past due more than 90 days on any material credit obligation, if applicable, and no indication of unlikeliness to pay applies. The probation period for non-performing forborne exposures is longer (12 months). Performing forborne exposures should accomplish a minimum 24-month period in order to be reclassified on Stage 1, whereas throughout that period the debt sustainability should be proved.

Note 38 – Risk Management discloses the inputs of the Bank's collective impairment model, as well as the adjustments made to incorporate forward-looking information.

Expected Credit Losses

According to the IFRS 9, the expected credit loss for financial assets is the present value of the difference between (1) the contractual cash flows that are due to an entity under the contract, and (2) the cash flows that the entity expects to receive.

The recognition of an impairment allowance is required on financial assets measured on an Amortised Cost (AC) or Fair Value through Other Comprehensive Income (FVOCI) basis. Given that, the financial asset types that should have impairment assessment are the following:

- Loans and advances to customers;
- Loans and advances to banks;
- Debt securities;
- Other assets - debtors and other receivables;
- Cash and cash equivalents;
- Guarantees and other financial commitments to third-parties.

The expected credit losses correspond to estimates of credit loss that will be determined as follows:

- Financial assets with no signs of impairment at the reporting date (Stage 1 – Performing): correspond to expected credit losses that result from a default event that may occur within 12 months after the reporting date (credit losses expected at 12 months);
- Financial assets with a significant increase in credit risk or with impairment at the reporting date (Stage 2 – Under Performing and Stage 3 – Non-Performing): correspond to the expected lifetime credit losses calculated by the difference between the gross accounting value and the net present value of the estimated cash flows weighted, for assets in Stage 2, by the prospect of default;

- Unused credit commitments: correspond to the present value considering the amount of the unused commitment as of the reference date multiplied by the credit conversion factor, the probability of default and the loss given default;
- Financial guarantees: the impairment is determined by the difference between the net present value of expected repayments less the amounts that the Bank expects to recover.

Significant increase in credit risk

Under IFRS 9, in order to determine whether there has been a significant increase in credit risk since the initial recognition of the financial instrument, the Bank considers all relevant information available without incurring undue costs or efforts.

The Bank identifies the occurrence of a significant increase in credit risk exposure through three approaches: (i) quantitative approach; (ii) identification of internally defined backstops (warning signals) and (iii) early warning signals (EWS) assessment in order to trace certain events and/or circumstances that could indicate a SICR.

Additionally, the Bank assesses the significant increase in credit risk through a quantitative approach that was updated in 2023. For that end, the Bank defined a transition matrix based upon its internal pricing methodology. The approach involves the comparison between the rating of the financial instrument as at the reporting date vis-à-vis the rating as the date of initial recognition, and the credit risk deterioration required for a Stage 2 reclassification will vary depending on the rating initially assigned to the financial instrument.

The internal warning signals are the following: (i) delay of payments (including capital, interest, fees or other charges) of more than 30 days; (ii) registration of at least one customer's loan in arrears in the Central Credit Register (CCR) from Banco de Portugal; (iii) debt restructuring towards a debtor facing and/or about to face financial difficulties in meeting its financial commitments (with no indication of unlikeliness to pay); (iv) overdue debts to tax agency, social security and/or to employees; (v) clients with warning signals activated in the last three months; and (vi) other specific situations (ad-hoc) criteria). The Bank identifies a SICR in the following circumstances: (a) debtors with one of the triggers (i), (iii), (v) and (vi) activated; and (b) debtors with triggers (ii) and (iv) simultaneously activated.

Early Warning Signals (EWS) assessment includes the annual review by the Impairment Committee and Executive Committee of the Top 20 performing largest exposures in order to confirm that the largest debtors do not display any warning signals that convene a transfer to Stage 2.

Additionally, the Bank implemented the internal procedure to quarterly elaborate an EWS assessment, covering all clients classified in Stage 1, thus enabling the timely identification of indicators which suggest a significant increase in credit risk, and also encompassing all clients classified in Stage 1 and 2, allowing for the timely manner identification of indicators that may suggest unlikeliness of payments by the debtors.

According with internal procedures defined by the Bank, when there is a significant increase in the credit risk of a debtor, the financial instruments are subject to individual analysis, confirming that there are no indications of unlikeliness to pay of the debtor and the events considered by CRR in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3. The exposures properly classified in Stage 2 are subject to the use of a lifetime impairment rate determined using a lifetime collective model to determine the minimum impairment rate applicable to financial instruments.

Default definition

Under IFRS 9, the Bank considers its financial assets to be in default by applying the same used definition that is applied for prudential purposes. Thus, Haitong Bank defined default as incorporating the following criteria: 1) material exposures which are more than 90-days past due; 2) the debtor is assessed as unlikely to pay credit obligations, without collateral claim, regardless of the existence of any past due amount or of the number of days past due; and 3) if 20% of the exposures of one obligor are determined as non-performing, all other exposures should be considered non-performing ("pulling effect").

In what regards unlikeliness to pay criteria, the Bank addresses the following situations: i) distressed restructurings; ii) clients with loans written-off of interest or capital; iii) the Bank sells the credit obligation at a material (more than 5%) credit-related economic loss; iv) the obligor has been placed (or is likely to be placed) in bankruptcy or similar creditor's protection; v) interest related to credit obligations is no longer recognised (non-accrued status) in the income statement (part or under conditionality); and vi) other conditions (ad-hoc) that may suggest unlikeliness of payments by the debtor.

The definition of default adopted by the Bank complies with article 178 of the CRR and follows the European Banking Association ("EBA") definition of non-performing exposures ("NPE") requirements according to its final report on the application of definition of default (EBA/GL/2016/07).

Forbearance definition

The internal definition of forbearance, i.e., exposures which were subject to restructuring measures due to the debtor's financial difficulties, follows the regulatory definition. Forbearance measure is a concession by the Bank towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments. An exposure can only be forborne if the debtor is facing financial difficulties that have led the Group to make a concession.

A concession may entail a loss for the Bank and shall refer to either of the following actions:

a) a modification of the previous terms and conditions of a contract that the debtor is considered unable to comply with due to financial difficulties resulting in insufficient debt service ability and that would not have been granted had the debtor not been experiencing such difficulties;

b) a total or partial refinancing of a troubled debt contract, that would not have been granted had the debtor not been experiencing financial difficulties.

When granting forbearance measures to performing exposures with significant increase in credit risk, the Bank assesses whether these measures lead to a reclassification of that exposure as non-performing, being this assessment subject to compliance with the following conditions:

a) If the difference between the net present values of cash flows before and after the restructuring arrangement exceeds a certain threshold (1%), the exposure is considered to be non-performing;

b) If there are other indicators that may suggest an unlikeliness to pay of the debtor.

The definition of forbearance adopted by the Group follows article 47.º B of the CRR, the principles of the European Central Bank and the reference criteria applicable to forborne exposures set by Bank of Portugal under the Carta Circular CC/2018/0000062, from November 2018.

2.3.2. Hedge accounting

The Bank uses financial derivatives as a financial risk management tool, mainly on hedge interest rate risk. When these transactions meet certain IFRS requirements, they qualify for hedge accounting. All other derivatives are classified as trading derivatives.

The Bank accordingly applies the provisions of IFRS 9 for hedge accounting.

The Bank maintains the hedging relationship documentation, which includes the identification of the hedging instrument and of the hedged element, the nature of the risk to be hedged and the way in which the Bank assesses whether the hedging relationship meets the requirements of hedging effectiveness. To ensure that the effectiveness requirement is met:

a) There must be an economic relationship between the hedged item and the hedging instrument,
b) the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship, and
c) the coverage ratio of the hedge accounting relationship, understood as the share of the item hedged by the hedging instrument, must be the same as the coverage ratio used for management purposes.

Fair value hedge

In a fair value hedging operation of an asset or liability, the balance sheet value of this asset or liability 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. These variations are recognised as hedging accounting in the income statement.

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. If the hedged instrument is sold, the adjustment to the book value of the hedged instrument is totally recognised in profit or loss for the period.

2.3.3. Financial liabilities

Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified in one of the following categories:

- Financial liabilities at amortised cost; or
- Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities classified under "Financial liabilities at fair value through profit or loss" include:

a) Financial liabilities held for trading

In this balance are classified the issued liabilities with the purpose of repurchasing it in the near term, the ones that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative.

b) Financial liabilities designated at fair value through profit or loss ("Fair Value Option")

The Bank may irrevocably assign 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, evaluated and reported internally at its fair value;
- The designation eliminates or significantly reduces the accounting mismatch of transactions.

The fair value of quoted financial liabilities is their quoted value (ask-price). In the absence of a quotation, the Bank calculates fair value by using valuation techniques considering assumptions based on market information, including in determining the issuer´s own credit risk.

If the Bank repurchases an issued debt, it shall be derecognised from the consolidated statement of financial positions, and the difference between the liability's carry amount and the repurchased value is accounted directly in the income statement.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Bank in the normal course of its business are made in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value with the costs or income associated with the transactions recognised in profit or loss at the initial moment.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income; and
- The remaining amount of change in the fair value of the liability is directly recognised in profit or loss.
- The accrual of interest and the premium / discount (when applicable) is recognised on "Interest expense and similar charges" based on the effective interest rate of each transaction.

Financial liabilities at amortised cost

Classification

Financial liabilities that were not classified at fair value through profit or loss, or correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes Resources of credit institutions, Resources of customers and Debt securities issued.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are initially recognised at fair value, plus transaction costs directly attributed according to the IFRS9, and are subsequently measured at amortised cost. Interests on financial liabilities at amortised cost are recognised on "Interest expense and similar charges", based on the effective interest rate method.

Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

Derecognition of financial liabilities

The Bank derecognises financial liabilities when they are cancelled or extinct.

2.3.4. Interest recognition

Interest income and expense for financial instruments measured at amortised cost are recognised in "Interest and similar income" and "Interest expense and similar charges" (Net interest income) through the effective interest rate method. The interest at the effective rate related to financial assets and liabilities at fair value through other comprehensive income are also recognised in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

For calculating the effective interest rate, the Bank estimates futures cash flows considering all contractual terms of the financial instrument (for example: early payment options) but without considering future impairment losses. The effective rate includes all eventual fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction, except for assets and liabilities at fair value through profit and loss (the referred commissions are recognised directly in the income statement).

Interest income recognised in income associated with contracts classified in stage 1 and 2 are determined by applying the effective interest rate for each contract on its gross book value. The gross balance of a contract is its amortised cost, before deducting the respective impairment. For financial assets included in stage 3, interests are recognised in the income statement based on its net book value (less impairment). The interest recognition is always made in a prospective way, i.e. for financial assets entering in stage 3 interests are recognised on the amortised cost (net of impairment) in subsequent periods.

For purchase or originated credit impaired assets (POCIs), the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

As for derivative financial instruments, the interest component inherent to the fair value variation of fair value hedging derivatives is recognized in interest income or cost. As for the remaining derivatives, the interest component resulting from the change in fair value will not be separated, beeing classified in the income statement of assets and liabilities held for trading.

2.3.5. Financial guarantees

Financial guarantees are contracts which require its issuing entity to make payments to reimburse the holder for incurred losses resulting from breaches of the contractual terms set forth in debt instruments, namely the payment of the corresponding capital and/or interest.

Issued financial guarantees are initially recognised at their fair value. Subsequently, such guarantees are measured at the higher of (i) the initially recognised fair value and (ii) the amount of any financial obligation arising as a result of guarantee contracts, measured at the statement of financial positions date. Any change in the amount of the liability relating to guarantees is taken to the income statement

Financial guarantees issued by the Bank usually have a set maturity and a periodic fee charged in advance, which varies in accordance with the counterparty risk, amount and maturity date of the contract. On that basis, the guarantees' fair value as at the date of initial recognition thereof is approximately zero, by considering that the agreed conditions are market conditions. Therefore, the amount recognised at the contract date is equal to the amount of the initial received fee, which is recognised in income statement for the period thereof. Subsequent fees are recognised in income statement for the period to which they relate.

2.3.6. Performance guarantee contracts

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual, commercial or legal obligation.

Where the performance guarantee provides the Group with contractual indemnification rights to recover any payments made to the guarantee holder from the applicant and such rights are covered by collateral, they are treated as a loan commitment provided to the applicant, if the bank concludes that there is no event with commercial substance that could cause the bank to incur an overall loss on the guarantee arrangement.

Such performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the contract.

At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the amount of the loss allowance determined based on the expected credit loss model.

2.4 ASSETS SOLD WITH REPURCHASE AGREEMENT AND SECURITIES LENDING

Securities sold subject to repurchase agreement (repos) at a fixed price or at a price equal to that of the sale plus interest inherent to the maturity of the transaction are not derecognised from the statement of financial position. The corresponding liability is accounted for in amounts due to banks or to customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred while the agreement is in force, using the effective interest rate method.

Securities bought with a resale agreement (reverse repos) at a fixed price or at a price equal to that of the sale plus interest inherent to the maturity of the transaction are not recognised in the statement of financial position, and the purchase value is accounted for as loans and advances to banks or customers, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred while the agreement is in force, using the effective interest rate method.

Securities assigned through loan agreements are not derecognised from the statement of financial positions, being classified and measured in accordance with the accounting policy applicable. Securities received through loan agreements are not recognised in the statement of financial positions.

2.5 EQUITY INSTRUMENTS

An instrument is classified as equity instrument only if:

i. The instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable conditions for the issuer; and
ii. The instrument will or may be settled in the issuer's own equity instruments, it is either a non-derivative that includes no contractual obligation on the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount in cash or another financial asset for a fixed number of its own equity instruments.

Costs directly attributable to the issuing of equity instruments are accounted for under equity, as a deduction to the issuing amount. Amounts paid and received by the purchase and sale of equity instruments are accounted for under equity, net of transaction costs.

When declared, distributions to holders of an equity instrument are deducted directly from equity as dividends.

2.6 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are presented in statement of financial position at net value when there is a legal possibility of offsetting the recognised amounts and there is an intent of settlement thereof by their net value, or to simultaneously realise the asset and settle the liability. This legal possibility cannot depend on future events, and must be enforceable in the course of the Bank's activity, or even in the event of insolvency or bankruptcy of the Bank or its counterparties.

2.7 OTHER TANGIBLE ASSETS

The Bank other tangible assets are measured at historical cost, less their corresponding accumulated depreciations and accumulated impairment losses. The historical cost includes expenses directly attributable to the acquisition of the assets.

The subsequent costs with other tangible assets are capitalized when it is probable that future economic benefits associated with them will flow to the Bank. All repair and maintenance costs are charged to the income statement during the period in which they are incurred, on the accrual basis.

The depreciations of other tangible assets are calculated based on the straight-line method, at the following depreciations rates reflecting the expected useful life of the goods.

	Number of Years
Owned Real Estate	35 a 50
Improvements in leasehold property	4 a 10
Computer Equipment	3 a 6
Indoor Installations	4 a 10
Furniture and supplies	3 a 10
Safety Equipment	4 a 10
Tools and Machines	4 a 10
Transportation Material	4 a 5
Other Equipment	2 a 10

The useful life of other intangible assets is revewied in each financial report, so that the practiced depreciations are in accordance with the consumption patterns of the assets. Changes to the useful life is treated as a change in the accounting estimate and are propectively applied.

As defined in IAS 36, when there is evidence that an asset may be impaired, its recoverable amount is required to be estimated, and an impairment loss shall be recognised whenever the net value of an asset exceeds its recoverable amount. Any impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest amount between its fair value deducted from the sale costs and its value in use, the latter being calculated based on the net present value of the estimated future cash flows expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

Gains or losses on the sale of assets are determined by the difference between the realizable value and the book value of the asset, and are recognized in the consolidated income statement.

2.8 INTANGIBLE ASSETS

Intangible assets are only recognized when: i) they are identifiable; ii) it is likely that they will generate future

economic benefits; and iii) its cost can be reliably measured.

Haitong only recognizes intangible assets related to software. Costs incurred with the purchase, production and development of software are capitalised, as well as additional expenses required for its deployment, which are borne by the Bank. Costs directly related to the development of software applications are recognised and accounted for as intangible assets if they are expected to create future economic benefits beyond one financial year.

Expenditure on internal software development is recorded as an expense when incurred, whenever it is not possible to distinguish the research phase from the development phase, or it is not possible to reliably determine the costs incurred in each phase or the probability of economic benefits flowing to the Bank.

SaaS (Software as a Service) are service contracts that provide the Bank with the right to access software from a supplier via cloud solutions for a certain period.

Costs incurred to configure or customize and usage fees to gain access to the software are recognized as operating expenses as services are provided.

If there are costs incurred related to the specific development of SaaS (Software as a Service) that improves, modifies, or creates additional capabilities, and that meets the definition and criteria set out in IAS 38 for recognition via an intangible asset. These costs are recognized as intangible software assets and amortized over the useful life of the software.

The useful lives of intangible assets are reviewed in each financial report, so that amortization practiced is in accordance with the consumption patterns of the assets. Changes to useful lives are treated as a change in accounting estimate and are applied prospectively.

All remaining charges associated with Information Technology services are recognised as costs when incurred.

2.9 LEASE TRANSACTIONS (IFRS 16)

As established in IFRS 16, at the beginning of a contract, the Bank assesses whether a contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:
  - the Bank has the right to operate the asset; or
  - the Bank designed the asset in a way that predetermines how and for what purpose it will be used.

The Bank chose not to apply this standard to short-term lease contracts which are less or equal to one year, and to lease contracts where the underlying asset has no significant amount (up to 5,000 USD). The option of not applying this standard to intangible assets leases was also used.

As a lessee

The Bank recognises a right-of-use asset in Other Tangible Assets and a lease liability in Other Liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments contractually estimated. The lease payments must be discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Bank recognises the costs associated to those leases directly in the income statement as general administration expenses.

As a lessor

When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’. However, when the Bank was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Currently, the Bank does not carry out sale and leaseback operations.

2.10 EMPLOYEE BENEFITS

Pensions

Portugal

Following the signature of the Collective Labor Agreement (“Acordo Coletivo de Trabalho” (ACT)) for the banking sector and its subsequent amendments resulting from the 3 tripartite agreements described in Note 15, pension funds and other mechanisms were set up to cover liabilities assumed with pensions on retirement, disability, survival and health-care benefits.

The liabilities’ coverage is assured, for the Bank, by pension funds managed by GNB - Sociedade Gestora de Fundos de Pensões, SA.

In Portugal, there are two defined benefit pension plans which are provided to the employees. The first plan results from the abovementioned ACT agreement and foreseen by its clauses 94th and 103rd. The second plan is complementary and was applicable for its participants and beneficiaries until the 30th of December of 2020. From this date, this plan exists exclusively for the respective beneficiaries and eventual future beneficiaries, by death of those. Defined benefit plans cover pension benefits to be received by employees during retirement, usually dependent on one or more factors such as age, years of service and salary level. On 30th of December of 2020, a new defined contribution plan was introduced, for which the previous participants of the complimentary plan were transferred – former employees with vested rights, as well as active employees.

The retirement pension liabilities are calculated semiannually, in 31 December and 30 June of each year, for each plan individually, using the Projected Unit Credit Method, being annually reviewed by qualified independent actuaries. The discount rate used in this calculation is determined with reference to market rates associated with high-quality corporate bonds, denominated in the currency in which the benefits will be paid out and with a maturity similar to the expiry date of the plan's liabilities.

The Bank determines the net interest income / expense for the period incurred with the pension plan by multiplying the plan's net assets / liabilities (liabilities net of the fair value of the fund's assets) by the discount rate used to measure the retirement pension liabilities referred to above. On that basis, the net interest income / expense was determined based on the interest cost on the retirement pension liabilities net of the expected return on the funds' assets, both calculated using the discount rate applied in the determination of the retirement pension liabilities.

Re-measurement gains and losses, namely (i) actuarial gains and losses arising due to differences between actuarial assumptions used and real values verified (experience adjustments) and changes in actuarial assumptions and (ii) gains and losses arising due to the difference between the expected return on the fund's assets and the actual investment returns, are recognised in equity under the caption other comprehensive income.

The Bank recognises as a cost in the income statement a net total amount that includes (i) current service costs, (ii) net interest income / expense with the pension fund, (iii) the effect of early retirement, (iv) past service costs, and (v) the effect of settlements or curtailments occurring during the period. The net interest income / expense with the pension plan is recognised as interest and similar income or interest expense and similar charges, depending on its nature. Early retirement costs correspond to increases in liabilities due to employees retiring before turning 65 years-old (normal retirement age foreseen in the ACT) and which forms the basis of the actuarial calculation of pension fund liabilities. Whenever the possibility of the early retirement provided for in the pension fund regulation is invoked, the responsibilities of same must be incremented by the value of the actuarial calculation of the liabilities corresponding to the period between the early retirement and the employee turning 65 years-old. In the event of a settlement or unwind in a defined benefit plan, the difference between (i) the present value of the defined benefit obligation determined at the settlement date and (ii) the settlement amount, including the value of the plan assets to be transferred; is recorded in "Personnel costs".

The Bank makes payments to the funds in order to assure their solvency, the minimum levels set by Banco de Portugal being: (i) the liability with pensioners must be totally funded at the end of each period, and (ii) the liability relating to past service costs for active employees must be funded at a minimum level of 95%.

The Bank assesses the recoverability of any excess in a fund regarding he retirement pension liabilities, based on the expectation of reductions in future contributions or on the reimbursement of contributions made..

Other Geographies

In the remaining geographies, namely Spain, United Kingdom and Poland, the Bank provides defined contribution pension plans. In these cases, the contributions are previously defined and the benefits assigned at retirement will depend on the amount of the contributions made and the accumulated income.

Health-care benefits

Portugal

The Bank provides to its banking employees health-care benefits through a specific Social-Medical Assistance Service. This Social-Medical Assistance Service (Serviço de Assistência Médico-Social, SAMS) is an autonomous entity which is managed by the respective Union.

SAMS provides its beneficiaries services and/or contributions with medical assistance expenses, diagnostics, medication, hospitalization and surgeries, in accordance with its funding availability and internal regulations.

SAMS also applies to employees' family members, in accordance with clause 110 "Beneficiaries" of the Banking Sector Collective Labor Agreement ("ACT")

Arising from the signature of the new Collective Labor Agreement (ACT) on 5 July 2016, published in Labor Bulletin (Boletim do Trabalho) no. 29, of 8 August 2016, the Bank’s contributions to SAMS as from 1 February 2017, correspond to a fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year.

The calculation and recognition of the Bank’s liability with post-retirement health-care benefits is similar to the calculation and recognition of the pension liability described above. These benefits are covered by the Pension Fund, which presently covers all liabilities with pensions and health-care benefits.

Other Geographies

In the remaining geographies, the Bank provides local medical plans to its workforce that are complimentary to the national health services provided in each of the respective geography. Namely:

- France

The Group provides to its Paris Office staff health-care supplementary insurance and personal insurance by engaging the insurance company Malakoff Humanis.

Malakoff Humanis provides the complementary refund of health-care expense for the part that is not refunded by the French Social Security, in addition to providing an indemnity to the staff member beneficiary in case of accident.

- Spain

The Spain Branch provides health-care benefits to its employees through a health insurance company named ASISA, a private company which is responsible for covering medical expenses in case of diagnosis appointments, treatments, hospitalization, and surgeries.

- Brazil

The Group provides its employees with healthcare benefits through a specific Medical Assistance Service. The company that provides access to disease treatment and health preservation coverage is the operator Care Plus, leader in the corporate healthcare segment in Brazil, and part of Bupa Global, one of the largest health insurers in the world.

Care Plus has its own network of affiliated doctors, as well as a reimbursement system for procedures and medical consultations, in addition to access to hospitals and laboratories throughout the national territory.

- Macau

The Macau Branch provides its employees with healthcare benefits through the American International Assurance Group (“AIA”).

AIA is the largest publicly listed life insurance group in Asia-Pacific and provides its beneficiaries with worldwide medical coverage and group life insurance. AIA has an extensive network of affiliated doctors and clinics across the region, in addition to an accessible online reimbursement system at the disposal of its beneficiaries.

- UK

In the London Branch, healthcare benefits for staff are administered via a designated Private Medical insurance with Bupa Health UK, the major health insurance provider in the UK and one of the largest worldwide. Employees have access to treatments for physical and mental health, treatment in private hospitals, private consultations, access to a digital GP service, out-patient care, and access to a network of labs throughout the UK.

- Poland

Haitong Branch in Warsaw provides its employees with healthcare benefits through Medicover. Medicover, a private company, provides a wide range of healthcare services including outpatient and specialist care and access to a network of hospitals, laboratories and blood collection points provided under two divisions – Healthcare Services and Diagnostic Services. Medicover also provides our employees with the benefits required by occupational medicine.

Employees across geographies are covered by defined contribution plans.

Long-term service bonuses

In Portugal, under the new ACT, signed at the 5th July 2016, the long-term service bonus was replaced by a career bonus, payable immediately prior to the employee´s retirement date, if the employee retires at the service of the Bank, corresponding to 1.5 of his/her salary at the time of its payment.

The career bonus is accounted for by the Bank in accordance with IAS 19, as a long-term employee benefit. The remeasurement effects and past service costs of this benefit are recognised in the income statement for the year, as occurred with the accounting model for long-term service bonuses.

The amount of the Bank 's liabilities with this career bonus is likewise periodically estimated based on the Projected Unit Credit Method. The actuarial assumptions used are based on expectations of future salary increases and mortality tables. The discount rate used in this calculation is determined applying the same methodology described above for retirement pensions.

Variable remuneration paid to employees

In accordance with IAS 19 - Employee benefits, variable remuneration (profit sharing, bonuses and others) granted to employees and, possibly, to executive members of administration bodies, is accounted for in profit or loss of its respective financial year.

2.11 INCOME TAXES

Income taxes comprise current and deferred taxes. Income taxes are recognised in income statement, unless when relating to items not directly recognised in equity, in which case they are also accounted for against equity. Taxes recognised in equity, as a result of the reassessment of financial assets at fair value through other comprehensive income, are subsequently recognised in income statement when the gains and losses which were in their origin are recognised in income statement.

Current taxes are those expected to be paid based on the taxable income which is calculated in accordance with the existing tax rules and by using the tax rate enacted or substantially enacted in each jurisdiction.

Deferred taxes are calculated in accordance with the liability method based on the statement of financial positions, on the temporary differences between the carry amount of assets and liabilities and their tax base, by using the tax rates which have been enacted or substantially enacted on the date of the statement of financial position in each jurisdiction and which are expected to be applied once the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences, except for goodwill not deductible for tax purposes, of the differences arising out of the initial recognition of assets and liabilities which affect neither accounting profit nor taxable profit which do not result from simultaneous recognition in a single transaction and of differences relating to investments in subsidiaries insofar as it is not likely that they reverse in the future. Deferred tax assets are only recognised insofar as it is expected that there will be taxable profit in the future which will absorb the tax losses carried forward and the deductible temporary differences.

As of 1 January 2019, the Bank adopted the new interpretative standard of IAS 12 - IFRIC 23 - 'Uncertainty over Income Tax Treatments' - which to recommend the measurement requirements and recognition to be applied in the event of uncertainties regarding the acceptance of a given tax treatment by the Tax Administration concerning income tax and should reflect the entity's best estimate of the presumed outcome of the situation under discussion. This estimated value based on the expected value or the most probable value should be recorded by the entity as an asset or liability for income tax based on IAS 12 and not by IAS 37.

It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020).

In addition, Law No. 24-D/2022, of December 30, was published, which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated . Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

2.12 CONTINGENT ASSETS

Contingent assets are not recognized in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources following the treatment provided for by IAS 37.

2.13 PROVISIONS

Provisions are recognised when (i) the Bank has a current, legal or constructive obligation, (ii) it is likely that its payment will be required and (iii) when the amount of such obligation may be estimated in a reliable manner.

When the effect of the passage of time (discounting) is material, the provision corresponds to the net present value of the expected future payments, discounted at an appropriate rate considering the risk associated with the obligation.

If it is not likely for payment to be required, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the likelihood of their realization is remote. Provisions for restructuring are recognised once the Bank approves a formal and detailed restructuring plan, and such restructuring has been commenced or publically announced on the reference date of the financial statements.

A provision for onerous contracts is recognised when the expected benefits of a formal contract are lower than the costs that the Bank will inevitably incur in order to meet the obligations arising therefrom. This provision is measured based on the current lowest value between the contract termination costs or the net estimated costs of continuing the contract.

2.14 RECOGNITION OF FEE AND COMMISSION INCOME

Income from services and commissions are recognised when (or as) a performance obligation is fulfilled by transferring a service, based on the transaction price associated with that performance obligation, as follows:

- Income from services and commissions obtained for the performance of a given performance obligation, such as commissions in loan syndications, are recognized in profit or loss when each of the performance obligations has been completed;
- Income from services and commissions obtained for the performance obligations fulfilled over time are recognised in profit or loss over the period in which these performance obligations are fulfilled;

Income from services and commissions which are an integral part of the effective interest rate of a financial instrument are accounted for in income statement by the effective interest rate method.

2.15 SEGMENT REPORTING

The Group adopted IFRS 8 – Operating Segments for the disclosure of financial information by operating segments (see Note 4).

An operating segment is a component of the Group: (i) which engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions on the allocation of resources to the segment and assess its performance; and (iii) for which discrete financial information is available.

2.16 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding, with the exclusion of the average number of own shares held by the Bank.

For the calculation of diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to reflect the effect of all dilutive potential ordinary shares, such as those arising out of convertible debt and of options granted to employees over own shares. The effect of the dilution is a decrease in earnings per share, resulting from the assumption that the convertible instruments are converted or that the granted options are exercised.

2.17 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and its equivalents encompass the amounts accounted for in the statement of financial position whose maturity is less than three months from the date of acquisition/contract with immaterial risk of fair value fluctuation, which includes cash, deposits in Central Banks, deposits in other credit institutions and loans and advances to banks.

The flows from financial assets at fair value through other comprehensive income and at amortized cost are allocated to investment activities, in turn, the flows from financial assets at fair value through profit or loss are allocated to operating activities.

2.18 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

These assets are recorded at historical cost, being subject to periodic analyses of impairment. Dividends are recorded as an income in the year in which its distribution is decided by the subsidiaries and associated companies.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it has the power to designate the relevant activities of the entity, and when it is exposed, or has rights, to the variability of returns arising from its involvement with that entity and can take control of them through the power it holds over the relevant activities of that entity (de facto control).

Financial investments in associates

Associated companies are entities over which the Bank has significant influence, but does not exercise control over their financial and operational policy. The Bank is presumed to exercise significant influence when it holds more than 20% of the associate's voting rights. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is assumed that the Bank does not have significant influence, except when this influence can be clearly demonstrated.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed annually, with reference to the end of each year or whenever there are signs of a possible loss in value. Impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Identified impairment losses are recorded against profit or loss, being subsequently reversed through profit or loss if there is a reduction in the amount of the estimated loss in a subsequent period. The recoverable amount is determined based on the greater between the value in use of the assets and the fair value less costs to sell, being calculated using valuation methodologies, supported by discounted cash flow techniques, comparable multiples, considering the conditions markets, time value and business risks.

2.19 SUBSEQUENT EVENTS

The Bank analyses events occurred after the balance sheet date, i.e., favorable and/or unfavorable events that occur between the balance sheet date and the date the financial statements were authorized for issue. In this context, two types of events can be identified:

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,

ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the individual financial statements in Note 41.

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

The IFRS set forth a range of accounting treatments and require the Board of Directors to make the necessary judgements and estimates to decide on the most appropriate accounting treatment. These estimates were made considering the best information available at the date of preparation of the financial statements, considering the context of uncertainly that results from the impact of Russia-Ukraine conflict in the current economic scope. The Bank's main accounting estimates and judgements used thereby when applying the accounting principles are laid down in this Note with the purpose of improving the understanding on how the implementation thereof affects the Bank's reported results and their disclosure.

A broader description of the main accounting policies used by the Bank is shown in Note 2 to the individual financial statements.

Whereas in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could have differed if it adopted a different treatment. The Board of Directors believes that it made the appropriate choices, and that the financial statements give an adequate description of the Bank financial position and of the result of its operations in all material respects.

3.1. IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank periodically reviews financial assets at amortised cost and debt at fair value through other comprehensive income in order to accurately evaluate the existence of impairment, as referred on Note 2.3.1.

Individual analysis.

Given the specific characteristics of the credit portfolio, the Bank decided that the main approach for calculating impairment is individual analysis, taking into account relevant and particular factors that may justify a possible adjustment to the impairment rate.

The Risk Management Department identifies all exposures subject to individual staging analysis, encompassing Top 20 performing largest exposures, all under-performing (Stage 2) and non-performing (Stage 3) exposures, and ensures that they are subject of analysis by the Impairment Committee and Executive Committee. In the case of Stage 1 exposures, the individual staging analysis is carried out in order to confirm that the Top 20 largest exposures doesn't show any warning signals that causes a reclassification to Stage 2. Stage 2 exposures are analysed individually, in order to verify the absence of indicative unlikeliness to pay of the debtor and the events considered by Capital requirements Regulations (CRR) in its definition of default and by standard IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3.

The documentation supporting the individual analysis of cases to be discussed at the Impairment Committee and Executive Committee includes: a) historical information (exposure by contract and type, impairment rates in force, collateral and respective valuation); and b) recovery scenarios with expected cash flows discounted to the current date, using the effective interest rate that was determined at initial recognition, in order to obtain expected credit losses.

The recovery scenarios should be influenced by future prospects contemplating not only the most probable scenario (base case) but also alternative scenarios (optimistic or downside scenarios). For each of the scenarios presented, the respective assumptions and respective explanation is assured based on the activity of the company (incorporating data from the historical financial statements, certain events and other financial estimates when available), the value of collaterals (including the respective valuation methodologies) and sale or execution thereof. The recovery scenarios are weighted by their probability of occurrence.

Thus, the individual analysis' process is subject to various estimates and evaluations, including recovery predictions and the valuation of existing collaterals.

The use of scenarios or alternative methodologies with other assumptions and estimates could result in different levels of impairment losses recognised, with a consequent impact on the Bank's results.

Collective analysis

Impairment assessment on the collective basis is based upon the evaluation of the net present value of the expected cash flows for each loan, using pre-defined risk parameters supported by external information.

Taking into account the specificities of Haitong Bank credit portfolio, the collective model is based on external information for all the key risk parameters used. The main parameters used are: (i) Probability of Default (PD), (ii) Loss Given Default (LGD), (iii) Exposure at Default, (iv) Collateral haircut, and (v) Credit Conversion Factor (CCF) for off-balance exposures.

- Probability of Default (PD) reflects the likelihood of default. The Bank takes into account Standard & Poor's (S&P) provided PD, whereas the rating assigning process is performed internally based on the S&P methodology, which ensures the alignment between internal risk management and the process of impairment calculation. The PDs published by S&P are, by their nature, Through-the-Cycle (TTC) PDs. As such, and in order to comply with the requirements of IFRS 9, the Group converts the aforementioned PDs to point-in-time (PiT) and forward-looking information. This conversion is carried out in accordance with an internal methodology that is based on the correlation of PDs published by S&P with selected explanatory macroeconomic variables.
- Loss Given Default (LGD) is the magnitude of loss at the time of default. The Bank applies LGD based on Moody's benchmarks (recovery rates), depending on the debtor (*corporate* or *sovereign*) and the financial instrument's characteristics (collateralized or not).
- The Exposure at Default (EAD) for off-balance sheet exposures is determined as the amortized cost of the financial instrument based upon the effective interest rate method.
- The Bank applies the Collateral Haircut based on the regulatory capital requirements (CRR) eligibility criteria and haircut.
- Credit Conversion Factor (CCF) is based on the CRR where CCF applies to all guarantees and lines of credit (off-balance exposures).

The Bank updated the inputs of the collective model in 2023 regarding the incorporation of forward-looking information, according to the information presented in Note 38 – Risk Management.

3.2. INCOME TAXES

The Bank is subject to the payment of income taxes in various jurisdictions. Determining the aggregate amount of income taxes requires certain interpretations and estimates. There are several transactions and calculations for which determining the final amount of tax to be paid is uncertain throughout the normal course of business.

Other interpretations and estimates could result in a different level of income taxes recognized in the period, whether current or deferred.

The historical loss calculation in recent years justifies an assessment of the recoverability of deferred tax assets, but these results are significantly affected by extraordinary situations (eg. restructuring) that are not expected to occur in future years.

The assessment of the recoverability of deferred tax assets (including the rate at which they shall be realized) was carried out by the Bank based on projections of its future taxable profit, such projections being specified from a business plan.

The estimate of future taxable profit involves a significant level of judgment regarding the future development of the Bank's activity and the timing of execution of temporary differences. For such purpose, several assumptions were adopted, in particular the analysis of several scenarios due to a uncertainty about the fiscal treatment of a set of Bank realities.

Tax Authorities are required to review the calculation of the basis of assessment, made by the Bank, for a period of four years, except where any deduction or tax credit has been made, where the time-limit is the exercise of that right. Hence, there is a possibility that the basis of assessment will be corrected, mainly due to differences in the interpretation of the tax legislation. However, it is the Bank's Boards of Directors belief that there will be no additional settlements of significant value in the context of the financial statements.

The Bank complies with the IFRIC 23 guidelines – Uncertainty regarding Income Tax Treatment with regard to the determination of taxable profit, tax bases, tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatment, with its did not result material impact on its financial statements.

3.3. IMPAIRMENT LOSSES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries and associated companies are analysed periodically for the purpose of identifying signs of impairment. If any, the impairment is determined in accordance with the rules set forth in IAS 36. In the absence of an available market value (price book value), the recoverable amount is normally determined based on discounted value techniques using a discount rate that considers the risk associated with unit to be tested. The determination of the future cash flows to be discounted and the discount rate to be used involves judgment. Changes in expected cash flows and in the discount rates to be used could lead to different conclusions from those that formed the basis of the preparation of these financial statements.

3.4. PENSIONS AND OTHER EMPLOYEE BENEFITS

Determining responsibilities for retirement pensions requires the use of assumptions and estimates, including the use of actuarial projections, responsabilities discount rate, and other factors that could impact the cost and liability of the pension plan.

Any changes to such assumptions could have a significant impact on the determined amounts.

3.5. FAIR VALUE OF FINANCIAL DERIVATIVES AND ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

For the purposes of determining the fair value of bond and equity instruments, the use of their quotation is preferred, namely the current purchase price (bid-price). In the absence of this quote, the Bank estimates fair value using: (i) valuation methodologies, such as the use of prices from recent, similar transactions carried out under market conditions, discounted future cash flow techniques and value valuation models customized options to reflect the particularities and circumstances of the instrument, and (ii) valuation assumptions based on market information. These methodologies also incorporate own and counterparty credit risk, and may require the use of assumptions or judgments in estimating fair value. Regarding financial liabilities, the Group applies the same valuation hierarchy, but considering the ask-price.

In relation to derivatives, market risk factors are considered (e.g. interest rate curves and exchange rates) that feed the evaluation models implemented for each derivative. Additionally, the CVA is calculated for which, among others, LGD, PD and Collateral Ratio are used.

Consequently, the use of different methodologies or different assumptions or judgments when applying a given model could result in valuations different from those reported.

3.6. CLASSIFICATION OF PERFORMANCE GUARANTEE

The Bank analysed the issued performance guarantee contracts to assess whether they would meet the definition of insurance contracts in the scope of IFRS 17.

The Bank has concluded that its performance guarantee contracts expose the Bank solely to credit risk of the applicant because (i) all the contracts require the customers who apply for a guarantee to fully collateralise their obligations to indemnify the Bank as the issuer and (ii) there are no scenarios with commercial substance where the Group would have to pay significant additional amounts to the holders of such guarantees.

Accordingly, the Bank accounts for these contracts as loan commitments in accordance with IFRS 9. The gross amount of the performance guarantees issued and accounted for as loan commitments is 90,808 (31 December 2022: 55 404 thousand euros) (refer to Note 37) and the carrying value of the related liability recognised in the statement of financial position is 1,866 thousand euros (31 December 2022: 1,682 thousand euros) at 31 December 2023. The fee income recognised for these performance guarantees was 77 thousand euros (2022: 70 thousand euros) for the year ended 31 December 2023.

3.7. PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

The recognition of a provision occurs when there is a present obligation (legal or constructive) resulting from past events in relation to which the future expenditure of resources is probable, and this can be reliably determined.

The outcome of ongoing legal proceedings, as well as the amount of the provision corresponding to the best estimate of the amount to be disbursed to settle the liability on the balance sheet date, is assessed based on the Board of Directors' perspective supported in accordance with the opinion of the Group's lawyers/legal consultants and the decisions up to the date of the courts (jurisprudence), which however may not come to fruition.

3.8. TERM OF LEASE AGREEMENTS

The Bank applies judgment to determine the lease term of some contracts, in which it is the lessee, and which include renewal and termination options. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by a renewal option if it is reasonably certain to be exercised, or any periods covered by a termination option if it is reasonably certain not to be exercised.

This assessment has an impact on the lease term, which will significantly affect the amount of lease liabilities and right-of-use assets recognized.

NOTE 4 – FINANCIAL MARGIN

This heading's amount is composed of:

(thousand euros)

	31.12.2023			31.12.2022		
	Assets/Liabilities at Amortised Cost and at fair value through other comprehensive income	Assets/Liabilities at Fair Value Through Profit or Loss	Total	Assets/Liabilities at Amortised Cost and at fair value through other comprehensive income	Assets/Liabilities at Fair Value Through Profit or Loss	Total
Interest and similar income						
Interest from loans and advances to customers	49 842	-	49 842	24 171	-	24 171
Interest from deposits and investments in credit institutions	12 143	-	12 143	2 676	-	2 676
Interest from financial assets at fair value through other comprehensive income	7 505	-	7 505	5 236	-	5 236
Interest from financial assets at fair-value through profit and loss	-	1 431	1 431	-	963	963
Interest from debt securities measured at amortised cost	18 473	-	18 473	9 854	-	9 854
Other interest and similar income	1 833	-	1 833	508	-	508
	89 796	1 431	91 227	42 445	963	43 408
Interest and similar expenses						
Interest from deposits from central banks and other credit institutions	24 835	-	24 835	8 228	-	8 228
Interest from debt securities issued	16 892	-	16 892	7 036	-	7 036
Interest from customers accounts	17 137	-	17 137	6 803	-	6 803
Interest from leasing	427	-	427	180	-	180
Other interest and similar expenses	2 811	-	2 811	377	-	377
	62 102	-	62 102	22 624	-	22 624
	27 694	1 431	29 125	19 821	963	20 784

As at the 31st of December, 2023, interest and similar income includes an amount of 240 thousand euros and 207 thousand euros concerning contracts flagged as stage 2 and stage 3, respectively (31st of December,2022: 101 thousand euros and 74 thousand euros).

The heading Interest and similar expenses – Interest from deposits from central banks and other credit credit institutions has a cost of 860 thousand euros associated with TLTRO III operations (31st of December,2022 negative cost of 98 thousand euros). It has also recorded a cost of 312 thousand euros associated with PELTRO operations (31st of December,2022 corresponded to a cost of 667 thousand euros).

For each TLTRO III tranche, the effective interest rate is being periodized. This interest rate considers the interest rates applicable to each operation in the elapsed period, in accordance with the Bank's estimate of compliance with the targets for variation in the volume of eligible credit defined by the ECB.

As of December 31, 2023, only one TLTRO III operation is alive with a nominal value of 11,000 thousand euros (31 December 2022 corresponded to a nominal value of 99,060 thousand euros). (Refer to Note 29).

The item lease interest refers to the interest expense related to lease liabilities recognized under IFRS 16.

The average interest rates recorded for the years ended December 31, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 40.

As of December 31, 2023 and 2022, the amount of Interest and similar income has the following distribution by geographic segment:

(thousand euros)

	31.12.2023	31.12.2022
Interest and similar expenses		
Portugal	26 937	8 869
Poland	14 861	11 061
Spain	11 260	5 407
Luxembourg	8 961	3 309
Italy	5 745	1 247
Netherlands	3 816	-
United Kingdom	2 914	3 292
Ireland	2 796	1 328
Cayman Iland	2 467	-
China	2 414	5 008
Brazil	-	695
France	-	662
Others	9 056	2 530
	91 227	43 408

NOTE 5 – INCOME FROM EQUITY INSTRUMENTS

This heading’s amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Dividend income		
HAITONG BANCO DE INVESTIMENTO DO BRASIL S.A.	-	178
		178

NOTE 6 – NET FEES AND COMMISSIONS INCOME

This heading’s amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Fees and commissions income		
From banking services	26 946	32 781
From guarantees provided	1 173	1 219
From transactions with securities	7 163	9 528
	35 282	43 528
Fees and commissions expenses		
From banking services rendered by third parties	113	1 814
From transactions with securities	1 669	1 575
From guarantees received	360	277
Other fee and comission expenses	4 964	345
	7 106	4 011
	28 176	39 517

As at December 31st, 2023, the income regarding fees and commission included 17,115 thousand euros (31st of December 2022: 24,003 thousand euros) concern Haitong Group related parties (Note 38).

As at 31st December 2023 and 2022, the amount of fees and commissions present the following distribution, by operational segment:

(thousand euros)

	31.12.2023	31.12.2022
Fees and commissions income		
Capital Markets Division	10 510	13 560
Mergers and Acquisitions Division	15 909	14 349
Structured Finance Division	4 860	4 588
Equities Division	108	800
Fixed Income Currency and Commodities Division	1 033	4 990
Treasury Division	115	40
Corporate Solutions	8	1 809
Others	2 739	3 392
	35 282	43 528

Each operating segment comprises the following activities, products, customers and structures of the Bank:

Mergers and Acquisitions

The Mergers and Acquisitions (M&A) Division provides financial advisory services on the acquisition, sale or merger of companies. This Division also provides services such as valuations, and restructuring and feasibility studies.

Capital Markets

The Capital Markets Division comprises the origination, structuring and execution of market-oriented debt and equity instruments. The Bank provides its services to corporates, financial institutions, public companies and state-related entities.

In the Debt Capital Markets (DCM) area, the Bank engages in structuring debt instruments, namely domestic debt issues and cross-border issues, especially related to China and emerging markets, as well as hybrid products, ESG bonds, project bonds, commercial paper programmes, and liability management.

Equity Capital Market (ECM) transactions are explored on a case-by-case basis, according to the opportunities that arise, mainly comprising capital increases, takeover offers, equity-linked instruments, and listings and delisting for corporate clients.

Corporate Derivatives

Haitong Bank's Corporate Derivatives Desk covers several asset classes such as interest rates, FX and commodities, and assists companies in the immunization of their balance against financial variables that may negatively affect their profits, allowing them to focus on their core business and lock in the margin in their products. Consequently, companies can optimize their hedging strategy against the increase in interest rates and against the exchange variations between payments and receipts of their products and services, in addition to fixing the cost/sale price of raw materials.

Fixed Income

With dedicated Trading, Syndication, and Distribution teams, the Fixed Income Division offers market-making services for corporate and sovereign debt securities, multi-product international distribution, syndication capacity for different debt products and the production of tailor-made products for institutional clients. Its presence in various geographies and the combination of its origination and distribution capacity stimulate the identification of new business opportunities and promote cross-border activity.

The Fixed Income Division is also responsible for managing Haitong Bank's banking and trading book portfolios, in accordance with the investment policies and pre-defined limits established by the Executive Committee.

The Fixed Income Division in Brazil aims to manage several risk factors to which the Bank is locally exposed, such as fixed interest rates, inflation, FX, and equities. The Fixed Income activity in Brazil also comprises the risk originating management through the proprietary portfolio alongside its strategy (trading and banking books), following the internal guidance and in accordance with the investment policies established by the Executive Committee and the Board of Directors of Haitong Brazil.

Structured Finance

The Structured Finance Division develops financing solutions for its Clients, namely under the form of acquisition/leverage finance, project finance, or corporate and asset-based loans, and provides financial advisory services and arranging and agency services for financing operations.

Corporate Solutions

The Corporate Solutions Division is responsible for establishing relationships with clients in various sectors and for identifying business opportunities and attracting business to the Bank's product areas.

This unit also monitors cross-border opportunities with a view to ensuring a business liaison between the Groups' various geographies.

Treasury

The Treasury Division is responsible for ensuring an appropriate level of funding to meet the Bank's and the Group's current and future funding needs, as well as for maintaining and managing an appropriate level of liquidity to meet the financial liabilities.

Additionally, the Treasury Division is responsible for managing the Bank's proprietary HQLA portfolio.

Private Equity

This business segment, carried out via the Bank's subsidiary Haitong Global Asset Management, SGOIC, S.A., undertakes to provide support to the private corporate initiative, by promoting productive investment, which is mostly financed by equity.

Corporate Centre

The Corporate Centre does not correspond to a business area; it is a combination of corporate structures ensuring basic functions of the Group's global management, such as those associated with the management and supervisory bodies, and areas such as Compliance, CEO Office, Finance, Corporate Solutions, among others.

Special Portfolio Management

The purpose of the Special Portfolio Management Division (SPM) is to manage all the non-performing exposures, according to IFRS9 criteria, in which the Bank is involved.

This Division also manages all credit operations in which the Bank is solely involved as an agent, in case the operations are in default or classified as non-performing.

Other

Includes all remaining segments of the Group's Management Information model, which in accordance with the provisions laid down in IFRS8 are not subject to mandatory individualization (Asset Management and other revenue centres).

As at 31th of December 2023 and 2022, the amount of fees and commissions present the following distribution, by geographical segment:

(thousand euros)

	31.12.2023		31.12.2022
Fees and commissions income			
China	21 973	28 004	21 973
Portugal	6 590	5 496	6 590
United Kingdom	1 283	502	1 283
Poland	1 512	2 234	1 512
Spain	834	1 980	834
Virgin Islands	744	2 082	744
Luxembourg	580	992	580
Hong Kong	520	-	520
Brazil	515	458	515
Ireland	320	-	320
Cayman island	-	730	-
Other	411	1 050	411
	35 282	**43 528**	**35 282**

NOTE 7 – NET TRADING INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Assets and liabilities held for trading		
Securities		
Bonds and other fixed income securities		
Issued by public entities	197	134
Of other entities	2 021	(1 036)
Shares	(17)	(5)
	2 201	(907)
Financial derivatives		
Foreign-exchange contracts	(694)	6 257
Interest rates contracts	(1 764)	4 355
Equity/indexes contracts	(792)	254
Other	87	269
	(3 163)	11 135
	(962)	10 228

The assets that gave rise to the results presented here are detailed in Note 19 and 20.

NOTE 8 – NET INCOME FROM OTHER INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Assets and liabilities at fair value through profit or loss		
Loans and advances to customers	2	(2)
Shares	858	240
	860	238

The assets that gave rise to the results presented here are detailed in Note 22 and 24.

NOTE 9 – NET GAIN/(LOSS) FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FAIR VALUE TRHOUGH OTHER COMPREHENSIVE INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Bonds and other fixed income securities		
Issued by public entities	193	-
Of other entities	1 254	604
	1 447	**604**

The assets that gave rise to the results presented here are detailed in Note 22.

NOTE 10 – NET GAINS/(LOSSES) FROM HEDGE ACCOUNTING

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Net gains/(losses) from hedge accounting		
Hedging derivatives (Note 21)	248	-
Hedged instrument (Note 22)	(248)	-
	-	-

The Bank carries out accounting hedges using interest rate futures. This item records changes in the fair value of derivatives designated for hedging as well as the respective variation in the covered risk of debt instruments designated for hedging (see notes 21 and 22). In 2022, no accounting coverage was carried out.

The assets that gave rise to the results presented here are detailed in Note 21 and 22.

NOTE 11 – NET GAINS / (LOSSES) FROM FOREIGN EXCHANGE DIFFERENCES

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Currency revaluation	187	(6 748)
	187	**(6 748)**

On the 31st of December 2023 and 2022, this heading includes results arising out of the exchange rate revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy set forth in Note 2.2, and the results of foreign exchange derivatives. The exposure of assets and liabilities, by currency, is presented in Note 40.

NOTE 12 – NET GAIN/(LOSS) FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Loans recoveries	-	3
Sale of loans and advances to customers	403	-
Gains/Losses on Amortized Cost Investments	2 711	-
Gains/Losses Other Assets at Amortized Cost	(1 170)	
	1 944	**3**

In 2023, the Bank sold loans and securities, totaling 21 million euros and 67 million euros, respectively. These transactions generated a result of 403 thousand euros in capital gains from the sale of credits and 2 711 thousand euros in capital gains from the sale of bonds. Sales fit into the Hold to Collect business model, as they were infrequent or insignificant, or motivated by a significant increase in the credit risk of financial assets or to manage concentration risk.

The assets that gave rise to the results presented here are detailed in Note 22.

NOTE 13 – OTHER OPERATING INCOME AND EXPENSES

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Other customer services	130	72
Direct and Indirect taxes	(2 788)	(2 347)
Non-current assets held-for-sale (Note 23)	(201)	-
Non-financial assets	(77)	195
Sub-leasing	496	488
Other operating results	(1 043)	1 004
Gains / (losses) on recoveries of loans		
Securities recoveries (Note 22)	8 868	-
	5 385	**(588)**

Direct and indirect taxes include 2,009 thousand euros concerning the cost associated with the Bank Levy and Additional Solidarity Contribution on the Banking Sector (2022: 1,480 thousand euros), established pursuant to Law no. 55-A/2010, of the 31st of December (see Note 31).

Other operating results include 1,153 thousand euros relating to the Contribution to the National Resolution Fund and European Resolution Fund (31 December 2022: 1,346 thousand euros).

In 2023, there was a recovery of 8,868 thousand euros relating to a debt instrument.

NOTE 14 – EMPLOYEE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Wages and salaries		
Remuneration	25 283	25 044
Career benefits (see Note 15)	56	(166)
Changes from termination agreements (see Note 15)	34	248
Expenses with retirement pensions (see Note 15)	19	137
Other mandatory social charges	4 631	4 689
Other expenses	158	950
	30 181	30 902

The costs with remuneration and other benefits granted to key management employees of the Haitong Bank are distributed as follows:

(thousand euros)

	Board of Directors	Identified Staff (1)	Total
December 2023			
Remuneration and other short-term benefits	1 483	6 642	8 125
Variable remuneration	862	1 527	2 389
Total	**2 345**	**8 169**	**10 514**
December 2022			
Remunerations and other short-term benefits	1 467	7 045	8 512
Variable remunerations	764	1 184	1 948
Total	**2 231**	**8 229**	**10 460**

(1) Excluding Board of Directors

The category "Identified Staff" considers the staff whose actions have a material impact on the Bank's risk profile ("Identified Staff").

On December 31st, 2023 and December 31st,2022, the Haitong Bank did not present any credit granted to its Management Bodies.

Per professional category, the average number of employees of the Haitong Bank can be analysed as follows:

	31.12.2023	31.12.2022
Directors	136,5	140,0
Management	3,0	3,0
Specific roles	118,0	109,5
Administrative roles	16,0	17,0
Support roles	10,0	10,0
Total HT Bank (media)	**284,0**	**280,7**

As at 31 December 2023 and 2022, the Bank had a total of 277 and 278 employees on its staff, respectively.

NOTE 15 – EMPLOYEES BENEFITS

Retirement pensions and healthcare benefits

Pension and health-care benefits In compliance with the Collective Labor Agreement ("Acordo Coletivo de Trabalho", ACT) for the banking sector established with the unions, the Bank undertook the commitment to grant its employees, or their families, pensions on retirement, disability and survival. These payments consist of a percentage that increases in accordance with the years of service, applied to each year's negotiated salary table for the active work force.

Arising from the signature of the new Collective Labor Agreement ("Acordo Coletivo de Trabalho", ACT) on 5 July 2016, published in Labor Bulletin (Boletim do Trabalho) no. 29, of 8 August 2016, the Bank's contributions to SAMS as from 1 February 2017, correspond to a fixed amount (as per Annex VI of the new ACT) for each employee, 14 times a year.

The measurement and recognition of the Bank's liability with post-retirement health-care benefits is similar to the measurement and recognition of the pension liability. These benefits are covered by the Pension Fund, which currently covers all liabilities with pensions and health-care benefits.

For employees hired until 31 December 2008, the retirement pension and the disability, survival and death pensions consecrated under the ACT, as well as the liabilities for health-care benefits (SAMS), are covered by a closed pension fund, managed by GNB – Sociedade Gestora de Fundos de Pensões, S.A.

Protection of employees in the event of maternity, paternity and adoption, as well as old age, is covered by the General Social Security Regime, given that with the publication of Decree-Law no. 1A/2011, of 3 January, all banking employees who were beneficiaries of "CAFEB – Caixa de Abono de Família dos Empregados Bancários" were integrated in the General Social Security Regime as from 1 January 2011.

Employees hired after 31 December 2008 are covered by the Portuguese General Social Security Regime.

Retirement pensions of banking employees integrated in the General Social Security Regime within the scope of the 2nd tripartite agreement continue to be calculated in accordance with the provisions of the ACT and other conventions; however, banking employees are entitled to receive a pension under the General Regime, that takes into account the number of years of contributions under that regime. The banks are responsible for the difference between the pension determined in accordance with the provisions of the ACT and that which the banking employees are entitled to receive from the General Social Security Regime.

The contribution rate is 26.6%, 23.6% paid by the employer and 3% paid by the employees to the General Social Security Regime on the behalf of Caixa de Abono de Família dos Empregados Bancários (CAFEB), abolished by said Decree-law. In consequence of this change, pension entitlements of active employees are to be covered on the terms defined under the General Social Security Regime, for the length of their employment between 1 January 2011 and their retirement date. The differential required to make up the pension guaranteed under the ACT is paid by the Banks.

At the end of financial year 2011 and pursuant to the 3rd tripartite agreement, it was decided to transfer, definitively and irreversibly, to the General Social Security Regime all the banks' liabilities with pensions in payment to retirees and pensioners that were in that condition as at 31 December 2011 at constant values (0% discount rate) for the component foreseen in the "Instrumento de Regulação Colectiva de Trabalho" (IRCT) applicable to banking employees, including the eventualities of death, disability and survival. The liabilities relating to the updating of pension amounts, pension benefits other than those to be borne by Social Security, health-care contributions to SAMS, death allowances and deferred survivor's pensions will remain under the banks' responsibility, with the corresponding funding being met through the respective pension funds.

The agreement further established that the financial institutions' pension fund assets relating to the part allocated to the satisfaction responsibilities for those pensions, be transferred to the State.

The main assumptions used in the calculation of liabilities are as follows:

	Assumptions	
	31.12.2023	31.12.2022
Financial Assumptions		
Discount rate	3,59%	4,23%
Pension growth rates	2024: 2,00% 2025: 1,20% ≥2026: 0,50%	0,50%
Salary growth rates	2024: 2,25% 2025: 1,45% ≥2026: 0,75%	0,75%
Demographic Assumptions and Assessment Methods		
Mortality table		
Men	TV 88/90	TV 88/90
Women	TV 88/90 -3 anos	TV 88/90 -3 anos
Actuarial valuation method	Project Unit Credit Method	

Disability decrements are not included in the calculation of responsibilities. The discount rate used as reference to the 31st of December, 2023, was based on: (i) the development sustained by the main indices concerning high quality corporate bonds and (ii) the duration of the responsibilities (16 years).

Recipients of the pensions plan are disaggregated as follows:

	31.12.2023	31.12.2022
Active workers	86	90
Former employees with vested rights	83	81
Retired	51	46
Survivors	9	10
TOTAL	229	227

Former employees with vested rights refer to employees who ceased their activity in the Bank in 2023 and 2022 and maintained the pension plan rights.

The IAS 19 application implies the following liabilities and coverage levels, which shall be reported on the 31st of December 2023 and 2022:

(thousand euros)

	31.12.2023	31.12.2022
Net Assets / (Liabilities) recognised in the statement of financial position		
Liabilities as at 31st of December		
Pensioners and former employees with vested rights	30 838	25 177
Active workers	9 212	7 739
	40 050	32 916
Balance of funds as at 31st of December	**52 788**	**49 786**
Excess of coverage / Contributions to the fund	12 738	16 870
Assets / (Liabilities) in the statement of financial position (see Note 26 and 32)	**12 738**	**16 870**
Acummulated actuarial gains / losses recognised in other comprehensive income	28 749	23 957

The Bank assesses the recoverability of any excess of the fund in relation to retirement pension liabilities, based on the expectation of a reduction in future necessary contributions or the reimbursement of contributions made.

Retired includes the former employees, with vested rights acquired under the Social Plan.

The evolution of liabilities regarding retirement pensions and healthcare benefits is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities at the beginning of the period	32 916	50 066
Current service cost (see Note 13)	19	137
Interest expenses	1 374	730
Participants contributions	90	86
Actuarial (gains)/losses	6 640	(17 388)
-Changes in financial assumptions	4 831	(19 692)
- Experience (Gains)/losses	1 809	2 304
Pensions paid by the fund	(1 023)	(963)
Changes from termination agreements (see Note 13)	34	248
Liabilities at the end of the period	40 050	32 916

Liabilities with Health Benefits were fully covered by the Pension Fund and correspond to 2,500 million euros on 31 December 2023 (31 December 2022: 2,026 thousand euros).

Considering the situation on the 31st of December 2023, the analysis to the sensibility and alterations of the actuarial assumptions revealed the following impacts:

- An increase in the discount rate of 25 base points would have represented a reduction in liabilities of approximately 1,545 thousand euros. A discount rate decrease of the same proportion would have represented an increase in liabilities of approximately 1,604 thousand euros;
- An increase of 25 base points in the growth of salaries and pensions would have represented an increase in liabilities of approximately 1,786 thousand euros. A decrease in the growth of salaries of the same proportion would have represented a decrease in liabilities of approximately 1,713 thousand euros.

The evolution of value regarding the pension funds on the financial years ending on the 31st of December 2023 and 2022, may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Pension Funds at the beginning of the period	49 786	56 260
Real income of the fund	3 935	(5 305)
Group contributions	-	-
Participants contributions	90	86
Benefits paid	(1 023)	(963)
Transfers from liabilities	-	(292)
Pension Funds at the end of the period	52 788	49 786

Pension fund assets can be analysed as follows:

	% Portfolio	
	31.12.2023	31.12.2022
Bonds	76,96%	64,60%
Shares	20,78%	28,40%
Alternative investment	0,00%	5,20%
Liquidity	2,26%	1,80%
Total	**100%**	**100%**

All assets (except Liquidity assets) are quoted and valued based on market prices.

An adequacy exercise was carried out between the Pension Fund's assets and liabilities, taking into account the investment, contribution and financing policies intended by the associate, which gave rise to the investment strategy. The VaR of the ratio between the fund's financial assets and the pension plan's liabilities is estimated periodically throughout the year to monitor whether the expected level of volatility between the fund's financial assets and the pension plan's liabilities fits within the budget for risk defined by the Bank.

On the 31st of December 2023 and 2022 the funds did not contain securities issued by entities of the Bank.

The evolution of accumulated actuarial deviations reflected in other comprehensive income may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Accumulated actuarial gains / (losses) as at 1st January	23 957	35 223
- Actuarial assumptions changes	4 831	(19 692)
- (Gains)/losses in experience	(39)	8 426
Accumulated actuarial deviations as at 31st of December	**28 749**	**23 957**

The costs of the financial year with retirement pensions and healthcare benefits may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Current service cost (See Note 14)	19	137
Interest Expenses / (Income)	(713)	(87)
Expenses of the year+	**(694)**	**50**

The earnings / costs of the interests are recognised according at net value in interest and similar income / expenses.

The evolution of the net assets / (liabilities) on the balance regarding the financial years ending on the 31st of December 2023 and 2022 may be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**16 870**	**6 194**
Year expenses	694	(50)
Actuarial gains / (losses) recognised in other comprehensive income	(4 792)	11 266
Changes in termination agreements	(34)	(248)
Transfer to other funds	-	(292)
Final Balance	**12 738**	**16 870**

The normal contribution planned for the year 2024 is 137 thousand euros. This value corresponds to a cost of 4.58% of the expected value of pensionable salaries for 2024, and does not take into account the deduction of the contribution of employees admitted to the sector after January 1, 1995 (global contribution of 5% on their minimum monthly salary).

However, as the pension fund is fully funded on December 31, 2023, it is not anticipated that the Member will need to make contributions during the year 2024.

The evolution of liabilities and fund balances, as well as the earnings and losses of experience in the last 5 years shall be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Liabilities	(40 050)	(32 916)	(50 066)	(52 754)	(84 043)
Funds balances	52 788	49 786	56 260	53 072	78 792
(Under) / over funded liabilities	**12 738**	**16 870**	**6 194**	**318**	**(5 251)**
Experience (gains) / losses from liabilities	1 809	2 304	(142)	(1 352)	(2 088)
Experience (gains) / losses from plan assets	(1 848)	6 122	(2 518)	(1 733)	(5 796)

Career bonuses

On the 31st of December, 2023 and 2022, the liabilities assumed by the Bank and the costs recognised in the periods with the career bonus are the following:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities at the begining of the year	527	693
Period expenses (See Note 14)	56	(166)
Liabilities at the end of the year (see Note 34)	**583**	**527**

The actuarial assumptions used for calculation of liabilities are identical for calculation of retirement pensions (when applicable).

The liability regarding career bonuses is registered in other liabilities (see Note 34).

NOTE 16 – ADMINISTRATIVE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2023	31.12.2022
Rents and leases	522	389
Advertising and publications	19	71
Press releases and expedition	2 438	2 823
Maintenance and related services	575	461
Insurances	46	52
Legal and litigation	143	177
Specialised services		
IT services	2 899	2 398
Temporary labour	16	10
Independent labour	587	897
Other specialised services	2 392	2 587
Other expenses	1 478	1 368
	11 115	**11 233**

The LEASE and Rental heading includes costs relating to short-term rental contracts, less than or equal to one year, and rental contracts in which the underlying asset has a low value, as described in accounting policy 2.9.

The Other Specialised Services heading includes, among others, the costs with external consultants and auditors. The item Other Costs includes, among others, the costs with security and surveillance, information, training costs and costs with external suppliers.

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2023 financial year are as follows:

(thousand euros)

	31.12.2023
PwC SROC	**444**
Audit	240
Other assurance services	195
Other non-reliability assurance services	9
Companies in the PwC network [(1)]	**149**
Audit	134
Other non-reliability assurance services	15
Total value of agreed services	**593**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Services agreed with the Company of Statutory Auditors and the auditors, according to the provisions of article 508-F of the Commercial Companies Code, during the 2022 financial year are as follows:

(thousand euros)

	31.12.2022
Statutory audit of annual accounts (Haitong Bank)	492
Other reliability assurance services	64
Other non-statutory audit services	71
Total amount of agreed services	**627**

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the year 2023 and 2022. The fees presented for the remaining services relate to amounts agreed during the 2023 and 2022 financial year.

NOTE 17 – EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by the division of the result to be attributed to the shareholders of the Bank by the average number of ordinary shares issued during the year, excluding the average number of shares bought and held in portfolio as own shares.

(thousand euros)

	31.12.2023	31.12.2022
Net Profit / (Loss) (1)	12 252	19 215
Weighted average number of ordinary shares outstanding (thousands)	**172 708**	**169 435**
Basic earnings per share attributable to equity holders of the Bank (in euro)	**0,07**	**0,11**

(1) Net profit/ (loss) for the period attributable to the equity holders of the Bank adjusted by the interest paid from perpetual subordinated bonds atributtable to the period (that are recorded as a change in reserves).

Diluted earnings per share

The diluted earnings per share are calculated by adjusting the effect of all the potential ordinary diluting shares to the considered average number of existing ordinary shares and to the net result attributed to the bank shareholders.

On the 31st of December, 2023 and 2022, the Bank holds instruments issued without diluting effect, therefore diluted earnings per share equals basic earnings per share.

NOTE 18 – CASH AND CASH EQUIVALENTS

As at the 31st of December, 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Cash	4	5
Demand deposit at central banks		
Bank of Portugal	1	30
Other central banks	2 983	2 951
	2 984	**2 981**
Deposits at other credit institutions in Portugal		
Demand deposits	1 333	4 238
	1 333	**4 238**
Deposits at other credit institutions abroad		
Demand deposits	11 328	8 603
	11 328	**8 603**
	15 649	**15 827**
Impairment Losses (Nota 32)	(1 865)	(939)
	13 784	**14 888**

The 'Demand deposits in central banks – Bank of Portugal' heading, includes deposits with a mandatory nature, intended to comply with the legal minimum cash deposits requirements. In accordance with Regulation (EU) no. 1358/2011 of the European Central Bank, of the 14th of December, 2011, the mandatory minimum deposits in demand deposits in the Bank of Portugal, are paid and represent 1% of the deposits and debt securities with maturity up to 2 years, whereof are excluded deposits and debt securities from entities subject to the minimum reserve requirement scheme of the European System of Central Banks. On the 31st of December, 2023, the average rate of return of such deposits was 0,00% (31st of December,2022: 2.50%).

The compliance with mandatory minimum deposits, for a specific observation period, is effected by taking into account the medium amount of the balances of the deposits with the Bank of Portugal throughout the aforementioned period. The balance of the account with the Bank of Portugal as at the 31th of December, 2023, has been comprised in the maintenance period from the 20th of December, 2023, to the 31st of January, 2024, which corresponded a mandatory minimum reserve amounting to 1,801 thousand euros (31st of December,2022: 1,818 thousand euros).

NOTE 19 – FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING - SECURITIES

As at 31st of December 2023 and 2022, the heading of trading financial assets and liabilities is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Financial assets held-for-trading		
Bonds and other fixed-income securities		
From public issuers	3 470	253
From other issuers	39 415	34 099
Shares	21	35
	42 906	**34 387**
Financial liabilities held-for-trading		
Short-selling	846	96
	846	**96**

As at 31st of December 2023, the heading of financial assets held for trading includes 23 308 thousand euros in securities pledged as collateral by the Group (493,143 thousand euros as at 31st of December 2022) (see Note 37).

As at 31st of December 2023 and 2022, the analysis of financial assets held-for-trading, by residual maturity period, is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	4 876	5 124
From three months to one year	12 414	5 265
From one to five years	20 365	23 262
More than five years	5 230	701
Undetermined period	21	35
	42 906	34 387

In accordance with the accounting policy described in Note 2.3.1, trading financial assets and liabilities are bought for the purpose of short-term trading, regardless of their maturity.

As at 31st of December 2023 and 2022, the heading of financial assets held-for-trading, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Securities						
Bonds and other fixed income securities						
Issued by public entities	3 470	-	3 470	254	(1)	253
Issued by other entities	38 014	1 400	39 415	30 829	3 270	34 099
Shares	21	-	21	35	-	35
Total book value	**41 506**	**1 400**	**42 906**	**31 118**	**3 269**	**34 387**

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The short selling represents securities sold by the Bank, which had been purchased under a reverse repurchase agreement. In accordance with the accounting policy described in Note 2.4, securities purchased under a repurchase agreement are not recognised in the statement of financial positions, with its fair value being presented in Note 37. When such securities are sold, the Bank recognises a financial liability equivalent to the fair-value of the assets which shall be returned in pursuance of the repurchase agreement. These liabilities are measured according to the valuation hierarchy of the Bank.

NOTE 20 – DERIVATIVES

As at 31st of December 2023 and 2022, financial derivatives heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Trading derivatives (assets)		
Foreign-exchange contracts	691	7 241
Interest-rate contracts	22 053	31 553
Other contracts	-	218
	22 744	**39 012**
Trading derivatives (liabilities)		
Interest-rate contracts	941	6 765
Equity / index contracts	21 584	31 496
Other contracts	-	218
	22 525	**38 479**
	219	**533**

As at 31st of December 2023 and 2022, trading financial derivatives is analysed as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Notional	Fair value		Notional	Fair value	
		Positive	Negative		Positive	Negative
Foreign-exchange contracts						
Forward		2	16		4 149	4 172
- buy	3 896			93 852		
- sell	3 908			93 859		
Currency Swaps		39	275		1 100	557
- buy	95 818			142 988		
- sell	96 036			142 544		
Currency Interest Rate Swaps		- -	- -		1 178	1 222
- buy	-			2 288		
- sell	-			2 440		
Currency Options		650	650		814	814
- buy	151 614			177 245		
- sell	169 143			199 555		
	520 415	**691**	**941**	**854 771**	**7 241**	**6 765**
Interest rate contracts						
Interest Rate Swaps		21 860	21 391		31 049	30 993
- buy	524 243			765 042		
- sell	524 243			765 042		
Interest Rate Caps & Floors		193	193		504	503
- buy	20 365			32 197		
- sell	20 365			32 197		
Interest Rate Futures		-	-		-	-
- buy	52 997			17 088		
- sell	91 666			53 720		
	1 233 879	**22 053**	**21 584**	**1 665 286**	**31 553**	**31 496**
Equity / index contracts						
Equity / Index Swaps		-	-		218	218
- buy	-			3 256		
- sell	-			3 256		
Equity / Index Options		-	-		-	-
- buy	5 403			5 764		
Equity / Index Futures		-	-		-	-
- sell	3 680			3 255		
	9 083	**-**	**-**	**15 531**	**218**	**218**
Total	**1 763 377**	**22 744**	**22 525**	**2 535 588**	**39 012**	**38 479**

As at 31st of December 2023 and 2022, the analysis of trading financial derivatives, by residual maturity period, is as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Notional		Fair Value (net)	Notional		Fair Value (net)
	Sale	Purchase		Sale	Purchase	
Up to three months	221 440	183 932	(250)	439 122	385 624	50
From three months to one year	181 600	164 400	(6)	127 830	125 333	41
From one to five years	339 035	339 035	484	524 440	524 288	621
More than five years	166 968	166 967	(9)	204 476	204 475	(179)
	909 043	854 334	219	1 295 868	1 239 720	533

As at 31st of December 2023 and 31st of December 2022, derivatives, both assets and liabilities, include operations collateralized by the constitution of collateral accounts in order to ensure the fair value hedge of the active and liability exposures contracted between the Bank and several financial institutions (contracts under ISDA with CSA). The balances related to these collateral are recorded under "Other assets - collateral deposited under clearing agreements" (Note 28) and "Other liabilities - collateral deposited under clearing agreements" (Note 34). The fair value associated with futures is reflected under “Other Assets” (Note 28).

NOTE 21 - HEDGING DERIVATIVES

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

			31.12.2023						
			Hedging instrument			Hedged instrument			
Hedged risk	Derivative product	Associated financial asset / liability	Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	Net gains/(losses) from hedge accounting
Interest rate	Futures	Debt instruments	19 900	-	248	29 663	690	(248)	-

(1) Balance sheet value excluding fair value coverage adjustments and Impairment

The variations in fair value associated to the assets described above and the respective hedge derivatives are entered in the income statement of the period in the caption of Net gains/(losses) from hedge accounting (Note 10). With regard to the fair value of futures, this is reflected in the caption of Other Assets (Note 28).

As of December 31, 2022, interest rate risk was not hedged.

NOTE 22 – SECURITIES

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Non-trading financial assets mandatorily at fair value through profit or loss		
Securities		
Shares	4 472	12 568
Other variable income securities	5 092	-
	9 564	12 568
Financial assets at fair value through other comprehensive income		
Securities		
Bonds and other fixed-income securities		
From public issuers	6 511	13 526
From other issuers	159 891	175 164
	166 402	188 690
Financial assets measured at amortised cost		
Securities		
Bonds and other fixed-income securities		
From public issuers	416 903	420 915
From other issuers	252 923	245 634
	669 826	666 549
	845 792	867 807

In accordance with the accounting policy described in Note 2.3, the Bank regularly assesses whether there is objective evidence of impairment in the investment securities portfolios, following the judgement criteria described in Note 3.1.

As at 31st December 2023 and 2022, the portfolio of Financial assets at fair value through other comprehensive income is analysed as follows:

(thousand euros)

	Cost (1)	Fair value reserver (2)		Fair Value Hedge (Nota 21)	Imparidade (Nota 31)	Book value
		Positive	Negative			
Bonds and other fixed-income securities						
Issued by public entities	7 172	-	(657)	-	(4)	6 511
Issued by other entities	165 100	1 197	(6 050)	217	(573)	159 891
Balance as at 31st December 2023	**172 272**	**1 197**	**(6 707)**	**217**	**(577)**	**166 402**
Bonds and other fixed-income securities						
Issued by public entities	14 675	-	(1 135)	-	(14)	13 526
Issued by other entities	187 507	475	(12 128)	-	(690)	175 164
Balance as at 31st December 2022	**202 182**	**475**	**(13 263)**	**-**	**(704)**	**188 690**

(1) Amortized cost including accrued interest
(2) Includes all revaluation reserve components, including coverage and impairment adjustments

The portfolio of financial assets at amortised cost is analysed as follows:

(thousand euros)

	Cost (1)	Fair value hedge (Note 21)	Impairment (Note 32)	Book value
Bonds and other fixed-income securities				
Issued by public entities	417 162	-	(259)	416 903
Issued by other entities	253 242	473	(792)	252 923
Balance as at 31st December 2023	**670 404**	**473**	**(1 051)**	**669 826**
Bonds and other fixed-income securities				
Issued by public entities	421 212	-	(297)	420 915
Issued by other entities	246 660	-	(1 026)	245 634
Balance as at 31st December 2022	**667 872**	**-**	**(1 323)**	**666 549**

(1) Amortized cost including accrued interest

As at 31st of December 2023, the heading of financial assets includes in securities pledged as collateral by the Bank: 690,515 thousand euros (31st December 2022: 590,971 thousand euros), which corresponds to a fair value of 679,257.

As at 31st of December 2023 and 2022, the analysis of securities portfolios by maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	116 988	24 820
From three months to one year	75 932	75 967
From one to five years	566 094	683 172
More than five years	77 214	71 280
Undetermined period	9 564	12 568
	845 792	**867 807**

As at 31st of December 2023 and 2022, the heading of securities, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Quoted (1)	Unquoted	Total	Quoted (1)	Unquoted	Total
Securities						
Bonds and other fixed-income securities						
Issued by public entities	422 220	1 194	423 414	433 253	1 188	434 441
Issued by other entities	347 237	65 577	412 814	318 323	102 475	420 798
Shares	18	4 454	4 472	5	12 563	12 568
Other variable-income securities	-	5 092	5 092	-	-	-
Total book value	**769 475**	**76 317**	**845 792**	**751 581**	**116 226**	**867 807**

(1) Includes Financial assets at fair value through other comprehensive income and Financial assets not mandatorily held for trading at fair value through profit or loss valued at fair value (Level 1) see Note 39.

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The average interest rates recorded for the periods ended December 31, 2023 and 2022, as well as the respective average balances and interest for the period are presented in Note 40.

Securities written off from assets

The movement in the years 2023 and 2022 of the value of securities written off from assets is as follows:

	31.12.2023	31.12.2022
Opening Balance	21 037	22 672
Decreases:		
Recovery of capital and interest written off from assets (Note 13)	(8 868)	(1 635)
Closing Balance	12 169	21 037

The Bank recognizes a security written off when it has no expectation of recovering an asset in full or in part. Securities written off from assets are recorded in off-balance sheet accounts (see note 36), and recoveries in other operating results (see note 13).

As of December 31st, 2023 and 2022, securities written off from assets correspond to debt instruments.

NOTE 23 - LOANS AND ADVANCES TO BANKS

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Loans and advances to banks in Portugal		
Interbank monetary market	560 561	436 666
	560 561	436 666
Loans and advances to banks abroad		
Deposits	6 458	5 949
Sales with repurchase agreements	824	-
Very short-term deposits	8 968	28 543
Other loans and advances	15 077	15 078
	31 327	49 570
Impairment losses (Note 32)	(15 093)	(15 097)
	576 795	471 139

As at 31st of December 2023 and 2022, the analysis of loans and advances to banks, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months (Cash equivalents)	547 697	462 710
Up to three months (Others)	824	-
From three months to one year	28 290	8 449
Undetermined period	15 077	15 077
	591 888	**486 236**

The average interest rates recorded for the periods ended December 31, 2023 and 2022, as well as the respective average balances and interest for the period are presented in Note 40.

NOTE 24 – LOANS AND ADVANCES TO CUSTOMERS

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
At fair value throught profit and loss		
Overdue loans and interest		
For more than 90 days	24	22
	24	**22**
Revaluation at fair value	-	(2)
	24	**20**
At Amortised cost		
Domestic loans		
Corporate		
Loans	165 901	210 479
Retail		
Mortgage loans	-	2
	165 901	**210 481**
Foreign loans		
Corporate		
Loans	472 834	449 981
	472 834	**449 981**
Overdue loans and interest		
For more than 90 days	24 407	73 258
	24 407	**73 258**
	663 142	**733 720**
Impairment losses (Note 32)	(27 716)	(78 430)
	635 426	**655 290**
	635 450	**655 310**

As at 31st of December 2023 and 2022, the analysis of loans and advances to customers, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	18 594	2
From three months to one year	526 757	-
From one to five years	96 644	16 263
More than five years	21 171	644 198
Undetermined period(1)	18 594	73 279
	663 166	**733 742**

(1) Corresponds to accrued capital and interest.

NOTE 25 – OTHER TANGIBLE ASSETS

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Real Estate		
Improvements in leasehold property	6 625	6 283
	6 625	**6 283**
Equipment		
IT equipment	9 800	11 217
Indoor installations	1 487	2 025
Furniture	1 960	2 785
Machinery and tools	558	820
Motor vehicles	147	147
Security equipment	149	270
Others	241	297
	14 342	**17 561**
	20 967	**23 844**
Right of use		
Property	17 373	17 032
Vehicles	278	354
Equipment	102	85
	17 753	**17 471**
	38 720	**41 315**
Accumulated depreciation	(29 292)	(29 351)
	9 428	**11 964**

The movement in this heading was as follows:

(thousand euros)

	Property	Equipment	Right of use			Work in progress	Total
			Property	Equipment	Vehicles		
Acquisition cost							
Balance as at 31st December 2021	5 633	16 653	11 268	112	578	1 697	35 941
Acquisitions	-	618	-	-	-	168	786
Write offs / Sales	-	(626)	-	-	-	-	(626)
Transfers	929	919	-	-	-	(1 865)	(17)
Exchange variation and other movements	(279)	(3)	5 764	(27)	(224)	-	5 231
Balance as at 31st December 2022	6 283	17 561	17 032	85	354	-	41 315
Acquisitions	46	427	-	-	-	-	473
Write offs / Sales	(41)	(3 124)	-	-	-	-	(3 165)
Transfers	337	(524)	-	-	-	-	(187)
Exchange variation and other movements	-	2	339	18	(75)	-	284
Balance as at 31st December 2023	6 625	14 342	17 371	103	279	-	38 720
Depreciations							
Balance as at 31st December 2021	4 850	16 218	7 583	30	273	-	28 954
Depreciations of the year	291	532	2 634	27	117	-	3 601
Write offs / Sales	-	(624)	-	-	-	-	(624)
Exchange variation and other movements	(90)	-	(2 283)	(17)	(190)	-	(2 580)
Balance as at 31st December 2022	5 051	16 126	7 934	40	200	-	29 351
Depreciations of the year	256	551	2 457	24	69	-	3 357
Write offs / Sales	(14)	(3 113)	-	-	-	-	(3 127)
Transfers	342	(529)	-	-	-	-	(187)
Exchange variation and other movements	-	(5)	10	10	(117)	-	(102)
Balance as at 31st December 2023	5 635	13 030	10 401	74	152	-	29 292
Net book value as at 31st December 2023	990	1 312	6 970	29	127	-	9 428
Net book value as at 31st December 2022	1 232	1 435	9 098	45	154	-	11 964

NOTE 26 – INTANGIBLE ASSETS

As at 31st of December 2023 and 2022, this heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Purchased from third parties		
Software	21 745	34 165
Others	74	916
	21 819	35 081
Work in progress	595	376
	22 414	35 457
Accumulated amortization	(21 055)	(33 352)
	(21 055)	(33 352)
	1 359	2 105

The movement in this heading was as follows:

(thousand euros)

	Software	Other fixed assets	Work in progress	Total
Acquisition cost				
Balance as at 31st December 2021	**32 655**	**916**	**1 342**	**34 913**
Acquisitions:				
Purchased from third parties	285	-	296	581
Write-offs / sales	(54)	-	-	(54)
Transfers	1 279	-	(1 262)	17
Balance as at 31st December 2022	**34 165**	**916**	**376**	**35 457**
Acquisitions:				
Purchased from third parties	30	-	479	509
Write-offs / sales	(12 897)	(842)	-	(13 739)
Transfers	447	-	(260)	187
Balance as at 31st December 2023	**21 745**	**74**	**595**	**22 414**
Accumulated amortization				
Balance as at 31st December 2021	**31 006**	**916**	**-**	**31 922**
Amortisations of the financial year	1 483	-	-	1 483
Write-offs / sales	(53)	-	-	(53)
Balance as at 31st December 2022	**32 489**	**916**	**-**	**33 405**
Amortisations of the financial year	1 248	-	-	1 248
Write-offs / sales	(12 890)	(841)	-	(13 731)
Transfers	187	-	-	187
Others	(1)	-	-	(1)
Balance as at 31st December 2023	**20 980**	**74**	**-**	**21 055**
Net book value as at 31st December 2023	**765**	**-**	**595**	**1 359**

In 2023, a review of the intangible assets in use was carried out, which led to the write-off of 12,897 thousand euros from the acquisition cost and the write-off of depreciation of 12,890 thousand euros.

NOTE 27 – INVESTMENTS IN ASSOCIATED COMPANIES

Financial information regarding associated companies is presented in the following table:

(thousand euros)

	31.12.2023				31.12.2022			
	Number of shares	by the bank	Par Value (Euro)	Acquisition Cost	Number of shares	by the bank	Par Value (Euro)	Acquisition Cost
Subsidiaries								
HAITONG BANCO DE INVESTIMENTO DO BRASIL S.A.	101 870 930	80,00%	0,37	174 497	101 870 930	80,0%	0,35	174 496
HAITONG GLOBAL ASSET MANAGEMENT SGOIC S.A.	5 000 000	100,00%	5,00	42 660	5 000 000	100,0%	5,00	42 660
HAITONG ANCILLARY SERVICES					109 472	100,0%	21,36	2 199
				217 157				**219 355**
Impairment losses (Note 32)				(66 846)				(63 134)
				150 311				**156 221**

During 2023 and 2022, the balance Investments in subsidiaries and associates presented the following changes:

- In May 2023, the Bank completed the liquidation process of Haitong Ancillary Sevices.
- In December 2022, Haitong Banco de Investimento do Brasil, S.A. approved the payment of interest on equity in the amount of 1,260 thousand reais. Of this amount, 80% will be received by Haitong Bank S.A (see Note 5).

Investments in subsidiaries are periodically analyzed to identify signs of impairment. If there are any, impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Identified impairment losses are recorded against results, and are subsequently reversed through results if there is a reduction in the amount of the estimated loss in a later period. In the year 2023:

- the Bank recognized an impairment increase of 3,144 thousand euros (in 2022 an impairment reversal of 9,081 thousand euros was recognized) for the investment in Haitong Banco de Investimento do Brasil S.A..
- the Bank recognized an impairment use of 238 thousand euros (in 2022 an impairment increase of 666 thousand euros was recognized) for the investment in Haitong Ancillary Sevices.

NOTE 28 – OTHER ASSETS

As at 31st of December 2023 and 2022, the Other Assets heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Debtors and other assets		
Collateral deposited under collateral agreements (Note 19)	18 349	28 865
Public sector	13 757	13 727
Deposits placed under margin accounts (futures contracts)	2 941	3 159
Loans and derivatives receivables	9 891	17 286
Other sundry debtors	9 135	14 873
	54 073	77 910
Impairment losses for debtors and other investments (Note 31)	(11 736)	(11 730)
	42 337	66 180
Other assets		
Gold, other precious metals, numismatic, medals and other liquid assets	4 949	780
Other assets	5 174	5 113
	10 123	5 893
Income receivable	116	152
Prepayments and deferred costs	1 217	859
Other sundry assets		
Exchange transactions pending settlement	231	436
Market securities transactions pending settlement	-	2 698
Other transactions pending settlement	3 643	6 357
	3 874	9 491
Retirement Benefits (Note 15)	12 738	16 870
	70 405	99 445

As at 31st December 2023 Public sector includes the value of the security deposit made to the Directorate-General for the Treasury and Finance under the tax credit (confirmed by the Tax and Customs Authority) inherent to REAID in the amount of 6,147 thousand euros.

Regarding the security deposit under REAID, paragraph 8 of article 6 of Ordinance 2016 (in the wording resulting from Ordinance no. 272/2017, of September 13) establishes that “Within a maximum period of three months counting from the confirmation of the conversion of deferred tax assets into tax credit provided for in Ordinance no. 259/2016, of October 4, the taxpayer constitutes a deposit in favor of the State, in an entity to indicate by the member of the Government responsible for the area of finance, in the amount corresponding to the price of exercising the potential right to acquire all conversion rights, which is reduced, in the respective proportion, whenever there is delivery to the State of the price relating to the rights acquisition powers exercised or exercise by the State of conversion rights”.

The heading - Other sundry debtors mainly includes commissions pending payment from customers for the provision of services by the Bank.

The heading Market securities transactions pending settlement, on December 31, 2023 and 2022, shows the balance of orders for the sale and purchase of securities awaiting their respective financial settlement.

NOTE 29 – RESOURCES OF CREDIT INSTITUTIONS

The resources of credit institutions heading is presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Resources of central banks		
Banco de Portugal	11 397	298 418
	11 397	**298 418**
Resources of other credit institutions		
Domestic		
Other resources	45 565	25 179
	45 565	**25 179**
Foreign		
Repurchase agreements	345 494	142 902
Other resources	226 117	376 335
	571 611	**519 237**
	628 573	**842 834**

As of 31st of December 2023, only one TLTRO operation with a nominal value of 11,060 thousand euros (31 December 2022 corresponded to a nominal value of 99,660 thousand euros in a TLTRO operation and 200 000 thousand euros in PELTRO operation).

The balance Repurchase agreements corresponds to repo operations carried out in the money market and is a tool for the Bank's treasury management. Other resources correspond to medium and long-term investments made by other credit institutions.

As at 31st of December 2023 and 2022, the analysis of resources of credit institutions by residual maturity period is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to three months	256 537	418 506
From three months to one year	60 790	36 959
From one to five years	311 246	387 369
	628 573	**842 834**

As of 31st of December 2023 and 2022, the reconciliation of the flows of this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**842 834**	**716 811**
Cash flows	(219 927)	121 500
Other changes	5 666	4 523
Closing balance	**628 573**	**842 834**

The average interest rates recorded for the years ended December 31st, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 40.

NOTE 30 – RESOURCES OF CUSTOMERS

The balance of the resources of customers heading is composed, with regard to its nature, as follows:

(thousand euros)

	31.12.2023	31.12.2022
Repayable on demand		
Demand deposits	36 282	55 867
Time deposits		
Fixed-term deposits	638 417	432 704
Other resources		
Repurchase agreements	63 564	4 871
Other Deposits	1 296	1 500
Other	-	7
	64 860	6 378
	739 559	494 949

The balance Repurchase agreements corresponds to operations carried out in market with non financial corporations counterparts.

As at 31st of December 2023 and 2022, the analysis of due to customers by residual maturity period is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Demand deposits	36 282	55 867
Fixed-term deposits		
Up to 3 months	268 697	181 299
3 to 12 months	220 860	179 265
1 to 5 years	148 859	72 140
	638 416	432 704
Other resources		
Up to 3 months	11 977	6 378
3 to 12 months	17 522	-
1 to 5 years	35 362	-
	64 861	6 378
	739 559	**494 949**

As of 31st of December 2023 and 2022, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**494 949**	**805 728**
Cash flows	237 639	(314 438)
Other changes	6 971	3 659
Final balance	**739 559**	**494 949**

The average interest rates recorded for the years ended December 31st, 2023 and 2022, as well as the respective average balances and interest for the year are presented in Note 40.

NOTE 31 – DEBT SECURITIES ISSUED

As at 31st of December 2023 and 2022, the debt securities issued presents the following:

(thousand euros)

	31.12.2023	31.12.2022
Debt securities issued		
Euro Medium Term Notes	367 288	370 852
	367 288	**370 852**

The fair value of the debt securities issued is shown in Note 37.

During 2022, the Haitong Bank issued 363,816 thousand euros of securities.

The essential features of these resources break down as follows:

(thousand euros)

Issuer	Designation	Currency	Issue Date	31.12.2023		
				Book Value	Maturity	Interest Rate
HB_PT	HAITIB Float 02/08/25 Corp	EUR	2022	231 330	2025	EURIBOR 3M +1.45%
HB_PT	HAITIB 4 05/29/27 Corp	USD	2022	135 958	2027	4%
Total				**367 288**		

The residual duration of Liabilities represented by securities, on December 31, 2023, is as follows:

(thousand euros)

	31.12.2023	31.12.2022
From one to five years	367 288	370 852
Total	367 288	370 852

As at 31 December 2023, the reconciliation of cash flows from this financing activity is as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening Balance	**370 852**	**-**
Cash flows	-	363 816
Other changes	(3 564)	7 036
Closing Balance	**367 288**	**370 852**

NOTE 32 – PROVISIONS AND IMPAIRMENT

As at 31st of December 2023 and 2022, the Provisions heading presents the following movements:

(thousand euros)

	Provisions for other risks and charges	Provisions for guarantees and other commitments	TOTAL
Balance as at 31st December 2021	**2 353**	**1 903**	**4 256**
Net charge of the period	(113)	187	74
Write back	(795)	-	(795)
Foreign exchange differences and others	-	100	100
Balance as at 31st December 2022	**1 445**	**2 190**	**3 635**
Net charge of the period	(797)	(1 627)	(2 424)
Write back	(96)	-	(96)
Foreign exchange differences and others	-	3	3
Balance as at 31st December 2023	**552**	**566**	**1 118**

Provisions for guarantees and provisions for other commitments correspond to 392 thousand euros and 174 thousand euros respectively (2022: 1,447 thousand euros and 743 thousand euros).

These provisions are meant to cover possible contingencies related to the activity of the Group. The main ongoing contingencies are presented in Note 36.

The movements in impairment losses can be analysed as follows:

(thousand euros)

	31.12.2022	Net charge of the period	Write back	Stage 3	Exchange differences and others	31.12.2023
Cash and cash equivalents (Note 18)	939	997	-	-	(71)	1 865
Financial assets measured at fair value through other comprehensive income (Note 22)	704	(82)	(55)	-	10	577
Financial assets measured at Amortised cost						
Securities (Note 22)	1 323	(147)	(106)	-	(19)	1 051
Loan and advances to banks (Note 23)	15 097	(4)	-		-	15 093
Loan and advances to customers (Note 24)	78 430	(2 292)	(48 548)	-	126	27 716
Investments in associated companies (Note 27)	63 134	3 949	(238)	-	-	66 845
Other assets (Note 28)	11 730	49	(25)	-	(18)	11 736
	171 357	**2 470**	**(48 972)**	**-**	**28**	**124 883**

(thousand euros)

	31.12.2021	Net charge of the period	Write back	Stage 3	Exchange differences and others	31.12.2022
Cash and cash equivalents (Note 18)	1	997	-	-	(59)	939
Financial assets measured at fair value through other comprehensive income (Note 22)	521	186	-	-	(3)	704
Financial assets measured at Amortised cost						
Securities (Note 22)	1 098	210	-	-	15	1 323
Loan and advances to banks (Note 23)	15 993	(1 009)	-		113	15 097
Loan and advances to customers (Note 24)	77 131	624	-	-	675	78 430
Investments in associated companies (Note 27)	72 881	(9 747)	-	-	-	63 134
Other assets (Note 28)	10 554	1 101	-	-	75	11 730
	178 179	(7 638)	-	-	816	171 357

NOTE 33 – INCOME TAXES

The Bank is subject to taxation in accordance with the corporate income tax code (CIT code) and to local taxes.

Income taxes (current or deferred) are recognised in the income statement except in cases where the underlying transactions have been reflected in equity items. In these situations, the corresponding tax is also charged to equity, not affecting the net result for the period.

The current tax of 2023 and 2022 were calculated based on a nominal corporate income nominal tax rate of 21% plus tax rate of 1.5% of Municipal Surcharge in accordance with Law no. 82-B/2014, of 31st of December, and Law no. 2/2007, of 15th of January. Additionally there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between 1,500 and 7,500 thousand euros, 5% of the profit between 7,500 and 35,000 thousand euros, 9% of any profit which exceeds this amount (if applicable).

Deferred taxes are calculated based on tax rates anticipated to be in force at the temporary differences reversal date, which corresponds to the rates enacted or substantively enacted at the balance sheet date. Thus, for the year 2023 deferred tax was calculated at the rate of 26.24%.

Regarding activity in Portugal, Law No. 98/2019 was published on 4 September 2019, which changed the tax regime applicable to the impairment of financial and credit institution. That law establishes in article 4 an adaptation period of 5 years beginning on or after 1 January 2019, pursuant to which the regime in force on the date of entry into force of this law remains applicable, unless there is communication addressed to the Director-General of the Portuguese Tax Authority of the option for the definitive regime. Bearing in mind that for the 2022 financial year this regime was optional, the Bank has not yet joined it. Therefore, the Bank considered, for the purpose of calculating taxable income and the recording and analysis of the recoverability of deferred tax assets with reference to December 31, 2023, that the amount of credit impairment and provisions for guarantees recorded, for the purposes of CIT (Corporate Income Tax), corresponds to the amount of impairments/provisions that would have been calculated if the reference to Banco de Portugal Notice 3/95 remained in force.

Special Scheme Applicable to Deferred Tax Assets

In 2014, Haitong Bank joined the special scheme applicable to deferred tax assets (REAID) related to impairment losses in credits and post-employment or long-term employee benefits, established by Law no. 61/2014, of August 26th. For the purpose of this scheme, the conversion of the mentioned assets in tax credits is expected in the following situations:

- Determining net losses;
- Voluntary winding-up, court insolvency or, when applicable, with the withdrawal of the corresponding authorisation by the competent supervising authority.

It should be noted that, pursuant to Law No. 23/2016, of August 19, REAID is no longer applied to deferred tax assets relating to expenses and negative equity changes accounted for in tax periods beginning on or after 1 January 2016.

The tax credit as well as the respective special reserve recorded in the accounts with reference to 31st of December 2023 can be analysed in the table below, which also includes reimbursements already made by the Portuguese Tax Authority:

(thousand euros)

Year	Tax Credit	Special Reserve
2015	5 281	5 809
2016	20 529	22 582
2017	9 060	9 966
2018	233	255
2020	433	476
2021	(15 078)	-
2022	(5 414)	(16 585)
2023	(174)	(5 956)
Total	**14 870**	**16 547**

The tax credit and the respective special reserve were recorded during the year following that of the tax credit year, booked in a current tax asset and other reserves item, respectively.

In 2021, the Bank received amounts concerning tax credit from the Portuguese Tax Authority, with reference to the years 2015 and 2016, in the amount of 15,078 thousand euros.

In turn, during the 2022, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the 2017 and 2018, in the amount of 5,414 thousand euros.

In 2023, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the year 2020, in the amount of 174 thousand euros.

In pursuance of the abovementioned scheme, such conversion rights correspond to securities that grant the Government the right to request Haitong Bank to issue and deliver ordinary shares at no charge, following the increase in share capital through the inclusion of the reserve value. However, Haitong Bank´s shareholder is granted the right to acquire those conversion rights to the Government in accordance with Ordinance no. 293-A/2016 of 18th of November.

In the 2023, the Bank's shareholder exercised the right to acquire the conversion rights attributed to the State under the special regime of deferred tax assets relating to the years 2017 and 2018. In this way, the value of the special reserve, in 2023, decreased in proportion to the number of rights acquired by the shareholder from the Portuguese State (5,956 thousand euros). In 2022, the shareholder also exercised the rights under Special Regime of DTA with reference to the years 2015 and 2016 and the amount of special reserve decreased in 16,585 thousand euros.

For the year 2020, if shareholder do not exercise the right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the year in which the State exercises these rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequent issue and free delivery of ordinary shares representing the capital stock of the Bank, and it may be necessary to adjust the amount of the reserve initially constituted.

As Haitong Bank has determined, in its individual accounts, a positive net result with reference at 31 December 2023 there is no possible converts' part of the deferred taxes covered by this regime into a tax credit, with reference to this financial year.

In July 2019 and January 2020, the Bank was notified of the final Reports of the Tax Authority's inspection services, issued for 2015 and 2016, respectively, both issued by Tax Authorities. In these reports, certain procedures adopted by the Bank, namely in association with special regime of deferred tax assets (REAID) and costs accepted by Tax Authorities are being challenged.

In this sense, following the Bank disagreement with these corrections, in November 2019, an administrative complaint was submit regarding the 2015 Tax Inspection Report and in April 2020, an administrative complaint was submit regarding the 2016 inspection report. Currently, for the year 2015, the corrections in question are being challenged in a Judicial Court and for the year 2016 in a Hierarchical Appeal. On January 2021, the Bank received the 2017 and 2018 tax inspection report issued by the Tax Authority's inspection services. In this report, similarly to what happened in the 2015 and 2016 tax inspection reports, some procedures adopted by the Bank with regard to the application of REAID are raised by Tax Authorities.

The Bank disagreeing with these corrections, so in 2021, submitted an administrative complaint for the Tax inspection report of 2017 and 2018. Currently, the corrections in question are being contested in a hierarchical appeal.

In May 2023, the Bank was notified of 2020 tax inspection report issued by the Portuguese Tax Authority. In this report, similar to what happened in the tax inspection reports from 2015 to 2018, some procedures adopted by the Bank with regard to the application of REAID are being challenge.

As the Bank did not agree with these corrections, in 2023, it submitted an administrative complaint to contest the 2020 inspection report.

Finally, it is also noted that, within the scope of the tax inspection for the years 2015, 2016, 2017, 2018and 2020, the tax authority made corrections to the tax credit of these years in the amount of 14,870 thousand euros (of a total amount of 35,536 thousand euros).

The Bank's management considers that the procedures adopted in those years are compliant with the legislation in force, and therefore estimates that it is not likely that the Tax Authority's position will prevail. Even so, if this correction occur, it would materialize in the recognition of deferred tax assets. In addition, the Board of Directors believes that any other corrections that may arise, related to the years inspected, will not have a material impact either on the Bank's capital or on the Bank's results in fiscal year 2022, as essentially its affect tax losses that have not yet been used and for which deferred tax assets have not been recognised.

The activity of branches abroad is incorporated in the Bank's accounts for determining the taxable profit. Although, the profit of those branches is subject to taxation in the countries where they are established. Local taxes are deductible to the taxes to be paid in Portugal, in accordance with art. 91º of CIT Code", when applicable.

The branches' profits are subject to local taxation at the following nominal rates:

Branch	Nominal income tax rate
London	19%
Madrid	30%
Warsaw	19%
Macau	12%

As at 31st of December 2023 and 2022, current tax assets and liabilities can be analyzed as follows:

(thousand euros)

	Asset		Liability	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Corporate income tax	1 314	2 042	(7 123)	(5 959)
Tax Credit (Special Scheme for Deferred Taxes)	14 870	15 044	-	-
Current tax asset / (liability)	**16 184**	**17 086**	**(7 123)**	**(5 959)**

The variation that occurred in 2023 in the tax credit under the Special Regime of DTA concerns the receipt by the Portuguese Tax Authority, during the 2023, of the 2020 tax credit.

According to legislation in force, Haitong Bank shareholder may exercise the rights to acquire conversion rights until three years from the conversion confirmation of the deferred tax assets into tax credit by the Tax Authority, which, in the case of the2020, it will be until May 2026.

Deferred tax assets and liabilities recognized in the statement of financial position in 2023 and 2022 can be analyzed as follows:

(thousand euros)

	Asset		Liability		Net	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Securities	1 446	3 356	-	-		1 446
Loans and advances to customers	12 389	20 977	-	-		12 389
Provisions	145	193	-	-		145
Pension Fund and Long-term employee benefits	5 511	5 342	-	-		5 511
Depreciations (IFRS 16)	1 780			-		1 780
Other	5 893	3 834	(5 794)	(5 794)		99
Tax losses carried forward	31 560	31 560	-	-		31 560
Deferred tax asset/ (liability)	**58 724**	**65 262**	**(5 794)**	**(5 794)**		**52 930**
Net deferred tax asset / (liability)	**58 724**	**65 262**	**(5 794)**	**(5 794)**		**52 930**

The tax amount mentioned in "Others" corresponds to branch tax credits (6,270 thousand euros) and deferred tax relating to fair value for profit and loss (- 376 thousand euros).

The Bank only recognizes deferred tax assets in relation to reportable tax losses when it considers that they are expected to be recovered in the near future. It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020).

In addition, Law No. 24-D/2022, of December 30, was published, which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated . Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

Therefore, for Haitong Bank in Portugal, the tax loss for 2014 and 2019 does not expire date and the tax loss for 2015 and 2016 expires in 2029 and 2030, respectively.

The amount of unrecognized deferred tax relating to the tax losses, by year of origin is presented in the following table:

(thousand euros)

Tax losses	2023	2022	Expiry date
2017	106 450	106 450	2024
2018	7 738	7 738	2025
2019	645	645	No expiry
	114 833	**114 833**	

The movements in deferred taxes, in the balance sheet, can be presented as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	59 468	59 242
Recognised in profit or loss	(4 699)	(2 909)
Recognised in fair value reserves	(1 910)	3 137
Recognised in other reserves	70	(2)
Closing balance (Asset / (Liability))	**52 929**	**59 468**

Tax recognised in the income statement and reserves during 2023 and 2022 financial years had the following

(thousand euros)

	31.12.2023		31.12.2022	
	Recognised in profit or loss	Recognised in reserves	Recognised in profit or loss	Recognised in reserves
Deferred Taxes				
Securities	-	1 910	-	(3 137)
Loans and advances to customers	8 588	-	4 168	-
Provisions	48	-	164	-
Pension Fund and Long-term employee benefits	(98)	(70)	(137)	2
Depreciations (IFRS 16)	(1 779)	-	(1 286)	-
Others	(2 060)	-	-	-
	4 699	1 840	2 909	(3 135)
Current Taxes	3 264	-	2 437	-
Total recognised taxes	**7 963**	**1 840**	**5 346**	**(3 135)**

Reconciliation of the tax rate, concerning the recognised amount in the income statement, can be analysed as follows:

(thousand euros)

	31.12.2023		31.12.2022	
	%	Value	%	Value
Profit or loss before taxes		**20 215**		**24 561**
Income tax rate of Haitong Bank	26,2		26,2	
Tax determined based on the income tax rate of Haitong Bank		5 305		6 445
Impairment of subsidiaries	5,1	1 036	(10,4)	(2 558)
Bank Levy	2,4	489	1,7	421
Other movements according to the tax estimation	(5,6)	(1 130)	(3,1)	(763)
Autonomous taxation tax losses generated in the year	0,7	138	0,8	196
Branches' income tax	10,5	2 125	6,5	1 605
	39,4	**7 963**	**21,8**	**5 346**

NOTE 34 – OTHER LIABILITIES

As at 31st of December 2023 and 2022, the Other liabilities heading is analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Creditors and other resources		
Public sector	3 027	2 398
Deposited collateral under collateral agreements (Note 21)	13 651	7 453
Sundry creditors		
Creditors from transactions with securities	1 548	5 320
Suppliers	1 811	937
Lease liability	7 486	9 449
Other sundry creditors	1 653	1 554
	22 978	**29 677**
Accrued expenses		
Career bonuses (see Note 15)	583	527
Other accrued expenses	5 723	5 812
	6 306	**6 339**
Deferred income	**507**	**302**
Other sundry liabilities		
Stock exchange transactions pending settlement	-	2 695
Foreign exchange transactions pending settlement	196	436
Other transactions pending settlement	5 699	10 108
	5 895	**13 239**
	35 686	**49 557**

As at 31st of December 2023 and 2022, the headings regarding Stock exchange transactions pending settlement refer to transactions with securities pending settlement.

In the sub-heading Accrued expenses – Other accrued expenses corresponds to responsibilities relating to employees remuneration.

The headings Lease liability represents commitments with future rents corresponding to the adoption of IFRS 16, and presents the following movement during the years 2023 and 2022:

(thousand euros)

	31.12.2023	31.12.2022
Opening balance	**9 449**	**4 302**
Increases/Reductions	327	7 957
Updates	53	(240)
Payments	(2 311)	(2 656)
Other variations	(32)	86
Closing balance	**7 486**	**9 449**

As of December 31, 2023 and 2022, the contractual cash flows are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Up to 3 months	3	6
3 to 12 months	647	38
1 to 2 years	131	1 361
2 to 5 years	6 833	7 824
More than 5 years	-	2 367
Total	**7 614**	**11 596**

NOTE 35 – CAPITAL, SHARE PREMIUM AND OTHER CAPITAL INSTRUMENTS

Ordinary shares

Until August 3rd 2014 the Bank was part of Grupo Banco Espírito Santo, S.A.

On the 3rd of August 2014, the Bank of Portugal applied a resolution action to Banco Espírito Santo, S.A., shareholder of 100% of the capital of the Bank, and established Novo Banco, S.A., with the share capital of 4.9 billion euros, which incorporated assets of Banco Espírito Santo, S.A. selected by the Bank of Portugal. In this regard, the Bank, its branches and subsidiaries were transferred to Novo Banco, S.A.

On the 7th of September 2015, the capital of the Bank was fully purchased by Haitong International Holdings Limited.

On the 17th of December 2015, the Bank increased its capital in 100,000 thousand euros, through the issuance of 20,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 22nd of May 2017, the Bank increased its capital in 40,000 thousand euros, through the issuance of 8,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 25th of May 2017, the Bank increased its capital in 20,000 thousand euros, through the issuance of 4,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 13th of June 2017, the Bank increased its capital in 160,000 thousand euros, through the issuance of 32,000 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On the 26th of June 2017, the Bank increased its capital in 160,000 thousand euros, through the issuance of 32,000 thousand shares with the nominal value of 5 euros each, resulted from a in the conversion of a shareholder loan in the amount of 80,000 thousand euros and the conversion of the Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments, amounting to 80,000 thousand euros, which was fully subscribed and paid-up by Haitong International Holdings Limited.

On the 31th of August 2017, the Bank increased its capital in 38 500 thousand euros, through the issuance of 7 700 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

In 2022 two resolutions have been passed to increase the share capital of Haitong Bank S.A. by 2,630 thousand euros in the 1st of July 2022, and by 15,879 thousand euros in December 2022 to 863,279 thousand euros.

On the 19th of december 2023, the Bank increased its capital in 7,999 thousand euros, through the issuance of 1,600 thousand shares with the nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

This share capital increase in 2023 and 2022, in the form of incorporation of a special reserve, resulted from the conversion of the rights attributed to the Portuguese State and which were acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder. In the case of the 2023 capital increase relating to the 2016 and 2017 tax years and in the case of the 2022 capital increase relating to the 2015 tax year, issued under the Special Regime applicable to Deferred Tax Assets (REAID).

As at 31st December 2023 and 2022, the share capital of Haitong Bank amounts to 871 278 thousand euros (December 2022: 863,279 thousand euros) and is represented by 174,255,532 shares (December 2022: 172,655,745 shares) with the nominal value of 5 euros each, fully held by Haitong International Holdings Limited.

Share premiums

As at 31th December 2023 and 2022, share premiums are represented by 8,796 thousand euros, corresponding to the amount paid by shareholders in the increase of capital of previous years.

Other equity instruments

During October 2010 the Bank issued perpetual subordinated bonds with conditioned interest in the overall amount of 50 million euros. These bonds have a noncumulative conditioned interest, payable only if and when declared by the Board of Directors.

This conditioned interest, corresponding to the applicable annual rate of 8.5% on nominal value, is paid biannually. These securities may be fully, but not partially, reimbursed after the 15th of September 2015, relying solely on the choice of Haitong Bank, upon approval of the Bank of Portugal. These bonds are considered a capital instrument in accordance with the accounting policy described in Note 2.5 due to their characteristics.

During the year of 2011, 46,269 thousand euros in other capital instruments were cancelled due to a transaction regarding owned instruments.

As at 20th April 2022, the Bank have fully early repaid these Bonds, at the repayment price, corresponding to the nominal value of 3,731 thousand euros.

In March 2018, the Bank issued perpetual instruments eligible as additional own funds of level 1 (Additional Tier 1), in the overall amount of USD 130,000 thousand, corresponding to 105,042 thousand euros, identified as "Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments". Such bonds have a non-cumulative conditional interest which is payable only if and when reported by the Board of Directors. Due to their features, such bonds are deemed to be capital instruments, in accordance with the accounting policy laid down in Note 2.5.

These bonds are subordinated in relation to any liability of Haitong Bank and *pari passu* regarding any identical subordinated bonds that may be issued by the Bank.

Since it was issued in 2018, the Group did not pay interest regarding any of these instruments.

NOTE 36 – FAIR-VALUE RESERVES, OTHER RESERVES, RETAINED EARNINGS AND NON-CONTROLLING INTERESTS

Legal reserve, fair-value reserves and other reserves

The legal reserve can only be used for the purposes set out in the article no. 296 of the Commercial Companies Code. One of these purposes is to cover "that part of the losses carried forward from the previous year that cannot be covered by the profit for the year or by the use of other reserves" (article no. 296, paragraph b) of the CSC).

Since the Bank presents accumulated losses relating to previous years, the Legal Reserve was not reinforced in the year of 2023, with the profit relating to that year being completely taken to Other Reserves and Retained Earnings, in order to cover those losses.

Fair-value reserves represent the possible capital gains and losses in relation to the financial assets through other comprehensive income portfolio, net of impairment recognised in the income statement of the year and/or previous years. The value of this reserve is presented net of deferred tax.

The heading of other reserves includes the special reserve under REAID in the amount corresponding to 16,547 thousand euros in December 2023 (22,504 thousand euros in December 2022).

The movements of these headings were the following:

(thousand euros)

	Fair value reserves			Other reserves and retained earnings			
	Revaluation reserves	Income tax reserves	Total fair value reserve	Legal reserve	Actuarial gains/losses (net of taxes)	Other reserves and retained earnings	Total Other reserves and retained earnings
Balance as at 31st December 2021	**(832)**	**218**	**(614)**	**39 878**	**(27 469)**	**(378 659)**	**(366 250)**
Actuarial gains/losses, net of taxes	-	-	-	-	11 182	-	11 182
Changes in fair value	(11 956)	3 137	(8 819)	-	-	-	-
Transfer to reserves	-	-	-	-	-	9 150	9 150
Share capital increase	-	-	-	-	-	(18 510)	(18 510)
Balance as at 31st December 2022	**(12 788)**	**3 355**	**(9 433)**	**39 878**	**(16 287)**	**(388 019)**	**(364 428)**
Actuarial gains/losses, net of taxes	-	-	-	-	(4 722)	-	(4 722)
Changes in fair value	7 279	(1 910)	5 369	-	-	-	-
Transfer to reserves	-	-	-	-	-	19 215	19 215
Share capital increase	-	-	-	-	-	(7 999)	(7 999)
Balance as at 31st December 2023	**(5 509)**	**1 445**	**(4 064)**	**39 878**	**(21 009)**	**(376 803)**	**(357 934)**

The movement of the fair-value reserve, net of deferred taxes and non-controlling interests can be analysed as follows:

(thousand euros)

	31.12.2023	31.12.2022
Opening Balance	**(9 433)**	**(614)**
Fair value changes	7 578	(12 142)
Fair Value hedge	(217)	-
Impairment recognised in the period (Note 32)	(82)	186
Deferred taxes recognised in reserves during the period	(1 910)	3 137
Closing balance	**(4 064)**	**(9 433)**

NOTE 37 – CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

As at 31st of December 2023 and 2022, off-balance elements are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Contingent liabilities		
Guarantees and stand by letters of credit	112 108	132 224
Assets pleged as collateral	702 565	540 938
	814 673	**673 162**
Commitments		
Irrevocable commitments	75 370	164 360
	75 370	**164 360**

The rendered guarantees and sureties are banking transactions that do not necessarily represent any outflow for the Bank.

As at 31st December 2023 and 31st of December 2022, the heading of financial assets pledged as collateral includes:

- Securities pledged as collateral to the Bank of Portugal (i) within the scope of the Large-Value Payment System, amounting to 10,000 thousand euros as at the 31st December 2023 (31st of December, 2022: 10,000 thousand euros), (ii) within the scope of target long-term refinancing operations, amounting to 11 720 thousand euros (31st of December, 2022: 301,733 thousand euros), (iii) within the scope of Interbank Clearing System [Sistema de Compensação Interbancária], amounting to 2,000 thousand euros (31st of December, 2022: 1,500 thousand euros); and (iv) 208,433 thousand euros of collaterals not discounted (31st of December, 2022: 73, 856 thousand euros), being the total of securities eligible for rediscount with the Bank of Portugal amounted to 253,702 thousand euros as at the 31st December 2023 (31st of December, 2022: 420,726 thousand euros); and
- Securities pledged as collateral to the Portuguese Securities Market Commission within the Investor Compensation Scheme in the amount of 207 thousand euros (31stof December 2022: 108 thousand euros);
- Securities pledged as collaterals to Fundo de Garantia de Depósitos [Deposit Guarantee Fund] in the amount of 105 thousand euros (31stof December 2022: 108 thousand euros);

- Securities pledged as collateral within the scope of transactions with repurchase agreements: 446,356 thousand euros (31st of December 2022: 151,406 thousand euros);

The nominal value of the contracted derivative positions is presented in notes 20 and 21. The assets written off are also presented in the respective Note 22. The securities received in operations with a resale agreement (Note 23) have a fair value of 845 thousands of euros.

Additionally, the off-balance elements related to banking services provided are as follows:

(thousand euros)

	31.12.2023	31.12.2022
Liabilities related to services provided		
Commercial paper progams agency	25 400	35 500
Other responsabilities related with services provided	125 496	573 686
	150 896	609 186

Other responsibilities for service provision include values relating to client assets invested in Portfolio Management.

Contingent liabilities

Banco Espírito Santo (BES), Novo Banco and Haitong Bank (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo (GES).

Within this framework, Haitong Bank is currently a defendant in a proceeding associated with the share capital increase of BES, which took place in June 2014.

As regards to this legal proceeding (case brought by several investment funds), after the decision of the trial court to declare that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the proceeding. Two of the Defendants in this proceeding appealed to the Supreme Court of Justice that confirmed the decision of the Court of Appeal. Extraordinary review and Constitutional Court appeals were filed, all of them maintaining the previously decided by the Lisbon Court of Appeal. The legal procedure returned to the trial court (1st instance) for the continuation of said procedure, and now the appointment of the preliminary hearing is yet to be awaited.

Haitong Bank is also a Defendant in 8 proceedings, all associated with issues of financial instruments of GES's entities.

Since the beginning of these legal proceedings in 2015, it is the opinion of Haitong Bank's Legal Department and of the external lawyers to whom the proceedings have been entrusted, that such proceedings do not have legal sustainability, wherefore it is considered unlikely that any judgment will be made against Haitong Bank in relation thereto. Such opinion is hereby reasserted.

Such opinion has been supported by several judicial decisions.

In fact, of the 78 cases filed against the Bank regarding the issue of commercial paper and other financial instruments by GES' entities, 49 cases have already been res judicata with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the Claimants.

On July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by Espírito Santo International and Rioforte in 2013 and 2014.

Such legal action has been submitted by a credit recovery fund (Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte") to which have been allegedly assigned the claims submitted by certain holders of ESI and Rioforte commercial paper, which amounts up to € 517,500,099.71, plus interests. Haitong Bank presented its written defence on the 25th June 2020. The Bank is waiting for the preliminary hearing to be scheduled by the Court.

In the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have a solid legal sustainability and therefore it is considered unlikely that any judgment will be made against Haitong Bank.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On July 2021, Haitong Bank has been fined by the Portuguese Securities Exchange Commission ("CMVM") in connection with Haitong Bank's participation as agent in the commercial paper issuance of ESI and Rio Forte between September 2013 and February 2014. CMVM considered that Haitong Bank (referred to as, at the time of the facts, Banco Espírito Santo de Investimento, S.A.) had a causal contribution for Banco Espírito Santo, S.A. – In Liquidation to disclose to its customers that subscribed commercial paper issued by ESI, between September and December 2013, and by Rio Forte, between 9 January and 24 February 2014, information memoranda containing information that was not true, not complete, not up-to-date and not lawful, hence violating the duty to provide quality information, provided for in article 7. of the Portuguese Securities Code. The breach, with intent, of such duty to provide quality information is subject to a penalty of €25,000.00 to €5,000,000.00, in each of the cases (ESI and Rio Forte) and the Board of Directors of CMVM decided to impose on Haitong Bank a single fine in the amount of €300,000, suspending its execution regarding the amount of €100,000, for the period of two years.

Haitong Bank has contested the administrative decision towards the Judicial Court and on 15 February 2022, the Court of First Instance rejected the defense filled by Haitong Bank and applied a single joint fine in the amount of €400,000, partially suspending its execution in the amount of €200,000 for a period of 2 years. Haitong Bank appealed from such decision to the Lisbon Court of Appeal, being such appeal considered totally unfounded. Haitong Bank has appealed of this decision to the Portuguese Constitutional Court and on 13 July 2023 has been notified of the non-admission of such appeal.

Thus, the aforementioned decision became final and the respective fine, in the amount of € 200.000,00, was paid.

On June 2022, Haitong Bank was served of a civil legal action brought against itself, with a claim value of € 4,905,460.96, filled by REDITUS GESTÃO, S.A. and GREENDRY LDA, (Claimants), within Lisbon's first instance civil court of law. The Claimants argue that the Bank breached its obligations as an Escrow Agent.

Haitong Bank presented its defense regarding the referred legal action and the judicial process is currently proceeding in the first instance civil court, with the preliminary hearing scheduled for 20/02/2024.

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 Bank of Portugal, which is based on the amount of its liabilities. In 2023, the Bank’s periodical contribution amounted to 357 thousand euros (31 December 2023: 517 thousand euros), based on a contribution rate of 0.057% calculated pursuant to Instruction 22/2021 of the Bank of 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 Regime Geral das Instituições de Crédito e Sociedades Financeiras (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.

Additionally 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. 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.. 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.

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 Bank 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 Bank 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.

NOTE 38 – RELATED PARTIES

The Bank's related parties transactions as at 31st of December 2023 and 2022, as well as the respective expenses and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2023					
	Assets		Guarantees	Liabilities	Income	Expenses
	Others	Total				
Subsidiaries						
HAITONG BANCO DE INVESTIMENTO DO BRASIL SA	275	275	13 848	-	342	-
HAITONG CAPITAL - SCR, S.A.	-	-	-	57 035	235	1 476
TOTAL	275	275	13 848	57 035	577	1 476

(thousand euros)

	31.12.2022					
	Assets		Guarantees	Liabilities	Income	Expenses
	Others	Total				
Subsidiaries						
HAITONG BANCO DE INVESTIMENTO DO BRASIL SA	305	305	14 587	-	453	-
HAITONG CAPITAL - SCR, S.A.	-	-	-	55 440	252	169
TOTAL	305	305	14 587	55 440	705	169

The Bank's related parties transactions the group Haitong as at 31st of December 2023 and 2022, as well as the respective expenses and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2023					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Ultimate parent company and Accionistas						
HAITONG SECURITIES CO., LTD	-	-	-	-	14 983	-
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	18
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	1 000	-
HAITONG INVESTMENT IRELAND PLC	36 810	-	36 810	3 444	3 157	4 903
HAITONG PRIVATE EQUITY FUND	-	-	-	648	317	94
TOTAL	36 810	-	36 810	4 092	19 457	5 015

(thousand euros)

	31.12.2022					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Ultimate parent company and Accionistas						
HAITONG SECURITIES CO., LTD	-	-	-	-	22 000	-
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	531	-
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	1 000	-
HAITONG INVESTMENT IRELAND PLC	45 772	299	46 072	1 331	1 791	1 264
HAITONG PRIVATE EQUITY FUND		-	-	6 774	452	5
TOTAL	45 772	299	46 072	8 105	25 774	1 268

As at 31st December, 2023, the income regarding fees and commission included 17,115 thousand euros (31st December,2022: 24,003 thousand euros) concern Haitong Group related parties.

The value of Haitong Bank transactions with related entities in which the Administrator and/or family have significant influence, in the period ended December 31, 2023, as well as the respective costs and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2023						
	Assets				Liabilities	Income	Costs
	Credit	Securities	Others	Total			
Entities with relevant influence							
Mota Engil SGPS	861	14 357	-	15 218	4	1 308	178
Semapa - Sociedade de Investimento e Gestão SGPS SA	-	-	-	-	2	1 375	-
Haitong Bank Pension Fund	-	-	52 788	52 788	0	3 935	-
TOTAL	**861**	**14 357**	**52 788**	**68 006**	**6**	**6 618**	**178**

(thousand euros)

	31.12.2022					
	Assets			Liabilities Costs	Income Assets	Costs Liabilities
	Assets	Liabilities	Income			
Entities with relevant influence						
Mota Engil SGPS	-	14 919	14 919	18	217	198
TOTAL	**-**	**14 919**	**14 919**	**18**	**217**	**198**

All transactions with Related Parties are carried out under normal market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Bank applies a comparability benchmark to assess market conditions.

NOTE 39 – FAIR-VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair-value of financial assets and liabilities

Haitong Bank estimates the fair value of its instruments based on prices quoted in active markets or, when such prices are not available, based on valuation techniques following standard valuation models such as discounted cash flows and option pricing models. The valuation models' parameter inputs are based on observable data, when available, derived from prices of financial instruments actively traded or based on indicative broker quotes.

The Bank performs valuation adjustments to reflect counterparty credit risk (CVA) for uncollateralized derivatives assets considering the current exposure, loss given default and the probability of default. This probability of default is based on the Bank's credit risk assessment model or market information where applicable.

The fair-value of financial assets and liabilities for the Bank is analysed as follows:

(thousand euros)

	Amortised cost	Valuated at fair value			Total book value	Fair value
		Level 1	Level 2	Level 3		
Balance as at 31st December 2023						
Cash and cash equivalents	13 784	-	-	-	13 784	13 784
Financial assets at fair value through profit or loss						
Financial assets held-for-trading						
Securities	-	41 505	11	1 390	42 906	42 906
Derivative financial assets	-	-	22 579	165	22 744	22 744
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	18	5 092	4 454	9 564	9 564
Loans and advances to customers	-	-	-	24	24	24
Financial assets at fair value through other comprehensive income	-	119 194	5 693	41 515	166 402	166 402
Financial assets measured at amortised cost						
Securities	669 826	-	-	-	669 826	657 436
Loans and advances to banks	576 795	-	-	-	576 795	576 795
Loans and advances to customers	635 426	-	-	-	635 426	632 011
Financial Assets	**1 895 831**	**160 717**	**33 375**	**47 548**	**2 137 471**	**2 121 666**
Financial liabilities held for trading						
Securities	-	846	-	-	846	846
Derivative financial liabilities	-	-	22 525	-	22 525	22 525
Financial liabilities measured at amortised cost						
Resources of credit institutions	628 573	-	-	-	628 573	628 573
Resources of customers	739 559	-	-	-	739 559	739 559
Financial liabilities	**1 735 420**	**846**	**22 525**	**-**	**1 758 791**	**1 756 958**
Balance as at 31st December 2022						
Cash and cash equivalents	14 888	-	-	-	14 888	14 888
Financial assets at fair value through profit or loss						
Financial assets held-for-trading						
Securities	-	31 118	3 269	-	34 387	34 387
Derivative financial assets	-	-	38 478	534	39 012	39 012
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	5	7 953	4 610	12 568	12 568
Loans and advances to customers	-	-	-	20	20	20
Financial assets at fair value through other comprehensive income	-	117 976	8 797	61 917	188 690	188 690
Financial assets measured at amortised cost						
Securities	666 549	-	-	-	666 549	621 932
Loans and advances to banks	471 139	-	-	-	471 139	471 139
Loans and advances to customers	655 290	-	-	-	655 290	652 519
Financial assets	**1 807 866**	**149 099**	**58 497**	**67 081**	**2 082 543**	**2 035 155**
Financial liabilities held for trading						
Securities	-	96	-	-	96	96
Derivative financial liabilities	-	-	38 257	222	38 479	38 479
Financial liabilities measured at amortised cost						
Resources of credit institutions	842 834	-	-	-	842 834	842 834
Resources of customers	494 949	-	-	-	494 949	494 949
Debt securities issued	370 852	-	-	-	370 852	361 864
Financial liabilities	**1 708 635**	**96**	**38 257**	**222**	**1 747 210**	**1 738 222**

Fair-value Hierarchy

The Bank’s financial instruments are classified under the three levels defined in IFRS 13 according to the following:

Level 1 – Instruments valued using quoted prices observed in active and liquid markets. These include government bonds, credit bonds and exchange traded equities and derivatives.

Level 2 – Instruments valued using valuation techniques based on observable market inputs, quotes prices for similar instruments in active markets or for identical instruments in markets that are neither active nor liquid. These includes bonds, plain vanilla OTC derivatives, less liquid equities and funds valued at Net Asset Values (NAV) published daily by the fund manager and with possibility of daily redemption. The OTC derivatives includes financial instruments traded in OTC (over-the-counter), in which the counterparty has signed agreements of collateral (ISDA with CSA – Credit Support Annex), with very small Minimum Transfer Amount (MTA), which allows to mitigate the counterparty’s Credit Risk while the CVA (Credit Value Adjustment) does not have a significant impact on the instrument valuation. Additionally, it also includes financial derivatives traded in OTC, without CSA, but the percentage of information not observed in market (e.g.: Internal Rating, Probability of Default determined by internal models, etc.) within the CVA valuation is not meaningful in what concerns the value of derivative as a whole. It is considered as significant when the value of CVA is higher than 5%.

Level 3 – Instruments measured using valuation techniques based on non-observable market inputs and that do not comply with the requirements to be classified under Level 1 nor Level 2. These include non-plain vanilla OTC derivatives valued based on non-observable market inputs or on indicative prices published by third parties, distressed and highly illiquid bonds, funds valued at Net Asset Values (NAV) published by the fund manager without possibility of daily redemption and private equity placements. In the Level 3 are included financial instruments traded in OTC market with counterparties which Haitong Bank doesn’t have CSA signed and the percentage of unobservable data incorporated in CVA valuating is considered significant in the total value of the derivative (value of CVA has a weight higher than 5% of the value of derivate).

For the valuation of these instruments, unobservable inputs are the Credit Spread, in the case of bonds and the CVA in the case of derivatives. For the purposes of calculating the CVA, LGD, PD and Collateral Ratio are used, among others.

For financial instruments recorded in the balance sheet at fair value, the movement occurred between December 31st , 2023 and December 31st ,2022 in assets and liabilities classified in level 3 is as follows:

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as at 31 December 2022	-	312	4 610	20	61 917	66 859
Results recognized in Net Interest Margin	-	-	-	-	2 181	2 181
Net trading income and from other financial instruments at fair value through profit or loss	23	(133)	131	2	-	23
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	203	203
Other fair value changes	-	383	(287)	2	849	949
Fair value reserve changes	-	-	-	-	55	55
Acquisitions	1 367	-	-	-	22 613	23 980
Reimbursements	-	-	-	-	(32 902)	(32 902)
Derivatives financial flows	-	(397)	-	-	-	(397)
Transfers from other levels	-	-	-	-	567	567
Transfers to other levels	-	-	-	-	(13 968)	(13 968)
Balance as at 31 December 2023	**1 390**	**165**	**4 454**	**24**	**41 515**	**47 548**

In 2023, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 567 thousand euros were transferred from Level 2 to Level 3 and 1 175 thousand euros from Level 3 to Level 2.

Based on the assessment of the market liquidity of the securities trading assets (Financial Assets HFT) of 719 thousand euros were transferred from Level 1 to Level 2.

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as at 31 December 2021	-	19	6 352	22	79 531	85 924
Results recognized in Net Interest Margin	-	-	-	-	2 598	2 598
Net trading income and from other financial instruments at fair value through profit or loss	-	502	(3)	(2)	-	497
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	119	119
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	(41)	(41)
Other fair value changes	-	(13)	(104)	-	(726)	(843)
Fair value reserve changes	-	-	-	-	(819)	(819)
Acquisitions	-	-	-	-	38 396	38 396
Sales	-	-	(1 635)	-	-	(1 635)
Reimbursements	-	-	-	-	(56 275)	(56 275)
Derivatives financial flows	-	(271)	-	-	-	(271)
Transfers from other levels	-	75	-	-	-	75
Transfers to other levels	-	-	-	-	(866)	(866)
Balance as at 31 December 2022	**-**	**312**	**4 610**	**20**	**61 917**	**66 859**

In 2022, based on the assessment of the market liquidity of the securities, Investment Securities of 866 thousand euros were transferred from Level 3 to Level 2.

With regard to derivative instruments, in 2022, 75 thousand euros were transferred from Level 2 to Level 3, whose CVA impact on the derivative's valuation increased to more than 5%.

Based on the assessment of the market liquidity of the securities, Investment Securities of 4 564 thousand euros of Investment Securities transferred from Level 1 to Level 2. In regards to Trading Securities, 1 273 thousand were transferred from Level 1 to Level 2 and 657 thousand from Level 2 to Level 1.

The main parameters used, during 2023, in the valuation models were the following:

Yield curves

The short-term rates set out below reflect indicative values of deposit interest rates and/or futures. Swap rates are used in the long-term tenors of the interest curve:

(%)

	31.12.2023			31.12.2022		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	3,90	5,40	3,64	1,89	4,32	3,44
1 month	3,85	5,35	5,80	1,88	4,46	3,47
3 months	3,91	5,33	5,88	2,13	4,77	3,87
6 months	3,86	5,15	5,82	2,69	5,16	4,37
1 year	2,89	4,76	5,52	3,69	4,76	4,69
3 years	2,56	3,75	4,67	3,31	4,33	4,56
5 years	2,44	3,53	4,45	3,24	4,02	4,32
7 years	2,44	3,48	4,46	3,20	3,90	4,13
10 years	2,49	3,48	4,52	3,20	3,84	3,99
15 years	2,56	3,51	4,68	3,14	3,81	3,91
20 years	2,52	3,49	4,86	2,92	3,74	3,83

Credit spreads

Credit spreads curves and recovery rates used by the Bank are sourced, on a daily basis, from Markit. The table below reflects the evolution of the main CDS indices:

(basis points)

Index	Series	3 year	5 year	7 year	10 year
31.12.2023					
CDX USD Main	31	33,60	56,70	78,70	98,20
iTraxx Eur Main	30	33,10	58,20	79,00	98,70
iTraxx Eur Senior Financial	30	-	67,00	-	103,70
31.12.2022					
CDX USD Main	31	56,90	82,00	101,70	117,80
iTraxx Eur Main	30	66,40	90,60	107,50	123,20
iTraxx Eur Senior Financial	30	-	99,30	-	128,90

Interest rate volatilities

The following figures reflect at-the-money implied volatilities:

(%)

	31.12.2023			31.12.2022		
	EUR	USD	GBP	EUR	USD	GBP
1 year	87,75	98,08	101,15	99,45	92,63	127,11
3 years	108,84	124,75	146,46	123,34	143,55	169,91
5 years	104,91	121,07	148,19	124,84	143,58	167,18
7 years	101,38	115,54	141,96	121,78	135,76	158,58
10 years	97,01	108,39	132,46	115,50	125,08	147,39
15 years	91,09	98,61	123,41	106,94	109,68	130,46

Foreign exchange rate and volatilities

The table below reflects ECB's (European Central Bank) foreign exchange rates fixings and at-the-money implied volatilities:

	Exchange Rate		Volatiliy (%)				
	31.12.2023	31.12.2022	1 month	3 months	6 months	9 months	1 year
EUR/USD	1,1050	1,0666	6,71	6,46	6,45	6,46	6,58
EUR/GBP	0,8691	0,8869	4,52	4,92	5,28	5,55	5,71
EUR/CHF	0,9260	0,9847	6,01	5,54	5,50	5,47	5,48
EUR/PLN	4,3395	4,6808	6,58	6,71	6,87	6,89	6,95
EUR/CNY	7,8509	7,3582	5,65	5,59	5,59	5,71	5,73
USD/BRL a)	4,8523	5,2865	12,12	12,64	13,22	13,57	13,92

a) Calculated based on the EUR/USD and EUR/BRL exchange rates

Equity Indexes

The evolution of the main equity indices and the corresponding volatilities are summarized in the following table:

	Quotation			Historical volatility (%)		Implied volatility (%)
	31.12.2023	31.12.2022	Variação %	1 month	3 months	
DJ Euro Stoxx 50	4 521	3 794	19%	13,70	20,24	13,57
PSI 20	6 396	5 726	12%	10,79	13,56	0,00
IBEX 35	10 102	8 229	23%	12,45	13,38	0,00
DAX	16 752	13 924	20%	11,73	13,53	13,53
S&P 500	4 311	3 585	20%	10,42	12,62	11,25
BOVESPA	24 952	19 436	28%	15,13	17,07	-

The main methods and assumptions used in the abovementioned valuation of the fair-value of financial assets and liabilities are analysed as follows:

Cash and cash equivalents and Loans and advances to banks

The statement of financial position value of these financial instruments is considered a reasonable assumption of the corresponding fair-value due to their associated short timeframe.

Loans and advances to customers

The fair-value of loans and advances to customers is estimated based on the update of expected cash flows and interest, by taking into account market spreads for similar transactions (if they were entered into in the current moment) considering that the instalments are paid in compliance with the deadlines contractually agreed upon.

Resources of other credit institutions

Taking into account the financial instruments in question, it is considered that their balance sheet value is a reasonable estimate.

Resources of customers

The fair-value of these financial instruments is determined based on the update of expected cash flows in capital and interest, considering that the payments are in compliance with the deadlines agreed upon contract. Considering that the applicable interest rates are of variable nature and the maturity period of the deposits is substantially inferior to one year, there are no measurable differences in fair-value.

Debt securities issued and Subordinated Liabilities

The fair-value of these instruments is based in market prices, when available. When unavailable, the fair-value it is estimated based on the update of expected cash flows in capital and interest regarding these instruments in the future.

NOTE 40 – RISK MANAGEMENT

As an independent control function, the Risk Management Department, being actively involved in all material decisions and aligned with parent guidelines and practices, aims to enable the Bank to make informed decisions and ensure that the risk policies approved by the Board of Directors are duly implemented and followed.

Credit Risk

The Credit Risk results from the possibility of financial losses arising from the default of the customer or counterparty in relation to the contractual financial obligations established with the Bank in the scope of its credit activity. Credit risk is mainly present in traditional banking products - loans, guarantees and loan commitments given - and in derivative products - swaps, forwards and options (counterparty risk).

The Bank's credit portfolios are permanently monitored, with interaction between the business teams and risk management throughout the sequential stages of the credit cycle.

The Group's credit risk profile is regularly monitored, namely, in what concerns the evolution of credit exposure, delinquency ratios and provisioning, and concentration metrics.

The Bank also controls the approved credit limits and assures the proper functioning of mechanisms related with the credit approval process.

ECL calculation

The IFRS 9 standard outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition. According to Haitong Bank model, Expected Credit Loss (ECL) is determined as per the detailed information included in chapter 2.3.1., Impairment of Financial Assets and Financial Model.

- **Stage 1 – Performing**: Impairment assessment is carried out based 12-month expected credit loss (ECL). The ECL is measured by the present value of the exposure at default as at the reference date multiplied by the 12-month probability of default and the loss given default;
- **Stage 2 – Under Performing**: Impairment assessment will reflect the ECL lifetime resulting from a possible default event that may occur over the expected residual life of the instrument. The ECL considers the expected cash flows and the lifetime PD over the remaining life of the financial instrument. The Group considers the daily inter-period PD at the reference date for the ECL calculation.
- **Stage 3 – Non Performing**: Impairment assessment will reflect the ECL over the expected residual life of the instrument.

ECL measurement inputs

As a result of the characteristics of the Bank's portfolio (reduced number of transactions and high heterogeneity), the calculation of the ECL has as the main vector of measurement the individual analysis assessment. Under the collective model, which is applied to financial instruments classified in Stage 1 and to determine the minimum impairment rate applicable to financial instruments classified in Stage 2, the key inputs for ECL measurement are the following:

- Probability of Default (PD): describes the likelihood of default. Haitong Bank takes in account the PD provided by S&P, whereas the rating assigning process is performed internally based on the S&P methodology. This assures the alignment between the internal risk management and the impairment calculation process.
- Loss Given Default (LGD): is the magnitude of the loss at the time of a default. The Bank applies the LGD based on Moody's LGD benchmarks (recovery rates), depending on the debtor and the financial instrument's characteristics.
- Exposure at Default (EAD): the expected exposure in the event of a default. The calculation of EAD depends of the asset type.

Regarding undrawn loan commitments and financial guarantees, the amount considered in the calculation of impairment at each stage results from the exposure as of the reference date weighted by the credit conversion factor (according with CRR).

Forward-Looking Information

As part of the forward-looking exercise, the Bank adjusted the through-the-cycle probabilities of default ("TTC PD"), incorporating prospective macroeconomic information, and generated "point-in-time" probabilities of default ("PiT PD"),. The TTC PD are the default probabilities provided by S&P, having the Bank developed a methodology to estimate PiT PD, based on the Scalar Factor concept, i.e., a coefficient that enables the conversion of TTC PD into PiT PD.

The forward-looking information used by the Bank is grounded on a simplified approach, based on a proportionality concept, given the size and profile of the Bank. Considering the characteristics of the Bank's portfolio, and in view of its worldwide presence, the 2023 forward-looking exercise adopted a global macroanalysis (instead of a Portuguese focused approach).

A scenario-based approach upon external information was implemented, which provides sufficient granularity to meet regulatory and accounting requirements. The scenario-based approach incorporates a base case and downside scenario, weighted by their probability of occurrence, respectively, 80% and 20%.

The table below systematizes the assumptions considered for each scenario, whereas the Bank took into consideration the existing projections of reputed entities.

	Global GDP *(% of change of constant prices)*		Global Inflation *(% change in average CPI)*		EURIBOR 3-months rate *(rate)*	
Scenario / Year	Downside	Base	Downside	Base	Downside	Base
2024	2.60%	2.94%	4.40%	5.79%	4.00%	3.70%
2025	3.00%	3.20%	3.40%	4.62%	3.50%	3.10%
2026	3.25%	3.20%	3.50%	4.23%	3.50%	2.68%

The Bank's forward-looking exercise applies to the collective impairment model and covers exposures with a significant increase in credit risk, i.e., classified in Stage 2, namely whenever economic projections are available.

The annual update of the forward-looking exercise as of December 2023 led to an increase of impairment of approximately 1.202 thousand euros.

Haitong Bank also carried out a sensitivity analysis, as of 31 December 2023, based on the impact assessment of a 10% variation in external parameters considered in the collective model for the calculation of expected credit losses (PD and LGD). Finally, a +10% shock was applied to the PiT PD and the LGD parameters, verifying that the impact on expected credit losses would result in an increase of around 433 thousand euros and 451 thousand euros, respectively.

Additionally, the Group has carried out the regular stress testing exercise covering its credit portfolios, which essentially relies on a sensitivity analysis to assess the potential impacts over its asset quality/risk profile main indicators, resulting from market wide, counterparty-specific and region-specific shock scenarios.

The financial instruments subject to standard IFRS 9 impairment requirements are presented below, detailed by stage, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Asset Type	31.12.2023									
	Stage 1			Total Stage 1	Stage 2		Total Stage 2	Stage 3	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired [d]		
Loans and advances to customers	744	631 348	-	**632 092**	4 484	-	**4 484**	26 590	**26 590**	**663 166**
Guarantees	12 454	98 783	-	**111 237**	-	-	**-**	871	**871**	**112 108**
Securities	120 739	701 349	-	**822 088**	20 588	-	**20 588**	-	**-**	**842 676**
Loans and advances to banks	554 283	22 528	-	**576 811**	-	-	**-**	15 077	**15 077**	**591 888**
Cash equivalents	9 044	2 935	-	**11 979**	-	-	**-**	3 666	**3 666**	**15 645**
Debtors and other assets	-	1 345	7 789	**9 134**	-	-	**-**	9 892	**9 892**	**19 026**
Commitments to Third Parties	-	24 000	-	**24 000**	-	-	**-**	-	**-**	**24 000**
Total	697 264	1 482 288	7 789	2 187 341	25 072	-	25 072	56 096	56 096	2 268 509

(thousand euros)

Asset Type	31.12.2022										
	Stage 1				Total Stage 1	Stage 2		Total Stage 2	Stage 3	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Substandard [ccc+;ccc]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired [d]		
Loans and advances to customers	21 733	629 606	-	2	**651 341**	4 936	-	**4 936**	77 465	**77 465**	**733 742**
Guarantees	11 827	117 705	-	-	**129 532**	-	-	**-**	2 692	**2 692**	**132 224**
Securities	138 262	731 792	-	-	**870 054**	-	-	**-**	-	**-**	**870 054**
Loans and advances to banks	468 659	2 500	-	-	**471 159**	-	-	**-**	15 077	**15 077**	**486 236**
Cash equivalents	7 146	4 876	-	-	**12 022**	-	3 800	**3 800**	-	**-**	**15 822**
Debtors and other assets	7	1 861	285	12 708	**14 861**	-	-	**-**	17 298	**17 298**	**32 159**
Commitments to Third Parties	-	-	-	-	**-**	-	-	**-**	-	**-**	**-**
Total	**647 634**	**1 488 340**	**285**	**12 710**	**2 148 969**	**4 936**	**3 800**	**8 736**	**112 532**	**112 532**	**2 270 237**

As of December 31, 2023, and December 2022, the majority of non-rated exposures relates to other debtors transactions.

As of December 31st, 2023, the maximum exposure to credit risk of financial assets not subject to impairment requirements amounts to 3 million euros, corresponding to exposures to Central Banks.

The table below compiles all financial instruments at amortised cost by industry, stage and days of delay as December 31st, 2023 and December 31st, 2022:

(thousand euros)

Amortised Costs financial instruments (including Financial Guarantees) by past due status	31.12.2023																		
	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3				Total Stage 3		Total
	No overdue		1 - 29 days		More than 181 days (1)				No overdue				No overdue		More than 181 days				
	Gross carrying amount	Loss allowance	Gross carrying amount	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Automobiles & Components	31 929	53	-	-	-	31 929	53	-	-	-	-	-	-	-	-	-	-	31 929	53
Banks	651 767	145	-	1 631	1 631	653 398	1 776	-	-	-	-	3 665	1 865	15 077	15 077	18 742	16 942	672 140	18 718
Broker Dealers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Materials	13	13	-	190	190	203	203	-	-	-	-	-	-	-	-	-	-	203	203
Capital Goods	39 032	147	-	40	40	39 072	187	-	-	-	-	-	-	2 200	2 200	2 200	2 200	41 272	2 387
Chemicals	46 503	108	-	-	-	46 503	108	-	-	-	-	-	-	-	-	-	-	46 503	108
Commercial & Professional Services	60 615	597	-	95	95	60 710	692	-	-	-	-	3 521	1 178	3 277	3 277	6 798	4 455	67 508	5 147
Construction & Engineering	107 772	186	17	407	407	108 196	593	-	-	-	-	569	216	1 596	1 591	2 165	1 807	110 361	2 400
Funds & Asset Managers	5 665	3	-	-	-	5 665	3	-	-	-	-	-	-	-	-	-	-	5 665	3
Governments	417 905	259	-	214	214	418 119	473	-	-	-	-	-	-	-	-	-	-	418 119	473
Health Care	20 114	103	-	-	-	20 114	103	-	-	-	-	-	-	-	-	-	-	20 114	103
Hotels & Gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	5 950	5 950	5 950	5 950	5 950	5 950
Media & Entertainment	-	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94	94
Metals & Mining	37 733	56	-	-	-	37 733	56	-	-	-	-	-	-	-	-	-	-	37 733	56
Non Bank Financial Institutions	41 053	381	-	-	-	41 053	381	-	-	-	-	-	-	-	-	-	-	41 053	381
Oil & Gas	62 405	247	-	-	-	62 405	247	-	-	-	-	-	-	10 324	10 324	10 324	10 324	72 729	10 571
Paper & Forest Products	2 693	3	-	60	60	2 753	63	-	-	-	-	-	-	-	-	-	-	2 753	63
Power	129 698	589	-	57	57	129 755	646	-	-	-	-	-	-	-	-	-	-	129 755	646
Real Estate	133 283	1 764	-	149	144	133 432	1 908	3 754	278	3 754	278	-	-	-	-	-	-	137 186	2 186
Rental & Leasing	13 483	69	-	-	-	13 483	69	-	-	-	-	-	-	-	-	-	-	13 483	69
Retailing	32 583	198	-	-	-	32 583	198	-	-	-	-	-	-	-	-	-	-	32 583	198
Telecoms	65 741	268	-	-	-	65 741	268	-	-	-	-	-	-	-	-	-	-	65 741	268
Transportation	-	-	-	-	-	-	-	731	5	731	5	-	-	-	-	-	-	731	5
Transportation Infrastructure	96 433	85	-	-	-	96 433	85	-	-	-	-	-	-	9 893	3 908	9 893	3 908	106 326	3 993
Water Utilities	-	-	-	-	-	-	-	8 415	33	8 415	33	-	-	-	-	-	-	8 415	33
Others	697	577	-	3 170	3 168	3 867	3 745	-	-	-	-	-	-	-	-	-	-	3 867	3 745
Total	1 997 117	5 851	17	6 107	6 100	2 003 241	11 951	12 900	316	12 900	316	7 755	3 259	48 317	42 327	56 072	45 586	2 072 213	57 853

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

Amortised Costs financial instruments (including Financial Guarantees) by past due status	31.12.2022																	
	Stage 1				Total Stage 1		Stage 2		Total Stage 2		Stage 3				Total Stage 3		Total	
	No overdue		More than 181 days [1]				No overdue				No overdue		More than 181 days					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Automobiles & Components	31 929	53	-	-	-	31 929	53	-	-	-	-	-	-	-	-	-	-	31 929
Banks	651 767	145	-	1 631	1 631	653 398	1 776	-	-	-	-	3 665	1 865	15 077	15 077	18 742	16 942	672 140
Broker Dealers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Materials	13	13	-	190	190	203	203	-	-	-	-	-	-	-	-	-	-	203
Capital Goods	39 032	147	-	40	40	39 072	187	-	-	-	-	-	-	2 200	2 200	2 200	2 200	41 272
Chemicals	46 503	108	-	-	-	46 503	108	-	-	-	-	-	-	-	-	-	-	46 503
Commercial & Professional Services	60 615	597	-	95	95	60 710	692	-	-	-	-	3 521	1 178	3 277	3 277	6 798	4 455	67 508
Construction & Engineering	107 772	186	17	407	407	108 196	593	-	-	-	-	569	216	1 596	1 591	2 165	1 807	110 361
Funds & Asset Managers	5 665	3	-	-	-	5 665	3	-	-	-	-	-	-	-	-	-	-	5 665
Governments	417 905	259	-	214	214	418 119	473	-	-	-	-	-	-	-	-	-	-	418 119
Health Care	20 114	103	-	-	-	20 114	103	-	-	-	-	-	-	-	-	-	-	20 114
Hotels & Gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	5 950	5 950	5 950	5 950	5 950
Media & Entertainment	-	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94
Metals & Mining	37 733	56	-	-	-	37 733	56	-	-	-	-	-	-	-	-	-	-	37 733
Non Bank Financial Institutions	41 053	381	-	-	-	41 053	381	-	-	-	-	-	-	-	-	-	-	41 053
Oil & Gas	62 405	247	-	-	-	62 405	247	-	-	-	-	-	-	10 324	10 324	10 324	10 324	72 729
Paper & Forest Products	2 693	3	-	60	60	2 753	63	-	-	-	-	-	-	-	-	-	-	2 753
Power	129 698	589	-	57	57	129 755	646	-	-	-	-	-	-	-	-	-	-	129 755
Real Estate	133 283	1 764	-	149	144	133 432	1 908	3 754	278	3 754	278	-	-	-	-	-	-	137 186
Rental & Leasing	13 483	69	-	-	-	13 483	69	-	-	-	-	-	-	-	-	-	-	13 483
Retailing	32 583	198	-	-	-	32 583	198	-	-	-	-	-	-	-	-	-	-	32 583
Telecoms	65 741	268	-	-	-	65 741	268	-	-	-	-	-	-	-	-	-	-	65 741
Transportation	-	-	-	-	-	-	-	731	5	731	5	-	-	-	-	-	-	731
Transportation Infrastructure	96 433	85	-	-	-	96 433	85	-	-	-	-	-	-	9 893	3 908	9 893	3 908	106 326
Water Utilities	-	-	-	-	-	-	-	8 415	33	8 415	33	-	-	-	-	-	-	8 415
Others	697	577	-	3 170	3 168	3 867	3 745	-	-	-	-	-	-	-	-	-	-	3 867
Total	1 997 117	5 851	17	6 107	6 100	2 003 241	11 951	12 900	316	12 900	316	7 755	3 259	48 317	42 327	56 072	45 586	2 072 213

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

In the following section is presented the gross exposure by asset type, impairment stage and internal rating bucket.

Loans and advances to customers

The table below presents a summary of the portfolio of loans and advances to customers of Haitong Bank as of of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Loans and advances to customers		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	744	-	-	-	**744**
Monitoring	[bbb+;b-]	631 348	4 484	-	-	**635 832**
Impaired	[d]	-	-	24 409	2 157	**26 566**
Gross carrying amount		**632 092**	**4 484**	**24 409**	**2 157**	**663 142**
Loss allowance (note 32)		2 997	283	23 387	1 049	**27 716**
Carrying amount		**629 095**	**4 201**	**1 022**	**1 108**	**635 426**
Fair Value Trough Profit and Loss						
Impaired	[d]	-	-	24	-	**24**
Gross carrying amount		**-**	**-**	**24**	**-**	**24**
Revaluation		-	-	-	-	**-**
Carrying amount		**-**	**-**	**24**	**-**	**24**
Total gross carrying amount		**632 092**	**4 484**	**24 433**	**2 157**	**663 166**
Loss allowance (Note 32)		2 997	283	23 387	1 049	**27 716**
Total revaluation		-	-	-	-	**-**
Total Carrying amount		**629 095**	**4 201**	**1 046**	**1 108**	**635 450**

(thousand euros)

Crédito a clientes		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	21 733	-	-	-	**21 733**
Monitoring	[bbb+;b-]	629 606	4 936	-	-	**634 542**
Impaired	[d]	-	-	75 287	2 156	**77 443**
Not rated	Not Rated	2	-	-	-	**2**
Gross carrying amount		**651 341**	**4 936**	**75 287**	**2 156**	**733 720**
Loss allowance (note 32)		2 667	300	74 733	730	**78 430**
Carrying amount		**648 674**	**4 636**	**554**	**1 426**	**655 290**
Fair Value Trough Profit and Loss						
Impaired	[d]	-	-	22	-	**22**
Gross carrying amount		**-**	**-**	**22**	**-**	**22**
Revaluation		-	-	(2)	-	**(2)**
Carrying amount		**-**	**-**	**20**	**-**	**20**
Total gross carrying amount		**651 341**	**4 936**	**75 309**	**2 156**	**733 742**
Loss allowance		2 667	300	74 733	730	**78 430**
Total revaluation		-	-	(2)	-	**(2)**
Total Carrying amount		**648 674**	**4 636**	**574**	**1 426**	**655 310**

Guarantees

The table below presents a summary of the portfolio of guarantees granted to clients of Haitong Bank as of of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Guarantees		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	12 454	-	-	-	12 454
Monitoring	[bbb+;b-]	98 783	-	-	-	98 783
Impaired	[d]	-	-	871	-	871
Total gross carrying amount		**111 237**	**-**	**871**	**-**	**112 108**
Loss allowance (note 32)		92	-	300	-	**392**
Total Carrying amount		**111 145**	**-**	**571**	**-**	**111 716**

(thousand euros)

Guarantees		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	11 827	-	-	-	11 827
Monitoring	[bbb+;b-]	117 705	-	-	-	117 705
Impaired	[d]	-	-	2 692	-	2 692
Total gross carrying amount		**129 532**	**-**	**2 692**	**-**	**132 224**
Loss allowance (note 32)		1 107	-	340	-	**1 447**
Total Carrying amount		**128 425**	**-**	**2 352**	**-**	**130 777**

Debt securitites

The table below presents a summary of the portfolio of loans and advances debt securities at amortised cost and at fair value through other comprehensive income of Haitong Bank, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

FVOCI and Amortised cost Debt Securities		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	103 564	-	-	-	103 564
Monitoring	[bbb+;b-]	558 424	8 416	-	-	566 840
Gross carrying amount		**661 988**	**8 416**	**-**	**-**	670 404
Loss allowance (note 32)		1 018	33	-	-	1 051
Fair Value Hedge		473	-	-	-	473
Carrying amount		**661 443**	**8 383**	**-**	**-**	**669 826**
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	17 176	-	-	-	17 176
Monitoring	[bbb+;b-]	142 924	12 172	-	-	155 096
Gross carrying amount	[ccc+;ccc]	-	-	-	-	-
Loss allowance (note 32)		**160 100**	**12 172**	**-**	**-**	**172 272**
Revaluation		**391**	**186**			**577**
Fair Value Hedge		(5 510)	-	-	-	(5 510)
Carrying amount		217	-	-	-	217
Total gross carrying amount		**154 416**	**11 986**	**-**	**-**	**166 402**
Loss allowance		**822 088**	**20 588**	**-**	**-**	**842 676**
Total Revaluation		1 409	219	-	-	1 628
Fair Value Hedge		(5 510)	-	-	-	(5 510)
Total Carrying amount		690	-	-	-	690
Amortised cost		**815 859**	**20 369**	**-**	**-**	**836 228**

(thousand euros)

FVOCI and Amortised cost Debt Securities		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	103 201	-	-	-	103 201
Monitoring	[bbb+;b-]	564 671	-	-	-	564 671
Gross carrying amount		667 872	-	-	-	667 872
Loss allowance (note 32)		1 323	-	-	-	1 323
Carrying amount		666 549	-	-	-	666 549
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	35 061	-	-	-	35 061
Monitoring	[bbb+;b-]	167 121	-	-	-	167 121
Loss allowance (note 32)		202 182	-	-	-	202 182
Revaluation		704	-	-	-	704
Fair Value Hedge		(12 788)	-	-	-	(12 788)
Carrying amount		188 690	-	-	-	188 690
Total gross carrying amount		870 054	-	-	-	870 054
Loss allowance		2 027	-	-	-	2 027
Total Revaluation		(12 788)	-	-	-	(12 788)
Total Carrying amount		855 239	-	-	-	855 239

Cash equivalents

The table below presents a summary of the cash equivalents portfolio of Haitong Bank, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Cash equivalents		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	9 044	-	-	-	9 044
Monitoring	[bbb+;b-]	2 935	-	-	-	2 935
Total gross carrying amount	[d]	-	-	3 666	-	3 666
Loss allowance (Note 32)		11 979	-	3 666	-	15 645
Total Carrying amount		-	-	1 865	-	1 865
Amortised cost		11 979	-	1 801	-	13 780

(thousand euros)

Cash equivalents		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	7 146	-	-	-	7 146
Monitoring	[bbb+;b-]	4 876	-	-	-	4 876
Substandard	[ccc+;ccc]	-	3 800	-	-	3 800
Total gross carrying amount		12 022	3 800	-	-	15 822
Loss allowance (Note 32)		1	938	-	-	939
Amortised cost		12 021	2 862	-	-	14 883

Loans and advances to banks

The table below presents a summary of the portfolio of loans and advances to banks of Haitong Bank, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Loans and advances to Banks		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	554 283	-	-	-	**554 283**
Monitoring	[bbb+;b-]	22 528	-	-	-	**22 528**
Impaired	[d]	-	-	15 077	-	**15 077**
Total gross carrying amount		**576 811**	**-**	**15 077**	**-**	**591 888**
Loss allowance (note 32)		16	-	15 077	-	**15 093**
Total Carrying amount		**576 795**	**-**	**-**	**-**	**576 795**

(thousand euros)

Loans and advances to Banks		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	468 659	-	-	**-**	**468 659**
Monitoring	[bbb+;b-]	2 500	-	-	**-**	**2 500**
Impaired	[d]	-	-	15 077	**-**	**15 077**
Total gross carrying amount		**471 159**	**-**	**15 077**	**-**	**486 236**
Loss allowance (note 30)		20	-	15 077	-	**15 097**
Total Carrying amount		**471 139**	**-**	**-**	**-**	**471 139**

Debtors and other assets

The table below presents a summary of the debtors and other assets portfolio of Haitong Bank, as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Debtors and other assets		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Monitoring	[bbb+;b-]	1 345	-	-	-	**1 345**
Impaired	[d]	-	-	-	9 892	**9 892**
Not rated		7 789	-	-	-	**7 789**
Total gross carrying amount		**9 134**	**-**	**-**	**9 892**	**19 026**
Loss allowance (note 32)		7 829	-	-	3 907	**11 736**
Total Carrying amount		**1 305**	**-**	**-**	**5 985**	**7 290**

(thousand euros)

Debtors and other assets		31.12.2022				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Low to fair risk	[aaa+;a-]	7	-	-	-	**7**
Monitoring	[bbb+;b-]	1 861	-	-	-	**1 861**
Substandard	[ccc+;ccc]	285	-	-	-	**285**
Impaired	[d]	-	-	7 407	9 891	**17 298**
Not rated		12 708	-	-	-	**12 708**
Total gross carrying amount		**14 861**	**-**	**7 407**	**9 891**	**32 159**
Loss allowance (note 32)		8 109	-	52	3 569	**11 730**
Total Carrying amount		**6 752**	**-**	**7 355**	**6 322**	**20 429**

Commitments to Third Parties

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2023:

(thousand euros)

Debtors and other assets		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost						
Monitoring	[bbb+;b-]	24 000	-	-	-	**24 000**
Total gross carrying amount		**24 000**	**-**	**-**	**-**	**24 000**
Loss allowance (note 32)		36	-	-	-	**36**
Total Carrying amount		**23 964**	**-**	**-**	**-**	**23 964**

No Commitments to Third parties existed as of 31st December, 2022.

During 2023, the following stage moves occurred:

(thousands of euros)

	Of which:			Total
	Stage 1	Stage 2	Stage 3	
Balance on December 31st, 2022	**2 148 969**	**8 736**	**112 532**	**2 270 237**
Exposure increases/decreases	164 695	(587)	(60 101)	104 007
Transfers:				-
from stage 1	(20 588)	20 588	-	-
from stage 2	-	(3 665)	3 665	-
from stage 3	-	-	-	-
Write-off	-	-	-	-
Sales	(105 735)	-	-	(105 735)
Balance on December 31st, 2023	**2 187 341**	**25 072**	**56 096**	**2 268 509**

During 2022, an exhibition totalling 18.8 million euros was transferred from Stage 2 (losses of expected credit “lifetime”) for Stage 1 (12-month expected credit losses).

The use of credit protection is a key element of the risk policy and credit decision process, influencing the acceptance criteria, the decision levels, and the pricing.

The main risk mitigation techniques used by the Group are financial pledges (funded credit protection – financial collateral in the form of securities and cash) and personal guarantees (unfunded credit protection with risk substitution effect).

Haitong Bank follows the prescription of CRR in what concerns collateral haircuts for impairment calculation. Thus, instead of using the collateral value, the Group considers the collateral value after haircut application.

Frequency and methods of collateral valuation depends on the nature of the collateral. For listed equity securities and debt securities, valuation occurs on a daily basis using market prices.

The pledge of bank accounts valuation takes place on a quarterly basis according to information provided by the depositary bank.

Regarding pledges over non-listed equity securities, pledges over equipment and mortgages valuation, it is done at least on an annual basis and it is based on financial information of the borrower or on valuation reports of external entities (e.g. real estate).

As of December 31st, 2023, the amount of financial instruments with no losses identified, due to credit risk's mitigation techniques (i.e. whenever the exposure at default net of collateral is equal to zero), was 11.896 thousand euros, accounted under guarantees.

The table below disaggregates the financial instrument and financial guarantees' gross exposure, and exposure at default (EAD) separately for each stage and POCI.

(thousand euros)

Rating bucket		31.12.2023							
		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	697 264	687 302	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 482 288	1 353 650	25 072	24 990	-	-	-	-
Substandard	[ccc+;ccc]	-	-	-	-	-	-	-	-
Doubtful	[lccc]	-	-	-	-	-	-	-	-
Impaired	[d]	-	-	-	-	44 047	43 680	12 049	12 048
Not rated	Not Rated	7 789	7 789	-	-	-	-	-	-
Total		**2 187 341**	**2 048 741**	**25 072**	**24 990**	**44 047**	**43 680**	**12 049**	**12 048**

(thousand euros)

Rating bucket		31.12.2022							
		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	647 634	635 451	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 488 340	1 330 911	4 936	4 763	-	-	-	-
Substandard	[ccc+;ccc]	285	285	3 800	3 800	-	-	-	-
Doubtful	[lccc]	-	-	-	-	-	-	-	-
Impaired	[d]	-	-	-	-	100 485	99 905	12 047	12 047
Not rated	Not Rated	12 710	12 710	-	-	-	-	-	-
Total		**2 148 969**	**1 979 357**	**8 736**	**8 563**	**100 485**	**99 905**	**12 047**	**12 047**

Breakdown of Non-Performing and Forborne Exposures

In accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting, the Bank discloses the non-performing exposures and the forborne exposures.

The definitions of non-performing and forborne exposures are provided under section 2.3.1.

In this sense, as of December 31st, 2023 and December 31st, 2022, the breakdown of performing and non-performing exposures was as follows:

	31.12.2023			31.12.2022		
	Gross amount and revaluation	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluation	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	2 281 201	5 165	0,2%	2 334 798	7 538	0,3%
Non-Performing exposures (NPE)	46 760	41 702	89,2%	96 018	91 143	94,9%
Loans and advances to customers	26 590	24 436	91,9%	77 463	75 461	97,4%
Loans and advances to Banks	15 077	15 078	100,0%	15 077	15 077	100,0%
Cash & Cash Equivalents	871	300	34,4%	2 692	340	12,6%
Guarantees	556	23	4,1%	786	265	33,7%
Total	2 327 961	46 867	2,0%	2 430 816	98 681	4,1%
NPE ratio	2,0%			4,0%		
NPL ratio	4,0%			19,4%		

As of December 31st, 2023 and December 31st, 2022, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Gross amount and revaluation	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluation	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	2 277 447	4 887	0,2%	2 331 044	7 260	0,3%
Performing Forborne exposures	3 754	278	7,4%	3 754	278	7,4%
Loans and advances to customers	3 754	278	7,4%	3 754	278	7,4%
Non-Performing Forborne exposures	27 122	24 460	90,2%	78 227	75 728	96,8%
Loans and advances to customers	26 566	24 436	92,0%	77 441	75 463	97,4%
Loan commitments	556	23	4,1%	786	265	33,7%
Non-Performing exposures	19 638	17 242	87,8%	17 791	15 415	86,6%
Total	2 327 961	46 867	2,0%	2 430 816	98 681	4,1%

Concentration risk

Concerning the concentration risk - that is, the risk arising from the possibility of exposure or from a group of exposures sharing common or interrelated risk factors that produce losses large enough to affect the Bank's solvency - Haitong Bank has internal limits established for the largest single name exposures. Regular monitoring of these limits, together with regulatory limits, strengthens the bank's monitoring framework for the concentration of credit risk.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by sector of activity, as of December 31st, 2023 and December 31st, 2022, is as follows:

(thousand euros)

Industry	31.12.2023								
	Loans and advances to customers				Financial assets held for trading			Securities	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Agribusiness & Commodity Foods	-	-	-	-	-	23	-	-	-
Automobiles & Components	20 240	-	33	-	-	514	-	17 752	38
Banks	-	-	-	-	-	15 782	1 924	76 765	103
Broker Dealers	-	-	-	-	-	-	46	-	-
Capital Goods	16 158	1 132	1 200	1 132	-	1 667	2	11 489	14
Chemicals	30 298	-	82	-	-	3 108	-	26 082	52
Commercial & Professional Services	63 637	3 277	1 685	3 277	-	-	-	-	-
Construction & Engineering	17 246	1 596	88	1 591	-	1 926	-	35 907	146
Food, Beverage & Tobacco	-	-	-	-	-	-	-	10 808	8
Funds & Asset Managers	-	-	-	-	-	-	-	10 756	3
Governments	744	-	-	-	-	888	-	423 677	263
Health Care	20 112	-	103	-	-	11	-	1 181	6
Hotels & Gaming	-	5 950	-	5 950	-	1 305	-	7 549	2
Media & Entertainment	-	-	-	-	-	3 085	-	-	-
Metals & Mining	29 047	-	46	-	-	-	-	16 410	52
Non Bank Financial Institutions	36 810	-	378	-	-	2 186	3 412	11 059	7
Oil & Gas	48 874	10 324	215	10 324	-	568	430	13 531	32
Paper & Forest Products	-	-	-	-	-	520	81	2 693	3
Power	100 404	-	512	-	-	1 336	191	25 910	101
Real Estate	79 507	-	580	-	-	1 733	-	90 211	379
Renting and location	13 483	-	69	-	-	-	-	-	-
Retailing	18 216	-	181	-	-	1 048	-	14 365	17
Software	-	-	-	-	-	-	-	18	-
Technology Hardware & Equipment	-	-	-	-	-	3 181	-	5 481	26
Telecoms	48 951	-	179	-	-	2 740	11	25 975	159
Transportation	731	-	5	-	-	510	-	-	-
Transportation Infrastructure	96 426	-	85	-	-	-	16 647	-	-
Water Utilities	-	-	-	-	-	776	-	19 803	217
Others	-	-	-	-	-	-	-	-	-
TOTAL	640 884	22 279	5 441	22 274	-	42 907	22 744	847 422	1 628

(thousand euros)

Industry	31.12.2022								
	Loans and advances to customers				Financial assets held for trading			Securities	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Crédito Vencido				
Agribusiness & Commodity Foods	-	-	-	-	-	278	-	-	-
Automobiles & Components	20 165	-	38	-	-	-	-	16 912	42
Banks	-	-	-	-	-	4 047	13 251	76 383	126
Broker Dealers	-	-	-	-	-	494	144	-	-
Building Materials	-	-	-	-	-	1 782	-	-	-
Capital Goods	18 796	1 000	1 262	1 000	-	3 336	-	23 159	27
Chemicals	14 968	-	48	-	-	3 842	-	8 097	26
Commercial & Professional Services	61 686	3 116	1 391	3 116	-	601	-	-	-
Construction & Engineering	5 627	1 479	60	1 475	-	1 292	441	43 977	359
Food, Beverage & Tobacco	-	-	-	-	-	-	1 178	6 383	4
Funds & Asset Managers	-	-	-	-	-	1 599	-	22 364	15
Governments	1 231	-	-	-	-	253	-	434 750	309
Health Care	7 946	-	43	-	-	-	-	14 044	76
Hotels & Gaming	2 127	3 823	2 127	3 823	-	-	-	7 445	2
Media & Entertainment	-	-	-	-	-	1 197	4	-	-
Metals & Mining	-	-	-	-	-	-	-	9 459	12
Non Bank Financial Institutions	45 626	242	146	242	-	3 866	6 945	26 855	82
Oil & Gas	17 476	10 324	83	10 324	-	3 269	-	14 197	62
Paper & Forest Products	-	-	-	-	-	-	458	2 727	4
Power	118 179	-	816	-	-	1 692	137	30 940	87
Real Estate	124 397	44 583	589	44 583	-	792	28	81 189	489
Rental & Leasing	13 917	-	76	-	-	-	-	-	-
Retailing	20 210	-	212	-	-	-	-	14 126	18
Software	-	-	-	-	-	-	-	5	-
Technology Hardware & Equipment	-	-	-	-	-	1 742	-	-	-
Telecoms	47 817	-	190	-	-	1 430	238	25 663	164
Transportation	1 182	6 563	22	6 563	-	657	-	-	-
Transportation Infrastructure	141 258	-	201	-	-	1 419	16 188	-	-
Water Utilities	-	-	-	-	-	799	-	11 158	123
Others	2	-	-	-	-	-	-	-	-
TOTAL	662 610	71 130	7 304	71 126	-	34 387	39 012	869 833	2 027

The breakdown of loans and advances to customers, financial assets held for trading and securities, by country risk, as of December 31st, 2023 and December 31st, 2022, is as follows:

(thousand euros)

Country Risk	31.12.2023								
	Loans and advances to customers				Financial assets held for trading			Securities	
	Gross amount		Impairment		Gross amount	Gross amount	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Australia	29 047	-	46	-	-	-	-	-	-
Austria	-	-	-	-	-	1 527	-	5 481	26
Bermuda	-	-	-	-	-	776	-	-	-
Brazil	-	3 277	-	3 277	-	-	-	19 036	65
Bulgaria	-	-	-	-	-	-	-	11 190	19
China	-	-	-	-	-	6 210	-	87 791	611
Cyprus	-	-	-	-	-	-	-	9 130	7
Czech Republic	-	-	-	-	-	-	-	23 199	33
Finland	-	-	-	-	-	-	-	2 693	3
France	39 733	-	204	-	-	6	180	55 888	43
Germany	20 240	-	33	-	-	5 871	782	23 446	26
Greece	-	-	-	-	-	-	-	22 816	26
Hong Kong	-	-	-	-	-	5 943	-	8 127	3
Hungary	-	-	-	-	-	-	-	10 311	12
Ireland	36 810	-	378	-	-	-	-	-	-
Italy	-	-	-	-	-	1 863	-	178 809	266
Luxembourg	99 610	-	450	-	-	2 582	-	18 669	11
Macau	-	-	-	-	-	2 484	-	-	-
Netherlands	18 584	-	94	-	-	719	-	10 808	8
Poland	86 084	1 596	226	1 591	-	368	430	32 237	46
Portugal	166 830	-	892	-	-	7 885	16 932	184 816	285
Romania	-	-	-	-	-	-	-	23 574	27
Singapore	-	-	-	-	-	23	-	-	-
Spain	94 472	17 406	2 905	17 406	-	3 384	858	93 713	53
Sweden	-	-	-	-	-	-	-	7 732	9
Switzerland	-	-	-	-	-	2 000	-	-	-
United Kingdom	49 474	-	214	-	-	-	3 562	8 078	23
United States	-	-	-	-	-	1 265	-	9 878	26
TOTAL	640 884	22 279	5 442	22 274	-	42 906	22 744	847 422	1 628

(thousand euros)

	31.12.2023								
	Loans and advances to customers				Financial assets held for trading			Securities	
	Gross amount		Impairment		Gross amount				
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans	Gross amount	Derivative financial assets	Gross amount	Impairment
Bermuda	-	-	-	-	-	799	-	-	-
Brazil	-	3 117	-	3 117	-	-	-	20 130	110
Bulgaria	-	-	-	-	-	-	-	10 972	22
Canada	-	-	-	-	-	186	-	-	-
China	-	-	-	-	-	5 076	-	137 579	727
Cyprus	-	-	-	-	-	-	-	9 237	7
Czech Republic	-	-	-	-	-	-	-	10 165	19
Finland	-	-	-	-	-	-	-	2 727	3
France	-	-	-	-	-	610	1 142	60 113	53
Germany	20 165	-	38	-	-	-	4 244	10 155	22
Greece	-	-	-	-	-	-	-	22 702	44
Hong Kong	-	-	-	-	-	6 915	-	-	-
Hungary	-	-	-	-	-	-	-	17 908	15
Ireland	45 626	-	146	-	-	-	299	-	-
Italy	-	-	-	-	-	2 163	-	177 977	281
Japan	-	-	-	-	-	723	-	-	-
Luxembourg	90 865	-	595	-	-	-	-	32 554	19
Netherlands	-	-	-	-	-	3 989	-	-	-
Poland	94 913	1 479	188	1 475	-	288	28	34 065	176
Portugal	211 714	49 260	3 231	49 260	-	6 690	17 024	199 709	425
Romania	-	-	-	-	-	-	-	23 846	30
Singapore	-	-	-	-	-	278	-	-	-
Spain	138 822	17 274	2 838	17 274	-	3 173	9 415	77 731	29
Sweden	-	-	-	-	-	-	-	7 783	15
Switzerland	-	-	-	-	-	841	-	-	-
United Kingdom	60 503	-	268	-	-	-	6 860	14 480	30
United States	-	-	-	-	-	1 433	-	-	-
Virgin Islands (British)	-	-	-	-	-	1 223	-	-	-
Others	2	-	-	-	-	-	-	-	-
TOTAL	662 610	71 130	7 304	71 126	-	34 387	39 012	869 833	2 027

Russia-Ukraine Conflict

The Russia-Ukraine conflict has disrupted global economic conditions and triggered turmoil in financial and credit markets.

Although the overall implications of the conflict are not fully known, nor are the indirect effects likely to be quantified or predicted, the general conclusion is that at present date none of the borrowers analyzed has suffered a severe impact from the conflict.

Pension Fund Monitoring

The Pension Fund portfolio management is ensured by GNB Fundo de Pensões, responsible for ensuring the implementation and monitoring of the funds' investment strategy, while respecting the limits defined in the Investment Policy. Haitong Bank delegates to Mercer Portugal the responsibility to conduct an independent assessment of the actuarial assumptions, as well as for defining the methodology for actuarial valuation.

These entities also bear the responsibility to provide the requisite information to the various Bank's governing bodies, namely the Executive Committee, the Independent Monitoring Committee, and the Risk Committee, enabling them to effectively oversee the risk associated with the pension funds.

Pension Fund Risk

The Fund's asset portfolio is primarily comprised of stocks, bonds, and investment units (investment funds and ETFs). The risks inherent in the Fund's assets are specific to various types of investments (credit risk, market risk, liquidity risk, etc.). As for the Fund's liabilities, consisting of pension payment obligations, which entail several actuarial risks that could have a negative impact on the value of the Fund's liabilities: inflation rate, growth of wages and pensions, evolution of mortality tables, corresponding increase in life expectancy, and discount rate.

The Pension Fund Risk is integrated into the Bank's Risk Appetite Framework (RAF), being monitored on a monthly basis the asset, liabilities, and discount rate evolution. The Pension Fund Risk is quantified for internal capital purposes within the scope of the Haitong Bank's ICAAP exercise.

Market risk

Market risk is the possibility of losses resulting from adverse movements in market prices, such as equity, interest rates, foreign exchange rates and credit spreads. In the development of its activities, Haitong Bank is exposed to market risk in both its trading and banking books.

The Bank estimates the potential losses in its trading book and for the overall commodity and foreign currency positions using the historical Value at Risk (VaR) methodology, calculated considering a 99% confidence level, an investment period of 10 business days and 1 year of historical observation.

(thousand euros)

	31.12.2023				31.12.2022			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Foreign Exchange Risk	4 800	9 424	12 695	4 547	10 098	7 618	10 584	5 969
Interest Rate Risk	923	670	1 625	219	479	509	1 191	171
Shares	6	6	8	5	8	10	24	4
Credit spread	268	358	512	218	604	521	2 181	284
Covariance	(1 329)	(1 219)	(2 351)	(574)	(1 272)	n.a.	n.a.	n.a.
Global VaR	**4 668**	**9 239**	**12 489**	**4 415**	**9 916**	**8 658**	**13 980**	**6 428**

Unaudited information

The following table presents the average interest rates as well as the average balances and interest for the period, relating to the Banks's major financial asset and liability categories, for the periods ended at December 31st 2023 and 2022, as well as the respective average balances and interest of the period:

(thousand euros)

	31.12.2023			31.12.2022		
	Average balance of the period	Interest of the period	Average interest rate	Average balance of the period	Interest of the period	Average interest rate
Monetary assets	350 151	12 143	3,47%	513 928	2 676	0,52%
Loans and advances to customers	734 325	49 842	6,79%	675 225	24 171	3,58%
Investment in securities	1 282 853	27 409	2,14%	412 538	16 053	3,89%
Collateral accounts	26 006	1 833	7,05%	61 163	508	0,83%
Financial assets	**2 393 334**	**91 227**	**3,81%**	**1 662 855**	**43 408**	**2,61%**
Monetary resources	614 380	24 835	4,04%	818 004	8 228	1,01%
Deposits from customers	637 020	17 137	2,69%	621 670	6 803	1,09%
Liabilities represented by securities	367 482	16 892	4,60%	326 655	7 036	2,15%
Other resources	10 390	3 238	31,17%	18 009	557	3,09%
Financial liabilities	**1 629 271**	**62 102**	**3,81%**	**1 784 338**	**22 624**	**1,27%**
Financial result		**29 125**			**20 784**	

Considering that, the foreign exchange open risk position is the main source of market risk, Haitong Bank closely manages the exposures by currency. As of December 2023, and December 2022, the exposure of assets and liabilities by currency was as follows:

(thousand euros)

	31.12.2023			31.12.2022		
	Spot	Forward	Net Exposure	Spot	Forward	Net Exposure
AOA	3	-	3	7	-	7
AUD	14	-	14	14	-	14
BRL	107 869	-	107 870	110 857	-	110 857
CAD	36	-	36	36	-	36
CHF	(112)	-	(112)	22	-	22
CNY	6 465	-	6 465	12 143	-	12 143
DKK	199	-	199	201	-	201
GBP	35 592	(36 592)	(1 000)	37 059	(37 523)	(464)
HKD	(313)	-	(313)	(777)	-	(777)
JPY	37	-	37	41	-	41
MOP	4 788	-	4 788	5 177	-	5 177
MXN	11	-	11	10	-	10
NOK	10	-	10	11	-	11
PLN	(30 986)	56 919	25 933	57 038	(33 307)	23 731
SEK	36	-	36	36	-	36
TRY	-	-	-	1	-	1
USD	1 088	2 715	3 803	23 713	(22 501)	1 212
Total	**124 737**	**23 042**	**147 780**	**245 589**	**(93 331)**	**152 258**

Note: asset (liability)
Haitong Bank

The main source of FX risk of Haitong Bank comes from its foreign subsidiary Haitong Banco de Investimento do Brasil S.A.

Non-trading market risk arises primarily from activities outside of our trading units, in the banking book, and from certain off balance sheet items, embedding considerations of different accounting treatments of transactions. The most significant risks in the banking book are the changes in the interest rate risk (IRRBB) and the changes in credit spread risk (CSRBB).

In what regards to IRRBB, Haitong Bank aims to capture all material sources of interest rate risk and assess the effect of market changes on the scope of its activities and manage IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a given time horizon.

To measure the economic value, the Bank uses a run-off balance sheet, where existing assets and liabilities are not replaced as they mature, whether for net interest income metric, the Bank follows a stable balance sheet model, where maturing contracts are replaced like for like, but with rates equal to be forward rates at the time of maturing.

As of December 2023 and December 2022, the repricing profile of the Bank for interest rate risk sensitive positions was the following:

(thounsand euros)

Tenor / Accounting Item	31.12.2023			31.12.2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Up to 3 months	1 209 819	(936 592)	273 227	1 024 975	(891 180)	133 795
3 to 6 months	402 430	(349 611)	52 819	265 982	(436 599)	(170 617)
6 to 12 months	89 461	(173 565)	(84 104)	209 604	(116 954)	92 650
From 1 to 5 years	461 293	(267 480)	193 813	624 930	(250 809)	374 121
More than 5 years	12 423	(5 300)	7 123	34 224	-	34 224
Total	**2 175 426**	**(1 732 547)**	**442 879**	**2 159 715**	**(1 695 542)**	**464 173**

Haitong Bank

Hence the impact of different shocks in the yield curves, measured by the economic value of equity and the net interest income was as follows:

(thousand euros)

Time Bucket	31.12.2023		31.12.2022	
	Delta EVE	Delta NII	Delta EVE	Delta NII
+200 bps	(11 518)	2 811	(21 325)	4 524
-200 bps	1 283	(2 811)	5 071	(4 524)
Parallel up	(11 591)	n.a.	(21 427)	n.a.
Parallel down	1 297	n.a.	5 116	n.a.
Steepener	1 126	n.a.	1 332	n.a.
Flattener	(3 686)	n.a.	(6 810)	n.a.
Short rates up	(6 579)	n.a.	(12 070)	n.a.
Short rates down	916	n.a.	3 378	n.a.
% Total Capital	1,95%	0,48%	3,77%	0,13%
% Tier 1 Capital	1,96%	0,48%	3,79%	0,13%

Haitong Bank
Unaudited information

In what regards to CSRBB, Haitong Bank aims to capture changes in market perception about the credit quality of individual credit-risky instruments, either because of the changes to expected default levels or because of changes to market liquidity. Changes to underlying credit quality perceptions can amplify the risks already arising from yield curve risk, being this risk also defined as any kind of asset and/or liability spread risk of credit-risky instruments which is not explained by IRRBB, nor by the expected credit/jump-to-default risk.

To monthly measure the CSRBB, the Haitong Bank considers a historical VaR simulation approach with one year holding period, five years observation period and 99,9% confidence level.

(thousand euros)

	31.12.2023		31.12.2022	
	CSR Requirement	HTCS Exposures	CSR Requirement	HTCS Exposures
Global	9 905	166 402	8 157	188 690
of which: Sovereign	205	6 511	522	13 526
of which: Corporate	9 701	159 891	7 636	175 163
Average Duration (years)	-	2,30	-	2,00

Source: Haitong Bank
Unaudited information

Reference interest rate reforms

Regulation (EU) 2016/1011 of the European Parliament and of the Council (known as the EU Benchmark Regulation or BMR) established a common framework to ensure that benchmark interest rates meet certain requirements that guarantee their reliability and efficiency as well as protect the consumer and investor, which implied a set of reforms, currently underway, of the reference interest rates with different implications for the activities of financial institutions.

The Bank holds fallback provisions in its contracts in accordance with market practice to respond to a discontinuity in rates. As of December 31, 2023, there are no financing contracts whose contract rate is associated with Libor rates that are expected to be discontinued. The Bank holds derivatives whose rates are expected to be discontinued and the respective contractual amendments are being negotiated. The contracts in question are under ISDA contracts.

The benchmark reform in Poland replaces the WIBOR index with the WIRON index. From December 2022, banks may use the WIRON index, while a gradual implementation of the index to contracts and financial instruments is planned for 2023-2027. From 2028, it is planned to use the WIRON indicator widely. WIRON is transaction index developer on the basis of deposit transactions concluded by data providers (9 data submitters) with banks, financial institutions and large enterprises.

The Bank recognizes credit exposures with maturity after 2025, therefore, part of the exposure will be subject to the WIRON index. There're interest rate derivatives that go beyond the tenor and mandatory change to WIRON (2028) will apply. Therefore, there will be need to amend the contracts with customers on these products.

Liquidity risk

Liquidity risk arises from an institution's present or future inability to meet all payment obligations when they come due or secures such resources only at an excessive cost.

Within the scope of the risk vision statement approved by the Board of Directors, Haitong Bank as whole and all its subsidiaries individually aim to maintain a solid short-term liquidity position and sustainable medium and long-term funding profile.

To achieve these goals, Haitong Bank seeks to develop a diversified investors' base, ensuring access to alternative funding sources and instruments, and keeping an adequate funding structure to finance its activity.

Haitong Bank's liquidity and funding management is under the direct responsibility of the Executive Committee, advised by the Assets and Liabilities Committee (ALCO). Local treasury teams ensure liquidity daily management in each of the Bank's liquidity hubs (Lisbon and Warsaw), under the global coordination of Haitong Bank's CEO.

The Bank manages its liquidity by establishing a liquidity risk policy, monitoring a set of liquidity risk metrics, including prudential liquidity ratios, stress testing and liquidity contingency plans, and by setting limits consistent with the Bank's liquidity risk appetite and regulatory requirements.

As of 31 December 2023, the Bank held 736 million Euros of High Quality Liquid Assets (565 million Euros in 31 December 2022), of which 541 million were available deposits in Central Banks (432 million Euros in 31 December 2022). The remainder of the High Quality Liquid Assets (HQLA) was mainly composed by sovereign debt of European Union countries.

In 31 December 2023, Haitong Bank held a surplus of 526 million Euros of its 30 days stressed net outflows, which corresponded to a LCR of 350% (307% on 31 December 2022) comfortably above both regulatory and internal limits.

(thousand euros)

Liquidity Coverage Ratio	31.12.2023	31.12.2022
High Quality Liquid Assets	736	565
Surplus over stressed net outflows	526	381
Liquidity coverage Ratio	**350%**	**307%**

Source: Haitong Bank
Unaudited information

Haitong Bank funding from the Bank of Portugal amounts to 12 million Euros on 31 December 2023 (302 million Euros at the end of 2022) obtained through the Targeted Longer-Term Refinancing Operations maturing in 2024.

During 2023, Haitong Bank's main sources of funding were long term facilities provided by banks, debt securities, sales with repurchase agreements (repos), deposits from clients (households, corporate and institutional clients) and secured facilities provided by the Central Bank.

In market stress situations where the value of derivatives is significantly impacted, additional collateral amounts may be required from Haitong Bank due to master netting agreements (e.g. ISDA) and margin agreements (e.g. Credit Support Annex) entered into mostly with financial institutions. Derivatives positions and collateral received and posted are detailed in notes 20 and 27, respectively.

As of 31st of December 2023, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2023						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	13 784	-	-	-	-	-	**13 784**
Financial assets held-for-trading (Securities)	-	5 028	13 564	23 223	6 985	-	**48 800**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	9 564	**9 564**
Financial assets at fair value through other comprehensive income	-	4 763	11 196	153 292	16 838	-	**186 089**
Financial assets at amortised cost	-	116 583	76 931	447 670	60 882	-	**702 066**
Loans and advances to banks	547 946	641	28 587	-	-	-	**577 174**
Loans and advances to customers	6	11 347	80 890	628 077	59 579	-	**779 899**
Derivatives Instruments	-	252 055	47 247	37 374	8 673	16 780	**362 129**
	561 736	**390 417**	**258 415**	**1 289 636**	**152 957**	**26 344**	**2 679 505**
Liabilities							
Resources from credit institutions	265 834	1 502	68 779	346 229	-	-	**682 344**
Resources from customers	63 164	245 087	242 513	195 248	-	-	**746 012**
Debt securities issued	-	3 178	14 066	378 575	-	-	**395 819**
Financial liabilities held-for-trading (Securities)	846	-	-	-	-	-	**846**
Derivatives Instruments	-	255 733	48 311	32 063	4 145	3 467	**343 719**
	329 844	**505 500**	**373 669**	**952 115**	**4 145**	**3 467**	**2 168 740**

As of 31st of December 2022, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2023						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	14 888	-	-	-	-	-	**14 888**
Financial assets held-for-trading (Securities)	-	5 088	5 271	26 005	4 304	-	**40 668**
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	12 568	**12 568**
Financial assets at fair value through other comprehensive income	-	25 000	41 040	121 311	27 795	-	**215 146**
Financial assets at amortised cost	-	-	35 505	562 334	110 539	-	**708 378**
Loans and advances to banks	462 739	-	8 436	-	-	-	**471 175**
Loans and advances to customers	3	15 927	96 086	548 506	111 224	-	**771 746**
Derivatives Instruments	-	232 087	52 621	26 056	12 142	27 354	**350 260**
	477 630	**278 102**	**238 959**	**1 284 212**	**266 004**	**39 922**	**2 584 829**
Liabilities							
Resources from credit institutions	131 133	290 463	51 561	424 128	-	-	**897 285**
Resources from customers	69 205	175 670	180 467	71 929	-	-	**497 271**
Debt securities issued	-	1 870	11 017	393 657	-	-	**406 544**
Financial liabilities held-for-trading (Securities)	96	-	-	-	-	-	**96**
Derivatives Instruments	-	225 646	52 673	24 664	5 477	9 830	**318 290**
	200 434	**693 649**	**295 718**	**914 378**	**5 477**	**9 830**	**2 119 486**

Operational risk

Operational Risk corresponds to the possible loss resulting from inadequate internal procedures or its negligent application, inadequacy or failure of information systems, staff behavior or external events. Legal risks are included in this definition. Legal and IT risks are included in this definition. Operational risk is therefore considered as the sum of operational, information systems and compliance risks.

The Bank has in place a framework to ensure the standardization and systematization of the regular activities regarding the identification, assessment, response/ mitigation, monitoring, and control and report of operational risk. A team within the Risk Management Department is exclusively dedicated to the management of this framework.

Capital Management and Solvency Ratio

The main purposes of capital management in the Bank are (i) to promote sustainable growth of activity by creating enough capital to withstand the increase of assets, (ii) meet the minimum requirements established by the supervising entities in relation to capital adequacy and (iii) ensure the achievement of the strategic goals set by Bank in relation to capital adequacy.

In prudential terms, the Bank is subject to supervision by the Bank of Portugal, under the regulatory framework established in the European Union: CRR (Regulation EU nº 575/2013) and CRD IV (Directive EU nº 2013/36/EU). These regulations set the minimum capital requirements taking into consideration the level of risk to which the Bank is exposed.

At the moment and for reporting purposes related to prudential effects before the supervising authorities, the Group uses the Standard method for handling credit risk and operational risk ("The Standardized Approach" - TSA method).

The following table summarises the capital adequacy of the Haitong Bank S.A. as at 31st of December 2023 and 31st of December2022:

	31.12.2023		31.12.2022	
	Phased-in	Fully-loaded	Phased-in	Fully-loaded
CET1 ratio	24,6%	24,6%	22,7%	22,6%
Tier 1 ratio	30,0%	30,0%	27,8%	27,8%
Total Capital ratio	30,0%	30,0%	27,8%	27,8%

Source: Haitong Bank
Unaudited information

NOTE 41 – SUBSEQUENT EVENTS

Between December 31, 2023 and the date of approval of these financial statements by the Bank's Board of Directors, there was no subsequent event that required adjustments or modifications to them.

NOTE 42 – ACCOUNTINGS STANDARDS AND RECENT INTERPRETATIONS

Standards, interpretations, amendments and revisions that came into force in this year

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union, with mandatory application for the financial year beginning on January 1, 2023:

Description	Change	Effective date
IAS 1 – Disclosure of accounting policies	Requirement for disclosure of “material” accounting policies, to the detriment of “significant” accounting policies	January 1, 2023
IAS 8 – Disclosure of accounting estimates	Definition of accounting estimate. Clarification regarding the distinction between changes in accounting policies and changes in accounting estimates	January 1, 2023
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with characteristics of discretionary participation in results, in terms of aggregation, recognition, measurement, presentation and disclosure	January 1, 2023
IFRS 17 – Initial application of IFRS 17 and IFRS 9 - Comparative Information	This change makes it possible to avoid temporary accounting gaps between financial assets and insurance contract liabilities in the comparative information presented, when applying IFRS 17 for the first time. This change allows the application of an “overlay” in the classification of a financial asset, for which the entity does not update the IFRS 9 comparative information	January 1, 2023

Description	Change	Effective date
IAS 12 - Deferred tax related to assets and liabilities associated with a single transaction	Requirement for recognition of deferred tax on the registration of assets under right of use/lease liability and provisions for dismantling/related asset, when their initial simultaneous recognition gives rise to equal values of taxable temporary differences and deductible temporary differences, as they are not relevant for tax purposes	January 1, 2023
IAS 12 – International taxation reform – Pillar Two model rules	Introduction of a temporary exception to the requirements for recognition and disclosure of information on deferred tax assets and liabilities related to Pillar Two income taxes. Targeted disclosure requirements for affected entities (entities belonging to multinational groups that have consolidated revenues of €750 million in at least two of the last four years)	Immediately or January 1, 2023

The work carried out at the level of the OECD Inclusive Framework regarding BEPS Pillar 2 resulted in the adoption of the rules of the Global model (Global anti-Erosion Rules) at EU level with the publication of Council Directive (EU) 2022/2523, of 15 December 2022.

In short, this model aims to ensure that the profits of large multinational groups are subject to a minimum level of effective taxation no less than 15% in all jurisdictions. This minimum taxation operates through a so-called Top-up Tax whose assessment and collection is primarily the responsibility of the jurisdiction where the so-called Ultimate Parent Entity (UPE) of the multinational group or an intermediate holding company of that group is located. However, when this mechanism is not activated, the Undertaxed Payments Rule (UTPR) is activated at the level of the companies held.

The development of work by the OECD has shown that most jurisdictions intend to adopt a solution called Qualified Domestic Minimum Top-up Tax (QDMTT) which is based on the creation of a domestic tax that determines that a possible level of taxation below the limit of 15% in that country is charged and constitutes tax revenue of the country itself and not of the tax jurisdiction where the UPE is located.

In Portugal, and with reference to December 31, 2023, the transposition of Directive (EU) 2022/2523 into domestic legislation has not yet occurred. Therefore, the Bank, as an entity integrated into a multinational Group whose UPE is Haitong Securities Co.Ltd., based in Shanghai, is analyzing the possible impacts that the transposition of this Directive may have at the level of the Haitong Group, namely the possibility or not of applying safeharbours measures provided in transitional regime.

There were no significant effects on the Bank's financial statements for the year ended December 31, 2023, as a result of the adoption of the aforementioned standards, interpretations, amendments and revisions.

Standards, interpretations, amendments and revisions that will take effect in future years

The following accounting standards and interpretations, with mandatory application in future financial years, were, until the date of approval of these financial statements, approved ("endorsed") by the European Union:

Description	Change	Effective date
IAS 1 – Classification of liabilities as non-current and current and Non-current liabilities with "covenants"	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment beyond 12 months, after the reporting date, when subject to "covenants"	January 1, 2024
IFRS 16 – Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and leaseback transactions after the transaction date when some or all lease payments are variable	January 1, 2024

These standards, although endorsed by the European Union, were not adopted by the Bank in 2023, as their application is not yet mandatory. As a result of the application of the aforementioned standards, no relevant impacts are expected.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Description	Change	Effective date
IAS 7 and IFRS 7 – Supplier financing agreements	Additional disclosure requirements regarding supplier financing arrangements (or "reverse factoring"), the impact on liabilities and cash flows, as well as the impact on liquidity risk analysis and how the entity would be affected if these arrangements were to fail be available	January 1, 2024
IAS 21 – Effects of changes in exchange rates: Lack of interchangeability	Requirements for determining whether a currency is capable of being exchanged for another currency and when exchange is not possible for a long period of time, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation on the entity's liquidity, financial performance and equity situation, as well as the spot exchange rate used on the reporting date.	January 1, 2025

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the year ended December 31, 2023.

Regarding these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, it is not estimated that their future adoption will have significant impacts on the attached financial statements.

CORPORATE GOVERNANCE REPORT

This report constitutes an integral part of Haitong Bank's 2023 Annual Report and intends to disclose the corporate governance structure and practices adopted by Haitong Bank, S.A.. This report was prepared in accordance with Article 70/2 of the Portuguese Companies Code and Articles 7 and 29-H/5 of the Portuguese Securities Code.

PART I – SHAREHOLDER STRUCTURE AND CORPORATE PRACTICES

1. Capital Structure

As at December 31, 2023, the share capital of the Bank was EUR 871,277,660.00 (eight hundred and seventy-one million, two hundred and seventy-seven thousand, and six hundred and sixty euros), fully subscribed and paid up. The share capital is divided into 174,255,532 (one hundred and seventy-four million, two hundred and fifty-five thousand and five hundred and thirty-two) book-entry shares with a nominal value of EUR 5.00 (five euros) each.

Haitong International Holdings Limited, a Hong Kong based subsidiary of Haitong Securities Co., Ltd., holds 100% of the Bank's share capital with voting rights, corresponding to 174,255,528 (one hundred and seventy-four million, two hundred and fifty-five thousand and five hundred and twenty-eight) shares. The remaining 4 (four) shares are held by Haitong International Global Strategic Investment Limited (incorporated in the Cayman Islands); Haitong Capital International Investment Co., Ltd (incorporated in Hong Kong); Haitong Innovation International Capital Management Co., Ltd (incorporated in the Cayman Islands); and Haitong Capital International Investment Fund L.P. (incorporated in the Cayman Islands).

The Bank's share capital is entirely represented by ordinary shares.

2. Restrictions on the transfer of shares

The Articles of Association of the Bank do not provide for restrictions on the transferability of shares.

3. Possible restrictions on voting rights, such as limitations on the voting rights dependent on holding a certain number or percentage of shares, deadlines imposed on the right to vote, or key rights of patrimonial content

Pursuant to the Bank's Articles of Association, Shareholders or groups of shareholders who hold a minimum of one hundred shares are entitled to participate in the Shareholder's General Meetings of the Bank. Each group of one hundred ordinary shares corresponds to one vote.

4. Rules governing the appointment and replacement of members of the management body and the amendment of the Articles of Association

The members of the Board of Directors are appointed and replaced in accordance with the terms set out in the Portuguese Companies Code. The same occurs with any amendment to the Articles of Association.

5. Powers of the management body, particularly with regards to resolutions on capital increases

The Board of Directors does not hold any powers with regard to resolutions on capital increases.

6. Agreements between the Bank and members of the management body or senior staff which foresee indemnity payments in case of unilateral termination of the employment contract by the employee or dismissal with no cause

The Bank did not enter into any agreement of this type.

7. Shares and Bonds held by members of the Board of Directors and Supervisory Body

Annex referred to in paragraph 5 of Article 447 of the Portuguese Companies Code

Shareholders / Bondholders	Securities	Securities held as of 31/Dec/2022	Transactions in 2023			Securities held as of 31/Dec/2023
			Date	Acquisitions	Disposals	
Lin Yong*	**Haitong International Securities Group Limited** - Ordinary Shares	9,753,977	24/03/2023	398,009 (Note 1)	-	10,151,986
	Haitong International Securities Group Limited - Share Options	5,356,809	23/06/2023	42,582 (Note 2)	2,000,314 (Note 3)	3,399,077
	Haitong International Securities Group Limited - Awarded Shares (unvested)	718,009	24/03/2023	-	398,009 (Note 1)	320,000
Pan Guangtao	-	-	-	-	-	-
Wu Min	-	-	-	-	-	-
Alan Fernandes	-	-	-	-	-	-
Nuno Carvalho	-	-	-	-	-	-
Vasco Câmara Martins	-	-	-	-	-	-
Miguel Guiomar	-	-	-	-	-	-
Lu Xiaoli (Nick Lu)**	-	-	-	-	-	-
Zhang Xinjun (Jeff Zhang)	**Haitong International Securities Group Limited** - Ordinary Shares	956,762	-	-	-	956,762
	Haitong International Securities Group Limited - Share Options	2,073,278	23/06/2023	16,481 (Note 2)	-	978,473
			31/10/2023	-	1,111,286 (Note 3)	
	Haitong International Securities Group Limited - Awarded Shares (unvested)	-	-	-	-	-
António Domingues	-	-	-	-	-	-
Maria do Rosário Ventura	-	-	-	-	-	-
Martina García	-	-	-	-	-	-
Chen Xuemei (Michelle Chen)**	-	-	-	-	-	-
Vincent Camerlynck*	-	-	-	-	-	-
Paulo Martins*	-	-	-	-	-	-
Cristina Pinto*	-	-	-	-	-	-
Mário Bettencourt de Oliveira*	-	-	-	-	-	-
Paulo Silva*	-	-	-	-	-	-

**Member term of office ended on 29/12/2023*
***Member took office on 29/12/2023*

Notes:
Note 1: 398,009 unvested awarded shares were vested on 24/03/2023
Note 2: Adjustment made upon completion of rights issue on 23/06/2023
Note 3: Shares option were lapsed on 31/10/2023

PART II – CORPORATE BODIES AND COMMITTEES

As of December 29 2023

General Meeting Board

Chair
Maria João Ricou

Secretary
David Ramalhete

Supervisory Board

Chair
Maria do Rosário Ventura
Members
Mário Bettencourt
Cristina Pinto
Alternate
Paulo Ribeiro da Silva

Statutory Auditor

Member in office
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PWC SROC")[1]

Board of Directors

Chair
Lin Yong

Members
Wu Min
Alan Fernandes
António Domingues
Martina García
Miguel Guiomar
Nuno Carvalho
Pan Guangtao
Paulo Martins
Vasco Câmara Martins
Vincent Camerlynck
Zhang Xinjun (Jeff Zhang)

Secretary
Pedro Costa

Remuneration Committee

Chair
Martina Garcia
Members
Lin Yong
António Domingues
Vincent Camerlynck

Risk Committee

Chair
Vincent Camerlynck
Members
António Domingues
Pan Guangtao

Internal Audit Committee

Chair
António Domingues
Members
Vincent Camerlynck
Zhang Xinjun (Jeff)
Paulo Martins

Corporate Governance Committee

Chair
António Domingues
Members
Lin Yong
Vincent Camerlynck

Executive Committee

CEO
Wu Min

Members
Alan Fernandes
Miguel Guiomar
Nuno Carvalho
Vasco Câmara Martins

Senior Managers with a Seat on the Executive Committee
António Pacheco
Pedro Costa

Secretary
Pedro Costa

Credit Committee

Voting Members (Eight voting members - including the Moderator)
Additional Members
Head of Risk Management Function

Impairment Committee

Voting Members (Four voting members - including the Chair)
Non-Voting Members

Assets and Liabilities Committee

Voting Members (Nine voting members - including the Chair)

IBK Global Adoption Committee

Voting Members (Six voting members - including the Chair – Executive Board Member responsible for Investment Banking)
Additional Members
Head of Risk Management Function
Head of Compliance Function

New Business Committee

Chair
Executive Bord Member responsible for Risk Management
Other Voting Members – including the Chair
Deputy Head of CEO Office
Head of Finance
Head of Legal
Head of IT
Head of Operations
Non-Voting Members
Head of Risk Management Function
Head of Compliance Function
Data Protection Officer

[1] PWC SROC represented by Cláudia Sofia Parente Gonçalves da Palma

*New Governance Structure approved on December 29, 2023 by the Bank's Shareholder.
**The Committees at Board Level, the Executive Committee and its Committees were set on January 17, 2024 by the Board of Directors and by the Executive Committee.

General Meeting Board*

Chair: Mª João Ricou
Secretary: David Ramalhete

Audit Committee*

Chair
M.ª do Rosário Ventura
Members
Martina García
Chen Xuemei (Michelle Chen)

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PWC SROC") represented by Cláudia Sofia Gonçalves Parente de Palma

Board of Directors*

Chair
Pan Guangtao

Members
Wu Min
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)
Zhang Xinjun (Jeff Zhang)
António Domingues
M.ª do Rosário Ventura
Martina García
Chen Xuemei (Michelle Chen)

Company Secretary*

Pedro Costa
Alternate: António Pacheco

Remuneration Committee**

Chair
Martina García
Members
M.ª do Rosário Ventura
Pan Guangtao

Corporate Governance Committee**

Chair
Chen Xuemei (Michelle Chen)
Members
Zhang Xinjun (Jeff Zhang)
António Domingues

Risk Committee**

Chair
António Domingues
Members
Pan Guangtao
Martina García

Executive Committee

CEO
Wu Min
Members
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)

Senior Managers with a Seat on the Executive Committee
António Pacheco
Pedro Costa

New Business Committee**

Chair: Executive Bord Member responsible for Risk Management
Other Voting Members: Deputy Head of CEO Office; Head of Finance; Head of Legal; Head of IT; Head of Operations
Non-Voting Members: Head of Risk Management Function; Head of Compliance Function; Data Protection Officer

IBK Global Adoption Committee**

Voting Members (Six voting members, including the Chair – the Executive Board Member responsible for IBK)
Additional Members: Head of Risk Management Function ; Head of Compliance Function

Credit Committee**

Voting Members (Eight voting members - including the Moderator)
Additional Members: Head of Risk Management Function

Impairment Committee**

Voting Members (Four voting members - including the Chair)
Non-Voting Members

Assets and Liabilities Committee**

Voting Members (Nine voting members - including the Chair)

8. Shareholder's General Meeting

Composition of the General Meeting Board

Under the terms of article 14 of the Bank's Articles of Association, the General Meeting Board is composed of one Chair and one Secretary appointed by the General Meeting for a period of three years and can always be re-elected, provided that all due legal requirements are met.

Until December 29, 2023, and from then onwards, the General Meeting Board (i.e., for the three-year term of office period of 2023-2025) was/is composed as follows:

Chair	Maria João Ricou
Secretary	David Luís Marques Ramalhete

Voting Rights

Under the terms of the Bank's Articles of Association, the General Meeting is composed of all shareholders who hold at least one hundred ordinary shares, and provide evidence of registration in their name in a securities' registry account with a financial intermediary.

Also, under the terms of the Bank's Articles of Association, resolutions of the General Meeting shall require an absolute majority of the votes cast at each meeting, except where the law or the Articles of Association require a qualified majority. Abstentions are not counted.

The Bank has a single voting Shareholder and in 2023, all Shareholder resolutions were taken via written resolution.

The General Meeting deliberates on matters specially assigned by law or the Articles of Association – including the election of corporate bodies, the approval of the annual report and accounts for the year, distribution of profits and capital increases – as well as, if so requested by the Board of Directors, matters related to the management of the Bank.

During 2023, the General Shareholder meeting took place 6 (six) times.

9. Management and Supervision

9.1. Governance Model

On December 29, 2023, the Bank approved, via Shareholder Resolution, the new governance structure. The governance model changed from the Latin Model, under Article 278(1)(a) of the Portuguese Companies Code, comprising a General Meeting Board, a Board of Directors (with powers delegated to an Executive Committee), a Supervisory Body (*Conselho Fiscal*) and a Statutory Auditor (*Revisor Oficial de Contas*), to the Anglo-Saxon Model, in accordance with Article 278(1)(b) of the Portuguese Companies Code, comprising a General Meeting Board, a Board of Directors (with powers delegated to an Executive Committee), including an Audit Committee, and a Statutory Auditor.

At this point, three specialised committees, responsible for monitoring specific issues, operate within the Board of Directors – the former Internal Audit Committee was extinguished and its competences integrated into the new Audit Committee.

9.2. Board of Directors

Under the terms of Article 17 of the Bank's Articles of Association, the Board of Directors is composed of a minimum number of three and a maximum number of fifteen members appointed by the General Meeting. The General Meeting will also appoint the Chair of the Board of Directors from among those members, and, if so decided, one or more Vice-Chairs. The Bank's Articles of Association do not contain any rules governing procedural or material requirements related to the appointment or replacement of members of the Board of Directors. Article 30 (3) of the RGICSF (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*) lays down the suitability requisites (integrity, professional qualifications, independence and availability) that the members of the Management and Supervisory Bodies must possess to exercise the respective functions.

Pursuant to the provisions of article 30-A(2) of the RGICSF, the most updated version of the "Policy on the Selection and Assessment of Members of the Management and Supervisory bodies and Key Function Holders", which contains the legal requirements and requisites applicable to the members of the Board of Directors, was approved by the General Meeting on December 28, 2023.

The composition of the Board of Directors and its committees until December 29, 2023, is presented in the organizational chart included in the beginning of Part II of this report.

On December 29, 2023, a new governance model was approved by the Bank's Shareholder. In addition, the Committees at Board level, the Executive Committee and its Committees were set up on January 17, 2024, by Resolution of the Bank's Board of Directors and the Executive Committee.

The date of the first term of office and qualification of each of the Non-Executive Members is identified in the following table as of December 29, 2023.

Composition of the Board of Directors (Non-Executive Members)	First Term of Office Starting Date	Qualification
Lin Yong*	Apr-16	Non-Independent
Martina García	Jul-20	Independent**
Pan Guangtao	Nov-15	Non-Independent
Zhang Xinjun (Jeff Zhang)	Jan-18	Non-Independent
Vincent Camerlynck*	Nov-16	Independent**
António Domingues	Jan -18	Independent**
Paulo Martins*	Jul-20	Non-Independent
% of Non-independent Members		**57.14%**
% of Independent Members		**42.86%**

**Mr. Lin Yong, Mr. Vincent Camerlynck and Mr. Paulo Martins' term of office ended on December 29, 2023. In the same date, with the new governance structure, Ms. Chen Xuemei (Michelle Chen) and Ms. Maria do Rosário Ventura took office as Non-executive independent members, which brings to 33.33% of Non-independent Members and 66.67% of independent Members*

*** Without prejudice to the other criteria for assessing the quality of "Independent", particularly those arising from joint recommendations of the ESMA (European Securities and Markets Authority) and EBA (European Banking Authority) of July 2, 2021 (EBA / GL / 2021 / 06) and those resulting from the "Guide to fit and proper assessments" published by the ECB (European Central Bank) in December 2021, the qualification indicated in the table reflects the internal judgment of the Board of Directors of Haitong Bank, S.A..*
Pursuant to Annex I (18.1) of the CMVM Regulation 4/2013, a member of the Board of Directors is considered to be independent if he or she is not associated with any specific interest group and is not in any circumstance likely to affect his or her exemption from analysis or decision, particularly by virtue of:
a) Having been an employee of the company or of a company controlled by it or with which there has been a group relationship in the preceding three years;
b) Having, in the preceding three years, rendered services or established a significant commercial relationship with the company or a company controlled by it or with which there has been a group relationship, whether directly or as member, administrator, director or officer of a corporate entity;
c) Being a beneficiary of remuneration paid by the company or by a company controlled by it or with which there has been a group relationship, besides the remuneration derived from the exercise of directorship functions;
d) Living under a common law union or being the spouse, relative or direct relative up to the 3rd degree of lineage, inclusive, of directors or natural persons who are the direct or indirect holders of a qualified holding;
e) Being the holder of a qualified holding or the representative of a shareholder with a qualified holding.
The directors concerned are not covered by any of the situations referred to in sub-paragraphs a) to e) which constitute the norm in question.

The professional qualifications and other curricular details of each member of the Board of Directors are presented in Annex 1 to this Corporate Governance Report.

There is no family relationship between the members of the Board of Directors.

The Board of Directors met 25 (twenty-five) times in 2023, including 21 electronic meetings with no absences.

Until December 29, 2023 the Board of Directors was composed as follows:

Board of Directors		2023 Attendance
Chair	Lin Yong*	25/25
Executive Members		
	Wu Min	25/25
	Alan Fernandes	25/25
	Miguel Guiomar	25/25
	Nuno Carvalho	25/25
	Vasco Câmara Martins	25/25
Non-Executive Members		
	António Domingues	25/25
	Martina García	25/25
	Pan Guangtao	25/25
	Paulo Martins*	25/25
	Vincent Camerlynck*	25/25
	Zhang Xinjun	25/25

**Member's term of office ended on December 29, 2023.*

The organization chart at the beginning of Part II of this report presents the former and current composition of the Board of Directors.

9.3 Executive Committee

On January 17, 2024, a new Executive Committee was set up and its composition was approved by the Board of Directors.

The organization chart at the beginning of Part II of this report presents the former and the current composition of the Board of Directors, indicating the members who make up the Executive Committee.

The distribution of responsibilities among the members of the Executive Committee is as follows.

Executive Committee		Main areas of responsibility
Chair		
	Wu Min	Treasury and Fixed Income Corporate Solutions CEO Office Human Resources Finance
Members		
	Alan Fernandes	Haitong Banco de Investimento do Brasil, S.A.
	Nuno Carvalho	Compliance & AML-FT Legal Special Portfolio Management IT & Cyber Security Online Banking Administrative
	Vasco Câmara Martins	Risk Management Rating Operations
	Miguel Guiomar	M&A Capital Markets Structured Finance Asset Management Corporate Derivatives Desk Haitong Global Asset Management SGOIC S.A.

** Lu Xiaoli (Nick Lu) took office on December 29, 2023 as an additional Executive Board Member having Sino-EU Business Development and Macau Branch as his main areas of responsibility.*

All the members of the Executive Committee play an active role in the day-to-day management of the Bank's business, having under their stewardship one or more specific business areas, in accordance with the respective profile and with individual expertise, and corresponding to the distribution of responsibilities that at any moment best contributes to that body's effective balanced functioning.

The Executive Committee normally meets every week to deal with matters of general interest relating to the Bank and its subsidiaries.

The Executive Committee met a total of 83 (eighty-three) times in 2023, including 36 (thirty-six) electronic meetings.

During 2023, the Executive Committee was composed as follows:

Executive Committee		2023 Attendance
CEO		
	Wu Min	83/83
Members		
	Alan Fernandes	79/83
	Miguel Guiomar	82/83
	Nuno Carvalho	83/83
	Vasco Câmara Martins	83/83

The individual and collective ongoing assessment of the management body of the Bank is carried out by the Corporate Governance Committee.

The professional qualifications and other curricular details of each member of the Executive Committee and the list of positions occupied in other companies and other important functions is presented in the Annex to this Corporate Governance Report.

9.4 Committees of the Board of Directors

Risk Committee

The purpose of the Risk Committee is to continuously monitor the development and implementation of the Bank's risk strategy and appetite and verifying whether these are compatible with a sustainable strategy in the medium and long term. In addition, this Committee monitors the action program and budget approved, while advising the Executive Committee in these areas.

Among the competences of the Risk Committee, the following should be noted:

- Advising the Board of Directors on the Bank's risk appetite and strategy, both current and future, taking into account all categories of risk, as well as ensuring its alignment with the business strategy, objectives, corporate culture and values;
- Assisting the Board of Directors in supervising the execution of the risk strategy of the Bank and in the fulfilment of its respective limits;
- Periodically reviewing the risk profile, risk policies and strategies of the Bank;
- Assessing the consistency between the business model, strategy, recovery plan, remuneration policies, and budget, as well as the efficiency and effectiveness of the structure, procedures and instruments associated with the implementation and execution of the strategies regarding risk;
- Issuing recommendations on adjustments to the risk strategy resulting from changes in the business model, market developments or business context where the Bank operates;
- Analysing and evaluating the methodology and its results to support the process of identification, evaluation and measurement of risks;

- Examining scenarios, including stress tests, in order to determine their impact on the risk profile of the Bank and to assess the resilience of the changes within the institution caused by idiosyncratic, systemic or mixed factors;
- Analysing whether the conditions of the products offered and services provided to clients take into consideration the Bank's transaction model and risk strategy, and, if necessary, submitting a correction plan to the Board of Directors whenever, as a result of such analysis, it is established that said conditions do not appropriately reflect the risks;
- Establishing if the incentives set forth in the remuneration policy of the Bank take into consideration risk, capital, liquidity and the expectations regarding results, including revenue dates;
- Establishing the framework for reporting on risk matters to the Board of Directors;
- Ensuring the existence of effective procedures for monitoring risk, and internal control deficiencies related to the risk management framework;
- Specifying and reviewing the conditions of authority and independence to support the exercise of responsibilities for risk management, including the adoption of the work plan of the risk management function;
- Reviewing and periodically monitoring the scope and nature of the activities carried out by the Haitong Bank Group, related to risk management; and
- Ensuring that the risk management function has adequate resources for the adequate performance of its duties.

The Risk Committee is composed of 3 (three) non-executive members of the Board of Directors who are appointed by the Board of Directors. The majority of these members is independent.

During 2023, the Risk Committee met a total of 8 (eight) times having received logistical and technical support from the CEO Office with secretarial services being administered by this office.

During 2023, the Risk Committee was composed as follows:

Risk Committee		2023 Attendance
Chair		
	Vincent Camerlynck*	8/8
Members		
	António Domingues	8/8
	Pan Guangtao	8/8

**The Member's term of office ended on December 29, 2023.*

On January 17, 2024, a new composition of the Risk Committee was approved by the Board of Directors, having Mr. António Domingues as the Chair and Mr. Pan Guangtao and Ms. Martina García as members.

Remuneration Committee

The purpose of the Remuneration Committee is (i) to provide informed and independent judgements concerning the remuneration policy and practices of the Bank and its affiliates, as well as the incentives created for risk, capital and liquidity management purposes; and (ii) to prepare decisions pertaining to remuneration, including those with implications in terms of the Bank's risks and risk management in which must be approved by the Shareholders' General Meeting Board and by the Board of Directors.

Among the competences of the Remuneration Committee, the following should be noted:

- Drawing up proposals and recommendations to the Shareholders' General Meeting on the setting of the remuneration of the members of the Management and Supervisory Bodies and of the officers with the highest total remuneration in the Bank, in addition to overseeing directly the remuneration of the senior officers heading the independent control functions (Internal Audit, Risk Management, and Compliance);
- Assessing the compliance of members of the Board of Directors who perform executive functions with the criteria set out in the Remuneration Policy, such as approved by the Shareholder's General Meeting Board;
- Providing all necessary assistance and issuing recommendations to support the approval process by the Board of Directors of the general remuneration policy of the Bank and its affiliates, promoting its revision whenever needed;
- Assessing the mechanisms adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is in line with the business strategy, objectives, corporate culture and values, and the long-term interest of the Bank;
- Testing the capacity of the remuneration system implemented to react to external and internal events, using various possible scenarios and back testing the model used for such purpose;
- Carrying out an annual assessment of the impact of the remuneration practices of branches and offshore establishments (subsidiaries), with the support of the Risk and Compliance functions, in particular regarding risk management issues, with special emphasis on the Bank's capital and liquidity risks;
- Ensuring that a revision of the Remuneration Policy of the Bank and its subsidiaries is conducted at least once a year, with the support of the Bank's Human Resources, Legal, and Control Functions Teams, to guarantee that: (i) that the policy is effectively implemented; (ii) that the remuneration payments are adequate and consistent with the Bank's risk profile and long-term objectives; and (iii) that the policy complies with the legislation and regulations in force as well as with the relevant national and international principles and recommendations;
- Issuing an annual report about the Remuneration Policy, including all the measures needed to correct eventual deficiencies detected whose implementation responsibility lies on the Management and Supervisory Bodies;
- Reporting to the Shareholders' General Meeting Board concerning the exercise of its functions once a year, including the delivery of a reasoned opinion on the adequacy of the Remuneration Policy and any amendments thereto which it may deem necessary; and
- Attending the Shareholders' General Meetings in which the Remuneration Policy is on the agenda, and providing any information requested by the General Meeting Board.

In 2023, the Remuneration Committee was composed of 4 (four) non-executive members of the Board of Directors and were appointed by the Board of Directors. The majority of these members was independent.

During 2023, the Remuneration Committee met a total of 4 (four) times, including 3 (three) electronic meetings, having received logistical and technical support from the CEO Office, with secretarial services being administered by this office.

During 2023, the Remuneration Committee was composed as follows:

Remuneration Committee		2023 Attendance
Chair		
	Martina García	4/4
Members		
	António Domingues	4/4
	Lin Yong*	4/4
	Vincent Camerlynck*	4/4

**The Member's term of office ended on December 29, 2023.*

On January 17, 2024 a new composition of the Remuneration Committee was approved by the Board of Directors, having Ms. Martina García as the Chair and Ms. Maria do Rosário Ventura and Mr. Pan Guangtao as members.

Corporate Governance Committee

The purpose of the Corporate Governance Committee is to follow-up on the application and ensure the full enforcement of: (i) the Policy on the Selection and Assessment of Members of the Management and Supervisory Bodies and Key Function Holders "Selection and Assessment Policy"; (ii) the Internal Succession Policy for Members of the Management and Supervisory Bodies and Key Function Holders "Succession Policy"; (iii) the Conflicts of Interest Prevention and Management Regulation; and (iv) the Related Parties Regulation.

Among the competences of the Corporate Governance Committee, the following are highlighted and summarized:

- Within the scope of the Selection and Assessment Policy, the Corporate Governance Committee is particularly responsible for:
  - Identifying and recommending the candidates for officers in the Bank's Management and Supervisory Bodies, evaluating the composition of the Board of Directors in terms of reputation, knowledge, expertise, diversity and experience, preparing a description of the functions and qualifications for the offices under consideration and evaluating the time to be dedicated to the exercise of the relevant functions;
  - Making the initial assessment of the suitability of the candidates for members of the Bank's Management and Supervisory Bodies, of the candidates for Branch Managers and of the candidates for key function holders, taking into account the following criteria: reputation, professional skills, independence and availability;
  - Preparing the initial assessment report on the suitability of the respective candidate, designated the "initial Assessment Report", with the minimum content set out in the Selection and Assessment Policy;
  - Presenting the Initial Assessment Report, in case the candidate is included on a list submitted for approval to the Shareholders' General Meeting Board, as well as informing the Shareholders of the suitability requirements for the persons to be appointed;
  - Annually, and whenever new facts or events determining the need for a suitability reassessment come to the knowledge of the Corporate Governance Committee or of the Board of Directors, carrying out an ongoing assessment of the individual suitability of the members of the Board of Directors;
  - Annually carrying out an ongoing assessment of the collective suitability of the members of the Board of Directors;

- Reviewing and endorsing the report on the individual and the collective suitability of the members of the Board of Directors prepared by an external consultant;
- Regularly updating the Selection and Assessment Policy and submitting recommendations for its improvement – in particular, reviewing the rules with respect to the diversity in the management functions and submitting a proposal to the Bank's General Meeting Board for the maintenance, modification or elimination of such rules; and
- Identifying and recommending, in its Initial Assessment Report on the management staff, the candidates for management positions and assess the composition of said staff, namely in terms of diversity;

- Within the scope of the Succession Policy, the Corporate Governance Committee appraises and reviews:

  a) the execution of the Succession Plan of the Bank;

  b) the report on the individual evaluation of each of the candidates to successors to key function holders identified within the Succession Plan.

- Within the scope of the Conflicts of Interest Regulation, the Corporate Governance Committee is particularly responsible for regularly assessing the Regulation and monitoring its implementation, as well as for proposing any updates thereto;

- Within the scope of the Related Parties Regulation, the Corporate Governance Committee is particularly responsible for:

  a) Receiving a report at least every quarter for review of all Transactions involving Related Parties;

  b) Assessing the Related Parties List prior to approval from the Board of Directors;

  c) Preparing an annual report on its activity of prevention and remedying of conflicts of interest, containing at least the information provided for in the Related Parties Regulation.

- Within the exercise of its functions regarding the corporate governance and internal control systems, the Corporate Governance Committee should:

  - Assess the suitability of the Bank's Corporate Governance to develop the defined business strategy and to support the implementation of an efficient internal control system;
  - Propose measures to improve the Bank's Corporate Governance to the Board of Directors, namely, its structures, distribution of competences among the executive board members, reporting lines and functioning of the corporate bodies, taking into account the relevant laws and regulations, as well as the relevant guidelines and best practices in the banking industry.

- Within the exercise of its functions, the Corporate Governance Committee seeks to prevent the decision-making process in the Management and Supervisory Bodies from being controlled by one individual or a small group of individuals, to the detriment of the interests of the Bank as a whole.

During 2023, the Corporate Governance Committee met a total of 10 (ten) times, including 5 (five) electronic meetings, received logistical and technical support from the CEO Office, with secretarial services being administered by this office.

During 2023, the Corporate Governance Committee was composed as follows:

Corporate Governance Committee		2023 Attendance
Chair		
	António Domingues	10/10
Members		
	Vincent Camerlynck*	10/10
	Lin Yong*	9/10

**Member ended his term of office on December 29, 2023.*

On January 17, 2024 a new composition of the Corporate Governance Committee was approved by the Board of Directors, having Ms. Chen Xuemei (Michelle Chen) as the Chair and Mr. Zhang Xinjun (Jeff Zhang) and Mr. António Domingues as members.

Internal Audit Committee

The purpose of the Internal Audit Committee was to ensure that the Internal Audit Function was effective, ongoing and independent. Furthermore, this Committee aimed to ensure that the Internal Audit Function was provided with material, human and financial resources appropriate to comprehensively pursue the mission entrusted to it and to promote the authority of this function across the Bank and the Haitong Bank Group.

Among the competences of the Internal Audit Committee, the following should be noted:

- Assessing the Annual Plan, Training and Budget proposals for the function to be submitted to the Board of Directors for approval;
- Taking any decision necessary in order to fully implement the budget and training plan of the Internal Audit Function;
- Requesting and assessing the results of quality reviews to the Internal Audit Function;
- Convening meetings with the Head of the Internal Audit function in order to discuss and monitor the Audit Plan and its respective conclusions; and
- Taking any other decisions that did not fall under the specific responsibilities of the Management and Supervisory Bodies and that were necessary for the proper operation of the Internal Audit Function.

The Internal Audit Committee was composed of 4 (four) non-executive members of the Board of Directors, who did not form part of the Executive Committee. The majority of its members were independent and were appointed by the Board of Directors.

During 2023, the Internal Audit Committee met a total of 5 (five) times and received logistical and technical support from the CEO Office, with secretarial services being administered by this office.

During 2023, the Internal Audit Committee was composed as follows:

Internal Audit Committee		2023 Attendance
Chair		
	António Domingues	5/5
Members		
	Vincent Camerlynck*	5/5
	Paulo Martins*	5/5
	Zhang Xinjun (Jeff Zhang)	5/5

***Member ended his term of office on December 29, 2023.*

On December 29, 2023 the Internal Audit Committee was extinguished due to the new governance structure approval via Resolution by the Bank's Shareholder and its competences were integrated into the new Audit Committee.

9.5 Other Committees (at the Executive Committee level)

Credit Committee

The Credit Committee was established by the Executive Committee with the authorization of the Board of Directors. This Committee is responsible for assessing and issuing recommendations to the Executive Committee on operations involving credit or counterparty risk regarding operations.

This Committee has advisory powers according to the Credit Committee's Decision Framework approved by the Executive Committee.

The Executive Committee will establish and periodically review the Credit Committee's Decision Framework in order to ensure its full alignment with the Bank's credit strategy.

The Credit Committee is composed of voting members (including the Moderator), as well as the Head of the Risk Management Function ("HRMF"), and a Secretary, supported by a Support Assistant. The members are nominated by the Chief Executive Officer ("CEO") and appointed by the Executive Committee. The Credit Committee may decide to call upon external persons to take part in the meetings.

During 2023, the Credit Committee held 39 (thirty-nine) meetings with an addition of 4 (four) electronic decisions, with secretarial services being administered by the Legal Department.

Impairment Committee

The Impairment Committee was established by the Executive Committee with the authorization of the Board of Directors and is responsible for analysing the individual impairment of financial instruments and other assets subject to individual impairment, accounted at the amortized costs and/ or the Fair Value through Other Comprehensive Income ("FVOCI") and with impairments triggers (i.e., Under Performing and Non-Performing exposures). In addition, the Impairment Committee shall analyse the adequacy of the impairment of the most significant exposures of the Bank.

This Committee is also responsible for analysing cash-flow scenarios to be used on financial instruments valuation accounted at Fair Value through P/L when the cash-flows are not certain according to its contractual terms.

This Committee has consultative powers and issues, in relation to the above-mentioned analysis, recommendations for consideration and approval by the Executive Committee. The duties of the Impairment Committee cover all entities of the Haitong Bank Group.

The Impairment Committee is composed of voting members (including the Chair), all of them appointed by the Executive Committee, and non-voting members to be designated by the Chair of the Committee.

During 2023, the Impairment Committee held 12 (twelve) meetings, with secretarial services being administered by the Legal Department.

Investment Banking Global Adoption Committee

The purpose of the Investment Banking Global Adoption Committee ("IBK Global Adoption Committee") is to approve all prospective Investment Banking mandates in relation to proposed transactions or new clients that do not involve credit or market risks.

The IBK Global Adoption Committee is established by the Executive Committee with the authorization of the Board of Directors.

Among the competences of the IBK Global Adoption Committee, the following should be noted:

- Serving as a discussion forum on the overall direction of the investment banking business, cross-border matters and prospective transactions;
- Approving all prospective Investment Banking mandates in relation to proposed transactions or new clients that do not involve credit nor market risks but can involve settlement risks. This includes all Merger & Acquisitions ("M&A"), Equity Capital Markets ("ECM"), Debt Capital Markets ("DCM"), and Corporate Derivatives transactions in which the Bank is associated. Some exceptions are made when the Chair of the Committee may consider that the transaction is not suitable for this forum, such as mandates involving Privileged Information (e.g. Public Takeover Bids);
- Approving other advisory mandates and agency agreements such as part of Structured Finance;
- Approving proposals where the Bank has reputational risk or settlement risk for the areas and desks identified above;
- Approval of Capital Markets (ECM and DCM) transactions in which the Bank may be liable in case of default by the other managers involved in the transaction; and
- Identifying restrictions to be implemented throughout the Bank and its subsidiaries.

The IBK Global Adoption Committee is composed of: the Executive Board Member with the responsibility for Investment Banking, who chairs the Committee (the "Chair"); the Executive Board Member with the responsibility for the Brazilian subsidiary; the Manager of the Spain Branch; the Head of Capital Markets; the Manager of the Warsaw Branch; a Haitong Banco de Investimento do Brasil, S.A. representative with the responsibility of China Business Development; the Head of the Risk Management Function; the Head of Compliance Function; and a Secretary.

During 2023, the IBK Global Adoption Committee held 33 (thirty-three) meetings with an additional 33 (thirty-three) electronic approvals, with secretarial services being administered by the Legal Department.

New Business Committee

The purpose of the New Business Committee is to encourage, promote and analyse new ideas, new business or support initiatives and new products, acting as a brainstorming forum and providing all the necessary means to support the development of these proposals.

After an overall assessment, such ideas and initiatives will be submitted for approval and implementation by the Executive Committee.

The New Business Committee is established by the Executive Committee with the authorization of the Board of Directors.

Amongst the competencies of the New Business Committee, the following should be noted:

- Encouraging, promoting and analysing new ideas, new business or support initiatives and new products, acting as a brainstorming forum and providing all the necessary means to support their respective development based on the following key elements: Strategy; Business Plan; Risk; Balance Sheet needs; Finance; Infrastructure; Operations; Compliance framework; and Human Resources; and
- To present for the approval of the Executive Committee the proposals analysed and advise the Executive Committee on that regard.

The New Business Committee is chaired by the Board Member responsible for Risk Management. Other members include the Deputy Head of the CEO Office, the Head of Finance, the Head of Legal, the Head of IT, the Head of Operations, the Head of the Risk Management Function, the Head of the Compliance Function and the Data Protection Officer. External persons can be called to attend the meetings if deemed necessary and suitable.

During 2023, the New Business Committee held 2 (two) meetings.

Assets and Liabilities Committee

The purpose of the Assets and Liabilities Committee is to be a consultative forum of the Executive Committee, advising it on matters related to Capital, Funding and Liquidity, having been established by the Executive Committee with the authorization of the Board of Directors.

The Assets and Liabilities Committee has the following responsibilities:

- Supporting the Executive Committee in the definition of Capital and Liquidity/Funding Strategy in alignment with the Bank’s overall business strategy, and regulatory requirements;
- Monitoring the liquidity and funding positions considering the Bank’s operating model while managing the spread between interest income and interest expense;
- Supporting the Executive Committee in the definition of Market Risk, Interest Rate Risk, FX Risk, Liquidity Risk and Capital Adequacy policies and tolerance levels;
- Revising the Bank’s funding needs and evaluating alternative funding sources as per the Treasury Department’s advice;
- Evaluating liquidity and capital risk exposures to stress scenarios and the Banks’ Liquidity Contingency Plan;
- Coordinating Regulatory Reporting: FCP; ICAAP; ILAAP; Recovery Plan;
- Proposing the Internal Pricing Mechanism Policy to the Executive Committee;
- Reviewing asset allocation for the whole balance sheet;

- Supporting the Executive Committee in the definition of the Bank's investment policy in relation to its investment portfolio; and
- Monitoring the Investment Portfolio's performance, benchmarking, total return, risk-adjusted returns, and opportunity cost return.

The Assets and Liabilities Committee is chaired by the Executive Board Member responsible for the Brazilian subsidiary and supported by the Executive Board Member responsible for the Risk Management Function. Other members include the Heads of the Treasury Department, the Risk Management Department, the Finance Department, the CEO Office, the Structured Finance Division, the Fixed Income Division, and the Corporate Derivatives Desk.

During 2023, the Assets and Liabilities Committee held 2 (two) meetings, with secretarial services being administered by the CEO Office.

9.6 Supervisory Body

Supervisory Body

In accordance with the previous Articles of Association, the Supervisory Body was composed of three permanent members, one of whom shall be appointed as Chair, and one alternate. The Supervisory Body was elected for a three-year period.

On December 29, 2023, a new governance structure was approved via Resolution by the Bank's Shareholder whereas, among other things, the supervisory functions were undertaken by the new Audit Committee, as the Supervisory Board ceased to exist.

The key powers of the Supervisory Body (i.e. the new Audit Committee) include:

- Supervising the Bank's management and being entitled to request any information from the Executive Committee whenever it so deems necessary;
- Ensuring compliance with the law and the Bank's Articles of Association;
- Inspecting the correctness of the accounting books and recording their supporting documentation;
- Verifying the size of cash and stocks of goods or valuables of any description belonging to the Bank or received by way of security, deposit or otherwise;
- Verifying whether the accounting policies and valuation criteria adopted by the Bank lead to an accurate valuation of its assets and results;
- Convening the General Meeting Board when its direction is under an obligation to convene it, but fails to do so;
- Monitoring the process of preparation and disclosure of financial information and submitting recommendations or proposals to ensure its integrity;
- Drawing up each year a report on its inspection actions and issue an opinion on the report, accounts and proposals submitted by the Board of Directors;
- Informing the Board of Directors of the outcome of the legal review of the accounts and explain how it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role performed by the Supervisory Body in this process;

- Examining the effectiveness of the risk management system, the internal control system and the internal audit system, notably with regard to the process of preparation and disclosure of financial information, without breaching its independence. To this end, it shall: (i) Assess the operational procedures with a view to ascertaining whether the respective activities are efficiently managed through appropriate risk management and comprehensive accounting and financial information; (ii) monitor the annual activity reports of the control functions, conveying to the Board of Directors any recommendations it may deem appropriate on the matters concerned by these reports; and (iii) request at any time any document or information deemed relevant without having to submit any request to the Board of Directors;
- Receiving reports of breaches submitted by shareholders, employees or other persons;
- Retaining the services of any experts to assist one or several of its members in performing their duties, provided that the retaining and remuneration of these experts must take into account the significance of the matters entrusted to them and the economic condition of the Bank;
- In respect of the Statutory Auditor: (i) promoting the appointment of a Statutory Auditor or firm of Statutory Auditors to the General Meeting, duly substantiating its proposal; (ii) supervising the review of the Bank's accounts and related documents; (iii) assessing the opinion of the Statutory Auditor concerning the suitability and effectiveness of internal controls underlying the process of preparation and disclosure of financial information; and (iv) scrutinizing the independence of the Statutory Auditor or the firm of Statutory Auditors in accordance with the law and, in particular, in respect of provision of other additional services;
- Issuing an annual opinion in regard to the effectiveness, suitability and consistency of the internal control, risk management and audit systems and in regard to the anti-money laundering and terrorist financing internal control system;
- Issuing opinions and consents required by law, in particular, a prior opinion in relation to the Code of Conduct of Haitong Bank, S.A.;
- Promoting periodic and independent assessments to be performed by external entities regarding the conduct and values of the Board of Directors;
- Identifying and assessing the respective needs regarding its composition and organization;
- Participating in the assessment process of the performance of internal control functions and its representatives according to the law;
- Within the scope of its competences, ensuring liability, integrity, consistency, completeness, validity, timeliness, accessibility and granularity of all information produced by the institution;
- Executing monitoring actions within its competences by maintaining a multiannual plan of activities, approved and updated periodically, including a description of material, technical and human means required to assist the members of the Supervisory Body when exercising its functions;
- Monitoring and analysing any wrongdoing submission (whistleblowing reports);
- Issuing all reports and assessments/opinions which are included in the Self-Assessment reports under the Banco de Portugal Notice 3/2020; and
- Performing any other duties assigned to it under the law, the Bank’s internal regulations or its Articles of Association.

During 2023, the Supervisory Body held 36 (thirty-six) meetings, including 20 (twenty) electronic meetings:

Supervisory Board		2023 Attendance
Chair		
	Maria do Rosário Mayoral Robles Machado Simões Ventura	36/36
Members		
	Cristina Maria da Costa Pinto	36/36
	Mário Paulo Bettencourt de Oliveira	36/36
Alternate		
	Paulo Ribeiro da Silva	0/36

In addition to participating in the Supervisory Body meetings, with secretarial services provided by the Legal Department, Members of the Supervisory Body were present in 5 (five) meetings of the Internal Audit Committee, 5 (five) meetings of the Corporate Governance Committee, 8 (eight) meetings of the Risk Committee and 4 (four) meetings of the Board of Directors.

The following table identifies the Supervisory Body members who, not being associated with any group of specific interests of the company as of December 29, 2023, when the new governance structure of the Bank was approved, comply or do not comply with the independence criteria of article 414(5) of the Portuguese Commercial Companies Code, whereby independent within the meaning of a company means a person who is not associated with any group of specific interests of the company, nor are there any circumstances capable of affecting his / her impartiality of analysis or decision, namely by virtue of:

a) Being the holder or acting in the name or on behalf of the holders of qualified holdings of 2% or more of the company's capital; or
b) Having been re-elected for more than two terms of office, continuous or interspersed.

Satisfaction of independence criteria of the members of the Supervisory Body		(a)	(b)
Chair			
	Maria do Rosário Mayoral Robles Machado Simões Ventura	Complies	Complies
Members			
	Cristina Maria da Costa Pinto	Complies	Complies
	Mário Paulo Bettencourt de Oliveira	Complies	Does not comply
Alternate			
	Paulo Ribeiro da Silva	--	--

9.7 Statutory Auditor and Exernal Auditor

The entity responsible for auditing the accounts is appointed pursuant to the Policy on the Selection and Appointment of the Statutory Auditor. Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, LDA. ("PWC SROC"), registered at the CMVM under no. 183 – was appointed as the Bank's Statutory Auditor via Resolution by the Bank's Shareholder on May 18, 2023 for the 2023-2025 period. PWC SROC is represented by Ms. Cláudia Sofia Gonçalves Parente de Palma.

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2023 financial year are as follows:

Consolidated

(thousand euros)	Consolidated 31.12.2023
PwC SROC	**444**
Audit	240
Other assurance services	195
Other non-reliability assurance services	9
Companies in the PwC network [1]	**357**
Audit	339
Other non-reliability assurance services	18
Total value of agreed services	**801**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Services agreed with the Company of Statutory Auditors and the auditors at the consolidated level, according to the provisions of article 508-F of the Commercial Companies Code, during the 2022 financial year are as follows:

(thousand euros)	Consolidated 31.12.2022
Statutory audit of annual accounts (Haitong Bank)	492
Statutory audit of annual accounts (subsidiaries)	160
Other reliability assurance services	74
Tax advisory	-
Other non-statutory audit services	71
Total value of agreed services	**797**

Individual

(thousand euros)	Individual 31.12.2023
PwC SROC	**444**
Audit	240
Other assurance services	195
Other non-reliability assurance services	9
Companies in the PwC network (1)	**149**
Audit	134
Other non-reliability assurance services	15
Total value of agreed services	**593**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Services agreed with the Company of Statutory Auditors and the auditors at an individual level, according to the provisions of article 508-F of the Commercial Companies Code, during the 2022 financial year are as follows:

(thousand euros)	Individual 31.12.2022
Statutory audit of annual accounts (Haitong Bank)	492
Statutory audit of annual accounts (subsidiaries)	64
Other non-statutory audit services	71
Total value of agreed services	**627**

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the years 2023 and 2022. The fees presented for the remaining services relate to amounts agreed during the 2023 and 2022 financial years.

PART III – INTERNAL ORGANISATION

10. Articles of Association

The Articles of Association of Haitong Bank, S.A. were approved by the Shareholder on December 29, 2023.

11. Reporting of Irregularities

The Supervisory Body (formerly the Supervisory Board, and presently the new Audit Committee) is responsible, according to the terms of article 420(1)(j) of the Portuguese Companies Code, for receiving the communications of irregularities presented by employees, customers, shareholders and any other entities.

The latest version of the Whistleblowing Regulation of the Bank was updated by the Board of Directors on August 29, 2023.

Employees must communicate any wilful or negligent events or behaviours in which they detect or are aware of, or have justified suspicions of so, that may suggest a breach of a legal obligation of the Bank or one of its employees. According to the Bank's regulation, employees may also inform their line manager of any wrongdoing or irregular behaviour which might come to their knowledge. The communication of an irregularity shall be made orally (in which case, a written report shall be prepared and signed by those who are physically present) or in writing and, in either case, be treated with confidentiality. The report must contain all the details and information that the employee has available, including the identification of the individual(s) accused or involved; the wrongdoing(s) observed; a description of the events or indications subject to reporting; and whether it is possible to obtain evidence or not.

The communications of irregularities are received, opened and processed by the Compliance Department, which prepares an investigation report to be submitted to the Board of Directors. The Board of Directors, having heard the other members of the Supervisory Body, when deemed necessary, shall decide on what course of action to take.

12. Internal control

The Bank has in place an effective internal control system that is populated by the relevant control areas as set out in the Banco de Portugal Notice 3/2020.

The Bank's internal control system is based on the objectives and guidelines defined by the Board of Directors underpinned in a structure that includes a Risk Management Function (including Operational Risk and a Rating Department), an Internal Audit Function and a Compliance Function.

The Head of the Internal Audit Function is directly dependent on the Board of Directors, reporting functionally to the Board of Directors, the former Internal Audit Committee and the Supervisory Body, and operationally to the Executive Board Member responsible for monitoring the Function. All the Internal Audit Function activities carried out by the entities constituting the Haitong Bank Group were coordinated and supervised by the Internal Audit Function of Haitong Bank, so as to guarantee an adequate consistency of the internal audit practices and supporting norms, compliance with the professional and regulatory requirements of the Function and a consolidated and global evaluation of the Internal Control system of the Haitong Bank Group. The only structure of Haitong Bank Group outside Portugal with its own internal audit team is Haitong Banco de Investimento do Brasil, S.A. ("Haitong Brazil). This team, based in São Paulo, serves the conglomerate Haitong Brazil and reports functionally and directly to the Head of the Internal Audit Function in Lisbon, notwithstanding any reporting to the local Board of Directors and Internal Controls Committee.

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The Bank's internal control system is based on the objectives and guidelines defined by the Board of Directors underpinned in a structure that includes a Risk Management Function (including Operational Risk and a Rating Department), an Internal Audit Function and a Compliance Function.

The Head of the Internal Audit Function is directly dependent on the Board of Directors, reporting functionally to the Board of Directors, the former Internal Audit Committee and the Supervisory Body, and operationally to the Executive Board Member responsible for monitoring the Function. All the Internal Audit Function activities carried out by the entities constituting the Haitong Bank Group were coordinated and supervised by the Internal Audit Function of Haitong Bank, so as to guarantee an adequate consistency of the internal audit practices and supporting norms, compliance with the professional and regulatory requirements of the Function and a consolidated and global evaluation of the Internal Control system of the Haitong Bank Group. The only structure of Haitong Bank Group outside Portugal with its own internal audit team is Haitong Banco de Investimento do Brasil, S.A. ("Haitong Brazil). This team, based in São Paulo, serves the conglomerate Haitong Brazil and reports functionally and directly to the Head of the Internal Audit Function in Lisbon, notwithstanding any reporting to the local Board of Directors and Internal Controls Committee.

The reporting line of the Risk Management Function is the Board of Directors and the Supervisory Body. The Head of the Risk Management Function and the Head of the Rating Department report hierarchically and functionally to the Executive Director responsible for risk control. The risk team in Lisbon has direct risk management responsibilities in the branches in Spain in the United Kingdom and Macau, while the Branch in Poland has a local risk management team acting with Lisbon oversight. Haitong Brazil also has a local risk management team that is overseen by Lisbon.

The Compliance Function reports hierarchically to the Executive Director and functionally to the Board of Directors of the Bank, as well as to its Supervisory Body. Local heads of branches and subsidiaries of the respective units located in the geographies where the Bank is present report functionally to the Head of the Compliance Function. As at the date of this report, there are compliance officers in the branches in Spain, United Kingdom, Poland, and Macau and in the affiliate in Brazil.

The former Supervisory Board (see also section 9.6) supervises and evaluates the effectiveness of the risk management, the internal control and internal audit systems, notably with regard to the process of preparation and disclosure of financial information, without breaching its independence, to which end it shall: (i) assess the operational procedures with a view to ascertaining whether the respective activities are efficiently managed through appropriate risk management and comprehensive accounting and financial information; (ii) monitor the annual activity reports of the control functions, conveying to the Board of Directors any recommendations it may deem appropriate on the matters concerned by these reports; and (ii) request, at any time, any document or information relevant without having to submit any request to the Board of Directors.

The CEO Office and the Finance Department are responsible for preparing the Bank's semi-annual and annual reports and accounts. The process takes place in permanent dialogue with the Executive Committee and persons with lead responsibilities in the departments involved. The documents to be disclosed and their timing – depending on the specific document – require the express approval of the shareholder (annual report and accounts) and/or the Board of Directors (semi-annual report and accounts). The Representative for Investor Relations is responsible for the release of the financial information.

On December 29, 2023, a new governance structure was approved via Resolution by the Bank's Shareholder whereas, among others, the supervisory functions were undertaken by the new Audit Committee, as the Supervisory Board ceased to exist.

13. Risk Control

The Board of Directors is ultimately responsible for the Bank's Risk Management Framework.

The Risk Committee (see section 9.4) is responsible for monitoring the development and implementation of the risk strategy and the risk appetite of the Bank and verifying whether they are compatible with a sustainable strategy in the medium and long term.

As an independent control function, the Risk Management Department supports the Bank in making informed decisions and ensures implementation of and compliance with the risk policies approved by the management body.

14. Investor relations

The main functions of the Representative for Investor Relations are assuring authorities and the market that the Bank is compliant with legal and regulatory reporting obligations and responding to requests for information from investors, bondholders, financial analysts, and other agents.

Since 2018, Mr. Pedro Alexandre Martins Costa has been the Bank's Representative for Investor Relations.

Within the scope of regulatory reporting obligations, the dissemination of information within the framework of "privileged information" and the preparation of annual and semi-annual reports and accounts should be emphasized.

All public information about the Bank can be requested to the Representative for Investor Relations through the contact indicated on the Bank's website.

15. Website

The Bank's website is as follows: www.haitongib.com

The location where the information about the firm, its status as a public limited company, the registered office and the other details referred to in article 171 of the Commercial Companies Code is provided: http://www.haitongib.com/en/about-haitong/legal-information

The place where information is provided on the identity of members of the corporate bodies and the market relations representative:

http://www.haitongib.com/en/about-haitong/corporate-information

http://www.haitongib.com/en/contacts/

The place where the financial statements of at lesst the previous five years are made available:

https://www.haitongib.com/en/investor-relations/annual-report/

PART IV - REMUNERATION

The following information is provided in order to ensure compliance with the provisions of article 47 of the Banco de Portugal Notice 3/2020.

The full version of the Bank's Remuneration Policy may be consulted on Haitong Bank's website, under the "Remuneration Policy" section. The Bank's Remuneration Policy was approved by the Bank's Shareholder on April 25, 2023.

a) Aggregate quantitative information on remuneration paid in 2023 to senior management and members of staff whose functions have a material impact on the Bank's risk profile:

(euros)

	Total	Supervisory Body	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	76	3	7	5	19	25	17
Fixed Remuneration	10,041,072	62,000	363,332	1,822,343	2,874,514	3,276,309	1,642,574
Variable Remuneration	2,649,640	0	0	958,846	750,197	734,465	206,132
Total Remuneration	12,690,712	62,000	363,332	2,781,189	3,624,711	4,010,774	1,848,706

b) Amounts of variable remuneration paid in 2023, separated by upfront payments and deferred parts:

(euros)

	Total	Supervisory Body	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	76	3	7	5	19	25	17
Variable Remuneration paid in 2023 - Upfront	1,601,527	0	0	491,327	502,076	465,320	142,804
Variable Remuneration paid in 2023 - Deferred Parts	1,048,113	0	0	467,519	248,121	269,145	63,328

c) Amounts of outstanding deferred remuneration, separated by "due to vest in the current (2024) financial year" and "due to vest in future financial years":

(euros)

	Total	Supervisory Body	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	76	3	7	5	19	25	17
Due to vest in current (2024) financial year (1)	807,207	0	0	405,059	200,752	173,789	27,607
Due to vest in future financial years (1)	1,013,705	0	0	543,542	281,109	173,197	15,857

(1) The payment of deferred parts of variable remuneration is not vested and might be subject to post-risk adjustments i.e. malus and/or clawback, as per the Bank's Remuneration Policy.

d) Amounts of deferred remuneration paid during the 2023 financial year, reduced through performance adjustments:

There was no reduction in the amounts of deferred remuneration paid during the 2023 financial year through performance adjustments.

e) Paid guaranteed variable remuneration during the 2023 financial year, and the number of beneficiaries of those awards:

No guaranteed variable remuneration was paid during the 2023 financial year.

f) Amounts of severance payments awarded during the 2023 financial year, number of beneficiaries and highest such award to a single person:

The total amount of severance payments made in 2023 was EUR 279,177, for a total of 7 beneficiaries. The highest amount awarded to a single person was EUR 127,815.

g) Number of Employees remunerated with EUR 1 million or more in the 2023 financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million:

In 2023, there was one employee with a total remuneration between EUR 1 million and EUR 1.5 million.

PART V – TRANSACTIONS WITH RELATED PARTIES

The Related Parties Regulation of Haitong Bank, S.A. lays down the internal procedures and limitations for approval of transactions between the Bank or/and companies in a parent-subsidiary or/and group relationship with the Bank and a related party.

In line with article 33 of the Banco de Portugal Notice 3/2020, the Bank set out a Related Parties List that is submitted to the Corporate Governance Committee for review quarterly and for the Board of Director's approval.

For this purpose, according to the Bank's Related Parties Regulation, as well as in line with the above mentioned legislation and with IAS 24, "related parties" means any person or entity that is identified as follows: (i) Qualified participants of the institution and other persons or entities covered by the regime provided for in article 109 of the RGICSF; (ii) Members of the Management and Supervisory Bodies; (iii) Relatives of members of the Management and Supervisory Bodies, such as: spouse, civil partner, parents, step-parents; parents-in-law; children; stepchildren; and children-in-law; (iv) Companies in which a member of the Management and Supervisory Bodies, and/or the Relatives of members of the Management and Supervisory Bodies: a) holds a qualified participation equal to or greater than 10% of the capital or voting rights; or in which, b) these people have significant influence; or/and c) hold management positions and or/and supervisory functions; (v) Entities having an economic interdependence relationship with the Bank, due to cross-linked relationship of stakes or due to a close connection that would cause contamination in case of one entity facing financial problems; (vi) Persons and/or entities (including depositors, debtors, creditors, group entities, staff of the Bank or of other group entities) having the ability to influence the Bank's management and engage in transactions or commercial relationships in favorable conditions and/or in any way different from the market standards; and, (viiv) Pension funds of the Bank's staff.

The latest version of the Bank's Related Parties Regulation was approved by the Board of Directors on December 27, 2023.

Transactions involving Related Parties should be processed as per the procedure applicable to the given type of transaction, by the internal units responsible for its review, approval, control and execution, with the following additional requirements:

a) Save for the exceptions listed in the point below, any transaction with a Related Party shall be subject to:

- Opinion from the Risk Function and from the Compliance Function (that will be provided in the course of the ordinary internal process, as per the transaction type and applicable procedures, namely given in the form of Advice in the approval documents);
- Opinion by the Supervisory Body;
- Approval by a majority of 2/3 of the Members of the Board of Directors;
- Reporting and minimum quarterly review by the Corporate Governance Committee (CGC).
  - The Board of Directors' approval must always be the last sign-off for a Related Party Transaction and will take into consideration the endorsements of the above-mentioned Corporate Bodies and Control Functions' Opinions.

b) Transactions with Related Parties that do not involve credit granting, nor the assumption of any credit or market risks and are:

- Financial advisory services, not strictly of a banking nature; or

- The provision of advisory services regarding benchmarking information on specific sectors / activities, such as insightful market research, industry trends, business strategies, financial forecasts, comparable case studies and others; or
- The provision of advisory services on alternative investment opportunities and investment portfolio diversification; or
- Investment Banking (M&A and ECM / DCM) transactions in which the Bank provides sector analysis, reviews of assets located outside mainland China, supervises and coordinates teams of experts on due diligence covering specific areas such as accounting, tax, legal and personnel matters; or
- Transactions regarding fundraising in international markets.
    - Those transactions are exempt from an Opinion by the Supervisory Body and shall be submitted to the IBK Global Adoption Committee for information purposes, or other applicable internal procedures, receive a favourable opinion from the Compliance and Risk Management Function and shall be approved by the Executive Committee, by a majority of 2/3 of its Members, and subject to further reporting and minimum quarterly review by the CGC and Supervisory Body and annually to the Board of Directors.

All transactions with Related Parties must be carried out under market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Bank will apply a comparability benchmark (as defined in an internal procedure for that purpose) to assess market conditions. The goal is to make sure that the Bank does not apply more favourable conditions to Related Parties than those that would be granted to Non-Related Party customers or counterparties in similar transactions.

These rules ensure stringent control over compliance with the legal rules set out in the RGICSF, including the arm's-length rule and prevention of conflicts of interest.

The majority of the related parties' transactions concluded in 2023 consisted of financial advisory services and other transactions without credit or market risk for the Bank, to the amount of close to EUR 16.4 million and corresponding to 33 (thirty-three) transactions. These transactions observed the rules set out in the Related Parties' Regulation as they fell within the above-mentioned requirements (line b).

As for the Related Party Transactions bearing market or credit risk, there were 4 (four) transactions that were analysed individually. All transactions were unanimously approved by the respective corporate body, not having been objected or subject to conditions in the year of 2023, and no causes for concern were found regarding the topics of conflict of interests or compliance with market conditions.

ANNEX

BOARD OF DIRECTORS

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Pan Guangtao** Chair	Mr. Pan Guangtao has 30 years of experience in the securities industry, including 4 years in information system development and management and 25 years in equity and derivatives investment. Mr. Pan Guangtao was appointed Assistant General Manager of Haitong Securities in March 2017. He originally joined the company in 2002 and has had management roles in the Equity Investment Department and Asset Management Department. Mr. Pan Guangtao is a Non-Executive Board Member of Haitong Bank and became Chairman on December 29, 2023.	Mr. Pan Guangtao graduated in 1994 with a degree in Mechatronics and Engineering from the Shanghai University of Engineering Science and gained an MBA in China Commerce from Macau University of Science and Technology.	• Deputy CEO of Haitong Securities Co. Ltd. • Board Member of the Haitong Innovation Securities Investment Company Limited. • Chairman of Proprietary Investment and FICC Committees of Haitong Securities Co. Ltd.	• Member of the Trading Committee of CFFEX (China Financial Futures Exchange) • Member of OTC Market and Derivatives Committee of SAC (Securities Association of China)
 **Wu Min** Chief Executive Officer (CEO)	Mr. Wu Min has substantial experience in management functions in the financial services industry. After having worked as a fixed income investment manager in Taiyang Securities Co., LTD. and Jinyuan Securities Co., LTD., Mr. Wu Min worked as a general manager for the bond-financing department in Haitong Securities Co. Ltd from 2005 to 2017. Mr. Wu Min founded the largest Debt Capital Market ("DCM") team in China with over 500 professionals, underwriting around RMB 500 billion bond in 2014, 2015 and 2016, with a client coverage network encompassing all the Chinese corporations and enterprises with credit rating above AA- and an institutional sales network, covering over 3,000 institutional accounts.	Mr. Wu Min has a strong European academic background, with degrees from well-regarded UK universities. Mr. Wu Min obtained his bachelor's degree in International Trade & Finance from Sichuan University in 2000. Subsequently, in 2001, he obtained a Master's in Investment & Finance from Middlesex University and in 2003 a Master's in Mathematical Trading & Finance from London City University. Mr. Wu Min holds the following certifications: – Registered with the China Securities Regulatory Commission (since 2003) – Qualified Trader License in China Inter-Bank Market (since 2005)	• Non-Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. • Director of Haitong Investment Ireland p.l.c.	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Alan Fernandes** Executive Director	Mr. Alan Fernandes has more than 32 years of professional experience in the financial sector. He has strong experience in Structured Finance involving all infrastructure sectors, including private-public partnerships, and has had an active role in the privatisation of companies in the electricity, telecommunications, mining, and natural gas distribution sectors in Brazil, including the privatization process of natural gas services in the State of São Paulo. He was also deeply involved in the restructuring of the energy sector in Brazil (distribution, transmission, and generation). Mr. Alan Fernandes has also deep experience in M&A and Capital Markets covering different sectors in Brazil and abroad. Mr. Alan Fernandes has been an Executive Board Member of Haitong Bank since March 2013 and an Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. since March 2014. He has also been the Chief Executive Officer of Haitong Brazil since April 2016. Previously Mr. Fernandes worked for Banco Itaú S.A., Banco Itaú BBA S.A., Unibanco S.A., Algar Telecom S.A., Deloitte & Touche Tohmatsu and the BNDES.	Mr. Alan Fernandes gained a degree in mechanical engineering from the Federal University of Rio de Janeiro and Aeronautical Engineering from ITA, the Technological Institute of Aeronautics, with a specialization in finance from IBMEC.	• CEO of Haitong Banco de Investimento do Brasil S.A. • Executive Board Member of Haitong do Brasil DTVM, S.A. • Executive Board Member of Haitong Securities do Brasil, S.A. • Executive Board Member of Haitong Negócios, S.A.	• Executive Director of ABBI (Brazilian Association of International Branks)
 **Nuno Carvalho** Executive Director	Mr. Nuno Carvalho has over 25 years of professional experience in the Legal and Financial sectors, particularly in Investment Banking, as a Lawyer, MLRO and Head of Compliance, having also held several other Corporate Functions such as Investor Relations and Representative with CMVM. Mr. Carvalho re-joined the Bank in 2017, from Barclays Capital Investment Banking.	Mr. Nuno Carvalho has a law degree from the University of Lisbon, Faculty of Law and a Post-Graduate degree in Accounting and Finance from ISCTE Business School, Lisbon.	• Non-Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. • Director of Haitong Investment Ireland p.l.c	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Vasco Câmara Martins** Executive Director	Mr. Vasco Câmara Martins has more than 20 years of experience working in Financial Institutions. A significant part of the roles held (from the past 10 years) were senior managerial positions in Risk Management with leading functions.	Mr. Vasco Câmara Martins holds an Inter-Alpha Banking Program degree from INSEAD, a Master's of Science in Finance from Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE), a Post-Graduate qualification in Financial Institutions from Centro de Investigação de Activos e Mercados Financeiros (CEMAF) and a degree in Management, from Lusíada University.	n.a.	n.a.
 **Miguel Guiomar** Executive Director	Mr. Miguel Guiomar has over 33 years of experience in the investment banking industry. He is an Executive Board Member of Haitong Bank since 2020 with the responsability for the Investment Banking and Asset Management areas and the Chairman of the IBK Global Adoption Committee. Mr. Guiomar was previously responsible for implementing Haitong Bank's Capital Markets strategy for Portugal, Spain, Poland, Brazil, and China Cross-Border. Between 2010 and 2017, Mr. Guiomar was based in Brazil and responsible for implementing Haitong Bank's Debt and Equity Capital Markets strategy for Brazil and the Americas (New York) and a member of the Executive Committee of Haitong Banco de Investimento do Brasil, S.A. Prior to joining Haitong Bank in 2008, Mr. Guiomar was Managing Director at Banco Finantia, where he headed the bank's Debt Capital Markets operations for Emerging Markets (LatAm and CIS), performing various roles throughout his 17 years at Finantia, ranging from Fixed Income Sales, Emerging Markets Trading and Syndicate to Head of the bank's Private Banking Division.	Mr. Miguel Guiomar holds a Business Administration Degree from Catholic University of Portugal (Lisbon) and a Post-Graduate Program (IEP) from INSEAD (Fontainbleau).	n.a.	• Board Member of the Portugal - China Chamber of Commerce • Board Member of the Proteger Grândola Association

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Lu Xiaoli (Nick Lu)** Executive Director	Mr. Lu Xiaoli is General Manager of Haitong Bank's Macau Branch since 2021. He joined Haitong Securities in 2008 and worked as the Assistant General Manager of the Institutional & International Business Dept. since 2015. He was responsible for the overall management of Haitong's international institutional business development, helping to advance the firm's strategy to grow the institutional business in the global market. He worked earlier at Accenture Consulting as a consultant before he joined Haitong Securities. Mr. Lu Xiaoli was appointed to the Board of Directors of Haitong Bank as an Executive Board Member in December 2023.	Mr. Lu Xiaoli has a bachelor's degree in Electrical Engineering from the University of Toronto and an MBA from Shanghai Advanced Institute of Finance, Jiaotong University.	n.a.	n.a.
 **Zhang Xinjun (Jeff Zhang)** Non-Executive Director	Mr. Zhang is currently the Vice General Manager and Chief Financial Officer of Haitong Securities Co. Ltd. and has 22 years of experience in the Financial, Treasury and Risk departments of Haitong Group. He joined Haitong Securities Co. Ltd. in 2001 and he moved first to Haitong International Holdings Limited as CFO in 2007 and then to Haitong International Securities Group Limited in 2010. He was the Deputy CEO of Haitong International Holdings Limited from 2015 until he moved back to Haitong Securities in 2018.	Mr. Zhang has a degree in Economics (Accounting) and a Master's in Management (Accounting) from Nankai University, in China.	• Vice General Manager and CFO of Haitong Securities Company Limited (P.R. China) • Non-Executive Board Member of Haitong International Limited • CFO and Board Member of Haitong International Holdings Limited (Hong Kong) • Chairman of the Board of Haitong UT Capital Group Co. Limited • Non-Executive Board Member of Haitong Unitrust International Finance Leasing Co., Ltd. • Director of Haitong Investment Ireland p.l.c.	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **António Domingues** Non-Executive Director	Mr. António Domingues has extensive experience in the banking sector. Over the past 31 years, he has held Senior Management roles in different institutions such as CGD (Chairman of the Board of Directors and the Executive Committee), BPI (Deputy CEO and CFO at Banco BPI) and Companhia de Seguros Allianz Portugal, S.A. (member of the Board of Directors). Mr. António Domingues was also Vice-Chairman of BPI S.A., Vice-Chairman of BFA-Banco de Fomento de Angola and of BCI - Banco Comercial e de Investimentos, S.A., Deputy General Director of the BPA - Banco Português do Atlântico in France; Adviser in the Department of Foreign Affairs of Banco de Portugal; Economist at the Ministry of Industry and Energy and a member of the Board of Directors of NOS, S.A. Currently, Mr. Domingues is a Non-Executive Board Member and member of the Audit Committee of Banco Ctt.	Mr. António Domingues has a degree in Economics from the Instituto Superior de Economia in Lisbon.	n.a.	• Non-Executive Board Member of Banco Ctt • Consulting Board of Fortitude Capital SCR, SA.
 **Maria do Rosário Ventura** Non-Executive Director	Ms. Maria do Rosário Ventura has extensive experience in the financial sector, having worked at Banco Mello and later Millennium BCP from 1982 to 2002. From 2002 to 2004 she was a Senior member of the Portuguese Government – Secretary of State for Commerce, Services, and Industry. From 2004 to 2005 Ms. Ventura was Chairman of the Board of EMPORDEF Group, State Owned Defense Contractor. From 2005 to 2016 Ms. Ventura has held several CFO and member of the Board of Directors positions in large Portuguese companies, namely in EFACEC Group and EPAL, the biggest water supply company in Portugal. In the past years, Ms. Maria do Rosário Ventura has held the positions of Member and Chair of Haitong Bank's former Supervisory Body.	Ms. Maria do Rosário Ventura obtained her degree in Management from the Universidade Católica in 1982 and her AMP – Advanced Management Program from IESE in 2006.	n.a.	• Chair of the Supervisory Board of Bondalti Capital, S.A.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 Martina García Non-Executive Director	Ms. Martina García has over 25 years of experience in international economic policy. In March 2022, she became the CEO of CSFI, a London-based think tank for financial services innovation. Before this post, she was heading the international markets strategy team at the London Stock Exchange Group (LSEG) where she developed jointly with the Shanghai Stock Exchange the Shanghai-London Stock Connect launched in 2019. Before joining LSEG, she was Deputy Director for Banking and Financial Sector Analysis at Her Majesty's Treasury, the UK finance minister, where she led the negotiation and implementation of the post-crisis banking regulatory framework.	Ms. Martina García has a PhD in agricultural economics from Imperial College (formerly Wye College). Her first degree in Economics was obtained at the Universidad Autonoma de Barcelona.	n.a.	• Global Practitioner at Strathclyde Business School
 **Chen Xuemei (Michelle Chen)** Non-Executive Director	Ms. Chen Xuemei is a dual PR China and UK qualified lawyer, she has over 30 years of professional experience including advising financial sector clients on cross border regulatory compliance matters and debt and equity market related matters. Dr. Chen Xuemei has been a partner of numerous top global law firms based in London before joining Haitong Bank as a non-executive director in December 2023.	Ms. Chen Xuemei holds a Bachelor, aMaster's a PhD in Law degree from Peking University; she also holds a Bachelor of Arts with Honours in Law; a Master in Law and a Master in Business Administration degree from the University of Cambridge.	n.a.	• Partner of Gunnercooke llp

ANNEXES

NON-FINANCIAL INFORMATION AND DIVERSITY

Haitong Bank incorporates Environment, Social and Governance (ESG) principles in its business activities. The Bank is committed to sustainable growth, not only in terms of supporting the activities of its Clients that promote sustainable solutions, but also within the Bank's operations. We embrace diversity and inclusion, working together to support the communities where the Bank operates in the various regions. With the support of its shareholder, the Bank promotes the best standards of Governance, supported by robust risk management and controls, alongside a culture of checks and balances and independence among corporate bodies.

This section discusses the development, performance, and impact of Haitong Bank Group's activities in relation to environmental, social, and work issues; equality between women and men; non-discrimination; respect for human rights; corruption and bribery prevention; and ESG risk assessment.

Environment

Haitong Bank is a Credit Institution and Financial Intermediary, operating mostly in the Investment Banking Sector, with minimal exposure to retail customers. It has a minimal infrastructure and a limited headcount and hence has a very limited environmental footprint.

Notwithstanding this limited footprint, Haitong Bank is committed to operating based on sustainable and environmentally friendly practices. In 2023, the Bank generated 2.5 tons of recycled paper, thereby reducing its ecological footprint while safely and confidentially disposing of documents.

Minimizing its environmental footprint is of utmost importance for the Bank, both in terms of reducing the environmental impact and costs. It is with this purpose that the Bank continuously seeks to implement new measures related to the reduction of energy, water, and materials consumption.

Social Responsibility

Haitong Bank develops its activity in accordance with international principles and best practices in the field of Social Responsibility, respecting and fulfilling management commitments regarding the contribution to more sustainable development – from an ESG point of view. The Bank is committed to respecting internationally recognized human rights in the development of its relationships with its Clients, suppliers, partners and communities where it operates, seeking to avoid or mitigate the direct or indirect adverse impacts of its activity.

Haitong Bank is strongly committed to complying with social and environmental regulations and best practices for the industry. The Bank also supports and encourages all Employees to become involved with charitable work; however, charitable contributions may not be awarded in cases where they could influence a business decision.

In 2023, Haitong Bank remained committed to its social responsibilities and continued to participate in such types of initiatives and encourage its Employees and related parties to be active and fully engaged.

In Portugal, Haitong Bank supported the victims of the earthquakes in Turkey and Syria through a donation of 5,000 euros to the Portuguese Red Cross. The Bank's Employees contributed 715 euros to this initiative. The Bank also supported the Portuguese League Against Cancer with a donation of 5,000 euros, to which its Employees contributed 655 euros. Moreover, the Bank extended its support to the Portuguese Institute of Oncology in Lisbon with a donation of 300 euros, as well as the Life and Peace Community with a donation of 1,500 euros.

In Brazil, Haitong Bank joined a solidarity campaign for the victims of the rains on the northern coast of São Paulo. In partnership with its staff, the Bank was able to collect BRL 3,940. This amount was given to the São Paulo Social Fund, which then provided the purchase of the necessary goods. Haitong Brazil also took part in an annual campaign to support health and education initiatives for Brazilian children and young people, as well as surveys aimed at increasing cure rates for childhood and adolescent cancer.

Under the Tax Incentive Law, Haitong Brazil used its tax credits from the previous year to support social projects in the first quarter of 2023. These projects assist vulnerable families, namely those with low incomes and unemployed, living in the peripheral and most deprived areas of São Paulo.

In Warsaw, Haitong Bank donated a prize to the laureate of the 7th edition of the "Competition for the best diploma thesis in the field of contemporary economic cooperation of the Republic of Poland with the People's Republic of China" organized by the Polish-Chinese Business Council.

In Macau, Haitong Bank joined the “Red Pocket Envelope Recycling Program” co-organized by the Macau Association of Banks (ABM) from January 27th to February 12th, with the purpose of recycling and reusing red pocket Lunar New Year envelopes. Additionally, Haitong Bank in Macau joined the "Easy to Recycle Mooncake Boxes" campaign also organised by ABM between September 29th and October 16th, whereby a recycling point was set up at the Bank's premises specifically for used festivity boxes.

Employee-Related Issues

Please see the “People” section of the Management Report.

Workplace environment

Haitong Bank promotes mutual respect and equal treatment and opportunities among all Employees, valuing diversity within the organization. The Bank implements internal policies, regulations and procedures to prevent and combat harassment in the workplace. Its Employees shall not practice any type of discrimination, based on criteria such as ethnicity, gender identity, sexual orientation, religion, creed, culture, nationality, disability, political or ideological orientation, education, marital status or others, accepting and respecting the right to difference.

The Bank’s Employees must also act with the highest ethical standards and refrain from any behaviour that may be considered offensive to others. They must reject any abusive behaviour whose purpose or effect is to disturb or embarrass a person, thereby affecting their dignity or creating an intimidating, hostile, degrading, humiliating or destabilizing environment. Employees must also reject any unwanted sexual behaviour, whether verbal, non-verbal or physical, with the purpose or effect referred to in the above paragraph.

Moreover, all Employees are encouraged to report any wrongdoings of which they may become aware and/or have a well-founded suspicion. The reception and treatment of any wrongdoing reports are made in accordance with the Bank’s internal policies, regulations and procedures and must at all times be independent and anonymous.

Equality and Diversity

Haitong Bank is committed to ensuring diversity in skills, geography, and gage in the composition of its corporate bodies. The Bank prioritizes gender diversity in its management bodies in order to promote equal opportunities and socially responsible behaviour within the Bank. Diversity in general fosters efficiency and a climate of constructive challenge and discussion among senior management.

In Haitong Bank's "Policy on the Selection and Assessment of Members of the Management and Supervisory Bodies and Key Function Holders" (abbr. Selection and Assessment Policy) the Bank establishes as its objective the increase of the number of people from the sub-represented gender group, ensuring, at least, the maintenance of 30% of women in the global set of members of:

- The Management Body;
- The Supervisory Body;
- Overall key function positions.

Haitong Bank has succeeded in reaching the target established in the aforementioned policy by the end of 2023, as around 31% of the Bank's management bodies and key function positions were held by women. However, this ratio improved to 34% after the approval of the new Board of Directors, on December 29th, 2023. On this date, women represented 38% of the total workforce (see detailed information in the "People" chapter of the Management Report) and there was also a considerable number of female Employees in senior positions at the Bank.

Corruption and Bribery Prevention

The Bank has in place an Anti-Bribery Policy aimed at establishing specific internal guidance for the prevention of bribery. This is based on national and international legal provisions including, but not limited to, the Portuguese Laws on bribery prevention, the Organisation for Economic Cooperation and Development's (OECD) Convention on Bribery of Foreign Public Officials in International Business Transactions, the Convention on the fight against bribery involving officials of the European Communities or officials of Member States of the European Union, and the Criminal Law Convention on Corruption of the Council of Europe and the United Nations Convention on Corruption.

Given the Bank's presence and/or operations in different geographies, this policy also encompasses a set of anti-bribery rules and principles in force in the jurisdictions in which the Bank is present, notwithstanding the obligation of each Employee to acknowledge the anti-bribery laws applicable in each case and take the necessary steps to comply with such laws. In this respect, the following acts in force in the United States and the United Kingdom, respectively, are particularly noteworthy: the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

ESG Risk Assessment

The Bank has implemented an ESG risk assessment with the objective of identifying customers with high ESG risk. Whenever a client is identified as potentially high ESG risk, further ESG due diligence is required, in order to verify any measures to mitigate the risks. The due diligence exercise aims to evaluate the client's preparedness and eventually exempt it from the High ESG Risk classification. This risk assessment is a relevant step in this process, which includes two phases: first, a top-down approach that assesses the client's ESG risk according to its business sector; then, a bottom-line approach in which a specific ESG risk mitigation analysis is performed for each client. The ESG risk assessment is now part of the internal Rating Report of each client.

Overall Assessment

Haitong Bank recognizes that a firm commitment to environmental, social and governance (ESG) matters is crucial to its success and is striving to incorporate them into its overall business strategy. In 2023, Haitong Bank fully implemented various initiatives to achieve this goal, in line with its size, exposure and limited footprint. The Bank's commitment to sustainable growth will remain a priority, as it integrates it into its internal policies, principles, and processes.

EARNINGS DISTRIBUTION PROPOSAL

Considering that, as of 31 December 2023, the Bank showed a consolidated net profit of EUR 17,261,596.89 (seventeen million, two hundred and sixty-one thousand, five hundred and ninety-six euros and eighty-nine cents) and an individual net profit of EUR 12,253,199.54 (twelve million, two hundred and fifty-three thousand, one hundred and ninety-nine euros and fifty-four cents), the Board of Directors proposes to the Annual General Meeting that the net profit showed in the individual accounts be allocated to:

- Other Reserves and Retained Earnings: EUR 12,253,199.54 (twelve million, two hundred and fifty-three thousand, one hundred and ninety-nine euros and fifty-four cents);
- Total: EUR 12,253,199.54 (twelve million, two hundred and fifty-three thousand, one hundred and ninety-nine euros and fifty-four cents).

Declaration of Conformity

In accordance with Article 29 - G (1-c) of the Portuguese Securities Code, the Members of the Board of Directors of Haitong Bank, S.A. hereby declare that, to the best of their knowledge:

a) The consolidated financial statements of Haitong Bank, S.A. for the year ended on 31 December 2023 were prepared in accordance with the legally applicable accounting standards and with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of July 19th, as set forth in Article 29 - G (3) of the Portuguese Securities Code;

b) The financial statements referred to in paragraph a) above give a true and fair view of Haitong Bank, S.A. and consolidated companies' assets, liabilities, equity and earnings;

c) The Management Report describes faithfully Haitong Bank, S.A. and consolidated companies' business evolution, performance and financial position for the year of 2023, and includes a description of the main risks and uncertainties that could affect the business.

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Lisbon, March 1st, 2024

Pan Guangtao
(Chairman of the Board of Directors)

Wu Min
(Chief Executive Officer)

Alan do Amaral Fernandes
(Executive Board Member)

Nuno Miguel Sousa Figueiredo Carvalho
(Executive Board Member)

José Miguel Aleixo Nunes Guiomar
(Executive Board Member)

Vasco Câmara Pires dos Santos Martins
(Executive Board Member)

Lu Xiaoli
(Executive Board Member)

António Domingues
(Non-Executive Board Member)

Ana Martina Garcia Raoul-Jourde
(Non-Executive Board Member)

Chen Xuemei
(Non-Executive Board Member)

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Non-Executive Board Member)

Zhang Xinjun
(Non-Executive Board Member)

SUMMARY OF THE SELF-ASSESSMENT REPORT OF THE AUDIT COMMITTEE

Audit Committee of Haitong Bank, S.A.

Summary of the Self-Assessment Report

Pursuant to Notice no. 3/2020 of 15 July 2020 issued by the Bank of Portugal (the "Notice"), the Supervisory Body must prepare a summary of the annual self-assessment report (the "Report"), which is disclosed as an annex to the annual financial statements of Haitong Bank, S.A. (the “Bank”). As required by the Notice, the report assesses the adequacy and effectiveness of the Bank's organisational culture and governance, and of the internal control systems, between 1 december 2022 and 30 november 2023 (the "**Reference Period**"). This assessment was carried out to the Bank on a standalone basis and at group level, including the Bank's Branches in Poland, Spain, United Kingdom and Macau and Haitong Banco de Investimento do Brasil S.A. affiliate.

In its assessment, as described in its Report, the Supervisory Body adopted the following methodology and carried out the following tasks:

a) Regular participation of the Supervisory Body in meetings of the Bank's corporate bodies and internal committees, such as the Board of Directors, the Internal Audit Committee, the Risk Committee and the Corporate Governance Committee. In total and during the Reference Period, the Supervisory Body held 44 (forty-four) meetings, of which 14 were electronic meetings (via e-mail). Of the aforementioned meetings, 4 (four) were held with the person responsible for the Internal Audit function, 6 (six) with the person responsible for the Compliance function, 3 (three) with the person responsible for the Risk Control function, 3 (three) with the person responsible for the financial department and 10 with representatives of the external auditor. In addition, the Supervisory Body also participated in 5 (five) meetings of the Internal Audit Committee, 5 (five) meetings of the Corporate Governance Committee, 8 (eight) meetings of the Risk Committee and 4 (four) meetings of the Board of Directors.
Therefore, the majority of Supervisory Body meetings during the Reference Period were held with Bank representatives and Committees, who are directly involved in promoting an organizational culture and implementing governance and internal control systems, which demonstrates the significant involvement of the Supervisory Body in the matters covered by the Notice.
b) Consultation of the Bank's internal control procedures manual, to the extent necessary to carry out the assessment under the terms of the Notice;
c) Meetings with the heads of the Compliance, Internal Audit and Risk Control Functions, as well as with representatives from Haitong Banco de Investimento do Brasil, S.A.;

d) Review of the reports issued by the internal control functions concerning the Bank and Haitong Banco de Investimento do Brasil, S.A., and discussion of the conclusions with the persons responsible for these reports;
e) Identification and monitoring of the status of deficiencies identified in previous control reports and respective corrective measures;
f) Review of the external auditor's assessment of the internal control system and discussion of its conclusions with the representatives of the external auditor;
g) At the request of the Supervisory Body, analysis and discussion of the external auditor's assessment of the processes of preparation of the prudential and financial reports, the processes of preparation of information disclosed to the public and of the adequacy of compliance with the duties of disclosing information to the public.

Regarding the Bank's internal control system, the Supervisory Body considered aspects related to each control function, such as responsibilities, organisational chart, resources, independence, and other matters that have been raised internally and externally.

As to the Bank's organisational culture, the Supervisory Body draws attention to the work developed by the internal control functions in order to promote a solid and transparent organisational culture, accessible to all the Bank employees, adequate to the size of the Bank's structure and successful in increasing the robustness and effectiveness of controls in risk mitigation, as well as in the identification of potential opportunities for improvement.

During the Reference Period, the Supervisory Body stresses the proactive approach to risk assessment, to the planning of activities with a view to finding the best corrective measures for the situations identified as deficiencies or opportunities for improvement, such approach being a common feature in the actions developed by the internal control functions.

The Supervisory Body issued its Report, dated 28 december 2023, relative to the Reference Period, having issued a clear, detailed and substantiated opinion on the adequacy and effectiveness of the Bank's organisational culture and governance and internal control systems, in accordance with Notice no. 3/2020, of 15 July, of the Bank of Portugal.

In its Report, the Supervisory Body came to a satisfactory assessment of the adequacy and effectiveness of the Bank's internal control and governance systems and of its organisational culture. The situations detected, although naturally requiring regular monitoring by the internal control functions, do not, in general, call into question the adequacy and effectiveness of the Bank's corporate governance and internal control systems or its organisational culture.

In the Bank's assessment reports, the Board of Directors concluded that the internal control functions have the resources, authority and skills required to perform their duties independently and effectively. In relation to the heads of the control functions, the Board of Directors noted that they participate in the various internal committees, such as the Risk Committee, Internal Audit Committee and Corporate Governance Committee, which allows for regular dialogue with the Bank's non-executive directors.

Regarding the Remuneration Policies, the Board of Directors concluded that these are consistent across the Haitong Bank, S.A. group.

In what concerns the organisational culture of the Bank, the Board of Directors highlighted the support provided to the internal activities with a view to promoting an organisational culture of compliance with the applicable regulatory requirements. In particular, the Board of Directors drew attention to the Code of Conduct approved by the Bank, as well as to the existence of internal regulations that promote a culture of professionalism, transparency and integrity.

Lastly, it should be noted that the Bank approved on December 29, 2023 by Shareholder Resolution the new governance structure. The governance model has changed from Latin Model, under the Article 278(1)(a) of the Portuguese Commercial Companies Code (CCC), comprising a General Meeting, a Board of Directors (with powers delegated to an Executive Committee), a Supervisory Board (Conselho Fiscal) and a Statutory Auditor (Revisor Oficial de Contas), to the Anglo-Saxon Model, in accordance with Article 278(1)(b) of the CCC, comprising a General Meeting, a Board of Directors (with powers delegated to an Executive Committee), which includes an Audit Committee composed of three non-executive members of the Board of Directors, and a Statutory Auditor.

Lisbon, 16th of February 2024

AUDIT COMMITTEE

Maria do Rosário Ventura

Maria do Rosário Ventura - Chair

Martina García - Member

Chen Xuemei - Member

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REPORT AND OPINION OF THE AUDIT COMMITTEE (CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS)

Report and Opinion of the Audit Committee

Haitong Bank, S.A.

for financial year 2023

To the Shareholder of Haitong Bank, S.A.,

In accordance with the applicable legislation, we hereby present our report on the audit performed by the Supervisory Body (which until 28 December 2023 was in the form of a Supervisory Board) to the Management Report, the individual and the consolidated financial statements and the proposal for the distribution of the year's results presented by the Board of Directors of Haitong Bank, S.A. (hereinafter, "Haitong" and / or "Bank") for the year ended 31 December 2023.

On 29 December 2023, the Bank approved, by unanimous written resolution taken by its sole voting shareholder, its new management and supervisory structure. The Bank's governance model thus changed from the Latin model, in accordance with subparagraph a) of no. 1 of article 278 of the Portuguese Commercial Companies Code (*Código das Sociedades Comerciais*, "CSC"), which comprised a Board of Directors (with the day-to-day management being delegated to an Executive Committee), a Supervisory Board and an autonomous Statutory Auditor, to the Anglo-Saxon model, in accordance with subparagraph b) of no. 1 of article 278 of the CSC, comprising a Board of Directors (with the day-to-day management being delegated to an Executive Committee), which includes an Audit Committee, made up of three non-executive Directors, and also a Statutory Auditor.

The Audit Committee, in the current governance model, thus replaces in all matters, namely in terms of scope, responsibilities, functions and activities, the previous Supervisory Board, and also integrates the responsibilities and functions of the previous Internal Audit Committee.

Haitong's Supervisory Body, as part of its designated functions, monitored, in accordance with the law and the company's articles of association, the development of Haitong's management and business activity, namely:

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(i) assessed the adequacy and effectiveness of the risk management, internal control and internal audit systems, as well as the Bank's organisational culture;

(ii) attended Board of Directors meetings whenever invited;

(iii) took part in the meetings of the Internal Audit, Risk, and Corporate Governance Committees;

(iv) reviewed management information documents submitted by the Board of Directors;

(v) monitored the verification of the accounting records and underlying support documents to the extent considered necessary;

(vi) assessed the accounting policies and valuation criteria adopted by Haitong; and

(vii) held meetings with the Statutory Auditor, whenever necessary, on the assessment of the accounting policies and valuation criteria adopted by Haitong, which always provided the information required.

In accordance with the applicable legislation, the Supervisory Body also assessed the Auditor's Report and Statutory Audit Certification ("*Certificação Legal de Contas*") prepared by the Statutory Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.) on the individual and consolidated financial statements for financial year 2023 and took note of the Additional Report on said financial statements submitted by the Statutory Auditor to the Supervisory Body, with which the Supervisory Body agrees. The Supervisory Body also analysed the Management Report submitted by the Board of Directors, and considers that the report complies with the applicable legal and statutory requirements and duly mentions the main aspects of Haitong's activity in 2023, both in individual and in consolidated terms.

The Supervisory Body highlights the following:

- The disclosures made by the Bank in Note 32 to the consolidated financial statements concerning the impacts arising from the tax policy, and the interactions with the Tax and Customs Authority;

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- On 28 December 2023 the Supervisory Body issued its Report, including a clear, detailed and reasoned opinion on the adequacy and effectiveness of the organisational culture and the governance and internal control systems of Haitong in the period of 01 December 2022 to 30 November 2023, in accordance with the Bank of Portugal Notice no. 3/2020, of 15 July. A summary of this report is attached to Haitong's 2023 Annual Report.

- Among the corporate events occurred in 2023 and described in the Management Report, the Supervisory Body highlights, in May 2023, the conclusion of the liquidation process of Haitong Ancillary Services Poland SP Zoo;

- In March 2023 Haitong's London Branch received the approval on the application to the United Kingdom Full Regulatory Regime, in parallel with the expansion of activities;

- In December 2023, a resolution was passed to increase the share capital of Bank by the global amount €7,998,935.00, being the share capital of the Bank after said increase in the amount of €871,277,660.00.. This capital increase, in the form of incorporation of a special reserve, resulted from the conversion of the rights issued under the Special Regime applicable to Deferred Tax Assets (*Regime Especial aplicável aos Ativos por Impostos Diferidos*, "REAID"), relative to fiscal years 2017 and 2018, respectively, which were attributed to the Portuguese State and acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder.

- In January 2024, Bank of Portugal informed Haitong of its non-opposition to the change in the Macau Branch's business plan, particularly the expansion of activities;

- The description of relevant audit issues and other issues at both individual and consolidated level that are reported in the Statutory Audit Certification and Audit Report.

In light of the above, it is the opinion of the Supervisory Body that the following should be approved:

- The Management Report and remaining individual and consolidated reporting documents relative to the financial year ended on 31 December 2023;

- The proposal submitted by the Board of Directors on the allocation of the net profit for the year 2023, in the amount of 12,253,199.54 euros.

Lisbon, 8 March 2024

THE AUDIT COMMITTEE

Maria do Rosário Ventura

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

Declaration of Conformity with the Financial Information Reported

The present declaration is submitted under the terms of subparagraph c) of no. 1 and no. 3 of Article 29-G of the Portuguese Securities Code (*Código dos Valores Mobiliários*, "CVM")

The Audit Committee hereby declares that, to the best of its knowledge:

- The information referred to in subparagraph a) of no. 1 and no. 3 of Article 29-G of the CVM as at 31 December 2023 was prepared in accordance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial situation and the results of Haitong and the companies included within its consolidated scope; and

- The management report faithfully details the evolution of the business and the performance and position of Haitong and the companies included within its consolidation scope, and contains a description of the main risks and uncertainties faced within the framework of ongoing activities.

Lisbon, 8 March 2024

THE AUDIT COMMITTEE

Maria do Rosário Ventura

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

Annual report on the activity of the Supervisory Body in 2023

Pursuant to the provisions of subparagraph g) of no. 1 of Article 423-F of the Portuguese Commercial Companies Code (*Código das Sociedades Comerciais*, "CSC") and subparagraph h) of no. 1 B of point 5 of the Regulations of the Supervisory Body of Haitong, the Audit Committee hereby presents its report on the supervisory works carried out in 2023.

1. Introduction

The following are the main powers and responsibilities of the Supervisory Body, in accordance with its Regulations:

i. Monitoring the activity of Haitong, watching over compliance with the Law and the company's Articles of Association, and supervising the management of the company;

ii. Supervising compliance with accounting policies and with the process of preparing and disclosing financial information, as well as reviewing Haitong's accounting books and records;

iii. Monitoring and supervising the effectiveness of the governance and internal control and risk management systems, as well as the organisational culture;

iv. Proposing the appointment of a Statutory Auditor or firm of Statutory Auditors to the General Meeting; and

v. Supervising the independence of the Statutory Auditor, namely regarding the provision of non-audit services.

2. Activities carried out by the Supervisory Body in 2023

i. Monitoring Haitong's activity, ensuring compliance with the law and the company's Articles of Association, and supervising the company's management.

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In 2023 the Supervisory Body held 45 (forty-five) meetings, of which 18 (eighteen) were electronic meetings (via e-mail). Of these meetings, 4 (four) were held with the head of the Internal Audit function, 3 (three) with the head of the Compliance function, 2 (two) with the head of the Risk Control function, 4 (four) with the head of the Finance department and 10 (ten) with representatives of the statutory auditor, DELOITTE & ASSOCIADOS, SROC, S.A. until May 2023, and afterwards with the new statutory auditor, PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA., appointed by resolution dated of May 2023. In addition, the Supervisory Body also participated in 5 (five) meetings of the Internal Audit Committee, 5 (five) meetings of the Corporate Governance Committee, 8 (eight) meetings of the Risk Committee and 4 (four) meetings of the Bank's Board of Directors.

The Supervisory Body had access to all the information requested and obtained all the documents and clarifications from all the persons from which this was requested.

ii. Supervising compliance with accounting policies and with the process of preparing and disclosing financial information and the statutory audit

The Supervisory Body monitored compliance with accounting policies and the reliability of financial information via the financial information provided by the Finance Division and by the Statutory Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.). Several meetings were held with the auditors, in which the reports were analysed and the audit procedures and conclusions were assessed.

The Supervisory Body analysed the accounting documents and the statutory audit certification for financial year 2023, having issued a favourable opinion on these documents.

iii. Monitoring and supervising the effectiveness of the internal control and risk management systems

The Supervisory Body monitored and assessed the adequacy of the internal control, risk management, internal audit and compliance systems, within the scope of its responsibilities, via meetings and information reporting by the heads of said functions in Haitong. The Supervisory Body also monitored and assessed the work carried out by the Bank’s Statutory

Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.) within the assessment of the Governance and Internal Control Systems, and organisational culture, and on 28 December 2023 issued its opinion on the adequacy of the internal control system, based on the terms of Article 56 of the Bank of Portugal Notice 3/2020, of 15 July.

iv. Monitoring the activity of the Internal Audit Function

Throughout 2023, the Supervisory Body supervised the activity of the Internal Audit Function, which reports functionally to the Internal Audit Committee and Supervisory Body and hierarchically to the Executive Director responsible for the Function. The Supervisory Body approved the budget and activity plan and regularly monitored the execution of the Internal Audit Function activity plan, having received the information deemed necessary for carrying out its duties.

v. Monitoring the activity of Haitong's Statutory Auditor

The Supervisory Body regularly monitored throughout 2023 the activities developed by the Statutory Auditor, via the critical assessment of the documents drafted within the scope of its functions. The Statutory Auditor confirmed to the Supervisory Body that it had found no irregularities concerning the performance of its duties and that it had no obstacles in pursuing those duties.

During financial year 2023 the Supervisory Body assessed the provision of non-audit services, and confirmed that the independence of the Statutory Auditor had been safeguarded.

vi. Monitoring of Haitong's business with related parties

The Supervisory Body monitored the enforcement of the related-party transactions policy during 2023. The majority of the Transactions carried out with related parties in 2023 concerned financial advisory services and other transactions not involving credit or market risk for Haitong.

vii. Whistleblowing

The Supervisory Body is responsible for receiving wrongdoing reports submitted by employees, clients, shareholders, or any other entity, as provided for in the Law. In August 2023 the Reporting of Wrongdoings (Whistleblowing) regulation was updated. During the financial year 2023 the Supervisory Body received one wrongdoing report, being informed that the respective report was following through the normal internal procedures and that proper due diligence was being taken.

To conclude, the Supervisory Body expresses its recognition to the Board of Directors and to all the employees of Haitong for the cooperation provided throughout the performance of its functions.

Lisbon, 8 March 2024

THE AUDIT COMMITTEE

Maria do Rosário Ventura

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT (CONSOLIDATED FINANCIAL STATEMENTS)

Statutory Audit Report and Auditors' Report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Haitong Bank, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 (which shows total assets of Euros 3.498.642 thousand and total shareholders' equity of Euros 652.429 thousand including a net profit attributable to shareholders of the parent company of Euros 17.262 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Haitong Bank, S.A. as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	Summary of the Audit Approach
Impairment losses on financial assets at amortised cost – loans and advances to customers and securities– and on securities at fair value through other comprehensive income *Measurement and disclosures related to impairment losses on loans and advances to customers and securities at amortised cost and on securities at fair value through other comprehensive income presented in notes 2.4.1, 3.1, 22, 24, 31 and 39 attached to the consolidated financial statements of the Bank*	
The significant expression of the financial assets at amortised cost – loans and advances to customers and securities – and the securities at fair value through other comprehensive income, as well as the corresponding impairment losses, justify that these constituted a key audit matter for the purpose of our audit. This process requires the processing of a significant volume of data, a set of complex assumptions and judgements, in particular the adaptation to constantly changing macroeconomic scenarios, from the management in relation to the identification of customers with a significant increase in credit risk or in default, as well as the measurement of impairment losses amount. As at 31 December 2023, the gross balances and the corresponding impairment losses for these financial assets are as follow: • Gross balance of loans and advances to customers amounts to Euros 696.301 thousand with corresponding impairment losses of Euros 7.642 thousand; • Gross balance of guarantees and other commitments Euros 245.061 thousand with corresponding impairment losses of Euros 1.989 thousand; • Gross balance of securities amounts to Euros 1.058.031 thousand (of which Euros 821.320 thousand for securities at amortised cost and Euros 236.711 thousand for securities at fair value through other comprehensive income) with corresponding impairment losses of Euros 6.054 thousand. Impairment losses on those financial assets are determined by management on an individual basis,	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Group for the loans and advances to customers and securities at amortised cost and for the securities at fair value through other comprehensive income's impairment losses measurement process, as well as the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. We have analysed a sample of customers included by the Group in the individual analysis population. We have considered for this analysis the criteria defined by the Group in its internal procedures in order to: (i) review the conclusions and results obtained in the staging individual analysis; (ii) perform our own assessment over the existence of significant increase in credit risk or default situations; and (iii) assess how the management has identified, measured and recognised the impairment on a timely manner. In this process, we have also confirmed that the individual analysis perimeter included all customers that met the criteria defined by the Group in its internal procedures. For a sample of exposures classified in stage 3 and subject to individual impairment analysis by the Group as at 31 December 2023, the procedures we have developed consisted of: (i) reviewing the available documentation on the credit processes; (ii) verifying the adequacy of the customers' cash flows used to determine impairment with those reflected in the customer contractual support; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the

Key Audit Matter	***Summary of the Audit Approach***
through a case-by-case analysis of a significant component of the portfolio, and for the remaining portfolio those losses are determined through a collective analysis. For the most significant exposures, evaluated in terms of the total amount of responsibilities with the Group and the possible existence of triggers of default, the Group performs the following: (i) an individual staging analysis in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3); and (ii) an individual impairment analysis. For exposures subject to individual impairment analysis by the Group, the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as reference (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation of the collateral received in the scope of the loans granted, whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual impairment analysis, the Group developed collective models to determine expected impairment losses, considering the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models use mostly information made available by external providers such as rating agencies, and/or market information from data providers. In order to be representative of the current economic context and to incorporate simultaneously a perspective of future economic evolution, these models use available forward looking prospective information such as (i) the expected global GDP growth rate, (ii) the evolution of interest rate, and (iii) the outlook for the global inflation rate. Considering these macroeconomic data, potential scenarios are developed to estimate the expected loss for each segment/rating grade of the loans and advances to customers and securities at amortised cost and the securities at fair value through other comprehensive income based on a	Group; (iv) analysing the most recent appraisals of collaterals when available; (v) reviewing the incorporation of forward looking information; (vi) analysing the discounted cash flows underlying the impairment measurement; (vii) assessing the evolution of exposures; and (viii) understanding the views of the Group's responsible regarding the economic and financial situation of the customers, as to the predictability of expected cash flows from their businesses, as well as the expectation of recovery. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Group, in order to assess the existence of possible significant divergences. For the portfolio whose impairment is determined through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables. We have performed namely the following: (i) review of the methodological documentation of the models; (ii) analysis of the documentation regarding the risk parameters and backtesting exercise, when available; (iii) review and testing the portfolio segmentation by rating; (iv) analysis of the Group's default definition and the criteria applied in the classification of staging, on a sample basis; (v) review and testing the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects; (vi) critical analysis of the main assumptions and sources of information used in the risk parameters calculation; and (vii) recalculation of Expected Credit Loss ("ECL") as at 31 December 2023. Our audit procedures also included the review of the disclosures regarding loans and advances to customers and securities at amortised cost and securities at fair value through other comprehensive income, as well the corresponding impairment losses, presented on the Bank's accompanying notes to the consolidated financial statements, considering the applicable accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
probability of occurrence. In this context, and in particular the current macroeconomic scenario, changes in the assumptions or methodologies used by the Group in the analysis and in the quantification of impairment losses of loans and advances to customers and securities at amortised cost and of securities at fair value through other comprehensive income portfolios, as well as different recovery strategies, may have an effect on the recovery flows estimation and on the timing of their receipt and may have a material impact on the impairment losses amount recognised in each moment.	
Recoverability of deferred tax assets *<u>Measurement and disclosures related to deferred tax assets presented in notes 2.12, 3.2, and 32 attached to the consolidated financial statements of the Bank</u>* As at 31 December 2023, the consolidated deferred tax assets amount to Euros 105.837 thousand, of which: (i) Euros 25.464 thousand related to the temporary differences; and (ii) Euros 80.373 thousand related to reportable tax losses carried forward of the activity of Haitong Bank and its subsidiary Haitong Banco de Investimento do Brasil. According to ISA 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the future recoverability of the deferred tax assets based on the projections of the Group's business plan. This estimate required the application by management of a set of judgments, namely: (i) estimation of future taxable income, depending on the Group's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic context; (ii) long-term growth rates; (iii) investments' rates of return; (iv) interest rates, etc., as well as management's interpretation of the tax legislation, including what concerns deferred tax assets in the scope of the	The audit procedures developed included the identification and understanding of key controls established by the Group in the process of estimating the recoverability of deferred tax assets, regarding: (i) the identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in the consolidated financial statements and (iii) the identification of the main assumptions considered by the management to estimate the future tax profits that allow the recovery of deferred tax assets recognised in the consolidated balance sheet. We also performed an understanding and analysis of the main assumptions considered relevant to estimate the future evolution of pre-tax profits, including the analysis of their consistency with the projections of the Group's business plan and considering the current macroeconomic context, and a review of the interpretation of tax legislation with the involvement of experts in tax matters. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Bank's consolidated financial statements, considering the applicable and current accounting standards.

Key Audit Matter	Summary of the Audit Approach
Special Regime Applicable to Deferred Tax Assets and the tax deductibility of certain costs. Any deviations in the assumptions used by management in the estimation of future tax profits or possible changes in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognised in the Bank's consolidated financial statements as at 31 December 2023. As a result, for the purposes of our audit this was considered as a key matter.	

Responsibilities of management and audit committee 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 the cash flows of the Group in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union;

b) the preparation of the management report and the corporate governance 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 audit committee 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 audit committee, 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 audit committee, 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 audit committee 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 management report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the management 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.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Haitong Bank, S.A. in the Shareholders’ General Meeting of 18 May 2023 for the period from 2023 to 2025.

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 audit committee on the same date.

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

8 March 2024

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

Cláudia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

[This is a translation, not to be signed]

STATUTORY AUDITOR'S REPORT AND AUDIT REPORT (INDIVIDUAL FINANCIAL STATEMENTS)

Statutory Audit Report and Auditors' Report

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Haitong Bank, S.A. (the Bank or Haitong), which comprise the statement of financial position as at 31 December 2023 (which shows total assets of Euros 2.443.882 thousand and total shareholders' equity of Euros 635.370 thousand including a net profit of Euros 12.252 thousand), the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Haitong Bank, S.A. as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	***Summary of the Audit Approach***
Impairment losses on financial assets at amortised cost – loans and advances to customers and securities– and on securities at fair value through other comprehensive income *Measurement and disclosures related to impairment losses on loans and advances to customers and securities at amortised cost and on securities at fair value through other comprehensive income presented in notes 2.3.1, 3.1, 22, 24, 32 and 40 attached to the financial statements of the Bank* The significant expression of the financial assets at amortised cost – loans and advances to customers and securities – and the securities at fair value through other comprehensive income, as well as the corresponding impairment losses, justify that these constituted a key audit matter for the purpose of our audit. This process requires the processing of a significant volume of data, a set of complex assumptions and judgements, in particular the adaptation to constantly changing macroeconomic scenarios, from the Bank's management in relation to the identification of customers with a significant increase in credit risk or in default, as well as the measurement of impairment losses amount. As at 31 December 2023, the gross balances and the corresponding impairment losses for these financial assets are as follow: • Gross balance of loans and advances to customers amounts to Euros 663.142 thousand with corresponding impairment losses of Euros 27.716 thousand; • Gross balance of guarantees and other commitments Euros 219.406 thousand with corresponding impairment losses of Euros 566 thousand; • Gross balance of securities amounts to Euros 842.676 thousand (of which Euros 670.404 thousand for securities at amortised cost and Euros 172.272 thousand for securities at fair value through other comprehensive income) with corresponding impairment losses of Euros 1.628 thousand. Impairment losses on those financial assets are determined by management on an individual basis, through a case-by-case analysis of a significant component of the portfolio, and for the remaining portfolio those losses are determined through a collective analysis.	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Bank for the loans and advances to customers and securities at amortised cost and for the securities at fair value through other comprehensive income's impairment losses measurement process, as well as the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. We have analysed a sample of customers included by the Bank in the individual analysis population. We have considered for this analysis the criteria defined by the Bank in its internal procedures in order to: (i) review the conclusions and results obtained in the staging individual analysis; (ii) perform our own assessment over the existence of significant increase in credit risk or default situations; and (iii) assess how the management has identified, measured and recognised the impairment on a timely manner. In this process, we have also confirmed that the individual analysis perimeter included all customers that met the criteria defined by the Bank in its internal procedures. For a sample of exposures classified in stage 3 and subject to individual impairment analysis by the Bank as at 31 December 2023, the procedures we have developed consisted of: (i) reviewing the available documentation on the credit processes; (ii) verifying the adequacy of the customers' cash flows used to determine impairment with those reflected in the customer contractual support; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the Bank; (iv) analysing the most recent appraisals of collaterals when available; (v) reviewing the incorporation of forward looking information; (vi) analysing the discounted cash flows underlying the

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For the most significant exposures, evaluated in terms of the total amount of responsibilities with the Bank and the possible existence of triggers of default, the Bank performs the following: (i) an individual staging analysis in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3); and (ii) an individual impairment analysis. For exposures subject to individual impairment analysis by the Bank, the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as reference (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation of the collateral received in the scope of the loans granted, whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual impairment analysis, the Bank developed collective models to determine expected impairment losses, considering the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models use mostly information made available by external providers such as rating agencies, and/or market information from data providers. In order to be representative of the current economic context and to incorporate simultaneously a perspective of future economic evolution, these models use available forward looking prospective information such as (i) the expected global GDP growth rate, (ii) the evolution of interest rate, and (iii) the outlook for the global inflation rate. Considering these macroeconomic data, potential scenarios are developed to estimate the expected loss for each segment/rating grade of the loans and advances to customers and securities at amortised cost and the securities at fair value through other comprehensive income based on a probability of occurrence. In this context, and in particular the current macroeconomic scenario, changes in the assumptions or methodologies used by the Bank in the analysis and in the quantification of impairment losses of loans and advances to customers and securities at amortised cost and of securities at fair	impairment measurement; (vii) assessing the evolution of exposures; and (viii) understanding the views of the Bank's responsible regarding the economic and financial situation of the customers, as to the predictability of expected cash flows from their businesses, as well as the expectation of recovery. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Bank, in order to assess the existence of possible significant divergences. For the portfolio whose impairment is determined through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables. We have performed namely the following: (i) review of the methodological documentation of the models; (ii) analysis of the documentation regarding the risk parameters and backtesting exercise, when available; (iii) review and testing the portfolio segmentation by rating; (iv) analysis of the Bank's default definition and the criteria applied in the classification of staging, on a sample basis; (v) review and testing the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects; (vi) critical analysis of the main assumptions and sources of information used in the risk parameters calculation; and (vii) recalculation of Expected Credit Loss ("ECL") as at 31 December 2023. Our audit procedures also included the review of the disclosures regarding loans and advances to customers and securities at amortised cost and securities at fair value through other comprehensive income, as well the corresponding impairment losses, presented on the Bank's accompanying notes to the financial statements, considering the applicable accounting standards.

Key Audit Matter	Summary of the Audit Approach
value through other comprehensive income portfolios, as well as different recovery strategies, may have an effect on the recovery flows estimation and on the timing of their receipt and may have a material impact on the impairment losses amount recognised in each moment.	
Recoverability of deferred tax assets *Measurement and disclosures related to deferred tax assets presented in notes 2.11, 3.2, and 33 attached to the financial statements of the Bank* As at 31 December 2023, the deferred tax assets amount to Euros 58.724 thousand, of which: (i) Euros 27.164 thousand related to the temporary differences; and (ii) Euros 31.560 thousand related to reportable tax losses carried forward of the activity of Haitong Bank. According to ISA 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the future recoverability of the deferred tax assets based on the projections of the Bank's business plan. This estimate required the application by management of a set of judgments, namely: (i) estimation of future taxable income, depending on the Bank's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic context; (ii) long-term growth rates; (iii) investments' rates of return; (iv) interest rates, etc., as well as management's interpretation of the tax legislation, including what concerns deferred tax assets in the scope of the Special Regime Applicable to Deferred Tax Assets and the tax deductibility of certain costs. Any deviations in the assumptions used by management in the estimation of future tax profits or possible changes in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognised in the Bank's financial statements as at 31 December 2023. As a result, for the purposes of our audit this was considered as a key matter.	The audit procedures developed included the identification and understanding of key controls established by the Bank in the process of estimating the recoverability of deferred tax assets, regarding: (i) the identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in the financial statements and (iii) the identification of the main assumptions considered by the management to estimate the future tax profits that allow the recovery of deferred tax assets recognised in the balance sheet. We also performed an understanding and analysis of the main assumptions considered relevant to estimate the future evolution of pre-tax profits, including the analysis of their consistency with the projections of the Bank's business plan and considering the current macroeconomic context, and a review of the interpretation of tax legislation with the involvement of experts in tax matters. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Bank's financial statements, considering the applicable and current accounting standards.

Responsibilities of management and audit committee for the financial statements

Management is responsible for:

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

b) the preparation of the management report and the corporate governance report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

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

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

The audit committee is responsible for overseeing the process of preparation and disclosure of the Bank's financial information.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

h) confirm to the audit committee 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 management report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Management report

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

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Haitong Bank, S.A. in the Shareholders' General Meeting of 18 May 2023 for the period from 2023 to 2025.

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

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's audit committee on the same date.

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

8 March 2024

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

Cláudia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

[This is a translation, not to be signed]