



HAITONG BANK, S.A.

Market Discipline

Annual Report: 2024

(Disclosure in accordance with Part VIII of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms)

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1 DECLARATION OF RESPONSIBILITY

The present “2024 Market Discipline Report” falls within the scope of the disclosure requirements set out under Pillar III of the Capital Requirements Directive and complements the information provided in Haitong Bank’s 2024 Annual Report, specifically regarding risk management and capital adequacy on a consolidated basis.

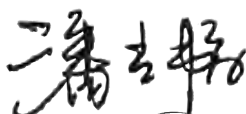
This report incorporates the public disclosure requirements established in Part III of Regulation (EU) No. 575/2013 (CRR) of the European Parliament and of the Council, dated 26 June 2013.

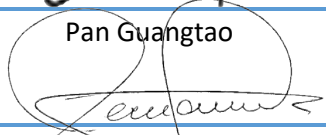
The information presented refers to the end of the 2024 financial year.


The Board of Directors of Haitong Bank hereby declares and certifies that:

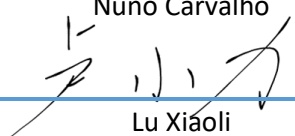
- All procedures deemed necessary were developed and carried out and to the extent of its knowledge, all information disclosed in this document is true and reliable;
- This report was reviewed by the external auditors of the Bank¹;
- It undertakes to disclose, in due time, any significant changes that occur in the course of the financial year following the year that this “Market Discipline” report refers to;
- Haitong Bank has in place a risk management and control system to monitor and manage risks, which is appropriate for the nature and size of the Bank.

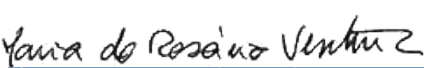
The Board of Directors

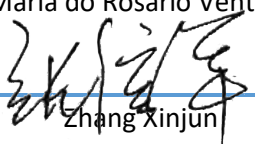

Pan Guangtao

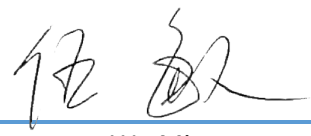

Alan do Amaral Fernandes

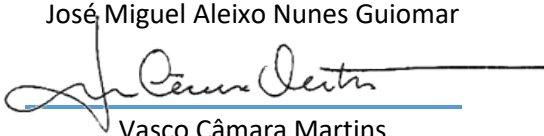

Nuno Carvalho

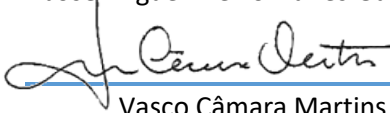

Lu Xiaoli



Maria do Rosário Ventura

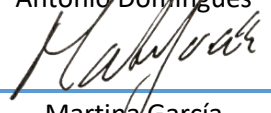

Zhang Xinjun



Wu Min


José Miguel Aleixo Nunes Guiomar


Vasco Câmara Martins


António Domingues


Martina García


Chen Xuemei

¹ Limited assurance review

2 IDENTIFICATION OF THE BANKING GROUP

Haitong Bank, S.A. (Bank or Haitong Bank) is an investment bank based in Portugal, Lisbon, at Rua Alexandre Herculano, n.º 38. To this end, it has the necessary authorizations from the Portuguese authorities, central banks and other regulatory agents to operate in Portugal and in the countries where it operates through international financial branches.

The institution was incorporated as an investment company in February 1983 through a foreign investment in Portugal under the name FINC - Sociedade Portuguesa Promotora de Investimentos, S.A.R.L.. In 1986, the company was integrated into the Espírito Santo Group under the name Espírito Santo - Sociedade de Investimentos, S.A..

In order to widen the scope of its activity, the Institution obtained from the competent official bodies for its transformation into an Investment Bank by Ministerial Order no. 366/92 of November 23rd, published in the Diário da República – II Série – no. 279, of December 3rd. Its business as an Investment Bank started on April 1, 1993, under the company name Banco ESSI, S.A..

In 2000, Banco Espírito Santo, S.A acquired the entire share capital of BES Investimento in order to reflect all existing synergies between the two institutions in its consolidated accounts.

On August 3, 2014, following the application of a resolution measure by Banco de Portugal to Banco Espírito Santo, S.A., the Bank was taken over by Novo Banco, S.A..

In September 2015, Haitong International Holdings Limited acquired the entire share capital of BES Investimento and the Bank's name was changed to Haitong Bank, S.A..

Haitong Bank currently operates through its head office in Lisbon and branches in London, Warsaw, Macao and Madrid, as well as through its subsidiary in Brazil. In September 2022, Haitong Bank, S.A. completed the process of opening a representative office in Paris.

In March 2023, Haitong Bank's London Branch received approval from the Financial Conduct Authority (FCA) for the Bank's application to the UK's Full Regulatory Regime.

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, with Haitong Securities Co., Ltd. as the ultimate parent company.

On September 5, 2024, a cooperation agreement was signed between Guotai Junan Securities Co., Ltd. and Haitong Securities Co., Ltd. regarding a proposed merger through absorption and participation via securities exchange.

The merger between Haitong Bank S.A.'s ultimate parent company, Haitong Securities Co. Ltd. (HTS), and Guotai Junan Securities Co. Ltd. (GTJA) is nearing completion. Most of the required regulatory approvals for the merger between GTJA and HTS have been obtained, including approvals in their key markets of Mainland China and Hong Kong. On 17 January 2025, the China Securities Regulatory Commission (CSRC) granted approval for the implementation of the proposed merger, followed by the approval of the Hong Kong Securities and Futures - 84 - 2024 Annual Report Commission. Additionally, the Hong Kong Stock Exchange and the Shanghai Stock Exchange have granted approval for the delisting of HTS shares and the issuance of GTJA shares.

As part of the merger, in which GTJA will absorb HTS and issue new shares of GTJA, HTS will be dissolved, and GTJA will incorporate HTS's assets and liabilities. The post-merger entity will assume HTS's position, gaining effective indirect control of Haitong Bank, S.A..

Applications have been submitted to the relevant regulators of the Haitong Bank Group, including the Bank of Portugal, Comissão do Mercado dos Valores Mobiliário (CMVM), Banco Central do Brasil, and the Cayman Islands Monetary Authority. To date, CMVM has approved the merger, with approval from the remaining regulators pending.

Despite still pending the regulatory approval for Haitong Bank, the new ultimate parent company of the Bank is Guotai Haitong Securities.

3 SCOPE AND BASIS OF CONSOLIDATION FOR ACCOUNTING AND PRUDENTIAL PURPOSES

The Group companies where the Bank holds, directly or indirectly, voting rights greater 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:

| Name of the entity | Incorporation Date | Acquisition Date | Headquarters | Activity | % Economic interest | Method of accounting consolidation |
|--|--------------------|------------------|-----------------|------------------------|---------------------|------------------------------------|
| Haitong Bank, S.A. | 1983 | - | Portugal | Investment Bank | 100% | Full consolidation |
| Haitong Global Asset Management SGOIC, S.A. | 1988 | 2005 | Portugal | Asset Management | 100% | Full consolidation |
| Haitong Banco de Investimento do Brasil S.A. | 1973 | 2000 | Brazil | Investment Bank | 80% | Full consolidation |
| FI Multimercado Treasury | 2005 | 2005 | Brazil | Investment Fund | 80% | Full consolidation |
| Haitong Negócios, SA | 1996 | 1999 | Brazil | Holding company | 80% | Full consolidation |
| Haitong do Brasil DTVM, SA | 2009 | 2009 | Brazil | Asset Management | 80% | Full consolidation |
| Haitong Securities do Brasil S.A. | 1973 | 2000 | Brazil | Brokerage house | 80% | Full consolidation |

Table 1 – Haitong Bank's scope of consolidation

Haitong Bank's prudential consolidation perimeter coincides with its financial statement consolidation perimeter.

In 2013, Haitong Bank started a simplification plan for its group. Several measures were taken within the scope of this process, including the disposal and merger of several holdings.

The table below provides a full reconciliation of the balance sheet figures between the financial accounting statements and the prudential treatment, allocated to the different risk frameworks.

| (in thousands of EUR) | 31 Dec. 2024 | Carrying values of items | | | | | |
|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|------------------------------------|
| | Carrying values as reported in published financial statements and under scope of regulatory consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital | Balance amounts used for Own funds |
| Assets | | | | | | | |
| Cash and deposits at central banks | 38 159 | 38 159 | - | - | - | - | - |
| Financial assets at fair value through profit or loss | 811 783 | 17 060 | 23 821 | - | 794 723 | - | - |
| Financial assets held-for-trading | 794 723 | - | 23 821 | - | 794 723 | - | - |
| Securities | 770 902 | - | - | - | 770 902 | - | - |
| Derivatives financial assets | 23 821 | - | 23 821 | - | 23 821 | - | - |
| Non-trading financial assets mandatorily at fair value through profit or loss | 17 060 | 17 060 | - | - | - | - | - |
| Securities | 17 037 | 17 037 | - | - | - | - | - |
| Loans and advances to customers | 23 | 23 | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | 357 444 | 357 444 | - | - | - | - | - |
| Financial assets measured at amortised cost | 1 848 526 | 1 848 526 | - | - | - | - | - |
| Securities | 617 566 | 617 566 | - | - | - | - | - |
| Loans and advances to banks | 512 202 | 512 202 | - | - | - | - | - |
| Loans and advances to customers | 718 758 | 718 758 | - | - | - | - | - |
| Hedging derivatives | - | - | - | - | - | - | - |
| Non-current assets held-for-sale | - | - | - | - | - | - | - |
| Other tangible assets | 11 662 | 11 662 | - | - | - | - | - |
| Intangible assets | 1 152 | - | - | - | - | 1 152 | - |
| Investments in associated companies | - | - | - | - | - | - | - |
| Tax assets | 120 647 | 23 501 | - | - | - | 97 147 | - |
| Current income tax assets | 21 447 | - | - | - | - | 21 447 | - |
| Deferred income tax assets | 99 200 | 23 501 | - | - | - | 75 700 | - |
| Other assets | 113 911 | 103 242 | - | - | - | 10 669 | - |
| Total Assets | 3 303 284 | 2 399 594 | 23 821 | 0 | 794 723 | 108 968 | 0 |
| Liabilities | | | | | | | |
| Financial liabilities held-for-trading | 23 948 | - | 23 131 | - | 23 948 | - | - |
| Securities | 817 | - | - | - | 817 | - | - |
| Derivatives financial liabilities | 23 131 | - | 23 131 | - | 23 131 | - | - |
| Financial liabilities Measured at amortised cost | 2 558 131 | 917 141 | - | - | - | 1 640 990 | - |
| Resources from credit institutions | 946 670 | 702 471 | - | - | - | 244 199 | - |
| Resources from customers | 1 293 048 | 214 670 | - | - | - | 1 078 378 | - |
| Debt securities issued | 318 413 | - | - | - | - | 318 413 | - |
| Provisions | 3 916 | - | - | - | - | 3 916 | - |
| Tax liabilities | 17 122 | - | - | - | - | 17 122 | - |
| Current income tax liabilities | 11 549 | - | - | - | - | 11 549 | - |
| Deferred income tax liabilities | 5 573 | - | - | - | - | 5 573 | - |
| Other liabilities | 61 930 | - | - | - | - | 61 930 | - |
| Total Liabilities | 2 665 047 | 917 141 | 23 131 | 0 | 23 948 | 1 723 958 | 0 |
| Equity | | | | | | | |
| Share capital | 871 278 | | | | | | 871 278 |
| Share premium | 8 796 | | | | | | 8 796 |
| Other equity instruments | 105 042 | | | | | | 105 042 |
| Fair-value reserves | (1 875) | | | | | | (1 875) |
| Other reserves and retained income | (367 631) | | | | | | (367 631) |
| Net profit/(loss) of the year attributable shareholders of the parent company | 5 078 | | | | | | 5 078 |
| Total equity attributable to the shareholders of the parent company | 620 688 | | | | | | |
| Non-controlling interests | 17 549 | | | | | | 7 035 |
| Total Equity | 638 237 | | | | | | |
| Total Equity and Liabilities | 3 303 284 | | | | | | |

Table 2 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (EU LI1)

| (in thousands of EUR) | 31 Dec. 2024 | Items subject to | | | |
|--|------------------|--------------------------------------|---|------------------------------|--------------------------------------|
| | Total | Subject to the credit risk framework | Subject to the securitisation framework | Subject to the CCR framework | Subject to the market risk framework |
| Assets | | | | | |
| Assets carrying value amount under the scope of prudential consolidation (as per template LI1) | 3 194 316 | 2 399 594 | - | 23 821 | 794 723 |
| Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1) | 941 089 | 917 141 | - | 23 131 | 23 948 |
| Total net amount under the scope of prudential consolidation | 2 253 227 | 1 482 453 | - | 690 | 770 775 |
| Off-balance-sheet amounts | 208 621 | 208 621 | - | - | - |
| <i>Differences in valuations</i> | (1 190) | - | - | - | - |
| <i>Differences due to different netting rules, other than those already included in row 2</i> | - | - | - | - | - |
| <i>Differences due to consideration of provisions</i> | (15 556) | (15 556) | - | - | - |
| <i>Differences due to the use of credit risk mitigation techniques (CRMs)</i> | (793 376) | - | - | - | - |
| <i>Differences due to credit conversion factors</i> | (139 642) | (139 642) | - | - | - |
| <i>Differences due to Securitisation with risk transfer</i> | - | - | - | - | - |
| <i>Other differences</i> | - | - | - | - | - |
| Exposure amounts considered for regulatory purposes | 3 437 518 | 2 666 053 | - | 690 | 770 775 |

Table 3 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements (EU LI2)

In addition to the aforementioned, the following should be highlighted:

- I. To the extent of the Bank's knowledge, there is no material practical or legal impediment to the prompt transfer of own funds or repayment of existing liabilities between the Bank and its Subsidiaries.
- II. There are no subsidiaries not included in the prudential scope of consolidation whose actual own funds are lower than the minimum required;
- III. There are no subsidiaries included in the Bank's scope of consolidation that are deducted from own funds for prudential purposes, in accordance with Regulation (EU) no. 575/2013.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Statement on Haitong Bank's risk profile and its connection to the business strategy

Haitong Bank is a Corporate & Investment Bank committed to support its clients on their domestic markets where it operates and on cross-border transactions.

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



Figure 1 – Haitong Bank's footprint

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

- ④ Historical franchises in Europe and Latin America;
- ④ A China angle, through the Macao Branch and Group connectivity; and
- ④ A cross-border focus, leveraging on the extensive footprint.

Over recent years, the Bank has followed a consistent strategy as a corporate and investment bank 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.

The Bank's mission is to provide first-class services to its clients, to further develop the Group's global franchise and create 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.

Haitong Bank conducts its activities guided by a corporate culture shaped by its core values of Transparency, Meritocracy, Perseverance, and Integrity. The cornerstone of the Bank's collective goal for success is to build trust with clients and other stakeholders, including Regulators. This is supported by a consistent rules-based organization, operating under a clear code of conduct, a comprehensive strategy, and solid governance.

The Bank is committed to sustainably supporting its clients' activities, ensuring equal treatment and guaranteeing that its clients' legal interests and confidentiality are protected, and that high quality and efficient services are provided at all times. To this end, the Bank strategically engages clients to understand their financial needs and offer bespoke solutions, aiming to ensure a seamless and professional experience.



Figure 2 – Haitong Bank's business model

Head Office

The Head Office was created within the scope of the new internal organizational structure implemented in March 2024, whereby Haitong Bank Group's business activities were split into several units, most of them corresponding to geographical units (Portugal, Spain, Poland, UK, Brazil, Macao, France, Fixed Income and HGAM).

With the new internal organizational structure, established for management purposes only, there was a separation between the headquarters' functions, in terms of business coordination, from the role of the Portugal Branch, which was established as a functional unit responsible for the business in Portugal.

The new structure also aimed to promote an entrepreneurial spirit and increased responsibilities at a regional level, more suitable to the Bank as part of a multinational group, thus improving accountability and increasing cost transparency.

The Head Office is one of the four units based in Portugal (in addition to the Portugal Branch, Fixed Income, and Haitong Global Asset Management) and mainly includes:

- ④ The centralised Treasury activity, which services the whole organization (with the exception of Haitong Brazil);
- ④ The Online Banking activity, particularly related to deposits sourced through the Bank's proprietary retail deposit platform; and
- ④ Control and Support Functions, whose operating costs are subject to cost allocation mechanism to the various units, according to internal transfer pricing rules.

Portugal

The Portugal Branch² unit was established in 2024 as a business unit of Haitong Bank. This unit incorporates all corporate and investment banking business in Portugal and carries a long-standing market franchise of over three decades. The Portugal unit offers a combination of expertise in four business areas: Corporate and Project Financing; Capital Markets; M&A Advisory, and Corporate Derivatives.

Leveraging on Portugal's strong client coverage, the collaboration between Senior Bankers and the execution teams enables the Bank to improve cross-selling amongst its diverse product offering, providing clients with a comprehensive suite of choices to meet their unique financial goals.

To enhance Haitong Bank's competitiveness in lending products, special emphasis has been placed on best-in-class financing solutions. By delivering innovative, tailored solutions grounded on flexibility and expertise, the Bank strives to meet the clients' highest expectations.

Spain

Spain is a business unit fully aligned with the Haitong Bank Group's strategy and consistently displaying positive financial results throughout the years.

This business unit is sustained by an experienced local team with best-in-class execution capabilities and strong ties with both the Spanish business community and global leading financial institutions.

The Spain unit offers complete investment banking services in Corporate and Project Financing, Mergers and Acquisitions (M&A) and Debt Capital Markets (DCM) to large and medium-sized companies and investors active in Spain and/or considering the Spanish market for investment opportunities.

The Spain unit has successfully seized the China-driven business, holding a leading position in the China cross-border M&A segment after completing numerous landmark transactions throughout the years.

This business unit also offers deposits to corporates, institutional investors, and retail clients (the latter through online platforms), being an important source of funding for the Bank as a whole.

Poland

In alignment with the Haitong Bank Group strategy, the Poland unit has been consistently delivering a positive performance for several years.

² Does not correspond formally to a legal entity, having been established for internal organizational purposes only

Haitong Bank in Poland provides its clients with a complete “one-stop shop” in investment banking services, operating as a fully licensed branch of the Bank and offering high-quality services, whilst fully complying with global standards and best-practices.

The unit’s business is supported by around 40 professionals based in Warsaw. As part of Haitong Bank’s global operations, the Warsaw-based Team leverages on extensive global experience, an established investor base, and significant international reach.

The investment banking activities of the Poland unit are a prime example of the cooperation among Haitong Bank’s various regions. The unit has continued to use its high competences in M&A to cross-border transactions between China and Central and Eastern Europe over the years.

The unit in Poland offers a complete range of investment banking services: Corporate and Project Financing, M&A Advisory, Debt Capital Markets (DCM), Fixed Income, and Corporate Derivatives for large and medium-sized enterprises and investors operating in Poland.

The unit also has a relevant Treasury activity, raising deposits denominated in PLN with local corporate and financial institutions, providing a relevant contribution to the Bank’s funding strategy.

United Kingdom

Haitong Bank’s UK unit harnesses its deep local expertise to prioritise two primary business areas: Corporate and Project Financing and Mergers and Acquisitions (M&A). The unit serves businesses not only within the UK but also on a cross-border scale, ensuring comprehensive support and guidance in navigating complex financial and transactional challenges. Through its targeted approach, the unit fosters robust partnerships and delivers exceptional value to its diverse clientele.

The Corporate and Project Financing Division supports clients across all sectors with a comprehensive range of financing solutions, including corporate, project, acquisition, and asset financing, as well as financial advisory and agency services. The division focuses on originating, structuring, arranging, funding, and advising on transactions. The client base ranges from large publicly listed corporations and institutions to private equity funds and family offices, to whom the Bank offers funding solutions backed by a broad spectrum of assets across multiple jurisdictions.

The M&A Division offers a full range of financial advisory services for both buy-side and sell-side opportunities, encompassing advice on acquisitions, mergers of companies, financial valuations, feasibility studies, and transaction structuring. Furthermore, the M&A Team plays a pivotal role in supporting global and Chinese corporate clients and financial sponsors as they seek opportunities to expand their UK and cross-border presence.

The UK unit focuses on delivering customized, flexible advisory and financing solutions tailored to its clients’ needs. With a strong local presence combined with a global perspective and deep expertise in financing markets, the UK unit is dedicated to providing value-added services, meeting clients’ unique requirements, and solidifying its reputation as a trusted financial partner.

Macao

The presence in Macao serves as a strategic gateway for Haitong Bank to access Chinese and broader Asian-Pacific markets, reinforcing its position as a Chinese owned corporate and investment bank headquartered in Portugal. This unit also enhances connectivity within Haitong Group, converting synergies and business opportunities into dynamic business growth.

The Macao unit currently employs a team of 21 professionals who have been instrumental to the unit's growth. Over the years, they have achieved significant milestones, including the establishment and consolidation of its core banking products: Debt Capital Markets and M&A.

The Macao unit's proven capabilities, coupled with its ability to capture business flows in key Asian markets, position it as a pivotal contributor to the achievement of the strategic goals of Haitong Bank of driving balance sheet growth through the origination of productive assets, diversifying revenue streams, and strengthening recurring income.

To achieve these goals, the Macao unit is set to increase its business scope and product offering, starting with deposits and financing products in the near future.

This vision fuels the Macao unit's ambition of becoming a leading financial institution in Macao.

Brazil

Haitong Banco de Investimento do Brasil, S.A. (Haitong Brazil) is directly controlled by Haitong Bank, S.A (80%), with Grupo Bradesco holding a 20% stake. The Bank is headquartered in the Brazilian financial hub of São Paulo and has been operating in Brazil since the year 2000.

Haitong Brazil's financial services activities include:

- ⊗ Mergers and Acquisitions(M&A);
- ⊗ Corporate and Project Financing;
- ⊗ Capital Markets;
- ⊗ Structured Operations;
- ⊗ Derivatives, SWAPS and FX;
- ⊗ Treasury; and
- ⊗ Risk Management.

Due to market constraints and fierce competition in the banking sector, the Bank in Brazil is currently realigning its strategy by focusing its efforts on credit-related activities as well as fixed income and treasury management.

France

The Paris Representative Office ("Paris Office" or "Office") was established in August 2022, thus becoming the most recent addition to Haitong Bank's global network. Situated in the heart of Europe, the Office plays a critical role in connecting Haitong Bank with its stakeholders in France, China, and the broader European region.

As a representative entity, the Paris Office's mission is very broad. It acts as a key liaison with Chinese, European, and other international financial institutions, fostering relationships that enhance Haitong Bank's

influence in global markets. It also serves as a vital point of contact for existing and prospective clients, providing support, identifying opportunities, and driving business growth.

The Paris Office maintains strong connections with Chinese institutions in France, strengthening the Bank's role within the Chinese community and promoting mutual interests. In addition, it hosts delegations from China and Europe, facilitating bilateral exchanges and collaboration.

A cornerstone of the Paris Office's operations is its active participation in industry, financial and banking events, promoting Haitong Bank's expertise and expanding its network. The Paris Office also supports the Bank's Lisbon headquarters by conducting industry and company research, contributing to strategic decision-making and market insights.

Through its diverse responsibilities, mainly in the M&A area, the Paris Representative Office is instrumental in cementing Haitong Bank's presence in Europe, driving cross-border cooperation, and achieving long-term growth objectives.

Fixed Income

Haitong Bank's Fixed Income unit is responsible for managing the banking book and trading portfolios, acting as a "product factory" and a distribution platform for fixed income products. This unit provides strong local and global market expertise, operating as an international platform that captures deal flows between clients across different regions. These diverse areas of activity enable the Fixed Income Team to obtain substantial market information and ensure robust distribution capabilities for debt products to institutional clients globally. Fixed Income unit covers the following activities:

- ⌘ Banking Book management;
- ⌘ Trading/Flow;
- ⌘ Fixed Income Institutional Sales and Distribution; and
- ⌘ Syndication.

Additionally, the Fixed Income unit is focused on increasing its exposure to China and Asia, placing a stronger emphasis on Chinese products within its portfolios and offerings to clients. This strategy positions Haitong Bank as a key player in Chinese overseas bond issues. Establishing a strong connection with China, alongside dynamic teams across the Bank's offices, will enable the Bank to create synergies and position itself as a cross-border execution hub for business opportunities across regions.

Haitong Global Asset Management

Haitong Global Asset Management, SGOIC, S.A. (HGAM) is a fully owned subsidiary of Haitong Bank, S.A.. The company underwent a transformative expansion, which started in 2022 by integrating Haitong Bank's Asset Management Division into the existing private equity company. This strategic integration was a major milestone, significantly enhancing the scope and diversity of the company's product offering. The expansion also enabled the introduction of innovative investment strategies and the launch of new funds, solidifying the company's position in the asset management and private equity sector.

HGAM holds Assets under Management (AuMs) totalling EUR 130 million in two private equity funds and several different mandates and asset portfolios. The company's strategy is centred on delivering sustainable

growth and long-term value through a combination of innovation, risk management, and client-centric solutions. Key pillars of this strategy include:

- ⊗ Client-Focused Solutions: creating tailored investment strategies to meet each client’s goals with transparency and accountability;
- ⊗ Innovative Products: using advanced tools and market insights to develop forward-thinking investments that deliver reliable results;
- ⊗ Global Growth: expanding into key markets, building partnerships, and strengthening international capabilities to better serve our clients; and
- ⊗ Operational Strength: ensuring secure and efficient investments through strong governance, risk management, and compliance.

By leveraging on the Group's robust expertise in Asian markets and established track record in Europe, Haitong Global Asset Management combines global insights with specialized local knowledge. The company oversees a diverse portfolio of mandates and assets, focusing on delivering maximum absolute returns while adhering to each client's risk profile and the specific guidelines of each mandate.

HGAM is guided by the principles of Specialisation, Agility, and Transparency, which underpin its commitment to excellence. The management team boasts an average of 25 years of investment experience, offering a competitive edge in growing AuMs. This depth of expertise positions Haitong Global Asset Management as a trusted partner for clients seeking tailored and innovative investment solutions.

Haitong Bank risk management architecture

The figure below illustrates how Haitong Bank structures its Risk Management practice highlighting the critical interconnection between business strategy and risk policy.

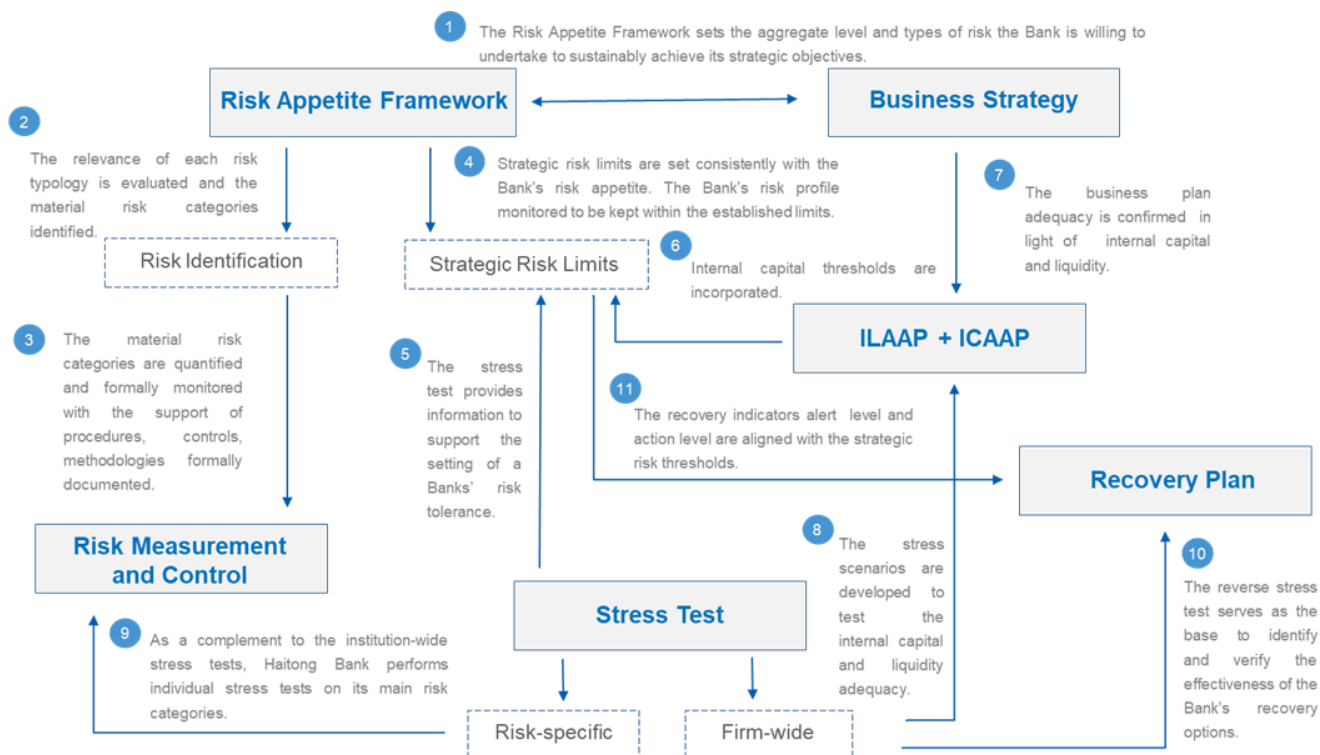


Figure 3 – Haitong Bank Risk Architecture

Within the scope of the Risk Appetite Framework, the Board of Directors approved the following Risk Vision Statement for Haitong Bank:

Haitong Bank is a Corporate & Investment Bank committed to support its clients on their domestic markets and on cross-border transactions.

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 a solid China access. The Bank leverages on its competitive differentiator based on 30 years' experience in Europe and Latin America with a unique Chinese heritage.

Haitong Bank acknowledges that the risk control function is a key element for the accomplishment of its strategic objectives. The Bank's risk vision 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 long-term funding profile.*
- **Earnings:** *The Group has a goal of generating recurrent earnings to guarantee its sustainability and a reasonable level of profitability for shareholders.*

When defining the material risks and the limits the Bank is willing to accept, the Board of Directors is deliberately introducing boundaries on the definition and execution of the Bank's strategy, ensuring business activities are pursued within acceptable risk levels.

Thus, the Risk Vision Statement is reflected in the wide set of limits, defined by the Board of Directors for all material risks, including Pillar I and Pillar II risks, based on traffic light approach (up to three limit levels, depending on the type of indicator being monitored). These limits are set on a consolidated basis, with the Brazilian subsidiary having its own specific limits. Breaches at any level should be immediately reported to the Executive Committee, who should inform the Board of Directors and the Audit Committee. The Executive Committee should notify the Bank of Portugal in due time if appropriate.

Stress Tests

Haitong Bank stress test programme establishes two types of stress test exercises: institution-wide stress tests and; risk specific stress tests.

Institution-wide stress tests aim to deliver a complete and holistic view of the Bank's risks and are conducted at group level and across portfolios, testing impacts on capital and liquidity ratios on a yearly basis.

Risk specific stress tests are performed on a more regular basis and test impacts of stress events on the Bank's main risks.

Stress tests are designed and coordinated by the Risk Management Department and are discussed in the Executive Committee, Assets and Liabilities Committee, Risk Committee and Board of Directors meetings.

Transactions with related entities

Haitong Bank has transactions with related parties, both with related parties that are part of Haitong Securities Group and with related entities where members of the management bodies have significant influence. The tables below summarize these transactions in 2024:

| (in thousands of EUR) | Assets | Liabilities | Income | Expenses |
|---|---------------|--------------|--------------|-----------|
| Haitong International Securities Co. Ltd. | - | - | - | 18 |
| Haitong International Finance Holding, Ltd. | - | - | 201 | |
| Haitong Investment Ireland PLC | 36 645 | 7 257 | 2 858 | 30 |
| Haitong Private Equity Fund | - | 421 | 194 | 13 |
| Haitong UT Brilliant Ltd. | - | - | 1 | - |
| Total | 36 645 | 7 678 | 3 254 | 61 |

Table 4 – Related parties transactions – Haitong Securities Group

| (in thousands of EUR) | Assets | Liabilities | Income | Expenses |
|--|---------------|--------------|--------------|-----------|
| Board of Directors and Supervisory Board members | - | 2 054 | - | 7 |
| Câmara de Comércio e Indústria Luso-Chinesa | - | - | - | 6 |
| Haitong Bank Pension Fund | 53 447 | - | 1 608 | - |
| Total | 53 447 | 2 054 | 1 608 | 13 |

Table 5 – Related parties transactions – Non-Haitong Securities Group

4.2 Capital and liquidity key ratios and figures

Haitong Bank's key metrics, as required by article 447, are presented below:

| (in thousands of EUR) | | 31.12.2024 | 30.09.2024 | 30.06.2024 | 31.03.2024 | 31.12.2023 |
|--|--|------------|------------|------------|------------|------------|
| Available own funds (amounts) | | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 432 207 | - | 423 763 | - | 429 297 |
| 2 | Tier 1 capital | 538 383 | - | 529 980 | - | 535 846 |
| 3 | Total capital | 539 895 | - | 531 546 | - | 537 857 |
| Risk-weighted exposure amounts | | | | | | |
| 4 | Total risk-weighted exposure amount | 2 235 103 | - | 2 195 706 | - | 2 257 970 |
| Capital ratios (as a percentage of risk-weighted exposure amount) | | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 19,3% | - | 19,3% | - | 19,0% |
| 6 | Tier 1 ratio (%) | 24,1% | - | 24,1% | - | 23,7% |
| 7 | Total capital ratio (%) | 24,2% | - | 24,2% | - | 23,8% |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount) | | | | | | |
| EU 7a | Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 4,0% | - | 4,0% | - | 4,0% |
| EU 7b | of which: to be made up of CET1 capital (percentage points) | 2,3% | - | 2,3% | - | 2,3% |
| EU 7c | of which: to be made up of Tier 1 capital (percentage points) | 3,0% | - | 3,0% | - | 3,0% |
| EU 7d | Total SREP own funds requirements (%) | 12,0% | - | 12,0% | - | 12,0% |
| Combined buffer requirement (as a percentage of risk-weighted exposure amount) | | | | | | |
| 8 | Capital conservation buffer (%) | 2,5% | - | 2,5% | - | 2,5% |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | 0,0% | - | 0,0% | - | 0,0% |
| 9 | Institution specific countercyclical capital buffer (%) | 0,2% | - | 0,1% | - | 0,2% |
| EU 9a | Systemic risk buffer (%) | 0,0% | - | 0,0% | - | 0,0% |
| 10 | Global Systemically Important Institution buffer (%) | 0,0% | - | 0,0% | - | 0,0% |
| EU 10a | Other Systemically Important Institution buffer | 0,0% | - | 0,0% | - | 0,0% |
| 11 | Combined buffer requirement (%) | 2,7% | - | 2,6% | - | 2,7% |
| EU 11a | Overall capital requirements (%) | 14,7% | - | 14,6% | - | 14,7% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 12,2% | - | 12,2% | - | 11,8% |
| Leverage ratio | | | | | | |
| 13 | Total exposure measure | 4 384 406 | - | 4 824 118 | - | 4 382 518 |
| 14 | Leverage ratio (%) | 12,3% | - | 11,0% | - | 12,2% |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | | | | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage (%) | 0,0% | - | 0,0% | - | 0,0% |
| EU 14b | of which: to be made up of CET1 capital (percentage points) | 0,0% | - | 0,0% | - | 0,0% |
| EU 14c | Total SREP leverage ratio requirements (%) | 3,0% | - | 3,0% | - | 3,0% |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | | | | | |
| EU 14d | Leverage ratio buffer requirement (%) | 0,0% | - | 0,0% | - | 0,0% |
| EU 14e | Overall leverage ratio requirements (%) | 3,0% | - | 3,0% | - | 3,0% |
| Liquidity Coverage Ratio | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value - average) | 842 449 | 852 841 | 757 246 | 662 869 | 584 206 |
| EU 16a | Cash outflows - Total weighted value | 376 628 | 358 258 | 340 839 | 332 007 | 317 746 |
| EU 16b | Cash inflows - Total weighted value | 60 388 | 62 881 | 78 462 | 73 795 | 67 783 |
| 16 | Total net cash outflows (adjusted value) | 316 239 | 295 377 | 262 376 | 258 212 | 249 963 |
| 17 | Liquidity coverage ratio (%) | 274% | 293% | 292% | 260% | 238% |
| Net Stable Funding Ratio | | | | | | |
| 18 | Total available stable funding | 1 851 394 | 1 788 488 | 2 063 414 | 2 047 735 | 2 090 760 |
| 19 | Total required stable funding | 1 379 977 | 1 365 533 | 1 380 860 | 1 452 960 | 13 770 |
| 20 | NSFR ratio (%) | 134% | 131% | 149% | 141% | 151% |

Table 6 – Haitong Bank's key metrics (EU KM1)

As of December 2024, both capital and liquidity ratios stood well above both the regulatory limits for each indicator and the internal limits approved by the Board of Directors within the scope of the Risk Appetite Framework, reflecting the solid capital and liquidity positions of Haitong Bank.

4.3 Strategies, policies and procedures to manage risks

Within the scope of its Risk Appetite Framework, Haitong Bank has identified and regularly reviews the set of material risks inherent to its activity, for which it establishes specific management strategies, controls, metrics and limits.

Credit Risk

Credit risk is the potential financial loss arising from the failure of an obligor or counterparty to honor 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.

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, Macao, 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.

The monitoring of the credit portfolio is reported on a regular basis to the Board of Directors, the Executive Committee and the Risk Committee of the Bank.

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 the credit recovery.

ESG Risk

The Bank assesses climate and environmental impacts when conducting its credit activity. Accordingly, the Bank has implemented an ESG Risk scoring model to identify clients bearing high ESG risk. Whenever a client is identified as potentially high ESG risk, further ESG due diligence is required and carried out, in order to verify the existence of measures to mitigate such risk, so as to attain the final ESG risk classification, which is embedded in the rating report. Thus, the ESG risk assessment is part of the documentation that supports the credit decision. Additionally, the overall exposure "High ESG" clients is regularly monitored and reported to the management bodies of the 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

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.

Banking Book

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.

Interest Rate Risk in the Banking Book

The Interest Rate Risk in the Banking Book (IRRBB) refers to the current or prospective risk arising from adverse movements in interest rates that affect the Bank's non-trading book positions.

Haitong Bank aims to capture all material sources of IRRBB and assess the effect of market changes on the scope of its activities and manage IRRBB by measuring (i) the sensitivity of the economic value of its banking book, (ii) the sensitivity of net interest margin expected in a given time horizon and (iii) the sensitivity of market value of instruments held at fair value which mature beyond the net interest income time horizon.

Changes in interest rates can affect the underlying economic value (EVE) of the Bank's assets, liabilities and off-balance sheet instruments, the Haitong's earnings by altering interest rate income and expense which affect the Bank's net interest income (NII) and the market value (MV) of instruments held at fair value which maturing beyond the net interest income time horizon.

Credit Spread Risk

The credit spread, which reflects the ability of an issuer to meet its obligations up to their 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.

Other Risks

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 assets are not sufficient to meet the fund's responsibilities (liabilities). In this scenario Haitong Bank is required to make an extraordinary contribution to the pension fund. The Pension Fund Risk mainly materialize in defined benefit plan, where the Bank ensures an adequate financing of the employee retirement plan, regardless the fund performance.

The pension fund risk management is performed by two independent entities and operates through the following activities:

- ⊕ Liabilities immunization by hedging of liabilities with fixed-income securities and stocks;
- ⊕ Regular reports are submitted to the regulatory authorities;
- ⊕ An independent entity provides an actuarial evaluation report and an integrated Value-at-Risk report (taking into account expected assets and liabilities evolution) and a sensitivity analysis;
- ⊕ Identification and measurement of risks affecting financial assets, including an analysis of the total investment portfolio and ALM, which aims to appraise the adequacy of the value of assets and liabilities each year;
- ⊕ Limitation of new entries to the pension fund: where the pension fund only includes employees hired before March 31, 2008; and
- ⊕ Definition of the investment policy.

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 risk is included in this definition.

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.

The operational risk management model is supported by an exclusively dedicated structure within the organisation that 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 and 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.

ICT and Security Risk

Haitong Bank defines ICT and Security Risk as the risk of loss due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information and communication technology (ICT). This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.

The Bank's ICT and Security Risk Framework consists of five risk subcategories aligned with the EBA Guidelines. These subcategories are: ICT Availability and Business Continuity Risk, ICT Change Risk, ICT Data Integrity Risk, ICT Outsourcing and Third-Party Risk, and ICT Security Risk.

The ICT and Security Risk Framework is supported by comprehensive policies and methodologies for risk assessment, monitoring, and reporting, and it is incorporated into the Bank's Risk Appetite Framework.

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.

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.

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 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

- ④ Continuously develop an appropriate internal framework for the identification, measurement, limitation, monitoring and mitigation of liquidity risk.

Reputational Risk

Haitong Bank defined Reputational Risk as the probability of negative impacts on earnings or capital arising from a negative perception of the public image of the Bank, founded or not, by customers, suppliers, financial analysts, employees, investors, media outlets or by public opinion in general.

The governance set to address this risk relies on two main pillars, Business Continuity and the approval of new business, IT systems, products or services committees. The Business Continuity and Event Management Plan includes the planning of an effective response to reputational events that may affect the Bank's capability to continue to operate under normal circumstances.

The approval of new business, IT systems, products or services committees, which requires a review of those items by several departments in Haitong Bank (including Compliance and Risk), is also considered necessary for managing this risk as it sets down the obligation of assessing potential impacts on the client and consequent damage to Haitong's brand.

Business Strategic Risk

Business Strategic Risk is the probability of negative impacts on earnings or capital resulting from inadequate strategic decisions, inadequate implementation of decisions or the unresponsiveness to environment changes or changes in the Bank's business environment.

The Board of Directors and the Executive Committee are the bodies responsible for monitoring this risk, being supported by two main tools: the Business Plan and the Risk Appetite Monitoring.

The governance set to manage this risk consists of the following steps: define and formalize the bank's annual budget and business plan, monitor the business plan's execution and alignment with risk strategy and finally the decision making by the Board of Directors and Executive Committee if deviations are detected.

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.

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:

- ④ Promote 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 executes periodically an internal risk-based capital self-assessment (ICAAP) that consists of a forward-looking measurement of all material risks incurred by Haitong Bank (including the ones not covered by Pillar 1 regulatory capital).

Additionally, Haitong Bank, as part of its capital management policy, 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.

Compliance Risk

Compliance risk is defined as the probability of the results or equity of the Bank being adversely impacted as a result of any breach or non-conformity with laws, regulations, specific determinations, agreements, rules of conduct and relationship with clients, regular practice or ethical principles that leads to legal sanctions, restriction to business opportunities, reduction in the potential for expansion or the impossibility of demanding performance of contractual obligations.

The Compliance function is responsible for monitoring all processes and controls implemented by all business units with a view to managing compliance risk.

Haitong Bank Group's compliance function is led by the Head of the Compliance Function and ensured by the compliance departments of each geography in which the Group has a presence.

The Head of the Compliance Function has a direct reporting line to the executive board member in charge of compliance in Haitong Bank, to whom he/she ensures the monitoring and operational reporting of the compliance function's activity.

AML Risk

Haitong Bank's AML-FT risk model is structured over a mix of policies/procedures, IT systems and recurrent trainings, designed to comply with its lawful obligations given the specificities of the Bank's business activities over its relevant dimensions (i.e. clients and counterparties' types of activities, channels used to engage clients, products/transactions, geographies, others specifically identified).

The assessment of AML risk is performed independently by the Compliance function.

Governance Risk

Internal governance risk is defined as the risks that may arise from inadequate establishment of conduct, culture, organizational structure of the Bank, or internal control systems.

Haitong Bank has a robust, efficient and effective internal governance model as well as a clear organisational structure, with clear defined lines of reporting, accountability and responsibility. The Board

of Directors delegates day-to-day management in the Executive Committee and is supported by internal committees advising on specific matters. The decision-making in relation to the business activities is delegated on committees composed by members of senior management.

4.4 Structure and organization of the Risk Management Function

The Board of Directors is the ultimate responsible for Haitong Bank's Risk Management Framework. The Board of Director's is 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.

Haitong Bank Risk Management Framework follows a three lines of defense approach:

- ⊕ the first line of defense is composed of the areas where risks are generated, both financial and non-financial risks, and are the primary responsible for the management, control and mitigation of risk;
- ⊕ the second line of defense includes the areas that are responsible for the establishment and monitoring of the risk management framework for each risk type;
- ⊕ Internal Audit Department acts as the third line of defense, being responsible for providing independent assurance that the design effectiveness and efficiency of the Risk Management Framework are adequate.

In Haitong Bank, Compliance Department is responsible for the establishment and monitoring of the risk management framework for AML risk, Compliance risk and Governance risk, while the Risk Management Department is responsible for the establishment and monitoring of the risk management framework for the other material risks.

Compliance Department participates in the regular review of the Risk Appetite Framework, both by designing the Risk Appetite Framework for AML and Compliance risks and by reviewing the entire framework. Both Compliance and Internal Audit departments are informed of the risk appetite monitoring on a regular basis by the Head of the Risk Management Department, namely by sharing the Risk Appetite Monitoring monthly report.

Haitong Bank promotes a strong risk culture across the institution, where all employees are required to expressly adopt the Bank's Code of Conduct, which includes a wide set of rules to guide employee conduct. The Bank has a comprehensive compliance and risk training program addressed to all employees, covering a wide set of compliance and risk themes.

Risk Management Department, Compliance Department and Internal Audit Department act with autonomy and independence with appropriate human and technical resources.

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

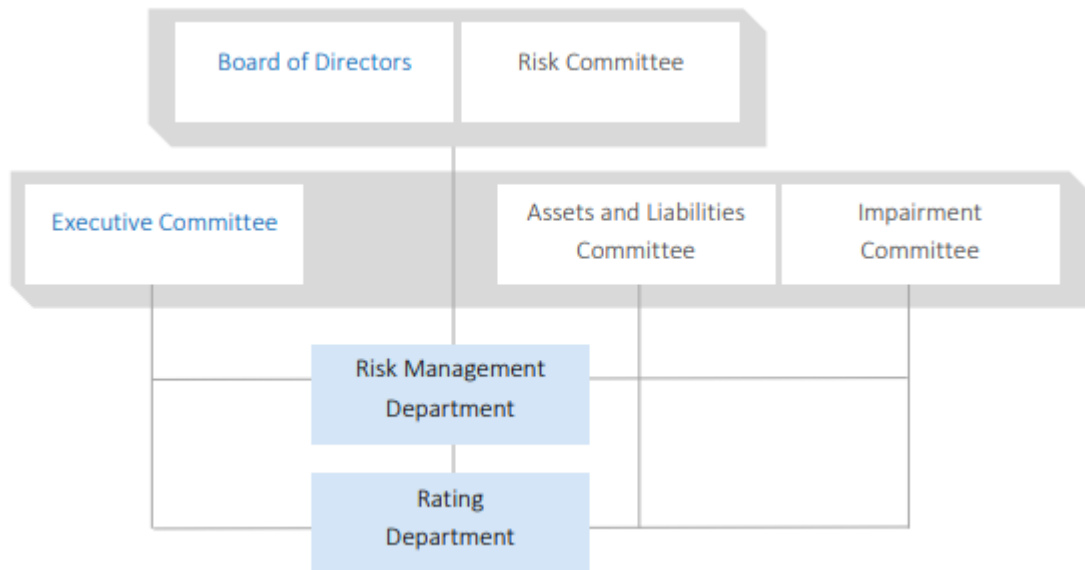


Figure 4 – Risk Management Governance

Despite the roles of the different committees established to directly monitor and manage risks, both the Board of Directors and the Executive Committee closely monitor risks across the Bank, through monthly reporting covering all risk appetite limits and metrics.

Risk Committee

The Risk Committee of the Bank is appointed by the Board of Directors and is composed of three members of the Board of Directors (the majority of which independent directors) who do not perform executive functions. The Risk Committee shall carry out its responsibilities with full independence and authority.

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.

The Risk Committee is responsible for:

- ⊕ Advising the Board of Directors on the risk appetite and risk strategy of the Bank, both current and future, taking into account all risk categories, 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 Bank's risk profile, risk policies and strategies;
- ⊕ Assessing the consistency between the business model, strategy, recovery plan, remuneration policies and the 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;

- ④ Issuing recommendations on adjustments to the risk strategy resulting from changes in the business model, market developments or business context where the Bank operates;
- ④ Analyzing and evaluating the methodology and its results to support the process of identification, evaluation and measurement of risks;
- ④ 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;
- ④ Analyzing whether the conditions of the products offered and services provided to clients take into consideration the transaction model and risk strategy of the Bank, and, if necessary, submitting a correction plan to the Board of Directors whenever, as a result of such analysis, it is established that those conditions do not appropriately reflect the risks;
- ④ Establishing if the incentives outlined in the remuneration policy of the Bank take into consideration risk, capital, liquidity and the expectations regarding results, including revenue dates;
- ④ Establishing the framework for reporting on risk to the Board of Directors;
- ④ Ensuring the existence of effective procedures for monitoring risk, and monitoring internal control deficiencies related to the risk management framework;
- ④ 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;
- ④ Reviewing and periodically monitoring the scope and nature of the activities carried out by the Haitong Bank Group, related to risk management;
- ④ Ensuring that the risk management function has adequate resources for the performance of its duties.

In 2024, the Risk Committee held nine meetings. The Risk Committee has its ordinary meetings every two months and meets on an extraordinary basis when necessary to ensure the good performance of its duties upon a reasoned request submitted by any of the corporate bodies of the Bank or of any of the members of the Risk Committee.

Assets and Liabilities Committee

The purpose of the Assets and Liabilities Committee is to oversee the management of the Bank's assets and liabilities with the goal of meeting the balance sheet planning and ensuring compliance with the risk parameters established by the Risk Appetite Framework. The ALCO has no decision powers, with the exception of matters related to interest rate risk and/or FX position hedging.

The Assets and Liabilities Committee has the following responsibilities:

- ④ Reviewing the Bank's budgeting and business planning exercise;

- ⌘ Monitoring the balance sheet growth (Assets and Liabilities) *vis-à-vis* the budget and reviewing the adequacy of the funding profile;
- ⌘ Monitoring the liquidity profile, to evaluate the 12 months' liquidity gap and assess the adequacy of the liquidity contingency plan to face stress scenarios;
- ⌘ Discussing the interest rate trend based on the economy outlook and market data and the impact of changes in interest rates on the Bank's economic value ("EVE") and on net interest income ("NII");
- ⌘ Approving FX position hedging proposals and matters related with interest rate risk;
- ⌘ Monitoring the global FX consolidated exposure;
- ⌘ Overseeing the banking book bonds investments and trading activity;
- ⌘ Reviewing retail and corporate deposits pricing;
- ⌘ Reviewing the funds' internal transfer pricing;
- ⌘ Monitoring the Bank's capital adequacy and its compliance with the internal approved limits; and
- ⌘ Meeting the requirements of the financial regulators, by analysing the regulatory reports including the FCP, ICAAP, ILAAP, and Recovery Plan.

The Assets and Liabilities Committee is chaired by the Executive Board Member responsible for Treasury. Other members include the Chief Executive Officer (CEO), the Executive Board Member responsible for Risk Management, the Executive Board Member responsible for Brazil, and the Heads of the Treasury Department, the Risk Management Department, the Finance Department, and the CEO Office.

During 2024, the Assets and Liabilities Committee held three meetings.

Impairment Committee

The Impairment Committee was established by the Executive Committee with the authorization of the Board of Directors and is responsible for analyzing the individual impairment of financial instruments and other assets subject to individual impairment, accounted at the amortized cost and, or, at the fair value through other comprehensive income and with impairment triggers (i.e., under-performing and non-performing exposures). In addition, the Impairment Committee shall analyze the adequacy of the impairment of the most significant exposures of the Bank.

The Committee is also responsible for analyzing cash-flows 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.

The Committee has consultative powers and issues, in relation to the above-mentioned analysis, recommendations which are submitted for consideration and approval by the Executive Committee. The duties of the Impairment Committee cover all entities of 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 2024, the Impairment Committee held 11 (eleven) meetings.

Risk Management Department

The Risk Management Department is the independent structure responsible for the implementation and monitoring of the Risk Appetite Framework, ensuring the development and implementation of a Risk Management Framework based on robust processes of identification, evaluation, monitoring and control of risks inherent to the Bank's activity, consistently incorporating risk, capital and liquidity concepts into the Bank's strategy and business decisions.

Risk Management Department key responsibilities are:

- ⊗ Participate on the Bank's risk strategy definition, and ensure the implementation and monitoring of a comprehensive and solid Risk Appetite Framework;
- ⊗ Ensure the development and implementation of a Risk Management Framework based on robust processes of identification, evaluation, monitoring and control of risks, as well as to coordinate the development of policies and procedures to support these processes;
- ⊗ Ensure the development and submit for approval of the Board of Directors, after prior opinion of the Audit Committee, of policies to support the system of the risk management and its effective application;
- ⊗ Identify the risks inherent to the developed activity, on an individual, aggregate, current and prospective basis, and evaluate and measure said risks, using appropriate methodologies;
- ⊗ To permanently monitor risk-taking activities and the inherent risk exposures, assessing their fit in terms of the approved risk appetite and the defined risk limits, and ensuring the planning of the corresponding capital and liquidity needs under normal and adverse circumstances;
- ⊗ Develop, implement and monitor the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP"), as well as coordinate the preparation of the respective documents;
- ⊗ To keep members of the management bodies up to date with regard to the amounts, typology and distribution of internal capital and regulatory capital, in order to adequately face the risks to which the Bank is exposed to;
- ⊗ Participate in the process of approving new products and services, by carrying out an evaluation of the risks associated with them and an analysis of the institution's ability to manage those risks;
- ⊗ Ensure that transactions with related parties are reviewed and that the actual or potential risks raised by them to the institution are identified and adequately assessed;
- ⊗ Advise management bodies before decision taking involving material risks, particularly when it involves acquisitions, divestitures, mergers or the launch of new activities or products, in view to ensure a timely and appropriate impact assessment of it in the overall risk profile of the Bank;
- ⊗ To monitor market developments, legal and regulatory changes related to the Risk Control Function, the strategic planning process and the respective decisions of the Haitong Group, in order to ensure the continuous update of the function;
- ⊗ Develop and implement alert mechanisms for situations of non-compliance with the risk appetite or the established risk limits;

- ⊕ Make recommendations based on the results of the evaluations carried out and develop a continuous monitoring of the situations identified, with appropriate frequency to the associated risks;
- ⊕ Prepare and keep up to date a Risk Management Plan to ensure that all material risks of the Institution and Haitong Group are identified, assessed, monitored and appropriately reported;
- ⊕ Provide independent information, analysis and expert assessments about risk exposures, as well as issuing an opinion on the compatibility of risk proposals and decisions with the institution's risk tolerance / appetite;
- ⊕ Participate with inputs in the process of deliberation of the remuneration policy, supporting the management bodies in its dissemination and ensuring the alignment with the Bank's risk appetite framework;
- ⊕ To assist the governing and supervisory bodies in the promotion of a risk culture, in a transversal way;
- ⊕ Prepare and submit to the management and supervisory bodies, on a regular basis, reports on risk management issues, including an assessment of the overall risk profile and material risks of the Haitong Group, a summary of key weaknesses detected in control actions, including those that are non-material when considered in isolation but which may indicate tendencies of deterioration of the internal control system, as well as the identification of recommendations that have been (or are not) followed;
- ⊕ Prepare on an annual basis a report regarding:
 - (i) The independence of the Risk Control Function, mentioning, if applicable, the existence of any situation or constraint that compromise or may compromise it; and
 - (ii) A description of all weaknesses, detected internally or externally, that remain open, the degree of implementation of the corrective measures and indication of the deadline for its definitive resolution
- ⊕ Report to the managing and supervisory bodies any infraction or breach (including its causes, and a legal and economic analysis of the actual cost of eliminating, reducing or offsetting the risk exposure *vis-à-vis* to the cost of keeping said risk exposure), informing, whenever appropriate, the concerned areas and proposing possible solutions;
- ⊕ Ensure the groundwork and submission of the prudential reports related to the Risk Management Framework of Haitong Group.

The Department holds its main structure in the Head Office and has local teams in the Polish branch and in the Brazilian subsidiary.

The local team in Poland is an extension of the head office team reporting both to local management structures and to the Risk Management Department in Lisbon.

In Brazil, the local risk team has functions similar to the ones performed in Lisbon, reporting to the local executive board member in charge of risk and to the Group's executive board member in charge of risk management.

The Risk Management Department has the following structure:



Figure 5 – Risk Management Department Structure

Rating Department

Together with the Risk Management Department, the Rating Department is part of the Risk Control Function of Haitong Bank. Acting with independence from the business units, the Rating Department plays a key role in supporting the Bank's decision-making process through the assignment of internal ratings and non-binding technical recommendations and assisting the Impairment Committee on the impairment assessment on an individual basis.

Rating department key responsibilities include:

- Assigning internal ratings and ensuring the methodological alignment of internal ratings methodology with S&P's Global Ratings criteria;
- Participating and assisting the Impairment Committee on assessing the credit impairments on individual analysis.

Both the Risk Management Department and Rating Department report directly to the executive board member in charge of risk control.

Compliance Department

The Compliance Department ensures mechanisms for the communication across the Bank and the Group and the knowledge of all employees of the Bank and the Group.

Compliance department's key responsibilities include:

- ⊕ Identifying and assessing on an ongoing basis the compliance risks associated with the Bank's and the Group's business;
- ⊕ Providing compliance risk training programs, in which all employees of the Bank and the Group must be involved, as well as to welcome and integrate any new employees;
- ⊕ Monitoring the effectiveness of the procedures adopted in order to detect any risk of non-compliance.

The Compliance Department reports directly to the executive board member in charge of compliance.

4.5 Risk reporting and measurement systems

Haitong Bank has in place an integrated set of processes that enable the identification, measurement, aggregation and appropriate reporting of the different risks to which the Bank is exposed to. These processes allow the extraction, transformation and population of the Bank's data warehouse with information from the different systems to support the production of both internal and external reports, as well as prudential reports.

Risk Management Department produces reports to monitor and control the risk taking activities, assessing their compliance with the Bank's risk appetite and established risk limits, and distributes them to the risk taking units and the management bodies to support their decision-making process.

Credit Risk

- ⊕ Daily collection, preparation, control and reporting to the different business areas of breached limits *vis-à-vis* the approved limits;
- ⊕ Impairment monthly calculation of the financial instruments subject to collective analysis.
- ⊕ Monthly report of the Risk Appetite Monitoring, with an overview of the Bank's asset quality and concentration risk;
- ⊕ Preparation of support material for external and internal reporting on credit.

Market Risk

- ⊕ Daily collection, preparation, control and reporting, to the different trading desks and to the Treasury Department, information on positions, results, exposure and level of limits utilization based on the different risk metrics defined by the Bank, such as VaR, Stop Loss, sensitivity exposure to the different risk factors and other complementary concentration metrics;
- ⊕ Daily report of the Bank's Global VaR and Stop Loss exposures *vis-à-vis* the approved limits;
- ⊕ Monthly report of the Bank's interest rate and credit spread risks of the banking book.

Operational Risk

Operational risk report to the management bodies is included in the Risk Appetite Monitoring, being the focus of this report the following data:

- ⊗ Monthly, the operational events and losses that crystalized. If an event breaches the limit set in the bank's Risk Appetite Framework, the resolution action is also presented in this forum;
- ⊗ Monthly, the key risk indicators, which enable the bank's monitoring of some of its risks;
- ⊗ The Risk Control Self-Assessment, which aims for all the departments of the bank to identify, assess and mitigate their risks.

Liquidity Risk

Liquidity risk reporting is included in the Risk Appetite Monitoring report and includes:

- ⊗ Analysis of the evolution of liquidity prudential ratios – LCR & NSFR on both Individual and Consolidated perimeters;
- ⊗ Analysis of the composition of the HQLA (High Quality Liquid Assets) portfolio;
- ⊗ Analysis of balance sheet maturity mismatches;
- ⊗ Analysis of concentration of funding by counterparty, product and volumes evolution;
- ⊗ Analysis of deposits evolution;
- ⊗ Estimated liquidity ratios for upcoming months;
- ⊗ Liquidity stress testing.

Pension Fund Risk

- ⊗ Pension fund risk is monitored in the Risk Appetite Monitoring;
- ⊗ Pension fund risk is monitored in the Pension Plan Monitoring Committee.

Reputational Risk

- ⊗ Reputational risk reporting is included in the Risk Appetite Monitoring report upon the occurrence of a material reputational risk event.

Business Strategic Risk

- ⊗ Business strategic risk monitoring takes place in the Bank's Executive Committee upon the Business Plan execution follow-up.

4.6 Information flow on risk to the management body

The Risk Management Department prepares and presents to the management bodies, on a regular basis, a comprehensive report on the overall risk position of the Bank, covering all material risks and monitoring all Risk Appetite Framework metrics – the Risk Appetite Monitoring report.

The Risk Appetite Monitoring report contents are defined in the Global Risk Management Corporate Regulation approved by the Board of Directors.

The Risk Management Department presents the Risk Appetite Monitoring report to the Executive Committee every month. Additionally, the Risk Management Department presents the Risk Appetite

Monitoring report to the Board of Directors and to the Risk Committee in their ordinary meetings. Non-regular reporting to the Executive Committee and to the Board of Directors may occur whenever the Head of the Risk Management Department deems necessary, or any member of the management bodies requires such reporting.

4.7 Policies for hedging and mitigating risk

Haitong Bank has a comprehensive reporting framework covering all material risks, namely regarding the monitoring of the Risk Appetite Framework, as well as a committee structure, described in the previous chapters, designed to monitor and control risks on a permanent basis.

Regarding credit risk and credit concentration risk, the main risk mitigation techniques are financial pledges (funded credit protection – financial collateral) and personal guarantees (unfunded credit protection with a substitution effect). The Bank follows the prescription of CRR regarding collateral haircuts for impairment calculation, considering the collateral value after the haircut application. In markets area, secured financing transactions (repos), netting agreements and margin exchange contracts are the main risk mitigation techniques employed.

To mitigate the market risk arising from the trading and banking books, the Bank establishes limits to the level of exposure of each risk-taking unit and employs different strategies to manage and hedge the market risk, such as derivatives transactions that partially or totally offset the risk and/or closing of positions. The Risk Management Department monitors and reports exposure to market risk, to the different risk-taking units, to ensure compliance with the established limits.

Haitong Bank's operational risk is mitigated by the active management of operational risk which includes:

- ⊕ the processes in place to identify and evaluate operational risks throughout the organization on a regular basis, namely through the Risk Control Self-Assessment, the Key Risk Indicators and the Operational Events collection;
- ⊕ the collection, analysis and classification of operational risk events ensuring remedial measures are taken when appropriate.

Haitong Bank's liquidity risk mitigation techniques include:

- ⊕ a process for monitoring and reporting a set of liquidity risk metrics whose limits are established within the Risk Appetite Framework, including prudential liquidity ratios for which a buffer above regulatory limits is established;
- ⊕ proactive management of liquidity and funding with monthly cash flow and liquid assets position forecast;
- ⊕ stress test exercises on a monthly basis and within the scope of the ILAAP and the Recovery Plan;
- ⊕ liquidity contingency plans;
- ⊕ close monitoring of the liquidity position by the Executive Committee.

For reputational risk, Haitong Bank has in place the following risk mitigation and control techniques:

- ⊕ Products, Services and Processes Sign-off: the review and assessment of new products, activities, processes and systems prior to its release or deployment is particularly relevant for the mitigation of reputational risk;

- Losses and Events Report: the losses database, which contains information on real events, feeds the risk identification and risk monitoring processes. All the reputational events that originate losses are reported;
- Policies, codes of conduct, guidelines and procedures: these elements are of vital importance not only to achieve the Bank's business goals, but also to guide the behaviours and actions of all elements of the Bank from top management to staff so that they do not put the Bank's reputation in jeopardy;
- Business Continuity and Event Management Plan: the business continuity and crisis management includes the planning and preparation of an effective response to reputational events that may affect the Bank's ability to continue to operate under normal circumstances.

The Bank's business strategic mitigation techniques include:

- the Board of Directors / Executive Committee follow-up of the business evolution on a monthly basis;
- the Risk Committee monitoring of the evolution of the business to ensure alignment between the Bank's business and risk strategies;
- the existence of a reporting system informing on the evolution of business on a monthly basis.

5 MANAGEMENT BODY DISCLOSURES

The following table shows the number of directorship positions held by each member of the Board of Directors in 2024, including those held within Haitong Group's companies, by both executive and non-executive members:

| Board of Directors | Number of directorship positions |
|----------------------------|----------------------------------|
| Chairman | |
| Pan Guangtao | 5 |
| Members | |
| Wu Min | 3 |
| Alan Fernandes | 3 |
| Nuno Carvalho | 3 |
| Vasco Câmara Martins | 1 |
| Miguel Guiomar | 3 |
| Xiaoli Lu (Nick Lu) | 1 |
| Zhang Xinjun (Jeff Zhang) | 7 |
| António Domingues | 3 |
| Xuemei Chen (Michele Chen) | 5 |
| Ana Martina Garcia | 3 |
| Maria do Rosário Ventura | 2 |

Table 7 – Number of directorships held by the members of the Board of Directors³

Recruitment policy and diversification policy for the selection of members of the management body

The Policy on the Selection and Assessment of Management and Supervisory Body Members and Key Function Holders of Haitong Bank, S.A. (hereinafter "Policy on the Selection and Assessment") was updated

³ Including both management and advisory positions

and approved by General Meeting resolution on the 28th of December 2023. This Policy aims at complying with provisions in Article 30-A/2 of the Legal Framework of Credit Institutions and Financial Companies (hereinafter “RGICSF”) and ensuring that Haitong Bank adopts the highest national and international standards of governance of credit institutions.

This Policy also aims to ensure the suitability of the members of the corporate bodies and key function holders, not just at the beginning of their duties but also throughout their term of office. In this context, suitability refers to the members’ ability to ensure, at all times, a sound and prudent management of the financial institution, viewing, in particular, the safeguarding of the financial system and the interests of its clients, depositors, investors and other creditors. For this end, the said officers must comply with the fit and proper, professional qualification, independence and availability requirements.

The Policy on the Selection and Assessment establishes the following:

- i)* Identification of the persons responsible for assessing the suitability of the Bank's officers;
- ii)* Assessment of the adopted procedures;
- iii)* Suitability requirements;
- iv)* Diversity requirements;
- v)* Rules on the prevention, reporting and remediation of conflicts of interest;
- vi)* Assurance that continuous training plan means are made available.

The aforementioned Policy also establishes that the Board of Directors and the Supervisory Body must be composed of members who will collectively gather the knowledge, skills and experience in the following areas of banking and financial activities, including but not limited to:

- i.* Definition and implementation of medium and long-term business and strategic plans;
- ii.* Banking and financial operations;
- iii.* Financial, foreign exchange and commodities markets;
- iv.* Securities, derivative financial instruments and structured products;
- v.* Financial Analysis;
- vi.* Accounting policies;
- vii.* Financial audit and operational control;
- viii.* Capital requirements and liquidity management;
- ix.* Risk analysis and management;
- x.* Remuneration policies;
- xi.* Internal and external disclosure of information;
- xii.* Legal and regulatory framework;
- xiii.* Governance systems.

Furthermore, Haitong 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:

- i)* The Board of Directors;
- ii)* The Supervisory Body;
- iii)* In overall key function positions.

By the end of 2024, within the Bank's management bodies and key function holders, around 25% were represented by women. At the same date, women represented 43% of the total workforce and there is also a considerable number of female employees in senior positions at the Bank.

A description of the academic background, professional experience and detailed information on the directorship positions held by the members of the Board of Directors can be found on the annex to the Corporate Governance Report included in the Annual Report of the Bank.

6 OWN FUNDS

The present Market Discipline report is elaborated under the CRR (Regulation (EU) 575/2013) and CRD (Directive (EU) 2013/36/EU), while the 2024 Annual Report was prepared in accordance with IFRSs.

On December 31, 2024, Haitong Bank's Regulatory Own Funds and deductions were as follows:

| (in thousands of EUR) | | Amounts at 31 Dec. 2024 | Source based on reference numbers of the balance sheet under the regulatory scope of consolidation |
|--|---|-------------------------|--|
| Common Equity Tier 1 (CET1) capital: instruments and reserves | | | |
| 1 | Capital instruments and the related share premium accounts | 880 074 | (a) |
| 2 | Retained earnings | 0 | |
| 3 | Accumulated other comprehensive income (and other reserves) | (369 506) | (b) |
| EU-3a | Funds for general banking risk | 0 | |
| 4 | Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1 | 0 | |
| 5 | Minority interests (amount allowed in consolidated CET1) | 5 292 | (f) |
| EU-5a | Independently reviewed interim profits net of any foreseeable charge or dividend | 5 078 | (c) |
| 6 | Common Equity Tier 1 (CET1) capital before regulatory adjustments | 520 938 | |

| (in thousands of EUR) | | Amounts at 31 Dec. 2024 | Source based on reference numbers of the balance sheet under the regulatory scope of consolidation |
|--|---|-------------------------|--|
| Common Equity Tier 1 (CET1) capital: regulatory adjustments | | | |
| 7 | Additional value adjustments (negative amount) | (1 190) | Σ(k) Σ(i) (l) |
| 8 | Intangible assets (net of related tax liability) (negative amount) | (1 152) | (h) |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | (75 700) | (e) |
| 11 | Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value | 0 | |
| 12 | Negative amounts resulting from the calculation of expected loss amounts | 0 | |
| 13 | Any increase in equity that results from securitised assets (negative amount) | 0 | |
| 14 | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | 0 | |
| 15 | Defined-benefit pension fund assets (negative amount) | (10 669) | (o) |
| 16 | Direct and indirect holdings by an institution of own CET1 instruments (negative amount) | 0 | |
| 17 | Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | 0 | |
| 18 | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0 | |
| 19 | Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0 | |
| EU-20a | Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative | 0 | |
| EU-20b | of which: qualifying holdings outside the financial sector (negative amount) | 0 | |
| EU-20c | of which: securitisation positions (negative amount) | 0 | |
| EU-20d | of which: free deliveries (negative amount) | 0 | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | 0 | |
| 22 | Amount exceeding the 17,65% threshold (negative amount) | 0 | |
| 23 | of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities | 0 | |
| 25 | of which: deferred tax assets arising from temporary differences | 0 | |
| EU-25a | Losses for the current financial year (negative amount) | 0 | |
| EU-25b | Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount) | 0 | |
| 27 | Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount) | 0 | |
| 27a | Other regulatory adjustments | (20) | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (88 731) | |
| 29 | Common Equity Tier 1 (CET1) capital | 432 207 | |

| (in thousands of EUR) | | Amounts at 31 Dec. 2024 | Source based on reference numbers of the balance sheet under the regulatory scope of consolidation |
|--|---|-------------------------|--|
| Additional Tier 1 (AT1) capital: instruments | | | |
| 30 | Capital instruments and the related share premium accounts | 105 042 | |
| 31 | of which: classified as equity under applicable accounting standards | 105 042 | (d) |
| 32 | of which: classified as liabilities under applicable accounting standards | 0 | |
| 33 | Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 | 0 | |
| EU-33a | Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1 | 0 | |
| EU-33b | Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1 | 0 | |
| 34 | Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | 1 134 | (g) |
| 35 | of which: instruments issued by subsidiaries subject to phase out | 0 | |
| 36 | Additional Tier 1 (AT1) capital before regulatory adjustments | 106 176 | |
| Additional Tier 1 (AT1) capital: regulatory adjustments | | | |
| 37 | Direct and indirect holdings by an institution of own AT1 instruments (negative amount) | 0 | |
| 38 | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | 0 | |
| 39 | Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0 | |
| 40 | Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount) | 0 | |
| 41 | Not applicable | 0 | |
| 42 | Qualifying T2 deductions that exceed the T2 items of the institution (negative amount) | 0 | |
| 42a | Other regulatory adjustments to AT1 capital | 0 | |
| 43 | Total regulatory adjustments to Additional Tier 1 (AT1) capital | 0 | |
| 44 | Additional Tier 1 (AT1) capital | 106 176 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 538 383 | |

| (in thousands of EUR) | | Amounts at 31 Dec. 2024 | Source based on reference numbers of the balance sheet under the regulatory scope of consolidation |
|--|--|-------------------------|--|
| Tier 2 (T2) capital: instruments | | | |
| 46 | Capital instruments and the related share premium accounts | 0 | |
| 47 | Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR | 0 | |
| EU-47a | Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2 | 0 | |
| EU-47b | Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2 | 0 | |
| 48 | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties | 1 512 | (m) |
| 49 | of which: instruments issued by subsidiaries subject to phase out | 0 | |
| 50 | Credit risk adjustments | 0 | |
| 51 | Tier 2 (T2) capital before regulatory adjustments | 1 512 | |
| Tier 2 (T2) capital: regulatory adjustments | | | |
| 52 | Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount) | 0 | |
| 53 | Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount) | 0 | |
| 54 | Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount) | 0 | |
| 55 | Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount) | 0 | |
| EU-56a | Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount) | 0 | |
| 56b | Other regulatory adjustments to T2 capital | 0 | |
| 57 | Total regulatory adjustments to Tier 2 (T2) capital | 0 | |
| 58 | Tier 2 (T2) capital | 1 512 | |
| 59 | Total capital (TC = T1 + T2) | 539 895 | |
| 60 | Total risk exposure amount | 2 235 103 | |
| Capital ratios and requirements including buffers | | | |
| 61 | Common Equity Tier 1 | 19,3% | |
| 62 | Tier 1 | 24,1% | |
| 63 | Total capital | 24,2% | |
| 64 | Institution CET1 overall capital requirements | 9,5% | |
| 65 | of which: capital conservation buffer requirement | 2,5% | |
| 66 | of which: countercyclical capital buffer requirement | 0,2% | |
| 67 | of which: systemic risk buffer requirement | 0,0% | |
| EU-67a | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement | 0,0% | |
| EU-67b | of which: additional own funds requirements to address the risks other than the risk of excessive leverage | 2,3% | |
| 68 | Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements | 12,2% | |

| (in thousands of EUR) | | Source based on reference numbers of the balance sheet under the regulatory scope of consolidation |
|---|---|--|
| Amounts at 31 Dec. 2024 | | |
| Amounts below the thresholds for deduction (before risk weighting) | | |
| 72 | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 0 |
| 73 | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions) | 0 |
| 74 | Not applicable | 0 |
| 75 | Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met) | 18 415 (n) |
| Applicable caps on the inclusion of provisions in Tier 2 | | |
| 76 | Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap) | 0 |
| 77 | Cap on inclusion of credit risk adjustments in T2 under standardised approach | 0 |
| 78 | Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the | 0 |
| 79 | Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | 0 |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022) | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | 0 |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | 0 |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | 0 |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | 0 |
| 84 | Current cap on T2 instruments subject to phase out arrangements | 0 |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | 0 |

(*) The references (a) – (o) identify balance sheet components, which are used in the calculation of regulatory capital.

Table 8 – Own Funds (EU CC1)

A description of the main components of Haitong Bank Own Funds as of December 31, 2024, is given below. This is described in Note 34 of the 2024 Annual Report.

Share Capital

Until August 3, 2014, the Bank was part of Grupo Banco Espírito Santo, S.A.

On August 3, 2014, Banco de 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 a share capital of 4 900 million euros, which incorporated assets of Banco Espírito Santo, S.A. selected by Banco de Portugal. In this regard, the Bank, its branches, and subsidiaries were transferred to Novo Banco, S.A..

On September 7, 2015, the capital of the Bank was fully purchased by Haitong International Holdings Limited.

On December 17, 2015, the Bank increased its capital by 100 000 thousand euros, through the issuance of 20 000 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On May 22, 2017, the Bank increased its capital by 40 000 thousand euros, through the issuance of 8 000 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On May 25, 2017, the Bank increased its capital by 20 000 thousand euros, through the issuance of 4 000 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited, resulting from the conversion of a shareholder loan.

On June 13, 2017, the Bank increased its capital by 160 000 thousand euros, through the issuance of 32 000 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

On June 26, 2017, the Bank increased its capital by 160 000 thousand euros, through the issuance of 32 000 thousand shares with a nominal value of 5 euros each, resulting from 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, fully subscribed and paid-up by Haitong International Holdings Limited.

On August 31, 2017, the Bank increased its capital by 38 500 thousand euros, through the issuance of 7 700 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited, resulting from the conversion of a shareholder loan.

In 2022, two resolutions were passed to increase the share capital of Haitong Bank S.A. by 2 630 thousand euros on July 1, 2022, and by 15 879 thousand euros on December 6, 2022, bringing the share capital to 863 278 thousand euros.

On December 19, 2023, the Bank increased its capital by 7 999 thousand euros, through the issuance of 1 600 thousand shares with a nominal value of 5 euros each, fully subscribed and paid-up by Haitong International Holdings Limited.

These capital increases 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 acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder. In the case of the 2023 capital increase, this relates to the 2016 and 2017 tax years, and in the case of the 2022 capital increase, this relates to the 2015 tax year, issued under the Special Regime applicable to Deferred Tax Assets (REAID).

As of December 31, 2024, and 2023, Haitong Bank's share capital amounts to 871 278 thousand euros and is represented by 174 255 532 shares with a nominal value of 5 euros each, fully held by Haitong International Holdings Limited.

Share premium

As at 31st December 2024, the share premiums are represented by 8,796 thousand euros, corresponding to the amount paid by shareholders in the capital increases 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 September 15, 2015, relying solely on the choice of Haitong Bank, upon approval of Banco de Portugal. These bonds are considered a capital instrument in accordance with the accounting policy described in Note 2.6 of the Annual Report 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 of April 20, 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 of the Annual Report.

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.

The following table provides a reconciliation of regulatory own funds to balance sheet as presented in the Bank’s annual financial statements:

| (in thousands of EUR) | 31 Dec. 2024 | |
|---|--|-------------|
| | Carrying values as reported in published financial statements and under scope of regulatory consolidation ¹ | (*) |
| Assets | | |
| Cash and deposits at central banks | 38 159 | |
| Financial assets at fair value through profit or loss | 811 783 | |
| Financial assets held-for-trading | 794 723 | |
| Securities | 770 902 | (k) |
| Derivatives financial assets | 23 821 | (k) |
| Non-trading financial assets mandatorily at fair value through profit or loss | 17 060 | |
| Securities | 17 037 | (k) |
| Loans and advances to customers | 23 | (k) |
| Financial assets at fair value through other comprehensive income | 357 444 | (k) |
| Financial assets measured at amortised cost | 1 848 526 | |
| Securities | 617 566 | |
| Loans and advances to banks | 512 202 | |
| Loans and advances to customers | 718 758 | |
| Hedging derivatives | - | |
| Non-current assets held-for-sale | - | |
| Other tangible assets | 11 662 | |
| Intangible assets | 1 152 | (h) |
| Investments in associated companies | - | |
| Tax assets | 120 647 | |
| Current income tax assets | 21 447 | |
| Deferred income tax assets | 99 200 | (e) (j) (n) |
| Other assets | 113 911 | (o) |
| Total Assets | 3 303 284 | |
| Liabilities | | |
| Financial liabilities held-for-trading | 23 948 | |
| Securities | 817 | (i) |
| Derivatives financial liabilities | 23 131 | (i) |
| Financial liabilities Measured at amortised cost | 2 558 131 | |
| Resources from credit institutions | 946 670 | |
| Resources from customers | 1 293 048 | |
| Debt securities issued | 318 413 | |
| Provisions | 3 916 | |
| Tax liabilities | 17 122 | |
| Current income tax liabilities | 11 549 | |
| Deferred income tax liabilities | 5 573 | |
| Other liabilities | 61 930 | |
| Total Liabilities | 2 665 047 | |
| Equity | | |
| Share capital | 871 278 | (a) |
| Share premium | 8 796 | (a) |
| Other equity instruments | 105 042 | (d) |
| Fair-value reserves | (1 875) | (b) |
| Other reserves and retained income | (367 631) | (b) |
| Net profit/(loss) of the year attributable shareholders of the parent company | 5 078 | (c) |
| Total equity attributable to the shareholders of the parent company | 620 688 | |
| Non-controlling interests | 17 549 | (f) (g) (m) |
| Total Equity | 638 237 | |
| Total Equity and Liabilities | 3 303 284 | |

¹ The first two columns of this table were merged as the financial consolidation perimeter is equal to the prudential consolidation perimeter.

(*) The references (a) – (o) identify balance sheet components, which are used in the calculation of regulatory capital.

Table 9 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements (EU CC2)

Minority interest means the amount of capital of a subsidiary of an institution that is attributable to natural or legal persons other than those included in the prudential scope of consolidation of the institution. On December 31, 2024, the Minority Interest adjustments to own funds were as detailed below:

| (in thousands of EUR) | (*) | Dec. 24 | % |
|---|-----|---------------|-----|
| Haitong Banco de Investimento do Brasil S.A. | | 17 549 | 20% |
| Non-Controlling Interest | | 17 549 | |
| | | | |
| (in thousands of EUR) | | Dec. 24 | |
| Minority interests (amount allowed in consolidated CET1) | (f) | 5 292 | |
| Instruments issued by subsidiaries that are given recognition in AT1 Capital (minority Interests) | (g) | 1 134 | |
| Instruments issued by subsidiaries that are given recognition in T2 Capital | (m) | 1 512 | |

(*) The references (a) – (o) identify balance sheet components which are used in the calculation of regulatory capital.

Table 10 – Minority Interests’ own funds regulatory adjustments

On 31 December 2024 the DTA prudential treatment is detailed below:

| (in thousands of EUR) | (*) | Dec. 24 | Deducted to Own Funds | Not Deducted to Own Funds |
|---|-----|---------------|-----------------------|---------------------------|
| Deferred Tax Assets that rely on future profitability | | 94 115 | | |
| Not resulting from temporary differences | (e) | 75 700 | 75 700 | - |
| Resulting from temporary differences | (n) | 18 415 | - | 18 415 |
| Deferred Tax Assets that do not rely on future profitability (j) | | 5 086 | - | 5 086 |
| Total Deferred Tax Assets | | 99 200 | 75 700 | 23 501 |

(*) The references (a) – (o) identify balance sheet components which are used in the calculation of regulatory capital.

Table 11 – Deferred Tax Assets (DTA) CET1 Regulatory Adjustment

When calculating the amount of their regulatory capital, CRR requires banks to apply prudent valuation standards to all positions that are measured at fair value. The difference between the values obtained when applying a prudent valuation and the fair value recognized in accounting is known as additional valuation adjustment (AVA), which is directly deducted from the Common Equity Tier 1 (CET1). On December 31, 2024, Haitong Bank’s AVA adjustment was as detailed in the tables below:

| (in thousands of EUR) | | Risk category | | | | Category level AVA - Valuation uncertainty | | Total category level post-diversification | Of which: Total core approach in the trading book | Of which: Total core approach in the banking book |
|--|--------|----------------|------------------|--------|-------------|--|----------------------------------|---|---|---|
| Category level AVA | Equity | Interest Rates | Foreign exchange | Credit | Commodities | Unearned credit spreads AVA | Investment and funding costs AVA | | | |
| Market price uncertainty | | | | | | | | | | |
| Close-out cost | | | | | | | | | | |
| Concentrated positions | | | | | | | | | | |
| Early termination | | | | | | | | | | |
| Model risk | | | | | | | | | | |
| Operational risk | | | | | | | | | | |
| Future administrative costs | | | | | | | | | | |
| Total Additional Valuation Adjustments (AVAs) | | | | | | | | 1 190 | | |

Table 12 – Prudent valuation adjustments (PVA) (EU PV1)

| (in thousands of EUR) | (*) | Dec. 24 |
|----------------------------------|-------------|------------------|
| Assets | $\Sigma(k)$ | 1 169 227 |
| Assets Matched Positions | | (1 954) |
| Liabilities | $\Sigma(i)$ | 23 948 |
| Liabilities Matched Positions | | (1 934) |
| Total | | 1 189 287 |
| AVA (simplified approach) | (l) | 1 190 |

(*) The references (a) – (o) identify balance sheet components which are used in the calculation of regulatory capital.

Table 13 – AVA Regulatory adjustment

Under Regulation (EU) no. 575/2013, Article 437 e), banks are required to describe restrictions applicable to the calculation of own funds. Haitong Bank does not have any restrictions applied to the calculation of own funds.

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 capital ratios are supplemented by the capital conservation buffer. CRD IV requirements allowed the impact of this buffer to be phased in, beginning on January 1, 2016, in increments of 0.625% per year until it reached 2.5% of RWAs on January 1, 2019.

Still under the context of CRD IV capital buffer requirements, the Bank of Portugal decided, in November 2016, 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 RGICSF. The O-SII buffer has been effective since January 1, 2018, onwards. According to the Bank of Portugal's decision, Haitong Bank was 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. At December 31, 2024, the Bank of Portugal did not impose any additional counter-cyclical capital buffer, by setting a 0% of total risk exposure amount to domestic counterparties. This decision is subject to revision on a quarterly basis.

7 INTERNAL CAPITAL ADEQUACY (ICAAP)

The Internal Capital Adequacy Assessment Process (ICAAP) is carried out every year in accordance with the regulations in force. This self-assessment process aims to ensure that Haitong Bank's capital resources remain sufficient to support the Bank's strategic goals, and to meet regulatory requirements, even in the event of a severe economic downturn stress scenario. The ICAAP's results thus allow the Bank's management to gauge whether the organization's level of capitalization is adequate *vis-à-vis* the risks arising from its activity, and whether the medium-term business plan is sustainable and consistent with the Risk Appetite Framework in place.

The Board of Directors is responsible for the final approval of the ICAAP exercise and for its main conclusions. ICAAP is incorporated into Haitong Bank's strategic vision and daily management.

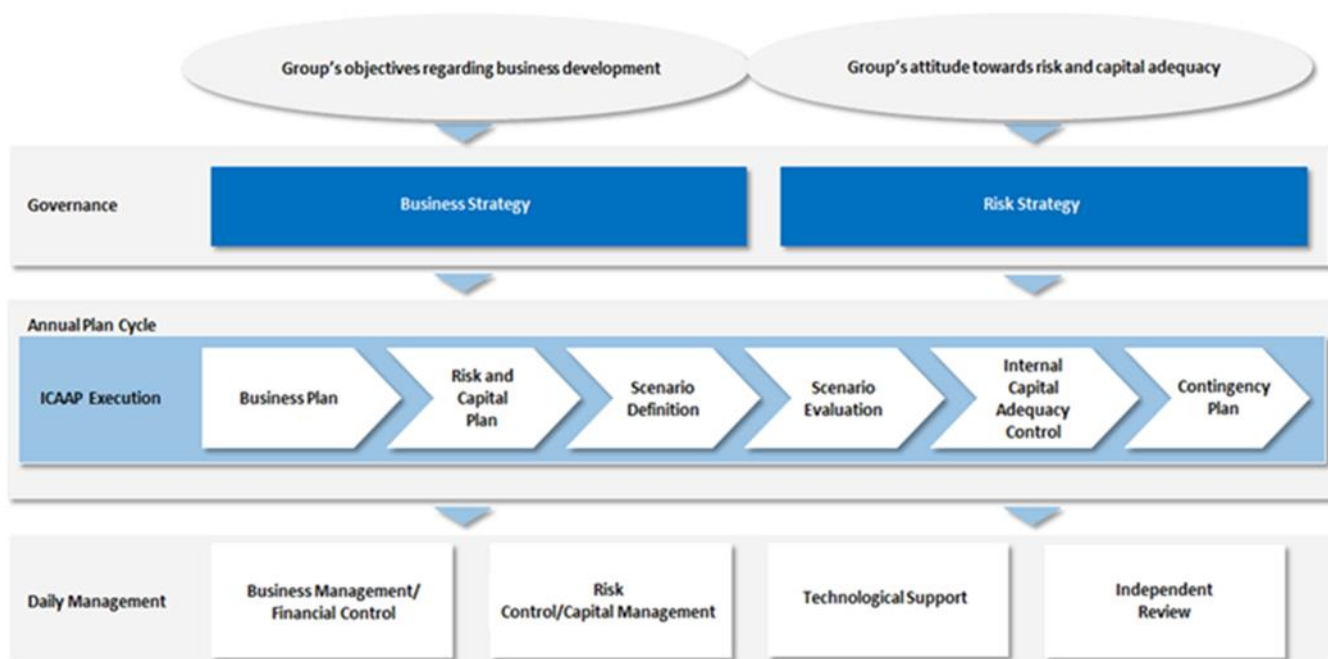


Figure 6 – Integration of the ICAAP in the Bank's management and decision-making process

The ICAAP exercise estimates internal capital requirements for all risks of the Bank deemed as material, including Pillar 1 risks. Material risks are identified by the Board of Directors within the scope of the Risk Appetite Framework, based on a qualitative analysis of the frequency of events associated with each risk and their respective impact. This exercise is based on Haitong Bank's risk taxonomy. Within the scope of the ICAAP exercise, Haitong Bank considered the following material risk categories:

- ⊕ Credit risk (including counterparty credit risk);
- ⊕ CVA risk;
- ⊕ Market risk;
- ⊕ Operational risk;
- ⊕ Interest rate risk in the banking book;
- ⊕ Credit spread risk in the banking book;
- ⊕ Pension fund risk;
- ⊕ Reputational risk;
- ⊕ Business strategic risk.

Internal capital requirements are assessed both on a static perspective, for the reference date of the exercise, and on a prospective basis, considering the business plan of the Bank for the next three years. This ensures that the strategy pursued by the Bank has adequate capital support. Additionally, Haitong Bank subjects the internal capital requirements calculated on a prospective basis to stress scenarios to assess the resilience of the Bank's capital position.

The ICAAP process is embedded in the Bank's regular risk management and a monthly update of the internal capital requirements is calculated for most of the material risks identified.

The Bank uses internal models to assess capital requirements for all material risks. These models are approved by the Board of Directors and are subject to an internal independent validation and an additional validation by the Bank's Internal Audit Department. The table below summarizes Haitong Bank's approach to assessing the adequacy of its internal capital per risk category.

| Risk Categories | Key risk methodologies |
|--|--|
| Credit risk (including counterparty credit risk) | IRB foundation approach for financial assets and standardised approach for counterparty credit risk and other items |
| Market risk | Historical VaR, based on 10-days returns from 5years historical observations, 99,9% confidence level. Scaled up to 1-year holding period |
| Operational risk | Revised standardized approach developed by Basel on "Basel III: Finalising post crisis reforms |
| CVA risk | Pillar I standardized approach |
| Credit concentration risk | Quantified at single name, sector and geographic level under PRA approach |
| Credit spread risk in the banking book | Historical VaR based on 1-year returns from 5-years historical observations, 99,9% confidence level |
| Interest rate risk in the banking book | Changes in the economic value of equity (EVE) based on a parallel shock of +/- 200 basis points on the yield curve |
| Pension fund risk | Parametric VaR based on 1-year returns, 99,9% confidence level |
| Reputational risk | Impact on the Bank's funding cost, by a reputational risk event that affects the perception of investors and/or customers |
| Business strategic risk | Based on differences between actual and expected banking income realized, by business area and geography |

Table 14 – ICAAP's key risk methodologies.

8 RISK WEIGHTED ASSETS (RWAs)

On 31 December 2024 and 31 December 2023, Haitong Bank's risk weighted assets (RWAs) and minimum capital requirements under the CRR were as follows:

| (in thousands of EUR) | Risk weighted exposure amounts (RWEAs) | | Total own funds requirements |
|--|--|------------------|------------------------------|
| | Dec. 24 | Dec. 23 | Dec. 24 |
| Credit risk (excluding CCR) | 1 596 621 | 1 568 428 | 127 730 |
| Of which the standardised approach | 1 596 621 | 1 568 428 | 127 730 |
| Of which the Foundation IRB (F-IRB) approach | - | - | - |
| Of which the Advanced IRB (A-IRB) approach | - | - | - |
| Counterparty credit risk - CCR | 119 999 | 143 585 | 9 600 |
| Of which the standardised approach | 34 092 | 49 995 | 2 727 |
| Of which internal model method (IMM) | - | - | - |
| Of which exposures to a CCP | - | - | - |
| Of which credit valuation adjustment - CVA | 34 288 | 26 443 | 2 743 |
| Of which other CCR | 51 619 | 67 147 | 4 130 |
| Settlement risk | 30 | 3 | 2 |
| Securitisation exposures in the non-trading book | - | - | - |
| Position, foreign exchange and commodities risks (Market risk) | 368 652 | 380 533 | 29 492 |
| Of which the standardised approach | 368 652 | 380 533 | 29 492 |
| Of which IMA | - | - | - |
| Large exposures | - | - | - |
| Operational risk | 149 801 | 165 420 | 11 984 |
| Of which basic indicator approach | - | - | - |
| Of which standardised approach | 149 801 | 165 420 | 11 984 |
| Of which advanced measurement approach | - | - | - |
| Amounts below the thresholds for deduction (subject to 250% risk weight) | 46 037 | 31 397 | 3 683 |
| Total | 2 235 103 | 2 257 970 | 178 808 |

Table 15 – Overview of RWAs (EU OV1)

Haitong Bank currently uses the Standardised Approach to calculate risk-weighted assets for Credit Risk.

In the standardized approach, credit exposures are classified within regulatory risk classes according to their characteristics (e.g. type of counterparty, type of product). After making all the adjustments foreseen in Part III, Title II of Regulation (EU) no. 575/2013 to the value of these exposures, namely relating to provisions, risk mitigation instruments or credit conversion factors (CCFs), the exposure at default (EaD) measure is assigned the appropriate regulatory risk weights. Risk weights applicable to credit exposures depend on the external ratings assigned to them at any given time.

Haitong Bank uses the external ratings assigned to determine the risk weights applicable to exposures to central governments and central banks, institutions and corporates, in accordance with the rules set out in Regulation (EU) no. 575/2013.

For risk weighting purposes, exposures to debt securities are allocated to the ratings specifically assigned for the respective issues. If no specific rating exists for the issues, the ratings assigned to the respective issuers, when such ratings exist, are used. Credit exposures other than those represented by debt securities are only assigned the rating of the respective issuers when such ratings exist.

Haitong Bank calculates own funds requirements for market risk under the standardized approach in accordance with Part Three, Title IV, Chapter 2 of Regulation (EU) no. 575/2013 for its trading book positions and Chapters 3 and 4 for its overall foreign exchange and commodities risk, respectively. For the own funds requirements calculation of the general risk of debt instruments, the Bank uses the maturity-based approach. For commodities risk, the Bank uses the simplified approach.

For the Operational Risk risk-weighted exposures calculation, Haitong Bank applies the Standardized Approach (STA) as set out in Article 317 of the Regulation (EU) no. 575/2013. On 31 December 2024 and 31 December 2023, Haitong Bank's Operational Risk minimum capital (8% of RWAs) was EUR 11,984 thousand and EUR 13,234 thousand, respectively.

Haitong Bank is not subject to supplementary supervision for financial conglomerates as defined in article 6 of Directive 2002/87/EC and does not hold own funds instruments in any insurance undertaking, reinsurance undertaking or insurance holding company.

On 31 December 2024 and 31 December 2023, Haitong Bank's capital requirements (8% of RWAs) composition was as follows:

| (in thousands of EUR) | Dec. 24 | Dec. 23 |
|---|----------------|----------------|
| 1. Capital requirements (= \sum (1.1 to 1.5)) | 178 808 | 180 638 |
| 1.1. For credit, counterparty credit and dilution risks and free deliveries (= 1.1.1 + 1.1.2) | 134 587 | 134 846 |
| 1.1.1. Standardised approach (=1.1.1.1+1.1.1.2) | 134 587 | 134 846 |
| 1.1.1.1. Standardised Approach exposure classes, excluding securitisation positions | 134 587 | 134 846 |
| 1.1.1.1.1. Claims or contingent claims on central governments or central banks | 2 131 | 59 |
| 1.1.1.1.2. Claims or contingent claims on regional governments or local authorities | 2 | 12 |
| 1.1.1.1.3. Claims or contingent claims on Public Sector Entities | - | - |
| 1.1.1.1.4. Claims or contingent claims on multilateral development banks | - | - |
| 1.1.1.1.5. Claims or contingent claims on international organisations | - | - |
| 1.1.1.1.6. Claims or contingent claims on institutions | 6 118 | 9 885 |
| 1.1.1.1.7. Claims or contingent claims on corporates | 109 356 | 105 618 |
| 1.1.1.1.8. Retail claims or contingent retail claims | - | - |
| 1.1.1.1.9. Claims or contingent claims secured on real estate property | - | - |
| 1.1.1.1.10. Past due items | 857 | 891 |
| 1.1.1.1.11. Items belonging to regulatory high-risk categories | - | - |
| 1.1.1.1.12. Claims on covered bonds | - | - |
| 1.1.1.1.13. Claims on collective investments undertakings (CIU) | 877 | 693 |
| 1.1.1.1.14. Other items | 15 245 | 17 675 |
| 1.1.1.1.15. Equity positions | 0 | 13 |
| 1.1.1.2. Securitisation positions under the Standardised Approach | - | - |
| 1.1.2. IRB approach | - | - |
| 1.2. Settlement risk | 2 | 0 |
| 1.3. Capital requirements for position, foreign-exchange and commodities risks (= 1.3.1 + 1.3.2) | 29 492 | 30 443 |
| 1.3.1. Standardised approach (= \sum (1.3.1.1 to 1.3.1.4)) | 29 492 | 30 443 |
| 1.3.1.1. Traded debt instruments | 5 794 | 6 924 |
| 1.3.1.2. Equity | 4 | 3 |
| 1.3.1.3. Foreign exchange risks | 23 694 | 23 515 |
| 1.3.1.4. Commodities risks | - | - |
| 1.3.2. Internal models approach | - | - |
| 1.4. Capital requirements for operational risk | 11 984 | 13 234 |
| 1.4.1. Basic indicator approach | - | - |
| 1.4.2. Standard method | 11 984 | 13 234 |
| 1.4.3. Advanced measurement approach | - | - |
| 1.5. Capital requirements for Credit Valuation Adjustment (CVA) | 2 743 | 2 115 |

Table 16 – Capital Adequacy – Own Funds Requirements

9 COUNTERPARTY CREDIT RISK

Counterparty credit risk relates to the uncertainty that a counterparty may default before the settlement of a transaction. It is calculated for over-the-counter derivatives and securities financing transactions, regardless of whether they are held in the trading or banking book.

Haitong Bank calculates the counterparty credit risk own funds of derivative instruments according to the Standardised Approach defined in Part III, Title II, Chapter 6, Section 3 of Regulation (EU) no. 575/2013. For repurchase transactions, the Bank calculates counterparty credit risk own funds according to the Financial Collateral Comprehensive Method as defined in Part III, Title II, Chapter 4, Section 4 of Regulation (EU) no. 575/2013.

Haitong Bank defines limits to counterparty credit risk exposures at counterparty level as a way to mitigate Counterparty Credit Risk (CCR). Limits for repurchase transactions are established within the credit risk limits framework of secured transactions. For derivative transactions, limits are established considering the expected maximum exposure, the credit risk of counterparties and the maturity of the transaction.

Haitong Bank securities financing transactions in Europe are governed by the GMRA Master Agreement prepared by ICMA and in Brasil the majority of repo transactions has government bonds as underlying and are done through SELIC clearing house. Additionally, Haitong Bank does not engage in securities lending transactions in which the collateral being provided is issued by the counterparty or its affiliates, and it does not have credit derivatives transactions where there is a legal connection between the risk being covered and the counterparty.

Haitong Bank's derivative transactions with financial counterparties are made under ISDA Master Agreements in Europe and CGD (*Contrato Global de Derivativos*) in Brazil, both including netting clauses. Haitong International Securities Group Limited is a member of ISDA and, as an affiliate entity, Haitong Bank is entitled to use the legal opinions on validity and enforceability of netting clauses prepared at the request of ISDA for the benefit of its members (and affiliates of its members). To manage the risk exposure to each counterparty, such master agreements, require the collection of margin for trades not cleared through a non-central counterparty.

In the case of derivative transactions cleared through a central counterparty, the documentation governing the clearing through the central counterparty also requires the provision of margin.

In what regards CRR article 439 (c), Haitong Bank defines wrong-way risk as the risk that exposure to a counterparty is positively correlated with the probability of default of the same counterparty, which could cause exposure to increase at the same time as the counterparty's capacity to meet its obligations is decreasing. Haitong Bank mitigates wrong-way risk in over-the-counter ("OTC") derivatives transactions with financial counterparties through bilateral ISDA contracts with CSA, which require both parties to post collateral to mitigate the other party's counterparty credit risk. This collateral is in the form of cash and, as such, the Bank does not bear any specific wrong-way risk.

Regarding CRR article 439 (d), on December 2024 Haitong Bank had no credit rating downgrade clause in any Master Agreement or a credit rating downgrade threshold clause in any CSA related to derivatives and securities financing transactions outstanding, requiring the posting of additional collateral in a scenario of the downgrading of Haitong Bank's credit rating.

Finally, Credit Valuation Adjustment (CVA) reflects the current market value of the credit risk of the counterparty to the institution with respect to eligible derivatives and secured financial transactions with financial counterparties. Haitong Bank applies the standardised approach for the calculation of own funds for CVA risk.

The table below provides information on CCR exposures by approach:

| (in thousands of EUR) | Replacement cost (RC) | Potential future exposure (PFE) | EEPE | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWEA |
|--|-----------------------|---------------------------------|------|--|------------------------|-------------------------|----------------|---------------|
| EU - Original Exposure Method (for derivatives) | 0 | 0 | | 1.4 | 0 | 0 | 0 | 0 |
| EU - Simplified SA-CCR (for derivatives) | 0 | 0 | | 1.4 | 0 | 0 | 0 | 0 |
| SA-CCR (for derivatives) | 22 196 | 6 864 | | 1.4 | 40 684 | 40 684 | 40 633 | 34 092 |
| IMM (for derivatives and SFTs) | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Of which securities financing transactions netting sets | | | 0 | | 0 | 0 | 0 | 0 |
| Of which derivatives and long settlement transactions netting sets | | | 0 | | 0 | 0 | 0 | 0 |
| Of which from contractual cross-product netting sets | | | 0 | | 0 | 0 | 0 | 0 |
| Financial collateral simple method (for SFTs) | | | | | 0 | 0 | 0 | 0 |
| Financial collateral comprehensive method (for SFTs) | | | | | 932 071 | 138 695 | 138 695 | 51 374 |
| VaR for SFTs | | | | | 0 | 0 | 0 | 0 |
| Total | | | | | 972 755 | 179 379 | 179 328 | 85 467 |

Table 17 – CCR exposure by approach (EU CCR1)

The template below provides an overview of the impact of netting and collateral held for transactions where the exposure value is measured as per Part Three, Title II, Chapter 4 and 6 of the CRR, including exposures arising from transactions cleared through a CCP, as of 31 December 2024.

| (in thousands of EUR) | Collateral used in derivative transactions | | | | Collateral used in SFTs | | | |
|--------------------------|--|--------------|---------------------------------|---------------|-----------------------------------|--------------|---------------------------------|----------------|
| | Fair value of collateral received | | Fair value of posted collateral | | Fair value of collateral received | | Fair value of posted collateral | |
| | Segregated | Unsegregated | Segregated | Unsegregated | Segregated | Unsegregated | Segregated | Unsegregated |
| Cash – domestic currency | 0 | 777 | 0 | 19 971 | 0 | 0 | 0 | 0 |
| Cash – other currencies | 0 | 0 | 0 | 275 | 0 | 0 | 0 | 0 |
| Domestic sovereign debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other sovereign debt | 0 | 0 | 0 | 0 | 0 | 1 021 | 0 | 677 635 |
| Government agency debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Corporate bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 290 085 |
| Equity securities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other collateral | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 777 | 0 | 20 245 | 0 | 1 021 | 0 | 967 720 |

Table 18 – Composition of collateral for CCR exposures (EU CCR5)

On 31 December 2024, Haitong Bank's derivatives exposures to financial institutions amount EUR 15,693 thousand before netting and EUR 7,325 thousand after netting effect.

On 31 December 2024, Haitong Bank's breakdown of CCR net credit exposure (post CCF and CRM) calculated in accordance with Part Three, Title II, Chapter 6 of the CRR and risk-weights according to Chapter 2 of the same title by risk weight (risk weight assigned according to the standardised approach) was as follows:

| Exposure classes | Risk weight | | | | | | | | | | | Total exposure value |
|---|--------------|----------|----------|----------|----------------|--------------|----------|----------|---------------|----------|----------|----------------------|
| | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Others | |
| Central governments or central banks | 7 879 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 879 |
| Regional government or local authorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public sector entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Multilateral development banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| International organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions | 0 | 0 | 0 | 0 | 104 320 | 2 362 | 0 | 0 | 101 | 0 | 0 | 106 783 |
| Corporates | 0 | 0 | 0 | 0 | 1 681 | 0 | 0 | 0 | 63 229 | 0 | 0 | 64 911 |
| Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions and corporates with a short-term credit assessment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total exposure value | 7 879 | 0 | 0 | 0 | 106 001 | 2 362 | 0 | 0 | 63 331 | 0 | 0 | 179 573 |

Table 19– CCR exposures by exposure class and risk weight (EU CCR3)

Haitong Bank has no direct exposure to qualified central counterparty (QCCP), with all its transactions being executed through a broker that has a membership on the central counterparty. On December 31, 2024, OTC derivatives cleared through a broker with a QCCP totalled EUR 80 million in nominal amount and EUR 1,4 million in exposure value. This exposure is included in table 19, above, in line 6 - Institutions. As of December 31, 2024 there were no OTC derivatives cleared through a non-qualified central counterparty.

On 31 December 2024, the CVA Risk own funds were as follows:

| (in thousands of EUR) | Exposure value | RWEA |
|--|----------------|---------------|
| Total transactions subject to the Advanced method | 0 | 0 |
| (i) VaR component (including the 3x multiplier) | | 0 |
| (ii) stressed VaR component (including the 3x multiplier) | | 0 |
| Transactions subject to the Standardised method | 107 889 | 34 288 |
| Transactions subject to the Alternative approach (Based on the Original Exposure Method) | 0 | 0 |
| Total transactions subject to own funds requirements for CVA risk | 107 889 | 34 288 |

Table 20 – Transactions subject to own funds requirements for CVA risk (EU CCR2)

On 31 December 2024, Haitong Bank had no credit derivatives transactions.

10 GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

On 31 December 2024, the geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer were as follows:

| (in thousands of EUR) | General credit exposures | | Relevant credit exposures – Market risk | | | Total exposure value | Own fund requirements | | | | Risk-weighted exposure amounts | Own fund requirements weights (%) | Countercyclical buffer rate (%) |
|------------------------------|--|---------------------------------------|--|---|--|----------------------|--|---|--|----------------|--------------------------------|-----------------------------------|---------------------------------|
| | Exposure value under the standardised approach | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposures for internal models | Securitisation exposures Exposure value for non-trading book | | Relevant credit risk exposures - Credit risk | Relevant credit exposures - Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | | | |
| Breakdown by country: | | | | | | | | | | | | | |
| Brazil | 198 279 | 0 | 730 610 | 0 | 0 | 928 889 | 16 048 | 374 | 0 | 16 422 | 205 274 | 12,68% | 0,00% |
| France | 88 547 | 0 | 0 | 0 | 0 | 88 547 | 7 084 | 0 | 0 | 7 084 | 88 547 | 5,47% | 1,00% |
| Germany | 56 498 | 0 | 2 725 | 0 | 0 | 59 223 | 4 520 | 143 | 0 | 4 663 | 58 290 | 3,60% | 0,75% |
| Luxembourg | 79 758 | 0 | 2 059 | 0 | 0 | 81 817 | 6 381 | 119 | 0 | 6 499 | 81 243 | 5,02% | 0,50% |
| Netherlands | 61 567 | 0 | 3 159 | 0 | 0 | 64 726 | 4 925 | 253 | 0 | 5 178 | 64 726 | 4,00% | 2,00% |
| Poland | 168 060 | 0 | 715 | 0 | 0 | 168 776 | 13 198 | 2 | 0 | 13 200 | 165 005 | 10,19% | 0,00% |
| Portugal | 710 991 | 0 | 24 822 | 0 | 0 | 735 812 | 58 659 | 1 953 | 0 | 60 612 | 757 652 | 46,80% | 0,00% |
| Spain | 109 485 | 0 | 5 381 | 0 | 0 | 114 867 | 8 956 | 316 | 0 | 9 273 | 115 907 | 7,16% | 0,00% |
| United Kingdom | 83 396 | 0 | 614 | 0 | 0 | 84 010 | 6 564 | 22 | 0 | 6 586 | 82 326 | 5,09% | 2,00% |
| Total | 1 556 582 | 0 | 770 085 | 0 | 0 | 2 326 667 | 126 335 | 3 182 | 0 | 129 518 | 1 618 969 | 100,00% | |

Table 21 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (EU CCyB1)

Haitong Bank's specific countercyclical buffer amount is presented below as of 31 December 2024:

| | |
|---|-----------|
| (in thousands of EUR) | |
| Total risk exposure amount | 2 235 103 |
| Institution specific countercyclical capital buffer rate | 0,2% |
| Institution specific countercyclical capital buffer requirement | 5 228 |

Table 22 – Amount of specific countercyclical capital buffer (EU CCyB2)

11 EXPOSURE TO CREDIT RISK AND DILUTION RISK

Description of approaches and methods adopted for determining specific and general credit risk adjustments

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:

- ④ **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;
- ④ **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;

- ④ *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 as 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 largest performing 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, which are allocated to Stage 3. 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 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.

Expected Credit Losses

According to 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); (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. To that end, the Group defined a transition matrix based on 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 unlikelihood 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 of the Top 20 performing largest exposures are subject to the annual review by the Impairment Committee and Executive Committee in order to confirm that the largest debtors do not display any warning signals that convene a transfer to Stage 2. The Impairment Committee and Executive Committee are also held to come up with a decision in the events of: (i) clients with at least 3 or more active triggers in the Early Warning Signals questionnaires; (ii) clients with a rating change of at least 4-notches downgrade but remaining within an investment grade during the period; and (iii) clients with a credit spread increase superior to 30% since their origination.

Additionally, the Group implemented an 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 unlikelihood of payments by the debtors. According to 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 unlikelihood 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 a 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 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 unlikelihood 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 recognized (non-accrued status) in the income statement (part or under conditionality); and vi) other conditions (ad-hoc) that may suggest unlikelihood 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 the definition of default (EBA/GL/2016/07).

On June 30th, 2024, the Group classified as non-performing exposures the amounts receivable relating to commissions for services rendered and which are overdue for more than 90 days, as well as other assets relating to credits or debt securities in default that were targeted of a recovery process, being directly dependent on legal actions against the original debtors.

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. A 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 a 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 unlikelihood to pay of the debtor.

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

ECL measurement inputs

As a result of the characteristics of the Group’s portfolio (reduced number of transactions and high heterogeneity), the main measurement vector of ECL calculation is 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. Additionally, the Group incorporates climate and environmental considerations via rating into its credit activities through an ESG Risk scoring model, which identifies clients with potentially high ESG risks. For such clients, further ESG due diligence is conducted to assess mitigation measures, leading to a final ESG risk classification embedded in the rating, thus impacting the ECL calculation;
- 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 in terms of instrument type and collateral;
- 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 – Capital Requirements Regulation).

On December 31, 2024, Haitong Bank's performing and non-performing exposures and related provisions by exposure class were as follows:

| | | Gross carrying amount/nominal amount | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | Collaterals and financial guarantees received | |
|-----------------------|--|--------------------------------------|-------------------|--------|--------------------------|-------------------|--------|--|-------------------|----------|---|-------------------|-----------|---|-----------------------------|
| | | Performing exposures | | | Non-performing exposures | | | Performing exposures - Accumulated impairment and provisions | | | Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | Accumulated partial write-off | On non-performing exposures |
| (in thousands of EUR) | | of which: stage 1 | of which: stage 2 | | of which: stage 2 | of which: stage 3 | | of which: stage 1 | of which: stage 2 | | of which: stage 2 | of which: stage 3 | | | |
| 5 | Cash balances at central banks and other demand deposits | 462 673 | 462 673 | 0 | 3 897 | 0 | 3 897 | 0 | 0 | 0 | -2 378 | 0 | -2 378 | 0 | 0 |
| 10 | Loans and advances | 804 001 | 778 418 | 25 583 | 22 257 | 0 | 22 233 | -3 697 | -2 582 | -1 115 | -7 912 | 0 | -7 911 | 0 | 59 107 |
| 20 | Central banks | 31 275 | 31 275 | 0 | 0 | 0 | 0 | (1) | (1) | 0 | 0 | 0 | 0 | 0 | 6 417 |
| 30 | General governments | 123 | 123 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 | Credit institutions | 54 901 | 54 901 | 0 | 0 | 0 | 0 | (9) | (9) | 0 | 0 | 0 | 0 | 0 | 6 313 |
| 50 | Other financial corporations | 195 487 | 195 487 | 0 | 1 160 | 0 | 1 160 | (1 436) | (1 436) | 0 | (294) | 0 | -294 | 0 | 1 866 |
| 60 | Non-financial corporations | 522 216 | 496 633 | 25 583 | 21 060 | 0 | 21 036 | (2 251) | (1 136) | (1 115) | (7 581) | 0 | (7 580) | 0 | 44 512 |
| 70 | Of which: Small and Medium-sized Enterprises | 208 341 | 198 680 | 9 661 | 10 608 | 0 | 10 608 | (958) | (549) | (409) | (1 584) | 0 | (1 584) | 0 | 43 737 |
| 80 | Households | 0 | 0 | 0 | 37 | 0 | 37 | 0 | 0 | 0 | (37) | 0 | -37 | 0 | 0 |
| 90 | Debt securities | 974 063 | 964 368 | 9 694 | 3 721 | 0 | 2 834 | -1 887 | -1 839 | -47 | 0 | 0 | 0 | 0 | 0 |
| 100 | Central banks | 10 118 | 10 118 | 0 | 0 | 0 | 0 | (1) | (1) | 0 | 0 | 0 | 0 | 0 | 0 |
| 110 | General governments | 385 527 | 385 527 | 0 | 0 | 0 | 0 | (484) | (484) | 0 | 0 | 0 | 0 | 0 | 0 |
| 120 | Credit institutions | 67 769 | 67 769 | 0 | 0 | 0 | 0 | (58) | (58) | 0 | 0 | 0 | 0 | 0 | 0 |
| 130 | Other financial corporations | 126 421 | 116 726 | 9 694 | 0 | 0 | 0 | (227) | (179) | (47) | 0 | 0 | 0 | 0 | 0 |
| 140 | Non-financial corporations | 384 228 | 384 228 | 0 | 3 721 | 0 | 2 834 | (1 117) | (1 117) | 0 | 0 | 0 | 0 | 0 | 0 |
| 150 | OFF-BALANCE SHEET EXPOSURES | 209 018 | 199 412 | 9 606 | 724 | 0 | 724 | 844 | 228 | 615 | 46 | 0 | 46 | 0 | 2 429 |
| 160 | Central banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 170 | General governments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 180 | Credit institutions | 976 | 976 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 190 | Other financial corporations | 31 724 | 31 724 | 0 | 0 | 0 | 0 | 87 | 87 | 0 | 0 | 0 | 0 | 0 | 0 |
| 200 | Non-financial corporations | 176 318 | 166 712 | 9 606 | 724 | 0 | 724 | 757 | 141 | 615 | 46 | 0 | 46 | 0 | 2 429 |
| 210 | Households | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 220 | Total | 2 449 755 | 2 404 871 | 44 884 | 30 599 | 0 | 29 688 | (4 740) | (4 193) | (547) | (10 244) | 0 | (10 243) | 0 | 61 536 |

Table 23 – Performing and non-performing exposures and related provisions (EU CR1)

On December 31, 2024, Haitong Bank's residual maturity breakdown by exposure classes was as follows:

| | | Net exposure value | | | | | Total |
|-----------------------|--------------------|--------------------|-----------|---------------------|-----------|--------------------|-----------|
| (in thousands of EUR) | | On demand | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | |
| 1 | Loans and advances | 519 736 | 98 387 | 472 093 | 188 625 | 0 | 1 278 840 |
| 2 | Debt securities | 0 | 164 431 | 629 789 | 181 677 | 0 | 975 898 |
| 3 | Total | 519 736 | 262 818 | 1 101 882 | 370 302 | 0 | 2 254 738 |

Table 24 – Maturity of exposures (EU CR1-A)

On December 31, 2024, Haitong Bank's geographic distribution of the quality of non-performing exposures was as follows:

| Gross carrying/Nominal amount | | | | | | Accumulated impairment | Provisions on off-balance sheet commitments and financial guarantees given | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
|-------------------------------|-----------------------------|--------------------------|--------|---------------------------------|-----------|------------------------|--|---|
| | | of which: non-performing | | of which: subject to impairment | | | | |
| | | of which: defaulted | | | | | | |
| (in thousands of EUR) | | | | | | | | |
| 010 | On balance sheet exposures | 1 804 042 | 25 978 | 25 978 | 1 804 018 | (13 496) | | (1) |
| 020 | Portugal | 238 976 | 870 | 870 | 238 976 | (1 690) | | 0 |
| 030 | Spain | 150 088 | 13 260 | 13 260 | 150 088 | (6 062) | | 0 |
| 040 | Poland | 191 171 | 32 | 32 | 191 147 | (1 144) | | (1) |
| 050 | United Kingdom | 71 651 | 808 | 808 | 71 651 | (315) | | 0 |
| 060 | Brazil | 291 053 | 9 766 | 9 766 | 290 166 | (2 065) | | 0 |
| 070 | China | 26 274 | 0 | 0 | 26 274 | (141) | | 0 |
| 110 | Other countries | 834 829 | 1 243 | 1 243 | 835 716 | (2 078) | | 0 |
| 120 | Off balance sheet exposures | 209 741 | 724 | 724 | | | 889 | |
| 130 | Portugal | 35 389 | 0 | 0 | | | 59 | |
| 140 | Spain | 5 567 | 724 | 724 | | | 52 | |
| 150 | Poland | 117 694 | 0 | 0 | | | 21 | |
| 160 | United Kingdom | 20 601 | 0 | 0 | | | 74 | |
| 170 | Brazil | 29 367 | 0 | 0 | | | 674 | |
| 180 | China | 0 | 0 | 0 | | | 0 | |
| 190 | Other countries | 1 123 | 0 | 0 | | | 9 | |
| 200 | Total | 2 013 783 | 26 702 | 26 702 | 1 804 018 | (13 496) | 889 | (1) |

Table 25 – Geographical breakdown of non-performing exposures (EU CQ4)

On December 31, 2024, Haitong Bank's distribution of the exposures by Industry was as follows:

| (in thousands of EUR) | | Gross carrying amount | | | | Accumulated impairment | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
|-----------------------|---|--------------------------|---------------------|--|---------|------------------------|---|
| | | of which: non-performing | | of which: loans and advances subject to impairment | | | |
| | | | of which: defaulted | | | | |
| 010 | Agriculture, forestry and fishing | 4 724 | 0 | 0 | 4 724 | (105) | 0 |
| 020 | Mining and quarrying | 49 597 | 0 | 0 | 49 597 | (84) | 0 |
| 030 | Manufacturing | 86 028 | 5 130 | 5 130 | 86 028 | (2 193) | 0 |
| 040 | Electricity, gas, steam and air conditioning supply | 116 121 | 0 | 0 | 116 121 | (420) | 0 |
| 050 | Water supply | 48 | 0 | 0 | 48 | (0) | 0 |
| 060 | Construction | 3 398 | 3 389 | 3 389 | 3 374 | (1 211) | 0 |
| 070 | Wholesale and retail trade | 33 106 | 4 255 | 4 255 | 33 106 | (757) | 0 |
| 080 | Transport and storage | 105 518 | 7 365 | 7 365 | 105 518 | (4 170) | 0 |
| 090 | Accommodation and food service activities | 3 762 | 8 | 8 | 3 762 | (282) | 0 |
| 100 | Information and communication | 27 995 | 99 | 99 | 27 995 | (141) | 0 |
| 110 | Real estate activities | 33 547 | 3 | 3 | 33 547 | (87) | 0 |
| 120 | Financial and insurance activities | 0 | 0 | 0 | 0 | 0 | 0 |
| 130 | Professional, scientific and technical activities | 67 304 | 808 | 808 | 67 304 | (267) | 0 |
| 140 | Administrative and support service activities | 12 061 | 0 | 0 | 12 061 | (113) | 0 |
| 150 | Public administration and defense, compulsory social security | 0 | 0 | 0 | 0 | 0 | 0 |
| 160 | Education | 0 | 0 | 0 | 0 | 0 | 0 |
| 170 | Human health services and social work activities | 4 | 4 | 4 | 4 | (2) | 0 |
| 180 | Arts, entertainment and recreation | 62 | 0 | 0 | 62 | (1) | 0 |
| 190 | Other services | 0 | 0 | 0 | 0 | (0) | 0 |
| 200 | Total | 543 276 | 21 060 | 21 060 | 543 252 | (9 831) | (1) |

Table 26 – Breakdown of exposures by industry (EU CQ5)

On December 31, 2024, Haitong Bank's credit quality of forborne exposures by instrument was as follows:

| | | Gross carrying amount/ Nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Collaterals received and financial guarantees received on forborne exposures | |
|-----------------------|--|--|-------------------------|--------------------|-------------------|--|--------------------------------------|--|---|
| | | Performing forborne | Non-performing forborne | | | On performing forborne exposures | On non-performing forborne exposures | Of which: Collateral and financial guarantees received on non- | |
| | | | | Of which defaulted | Of which impaired | | | | |
| (in thousands of EUR) | | | | | | | | | |
| 005 | Cash balances at central banks and other demand deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 010 | Loans and advances | 25 334 | 6 916 | 6 916 | 0 | (1 115) | (1 868) | 0 | 0 |
| 020 | Central banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 030 | General governments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 040 | Credit institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 050 | Other financial corporations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 060 | Non-financial corporations | 25 334 | 6 916 | 6 916 | 0 | (1 115) | (1 868) | 0 | 0 |
| 070 | Households | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 080 | Debt Securities | 0 | 3 721 | 0 | 0 | 0 | 0 | 0 | 0 |
| 090 | Loan commitments given | 0 | 352 | 0 | 352 | 0 | 0 | 0 | 0 |
| 100 | Total | 25 334 | 10 989 | 6 916 | 352 | (1 115) | (1 868) | 0 | 0 |

Table 27 – Credit quality of forborne exposures by instrument (EU CQ1)

On December 31, 2024, Haitong Bank's credit quality of forbearance was as follows:

| (in thousands of EUR) | | Gross carrying amount of forborne exposures |
|-----------------------|---|---|
| 010 | Loans and advances that have been forborne more than twice | 9 477 |
| 020 | Non-performing forborne loans and advances that failed to meet the non-performing exit criteria | 0 |

Table 28 – Credit quality of forborne exposures (EU CQ2)

On December 31, 2024, Haitong Bank's credit quality of exposures by paste due days was as follows:

| | | Gross carrying amount / Nominal amount | | | | | | | | | | | |
|-----------------------|--|--|------------------------------|----|--|--------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--------------------|--------------------|--------|
| (in thousands of EUR) | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | | Not past due or Past due < 30 days | Past due > 30 days < 90 days | | Unlikely to pay that are not past-due or past-due <= 90 days | Past due > 90 days <= 180 days | Past due > 180 days <= 1 year | Past due > 1 year <= 2 years | Past due > 2 year <= 5 years | Past due > 5 year <= 7 years | Past due > 7 years | Of which defaulted | |
| | | | | | | | | | | | | | |
| 005 | Cash balances at central banks and other demand deposits | 462 673 | 462 673 | 0 | 3 897 | 3 897 | 0 | 0 | 0 | 0 | 0 | 0 | 3 897 |
| 010 | Loans and advances | 804 001 | 803 973 | 29 | 22 257 | 6 916 | 638 | 3 259 | 22 | 136 | 7 | 11 278 | 22 257 |
| 020 | Central banks | 31 275 | 31 275 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 030 | General governments | 123 | 123 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 040 | Credit institutions | 54 901 | 54 901 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 050 | Other financial corporations | 195 487 | 195 487 | 0 | 1 160 | 0 | 5 | 1 155 | 0 | 0 | 0 | 0 | 1 160 |
| 060 | Non-financial corporations | 522 216 | 522 187 | 29 | 21 060 | 6 916 | 634 | 2 103 | 22 | 115 | 0 | 11 270 | 21 060 |
| 070 | Of which SMEs | 208 341 | 208 341 | 0 | 10 608 | 3 551 | 615 | 2 103 | 11 | 90 | 0 | 4 237 | 10 608 |
| 080 | Households | 0 | 0 | 0 | 37 | 0 | 0 | 0 | 21 | 7 | 9 | 37 | 37 |
| 090 | Debt Securities | 974 063 | 974 063 | 0 | 3 721 | 887 | 2 834 | 0 | 0 | 0 | 0 | 0 | 3 721 |
| 100 | Central banks | 10 118 | 10 118 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 110 | General governments | 385 527 | 385 527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 120 | Credit institutions | 67 769 | 67 769 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 130 | Other financial corporations | 126 421 | 126 421 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 140 | Non-financial corporations | 384 228 | 384 228 | 0 | 3 721 | 887 | 2 834 | 0 | 0 | 0 | 0 | 0 | 3 721 |
| 150 | Off-balance sheet exposures | 209 018 | | | 724 | | | | | | | | 724 |
| 160 | Central banks | 0 | | | 0 | | | | | | | | 0 |
| 170 | General governments | 0 | | | 0 | | | | | | | | 0 |
| 180 | Credit institutions | 976 | | | 0 | | | | | | | | 0 |
| 190 | Other financial corporations | 31 724 | | | 0 | | | | | | | | 0 |
| 200 | Non-financial corporations | 176 318 | | | 724 | | | | | | | | 724 |
| 210 | Households | 0 | | | 0 | | | | | | | | 0 |
| 220 | Total | 2 449 755 | 2 240 708 | 29 | 30 599 | 11 700 | 3 472 | 3 259 | 22 | 136 | 7 | 11 278 | 30 599 |

Table 29 – Credit quality of exposures by past due days (EU CQ3)

On December 31, 2024, Haitong Bank's changes in the stock of non-performing loans and advances were as follows:

| (in thousands of EUR) | Gross carrying amount |
|--|-----------------------|
| 010 Initial stock of non-performing loans and advances | 8 219 |
| 020 Inflows to non-performing portfolios | 30 215 |
| 030 Outflows from non-performing portfolios | (16 178) |
| 040 Outflows due to write-offs | (9 555) |
| 050 Outflow due to other situations | (6 624) |
| 060 Final stock of non-performing loans and advances | 22 256 |

Table 30 – Changes in the stock of non-performing loans and advances (EU CR2)

On December 31, 2024, Haitong Bank's changes in the stock of non-performing loans and advances and related net accumulated recoveries were as follows:

| (in thousands of EUR) | | Gross carrying amount | Related net cumulated recoveries |
|-----------------------|--|-----------------------|----------------------------------|
| 010 | Initial stock of non-performing loans and advances | 8 219 | 0 |
| 020 | Inflows to non performing portfolios | 30 215 | |
| 030 | Outflows from non-performing portfolios | (16 178) | |
| 040 | Outflow to performing portfolio | 0 | |
| 050 | Outflow due to loan repayment, partial or total | 0 | |
| 060 | Outflow due to collateral liquidations | 0 | 0 |
| 070 | Outflow due to taking possession of collateral | 0 | 0 |
| 080 | Outflow due to sale of instruments | 0 | 0 |
| 090 | Outflow due to risk transfers | 0 | 0 |
| 100 | Outflows due to write-offs | (9 555) | |
| 110 | Outflow due to Other Situations | (6 624) | |
| 120 | Outflow due to reclassification as held for sale | 0 | |
| 130 | Final stock of non-performing loans and advances | 22 256 | 0 |

Table 31 – Changes in the stock of non-performing loans and advances and related net accumulated recoveries (EU CR2a)

On December 31, 2024, Haitong Bank's disclosure of the use of credit risk mitigation techniques was as follows:

| | | Secured carrying amount | | | |
|-----------------------|-----------------------------------|---------------------------|--------------------------------|--|--|
| | | Unsecured carrying amount | Of which secured by collateral | Of which secured by financial guarantees | Of which secured by credit derivatives |
| (in thousands of EUR) | | | | | |
| 1 | Loans and advances | 1 219 735 | 59 107 | 59 107 | 0 |
| 2 | Debt securities | 975 897 | 0 | 0 | 0 |
| 3 | Total | 2 195 631 | 59 107 | 59 107 | 0 |
| 4 | Of which non-performing exposures | 18 066 | 0 | 0 | 0 |
| 5 | Of which defaulted | 18 066 | 0 | | |

Table 32 – Disclosure of the use of credit risk mitigation techniques (EU CR3)

On December 31, 2024, Haitong Bank's loans and advances collateral valuation was as follows:

| (in thousands of EUR) | | Loans and advances | | | | | | | | | | | |
|-----------------------|--|--------------------|----------|--|----------------|--|---|--|--|--|--|-----------------------------|--------|
| | | Performing | | | Non Performing | | | | | | | | |
| | | | | of which past due > 30 days <= 90 days | | Unlikely to pay that are not past due or past due <= 90 days | Past due > 90 days | | | | | | |
| | | | | | | | of which Past due > 90 days <= 180 days | of which Past due > 180 days <= 1 year | of which Past due > 1 years <= 2 years | of which Past due > 2 years <= 5 years | of which Past due > 5 years <= 7 years | of which Past due > 7 years | |
| 010 | Gross carrying amount | 826 259 | 804 001 | 0 | 22 257 | 6 916 | 15 341 | 638 | 3 259 | 22 | 136 | 7 | 11 278 |
| 020 | Of which: secured | 804 001 | 804 001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 030 | Of which: secured with Immovable property | 37 205 | 37 205 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 040 | of which: Loans with a LTV higher than 60% and lower than or equal to 80% | 0 | 0 | | 0 | 0 | 0 | | | | | | |
| 050 | of which: Loans with a LTV higher than 80% and lower than or equal to 100% | 0 | 0 | | 0 | 0 | 0 | | | | | | |
| 060 | of which: Loans with a LTV higher than 100% | 18 043 | 18 043 | | 0 | 0 | 0 | | | | | | |
| 070 | Accumulated impairment for secured assets | (11 609) | (3 697) | 0 | (7 912) | 0 | (7 912) | (294) | (7 581) | (37) | 0 | 0 | 0 |
| 080 | Collateral | | | | | | | | | | | | |
| 090 | Of which value capped at the value of exposure | 59 107 | 59 107 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | Of which: Immovable property | 32 640 | 32 640 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 110 | Of which value above the cap | 32 981 | 32 981 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 120 | Of which: Immovable property | 32 981 | 32 981 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 130 | Financial guarantees received | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 140 | Accumulated partial write-off | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table 33 – Collateral valuation of loans and advances (EU CQ6)

As of December 2024, collateral obtained by Haitong Bank by taking possession was as follows:

| (in thousands of EUR) | Collateral obtained by taking possession | |
|---|--|------------------------------|
| | Value at initial recognition | Accumulated negative changes |
| Property Plant and Equipment (PP&E) | 25 | 0 |
| Other than PP&E | 0 | 0 |
| Residential immovable property | 0 | 0 |
| Commercial Immovable property | 0 | 0 |
| Movable property (auto, shipping, etc.) | 0 | 0 |
| Equity and debt instruments | 0 | 0 |
| Other collateral | 0 | 0 |
| Total | 25 | 0 |

Table 34 – Collateral obtained by taking possession (EU CQ7)

12 ENCUMBERED AND UNENCUMBERED ASSETS

Following article 443 of Regulation (EU) 575/2013 and Commission Implementing Regulation (EU) 2021/637, asset encumbrance disclosures use the median value of the last four quarterly data points for all fields disclosed.

As of December 31, 2024 reporting date, disclosed encumbered and unencumbered assets were:

| (in thousands of EUR) | Carrying amount of encumbered assets | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
|--|---|----------------|---|---------|--|----------------|-----------------------------------|---------|
| | of which notionally eligible EHQLA and HQLA | | of which notionally eligible EHQLA and HQLA | | of which EHQLA and HQLA | | of which EHQLA and HQLA | |
| | | | | | | | | |
| Assets of the reporting institution | 1 112 229 | 140 576 | | | 2 406 667 | 438 717 | | |
| Equity instruments | 0 | 0 | 0 | 0 | 16 257 | 0 | 16 257 | 0 |
| Debt securities | 1 082 314 | 140 576 | 1 082 314 | 140 576 | 754 000 | 438 717 | 754 000 | 438 717 |
| of which: covered bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which: securitisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which: issued by general governments | 868 316 | 121 651 | 868 316 | 121 651 | 342 402 | 342 402 | 342 402 | 342 402 |
| of which: issued by financial corporations | 80 049 | 0 | 80 049 | 0 | 144 304 | 23 835 | 144 304 | 23 835 |
| of which: issued by non-financial corporations | 136 760 | 18 926 | 136 760 | 18 926 | 256 497 | 52 452 | 256 497 | 52 452 |
| Other assets | 29 229 | 0 | | | 1 646 658 | 0 | | |

Table 35 – Asset encumbrance (EU AE1)

As of December 31, 2024 reporting date, disclosed fair values of collateral and unencumbered assets were:

| (in thousands of EUR) | Fair value of encumbered collateral received or own debt securities issued | | Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance | |
|--|--|----------|---|----------|
| | of which notionally eligible EHQLA and HQLA | | of which EHQLA and HQLA | |
| | | | | |
| Collateral received by the disclosing institution | 0 | 0 | 0 | 0 |
| Loans on demand | 0 | 0 | 0 | 0 |
| Equity instruments | 0 | 0 | 0 | 0 |
| Debt securities | 0 | 0 | 0 | 0 |
| of which: covered bonds | 0 | 0 | 0 | 0 |
| of which: securitisations | 0 | 0 | 0 | 0 |
| of which: issued by general governments | 0 | 0 | 0 | 0 |
| of which: issued by financial corporations | 0 | 0 | 0 | 0 |
| of which: issued by non-financial corporations | 0 | 0 | 0 | 0 |
| Loans and advances other than loans on demand | 0 | 0 | 0 | 0 |
| Other collateral received | 0 | 0 | 0 | 0 |
| Own debt securities issued other than own covered bonds or securitisations | 0 | 0 | 0 | 0 |
| Own covered bonds and securitisation issued and not yet pledged | | | 0 | 0 |
| TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED | 1 112 229 | 0 | | |

Table 36 – Collateral received and own debt securities issued (EU AE2)

As of December 31, 2024 the disclosed value of liabilities related to encumbered assets and collaterals received were:

| (in thousands of EUR) | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered |
|---|---|--|
| Carrying amount of selected financial liabilities | 1 006 117 | 1 103 734 |

Table 37 – Sources of encumbrance (EU AE3)

Encumbered assets are related to Haitong Bank's funding operations, in particular operations concerning:

- Repurchase Agreements' transactions where there are Global Master Repurchase Agreements signed between Haitong Bank and each one of its counterparties in Europe and the use of SELIC clearing in Brazilian government bonds repos in Brazil;
- Initial and variation margins for derivatives where collateral is transferred in line with the Credit Support Annex ('CSA') signed between Haitong Bank and its counterparties;

13 USE OF ECAs UNDER THE STANDARDIZED APPROACH (art. 444^o)

Haitong Bank uses the Standardized Approach to calculate risk weighted assets for Credit Risk.

In the Standardized Approach, Haitong Bank uses Standard and Poor's (S&P) ratings assigned to determine the risk weights applicable to exposures to central governments and central banks, regional governments or local authorities, public sector entities, multilateral development banks, international organizations, institutions and corporates in accordance with the rules set out in Regulation (EU) no. 575/2013.

The rating assignment methodology uses the rating for each contract and, if non-existent, the rating of the obligor. In case there is no S&P rating available, Haitong Bank applies the CRR rule for non-rated exposures according to the respective exposure class.

On December 31, 2024, the exposure values associated with each credit quality step prescribed in Part Three, Title II, Chapter 2, as well as those deducted from own funds, were as follows:

| (in thousands of EUR) | Risk weight | | | | | | | Total | Of which unrated |
|---|----------------|---------------|----------------|------------------|--------------|---------------|---------------|------------------|------------------|
| | 0% | 20% | 50% | 100% | 150% | 250% | Others | | |
| Exposure classes | | | | | | | | | |
| Central governments or central banks | 832 079 | 3 795 | 10 101 | 20 830 | 0 | 0 | 0 | 866 806 | 89 577 |
| Regional government or local authorities | 0 | 123 | 0 | 0 | 0 | 0 | 0 | 123 | 123 |
| Public sector entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Multilateral development banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| International organisations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions | 0 | 32 488 | 95 117 | 276 | 0 | 0 | 0 | 127 881 | 113 711 |
| Corporates | 0 | 0 | 6 159 | 1 293 400 | 4 644 | 0 | 0 | 1 304 203 | 1 002 168 |
| Retail | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secured by mortgages on immovable property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exposures in default | 0 | 0 | 0 | 3 309 | 4 935 | 0 | 0 | 8 243 | 8 243 |
| Exposures associated with particularly high risk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Covered bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions and corporates with a short-term credit assessment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unit or shares in collective investment undertakings | 0 | 0 | 0 | 0 | 0 | 0 | 11 103 | 11 103 | 11 103 |
| Equity | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 1 |
| Other items | 5 179 | 0 | 0 | 144 527 | 0 | 18 415 | 0 | 168 121 | 168 121 |
| TOTAL | 837 258 | 36 406 | 111 378 | 1 462 341 | 9 579 | 18 415 | 11 103 | 2 486 480 | 1 393 046 |

Table 38 – Risk Weight by Standardised approach (EU CR5)

14 MARKET RISK

Haitong Bank calculates own funds requirements for market risk under the standardized approach in accordance with Part Three, Title IV, Chapter 2 of Regulation (EU) no. 575/2013 for its trading book positions and Chapters 3 and 4 for its overall foreign exchange risk and commodities risk respectively. For the own funds requirements calculation for the debt instruments general risk, the Bank uses the maturity-based approach. For commodities risk, the Bank uses the simplified approach.

On 31 December 2024, Haitong Bank's Market Risk RWA composition was as follows:

| (in thousands of EUR) | | RWEAs at 31.12.2024 |
|--------------------------|---|---------------------|
| Outright products | | |
| 1 | Interest rate risk (general and specific) | 72 429 |
| 2 | Equity risk (general and specific) | 49 |
| 3 | Foreign exchange risk | 296 174 |
| 4 | Commodity risk | 0 |
| Options | | |
| 5 | Simplified approach | 0 |
| 6 | Delta-plus approach | 0 |
| 7 | Scenario approach | 0 |
| 8 | Securitisation (specific risk) | 0 |
| 9 | Total | 368 652 |

Table 39 – Market risk under standardised approach (EU MR1)

Additionally, Haitong Bank sets group-wide value-at-risk (VaR) limits for market risk in the trading book as part of the limit framework included in the Risk Appetite Framework.

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.

As of December 2024, Haitong Bank's VaR amounted to EUR 4,2 million, representing a decrease of EUR 0,5 million when compared with December 2023.

15 OPERATIONAL RISK

Operational Risk own funds requirements determined for prudential reporting purposes as of 31 December 2024, were calculated in accordance with the Standardized Approach (Part III, Title III, Chapter 3 of the CRR). In the standardized approach, own funds requirements are computed as the three-year average of the sum of annual own fund requirements for all segments indicated in Figure 7.

| Business line | List of activities | Percentage |
|---|---|------------|
| Corporate finance | Underwriting of financial instruments or placing of financial instruments on a firm commitment basis | 18 % |
| | Services related to underwriting | |
| | Investment advisory | |
| | Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to the mergers and the purchase of undertakings | |
| | Investment research and financial analysis and other forms of general recommendation relating to transactions in financial instruments | |
| Trading and sales | Dealing on own account | 18 % |
| | Money broking | |
| | Reception and transmission of orders in relation to one or more financial instruments | |
| | Execution of orders on behalf of clients | |
| | Placing of financial instruments without a firm commitment basis | |
| Retail brokerage (Activities with natural persons or with SMEs meeting the criteria set out in Article 123 for the retail exposure class) | Operation of Multilateral Trading Facilities | 12 % |
| | Reception and transmission of orders in relation to one or more financial instruments | |
| | Execution of orders on behalf of clients | |
| Commercial banking | Placing of financial instruments without a firm commitment basis | 15 % |
| | Acceptance of deposits and other repayable funds | |
| | Lending | |
| | Financial leasing | |
| Retail banking (Activities with natural persons or with SMEs meeting the criteria set out in Article 123 for the retail exposure class) | Guarantees and commitments | 12 % |
| | Acceptance of deposits and other repayable funds | |
| | Lending | |
| | Financial leasing | |
| Payment and settlement | Guarantees and commitments | 18 % |
| | Money transmission services, | |
| Agency services | Issuing and administering means of payment | 15 % |
| | Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management | |
| Asset management | Portfolio management | 12 % |
| | Managing of UCITS | |
| | Other forms of asset management | |

Figure 7 – Standardized Approach – Business Segments

The Own Funds requirement is computed for each segment by multiplying the relevant indicator by the beta factor associated to the business segment.

Calculation of the relevant indicator

In accordance with Regulation (EC) no. 1606/2002 of the European Council and Parliament of July 16, 2002 and the Bank of Portugal Notice no. 5/2015, the Bank prepares its separate financial statements in accordance with the International Financial Reporting Standards (IFRS).

The relevant indicator is calculated according to Article 316 of Regulation (EU) no. 575/2013 of the European Parliament and Council following the mapping below regarding the applicable accounting records (using audited figures).

| Income Statements | Account |
|---|---------------------------------------|
| (+) Interest receivable and similar income | 79 |
| (-) Interest payable and similar charges | 66 |
| (+) Shares and other variable-yield/fixed securities income | 82-821 |
| (+) Commissions received | 80+81 |
| (-) Commissions paid | 67+68 |
| (+) Results from financial operations | [83-(831+833+834)]-[69-(691+693+694)] |
| (+) Other operating income | [84-(841+842+843)] |

Table 40 – Relevant indicator accounting items

The abovementioned items consider the following adjustments, when necessary:

- ⊕ the relevant indicator must be stated gross of provisions and operating costs, i.e., it must be calculated before the deduction of any provisions and operating costs, the latter including fees paid to outsourcing services rendered by third parties which are not subsidiaries;
- ⊕ fees paid to outsourcing services rendered by third parties which are subsidiaries or are subject to rules under, or equivalent to, Regulation (EU) no. 575/2013 of the European Parliament and Council contribute to reducing the relevant indicator;
- ⊕ income from the sale of non-trading book items, extraordinary results or income from insurance are not used in the calculation of the relevant indicator.

| (in thousands of EUR) | Relevant Indicator | | | Own funds requirements | Risk exposure amount |
|---|--------------------|--------|--------|------------------------|----------------------|
| | 2022 | 2023 | 2024 | | |
| 1. Banking activities subject to basic indicator approach (BIA) | - | - | - | - | - |
| 2. Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | 78 941 | 81 664 | 70 648 | 11 984 | 149 801 |
| 3. Subject to TSA: | 78 941 | 81 664 | 70 648 | | |
| 4. Subject to ASA: | - | - | - | | |
| 5. Banking activities subject to advanced measurement approaches AMA | - | - | - | - | - |

Table 41 – Operational risk own funds requirements and risk-weighted exposure amounts (EU OR1)

Operational Risk own funds requirements determined for prudential reporting purposes, according to information in Table 41, amounted to EUR 11 984 thousand as of December 31, 2024, a decrease of EUR 1 250 thousand when compared to December 31, 2023.

16 EXPOSURES TO INTEREST RATE AND CREDIT SPREAD RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK

Interest Rate Risk in the Banking Book

The Interest Rate Risk in the Banking Book (IRRBB) refers to the current or prospective risk arising from adverse movements in interest rates that affect the Bank's non-trading book positions. The adverse movement in interest rates are a consequence of the changes to the shape, slope, and level of a range of different yield curves that incorporate some or all of the components of interest rates.

IRRBB derives from three fundamental aspects relating to the level and structural characteristics of interest rates, and the effects on these of changes to yield curves. These aspects of interest rate risk can occur simultaneously, and therefore need to be managed holistically:

- ⊕ **Gap risk** arises from the term structure of banking book instruments and describes the risk arising from the timing of instrument rate changes. Since rate resets on different instruments occur at different tenors, the risk to the bank arises when the rate of interest paid on liabilities increases before the rate of interest received on assets. Unless hedged in terms of tenor and amount, the bank may be exposed to a period of reduced or negative interest margins or may experience changes in the relative economic values of assets and liabilities. The extent of gap risk depends also on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).
- ⊕ **Basis risk** describes the impact of relative changes in interest rates for financial instruments that have similar tenors but are repriced using different interest rate indices (for instance an asset repriced off Euribor 3M funded by a liability repriced off Euribor 6M).
- ⊕ **Option risk** arises from option derivative positions or from the optional elements embedded in many bank assets, liabilities and off-balance sheet items, where the bank or its customers can alter the level and timing of their cash flows.

In addition to the pure economic risks that can arise from changes to the level and structure of interest rates, risks can arise from currency mismatches, where the interest rate risks are in addition to normal exchange rate risks (this falls within a wider definition of basis risk) or accounting treatment of risk positions, where interest rate hedging activity may achieve the desired economic effect, but fail to achieve hedge accounting treatment.

Haitong Bank aims to capture all material sources of IRRBB 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 instruments, the sensitivity of its net interest margin expected in a given time horizon and the sensitivity of the market value of instruments held at fair value which maturing beyond the net interest income time horizon.

When measuring IRRBB, Haitong Bank considers all interest rate sensitive instruments (debt securities, loans and advances, deposits, cash and cash equivalents and interest rate derivatives) from the banking book, also referred to as non-trading book, and from off-balance sheet. As such, it is of paramount importance the definition and application of the boundary between non-trading book and trading book. Haitong Bank's trading book definition and trading activities are documented in the Market Risk Management Regulation. All instruments that do not meet the criteria set in the above-mentioned regulation are not eligible for the trading book and, as such, are part of the banking book and included in the scope of this IRRBB regulation.

Main interest rate risk in the banking book metrics

The management, measurement and control of IRRBB risk and metrics is performed by Haitong Bank for each subsidiary and in full consolidation. The set of metrics used in the group is homogeneous to ensure consistent measurement. However, the range of specific metrics implemented in each subsidiary depends on the dimensions and risk factors identified as relevant by each subsidiary in its IRRBB self-assessment,

based on the individual features and nature of its business, its balance sheet structure and the complexity of the markets in which it operates.

Haitong hedges IRRBB exposures by entering into interest rate derivative contracts, either interest rate swaps or interest rate futures, to partially or fully hedge the interest rate risk of the exposures.

IRRBB metrics are calculated under various scenarios and provide a static and /or dynamic overview of the balance sheet exposures and net interest margin in response to adverse interest rate movements. The main metrics are as follows:

- ⌚ **Repricing gap:** It measures the difference between the volume of sensitive assets and liabilities, on- and off- balance sheet, that re-price (i.e. that mature or are subject to rate revisions) at certain times.
- ⌚ **Economic value and its sensitivity:** Economic value of the equity (EVE) is the difference between the present value of assets and the present value of liabilities of the banking book, excluding own equity and other instruments that do not generate interest rate risk. The present value is calculated by discounting projected cash flows of assets and liabilities with the appropriate discount curve. EVE sensitivity is calculated as the difference between the EVE in a selected interest rates scenario and the EVE calculated in the baseline scenario. This metric enables the identification of long-term risk, and so supplements net interest income.
- ⌚ **Net interest income and its sensitivity:** Net interest income is calculated as the difference between the interest income as percentage of assets and the interest cost of the liabilities of the banking book in a determined time horizon (the Bank's standard being one year). Its sensitivity reflects the impact of changes in interest rates on net interest income in the given time horizon. Net interest income sensitivity is calculated as the difference between the net interest income in a selected scenario and the net interest income in the baseline scenario. This metric enables the identification of short-term risk, and supplements economic value of equity (EVE) sensitivity.
- ⌚ **Market value:** Market value (MV) of instruments held at fair value which maturing beyond the net interest income time horizon as requested in Commission Implementing Regulation (EU) 2024/857, of 1 December 2023.

The measurement and reporting of the interest rate risk impacts is monitored, at least monthly, based on Bank of Portugal's instructions, European Commission Implementing Regulations and European Banking Authority's (EBA) Guidelines currently in force.

Moreover, on a quarterly basis, the Bank calculates changes in market value (MV) of instruments held at fair value which maturing beyond the net interest income time horizon, for supervisory purposes.

Currently, the Bank considers the following scenarios on EVE:

- ⌚ parallel shock up, where there is a parallel upward shift of the yield curve with the same positive interest rate shock for all maturities.
- ⌚ parallel shock down, where there is a parallel downward shift of the yield curve with the same negative interest rate shock for all maturities.
- ⌚ steeper shock, where there is a steepening shift of the yield curve, with negative interest rate shocks for shorter maturities and positive interest rate shocks for longer maturities.
- ⌚ flattener shock, where there is a flattening shift of the yield curve, with positive interest rate shocks for shorter maturities and negative interest rate shocks for longer maturities.

- ⊕ short rates shock up, with larger positive interest rate shocks for shorter maturities to converge with the baseline for longer maturities.
- ⊕ short rates shock down, with larger negative interest rate shocks for shorter maturities to converge with the baseline for longer maturities.

The Bank considers the following scenarios on NII and MV:

- ⊕ parallel shock up, where there is a parallel upwards shift of the yield curve with the same positive interest rate shocks for all maturities.
- ⊕ parallel shock down, where there is a parallel downwards shift of the yield curve with the same negative interest rate shocks for all maturities.

In addition, each subsidiary of the group uses a variety of scenarios sufficient to ensure appropriate measurement and control of its IRRBB profile. The use of these scenarios plays an important role in providing supplementary future risk estimates. They can be of different types, meaning, they can be historical, forward-looking, probabilistic or based on expert assessments.

Methodologies

The main elements necessary to calculate IRRBB metrics are the yield curves for capitalization and discounting, and assumptions about future changes in the entity's balance sheet and its various items.

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 the forward rates at the time of maturing.

Other assumptions used in both calculations are as follows:

- ⊕ All cash flows from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book are included in the calculation, i.e., assets, liabilities and off-balance sheet items in the non-trading book, excluding assets deducted from CET1 capital, e.g. real estate or intangible assets or equity exposures in the non-trading book.
- ⊕ Repricing is said to occur at the earliest date at which either the bank or its counterparty is entitled to unilaterally change the interest rate, or at which the rate on a floating rate instrument changes automatically in response to a change in an external benchmark.
- ⊕ Any interest payment or principal on fixed rate instruments that has not yet been repaid and any spread component of interest payments of floating rate instruments that has not yet been repaid and which do not reprice must be slotted until their contractual maturity, whether the principal has been repriced or not.
- ⊕ Floating rate instruments are assumed to reprice fully at the first reset date, hence, the entire principal amount is slotted into the bucket in which that date falls, with no additional slotting of notional repricing cash flows to later time buckets.
- ⊕ Instruments that are non-maturity instruments like current account and nostro or vostro accounts are projected to the fifth day after the reference date.

- ⊕ If a non-performing exposure (NPE) ratio is above the materiality threshold of 2%, NPEs should be included, as they are considered as interest rate sensitive instruments reflecting expected cash flows and their timing.
- ⊕ There are no drawdowns on fixed rate loans commitments.
- ⊕ Cash flows are discounted using a zero coupon risk-free curves for each currency. The curve should not include instrument-specific or entity-specific credit spread or liquidity spreads (e.g. Swaps curves).

The following table shows changes in the Bank's economic value of equity (EVE) and its net interest income, for every prescribed interest rate scenario:

| Prescribed interest rate scenarios (in thousands of EUR) | Delta EVE | | Delta NII | |
|---|--------------|--------------|--------------|--------------|
| | Dec. 2024 | Dec. 2023 | Dec. 2024 | Dec. 2023 |
| Final worst impact | (23 028) | (17 347) | (3 638) | (2 290) |
| Regulatory Add-ons | (592) | | (53) | n.a. |
| Worst impact (w ithout regulatory add-ons) | (22 436) | (17 347) | (3 585) | (2 290) |
| Parallel up | (22 436) | (17 347) | 3 585 | 2 290 |
| Parallel down | 10 053 | 4 845 | (3 585) | (2 290) |
| Steepener | (3 164) | (313) | | |
| Flattener | (1 285) | (3 586) | | |
| Short rates up | (8 362) | (8 836) | | |
| Short rates down | 2 148 | 2 114 | | |
| % Total Capital | 4,28% | 3,24% | 0,68% | 0,43% |
| % Tier 1 Capital | 4,27% | 3,23% | 0,67% | 0,43% |

Table 42 – Interest rate risks of non-trading book activities

Compared to December 2023, economic capital requirements for IRRBB increased EUR 8,484 thousand, to reach EUR 23,028 thousand, in December 2024. The increase in requirements, due to the increase in gap and basis risk, is mainly explained by global increase of the net repricing gap, namely in the short-term bucket “Up to 3 months” and a slight increase in the fixed-rate instrument average duration.

Credit Spread Risk in the Banking Book

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% confidence level.

As of December 2024, Haitong Bank's Global CSR Requirement amounted to EUR 14.8 million, representing an increase of EUR 3.8 million when compared with December 2023. The increase comes essentially by the Brazilian exposures to corporate Bonds.

17 EXPOSURE TO SECURITISATION POSITIONS

As of December 31, 2024, Haitong Bank did not have asset securitization operations originated by the Group nor any securitization assets in its balance sheet.

18 LEVERAGE

Haitong Bank's leverage ratio is calculated in accordance with article 429^o of regulation 575/2013 of the European Parliament and of the Council of 26 June 2013, amended by Regulation 2019/876, which introduced some of the final elements of the Basel III framework. Those elements include, among other things, a new definition of the leverage ratio and a leverage ratio buffer. A minimum leverage ratio requirement of 3% was introduced that is effective since June 28, 2021. Haitong Bank decided not to use the transitional measure to exclude central bank exposures from the leverage ratio calculation, which was introduced as a result of the exceptional macroeconomic circumstances.

Leverage ratio is defined as "Tier 1 Capital" over the "Leverage exposure amount", which corresponds to the sum of the value of all of the Bank's assets and off-balance sheet items after adjustments, namely the application of credit conversion factors to off-balance-sheet items or the exclusion of elements deducted from own funds. The Tier 1 Capital used to calculate the Leverage ratio is detailed in table 8 of chapter 6 - Own Funds.

The increase of the leverage ratio from 11,5% in 2023 to 12,3% in 2024 was mainly driven by the decrease in the exposure value eligible for the leverage ratio, which results from the decrease in all exposures types, but especially from a decrease in the exposures from on-balance sheet exposure. As of December 31, 2024, Haitong Bank holds a comfortable leverage ratio, compared with the minimum prudential percentage of 3%. The leverage ratio is monitored on a monthly basis, which allows the identification of proper mitigation actions in the case of signs of excessive leverage.

The tables below disclose the breakdown of the total exposure measure, as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements.

| (in thousands of EUR) | | 31.12.2024 |
|-----------------------|--|------------------|
| 1 | Total assets as per published financial statements | 3 303 285 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation | 0 |
| 3 | (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference) | 0 |
| 4 | (Adjustment for temporary exemption of exposures to central banks (if applicable)) | 0 |
| 5 | (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR) | 0 |
| 6 | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | 0 |
| 7 | Adjustment for eligible cash pooling transactions | 0 |
| 8 | Adjustments for derivative financial instruments | 50 479 |
| 9 | Adjustment for securities financing transactions (SFTs) | 58 509 |
| 10 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 168 717 |
| 11 | (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital) | 0 |
| EU-11a | (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR) | 0 |
| EU-11b | (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR) | 0 |
| 12 | Other adjustments | 803 417 |
| 13 | Total exposure measure | 4 384 406 |

Table 43 – Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1)

| (in thousands of EUR) | | CRR leverage ratio exposures | |
|--|---|------------------------------|------------------|
| | | 31.12.2024 | 31.12.2023 |
| On-balance sheet exposures (excluding derivatives and SFTs) | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 3 264 495 | 3 463 679 |
| 2 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | 0 | 0 |
| 3 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | 0 | 0 |
| 4 | Adjustment for securities received under securities financing transactions that are recognised as an asset | 0 | 0 |
| 5 | (General credit risk adjustments to on-balance sheet items) | 0 | 0 |
| 6 | (Asset amounts deducted in determining Tier 1 capital) | -90 606 | -107 220 |
| 7 | Total on-balance sheet exposures (excluding derivatives and SFTs) | 3 173 890 | 3 356 459 |
| Derivative exposures | | | |
| 8 | Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin) | 39 944 | 57 302 |
| EU-8a | Derogation for derivatives: replacement costs contribution under the simplified standardised approach | 0 | 0 |
| 9 | Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions | 11 276 | 14 632 |
| EU-9a | Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach | 0 | 0 |
| EU-9b | Exposure determined under Original Exposure Method | 0 | 0 |
| 10 | (Exempted CCP leg of client-cleared trade exposures) (SA-CCR) | 0 | 0 |
| EU-10a | (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach) | 0 | 0 |
| EU-10b | (Exempted CCP leg of client-cleared trade exposures) (original Exposure Method) | 0 | 0 |
| 11 | Adjusted effective notional amount of written credit derivatives | 0 | 0 |
| 12 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | 0 | 0 |
| 13 | Total derivatives exposures | 51 220 | 71 933 |
| Securities financing transaction (SFT) exposures | | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions | 932 071 | 965 682 |
| 15 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | 0 | 0 |
| 16 | Counterparty credit risk exposure for SFT assets | 58 509 | 47 027 |
| EU-16a | Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR | 0 | 0 |
| 17 | Agent transaction exposures | 0 | 0 |
| EU-17a | (Exempted CCP leg of client-cleared SFT exposure) | 0 | 0 |
| 18 | Total securities financing transaction exposures | 990 580 | 1 012 709 |
| Other off-balance sheet exposures | | | |
| 19 | Off-balance sheet exposures at gross notional amount | 168 717 | 203 491 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | 0 | 0 |
| 21 | (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures) | 0 | 0 |
| 22 | Off-balance sheet exposures | 168 717 | 203 491 |

| (in thousands of EUR) | | CRR leverage ratio exposures | |
|---|---|------------------------------|------------------|
| | | 31.12.2024 | 31.12.2023 |
| Excluded exposures | | | |
| EU-22a | (Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR) | 0 | 0 |
| EU-22b | (Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet)) | 0 | 0 |
| EU-22c | (Excluded exposures of public development banks (or units) - Public sector investments) | 0 | 0 |
| EU-22d | Excluded exposures of public development banks (or units) - Promotional loans | 0 | 0 |
| EU-22e | Excluded passing-through promotional loan exposures by non-public development banks (or units) | 0 | 0 |
| EU-22f | (Excluded guaranteed parts of exposures arising from export credits) | 0 | 0 |
| EU-22g | (Excluded excess collateral deposited at triparty agents) | 0 | 0 |
| EU-22h | (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR) | 0 | 0 |
| EU-22i | (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR) | 0 | 0 |
| EU-22j | (Reduction of the exposure value of pre-financing or intermediate loans) | 0 | 0 |
| EU-22k | (Total exempted exposures) | 0 | 0 |
| Capital and total exposure measure | | | |
| 23 | Tier 1 capital | 538 383 | 535 846 |
| 24 | Total exposure measure | 4 384 406 | 4 644 592 |
| Leverage ratio | | | |
| 25 | Leverage ratio | 12,28% | 11,54% |
| EU-25 | Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%) | 12,28% | 11,54% |
| 25a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) | 12,28% | 11,54% |
| 26 | Regulatory minimum leverage ratio requirement (%) | 3,00% | 3,00% |
| EU-26a | Additional own funds requirements to address the risk of excessive leverage (%) | 0,00% | 0,00% |
| EU-26b | of which: to be made up of CET1 capital (percentage points) | 0,00% | 0,00% |
| 27 | Leverage ratio buffer requirement (%) | 0,00% | 0,00% |
| EU-27a | Overall leverage ratio requirement (%) | 3,00% | 3,00% |
| Choice on transitional arrangements and relevant exposures | | | |
| EU-27b | Choice on transitional arrangements for the definition of the capital measure | Fully loaded | Fully loaded |
| Disclosure of mean values | | | |
| 28 | Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 0 | 0 |
| 29 | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 932 071 | 965 682 |
| 30 | Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 3 452 335 | 3 678 910 |
| 30a | Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 3 452 335 | 3 678 910 |
| 31 | Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 15,59% | 14,57% |
| 31a | Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) | 15,59% | 14,57% |

Table 44 – Leverage ratio common disclosure (EU LR2)

| (in thousands of EUR) | | CRR leverage ratio exposures |
|-----------------------|--|------------------------------|
| EU-1 | Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which: | 3 264 495 |
| EU-2 | Trading book exposures | 770 902 |
| EU-3 | Banking book exposures, of which: | 2 493 593 |
| EU-4 | Covered bonds | 0 |
| EU-5 | Exposures treated as sovereigns | 866 806 |
| EU-6 | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns | 123 |
| EU-7 | Institutions | 127 881 |
| EU-8 | Secured by mortgages of immovable properties | 0 |
| EU-9 | Retail exposures | 0 |
| EU-10 | Corporates | 1 229 772 |
| EU-11 | Exposures in default | 14 218 |
| EU-12 | Other exposures (eg equity, securitisations, and other non-credit obligation assets) | 254 794 |

Table 45 - Split-up of on balance sheet exposures (EU LR3)

19 CREDIT RISK MITIGATION TECHNIQUES

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 pricing.

The main risk mitigation techniques used by the Bank are financial pledges (funded credit protection – financial collateral in the form of securities and cash). The calculation of regulatory capital requirements encompasses the effects of the instruments foreseen in Section 2, Chapter 4, Title II, Part III of Regulation (EU) no. 575/2013, namely immovable property collaterals, eligible financial instruments in the Financial Collateral Comprehensive Method, and guarantees provided by sovereigns, financial institutions or entities with external ratings.

Haitong Bank follows the prescription of CRR for collateral haircuts for impairment calculation. Thus, instead of using the collateral value, the Bank considers the collateral value after the haircut application.

As of December 31, 2024, Haitong Bank did not have credit derivatives transactions as unfunded credit protection.

The Bank registers in the IT systems the guarantees received connecting them to the guaranteed credit transactions. For personal guarantees, the Bank registers information about the guarantor, while for

financial pledges and/or real guarantees the Bank records in the systems specific information about the assets held as collateral.

Frequency and methods of collateral valuation depend on the nature of the collateral. For listed equity securities and debt securities, the valuation is done using market prices for the reference date. For non-listed securities, valuation is performed by the investment bank area of the Bank, based on the latest available financial information of the issuer, with a reference date not exceeding one year.

Regarding pledges on equipment, the valuation is based on an updated appraisal (less than one year) by an appropriate appraiser for the nature of the collateral.

Mortgages are valued based on reports from appraisals conducted by independent appraisers, on an annual basis for commercial properties and every three years in case of residential properties.

The collateral management primarily relies on Corporate and Project Financing Department and on Special Portfolio Management. On the origination, Corporate and Project Financing Department is responsible to propose to the Executive Committee the collateral package of the new transactions, while Special Portfolio Management has this role at the restructuring phase. Both Corporate and Project Financing Department and Special Portfolio Management are responsible for the full compliance of the collateral terms approved. These departments shall monitor the valuation and adequacy of existing collaterals, which is a crucial element for the assessment of the expected credit loss in relation to both the collective and the individual analysis performed at the Impairment Committee.

For derivatives collateral management, please refer to the counterparty credit risk chapter of this document.

Table 46 shows the effect of prudential mitigations and the respective risk exposures by risk class according to Part III, Title II, Chapter 4 of CRR regulation as of December 31, 2024.

| (in thousands of EUR) | | Exposures before CCF and before CRM | | Exposures post CCF and post CRM | | RWAs and RWAs density | |
|-----------------------|---|-------------------------------------|-----------------------------|---------------------------------|-----------------------------|-----------------------|------------------|
| Exposure classes | | On-balance-sheet exposures | Off-balance-sheet exposures | On-balance-sheet exposures | Off-balance-sheet exposures | RWEA | RWEA density (%) |
| 1 | Central governments or central banks | 874 685 288 | 0 | 866 805 789 | 0 | 26 639 857 | 3,1% |
| 2 | Regional government or local authorities | 122 530 | 0 | 122 530 | 0 | 24 506 | 20,0% |
| 3 | Public sector entities | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Multilateral development banks | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | International organisations | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Institutions | 838 724 554 | 0 | 127 881 059 | 0 | 54 331 976 | 42,5% |
| 7 | Corporates | 1 490 191 807 | 207 549 351 | 1 235 965 707 | 68 237 317 | 1 303 385 998 | 99,9% |
| 8 | Retail | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | Secured by mortgages on immovable property | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Exposures in default | 8 024 526 | 549 014 | 8 024 526 | 218 645 | 10 710 455 | 129,9% |
| 11 | Exposures associated with particularly high risk | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Covered bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Institutions and corporates with a short-term credit assessment | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 | Collective investment undertakings | 11 103 209 | 0 | 11 103 209 | 0 | 10 963 779 | 98,7% |
| 15 | Equity | 703 | 0 | 703 | 0 | 703 | 100,0% |
| 16 | Other items | 168 120 676 | 0 | 168 120 676 | 0 | 190 563 836 | 113,3% |
| 17 | TOTAL | 3 390 973 294 | 208 098 366 | 2 418 024 199 | 68 455 962 | 1 596 621 110 | 64,2% |

Table 46 – Standardised approach – Credit risk exposure and CRM effects (EU CR4)

Table 46 does not cover derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions

subject to Part Three, Title II, Chapter 6 of CRR or subject to article 92 (3) point (f) of the same regulation.

20 LIQUIDITY RISK

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

Within the scope of the risk vision statement approved by the Board of Directors, Haitong Bank as a whole and all its subsidiaries individually aim to maintain a solid short-term position and a sustainable medium and long-term funding profile.

To achieve these goals, Haitong Bank's liquidity management has the objective of ensuring the Bank is able to meet its obligations as they come due at a reasonable cost, while complying with regulatory requirements across all geographies where it operates.

Haitong Bank seeks to develop a diversified investors' base, ensuring access to alternative financing sources and instruments and keeping an adequate funding structure to finance its activity.

To manage its liquidity risk, Haitong Bank monitors a set of liquidity risk metrics, whose limits were established within the Risk Appetite Framework, including prudential liquidity ratios, for which a buffer above regulatory limits was established, to cope with the risk level defined in the risk vision statement.

The liquidity risk metrics evolution and an analysis of the high-quality liquid assets stock is included in the monthly risk reporting package – Risk Appetite Monitoring – discussed in the Executive Committee, the Risk Committee and the Board of Directors.

The Internal Liquidity Adequacy Assessment Process (ILAAP) is an assessment on the adequacy of the institution's short-term liquidity position and of the stable funding structure and an important part of the Bank's liquidity risk management framework. Within the context of the ILAAP exercise, the Bank tests the soundness of its liquidity position through a set of stress scenarios and establishes contingency plans to address them.

Haitong Bank's liquidity and funding management is under the direct responsibility of the Executive Committee, coordinated at Group level, under the ultimate responsibility of the Chief Executive Officer (CEO) and operational oversight by the Head of Treasury.

The Bank's Liquidity Risk Function is a unit of the Risk Management Department, acting with full independence from business areas.

Haitong Bank has two main treasury hubs: Lisbon and São Paulo. Additionally, Poland also has a treasury department located in Warsaw, dealing with the specifics of the local market, local currency and the Polish regulatory/supervising authority. While Lisbon and São Paulo deal with the bulk of the Bank's funding and liquidity needs, Warsaw volumes and activity are less material and have a lower weight in the overall business of the Bank.

Funding from the parent company to its operating subsidiaries is at this point non-existent and, although some sort of assistance cannot be ruled out when or if needed, it is not considered a regular source of funding. Thus, the Brazilian subsidiary manages its activity in order to ensure that the funding needs are

sourced locally in local currency. As a result, the flows between Portugal and Brazil are extremely rare. Local market idiosyncrasies and local regulation are the main reasons for this historical segregation.

In 2024, Haitong Bank's major sources of funding were wholesale facilities provided by credit institutions, secured financing from credit institutions (repos), securities issued and deposits from clients. At the end of 2024, no funding was sourced from the central bank. Deposits from clients include both retail deposits and other deposits from corporate and institutional clients.

High quality liquid assets of Haitong Bank consist mainly of deposits in central banks (Bank of Portugal), sovereign debt from European Union countries and Brazilian government debt held by the Brazilian subsidiary.

Concerning derivatives, Haitong Bank hedges the market risk of its exposure to derivatives with its clients by taking opposite positions with financial counterparties, which are covered by ISDA/CSA agreements in Europe, and imply the exchange of collateral margin, and CGD contracts in Brazil. In market stress situations where the value of derivatives is significantly impacted, additional collateral amounts can be demanded from Haitong Bank.

The Brazilian subsidiary's funds are mainly raised in the local currency and thus there is very little foreign currency funding. Excluding Brazil, the main funding currency is EUR, with the Warsaw branch being funded either locally in PLN or by swapping Euros for PLN.

Regarding foreign currency funding, although from time to time the Bank raises funds directly in that foreign currency via deposits or bond issuances, the standard practice is to swap EUR (the main funding currency) into the desired currency. The majority of the swaps to fund the foreign currency activity of the Bank are the EUR/USD pair. Given the depth of the market and the sheer volumes traded on a daily basis, Haitong's needs are minimal and as such it is considered that convertibility and availability risks are negligible.

Haitong Bank uses a set of indicators and analysis to ensure Liquidity Risk is maintained within the risk appetite established by the Board of Directors, which are summarized in the table below:

| Liquidity Management Indicators | Management Analysis | RAF | Regulatory |
|--|---------------------|-----|------------|
| Liquidity Coverage Ratio | ✓ | ✓ | ✓ |
| Net Stable Funding Ratio | ✓ | ✓ | ✓ |
| Liquidity Buffer | ✓ | ✓ | |
| Liquidity Position | ✓ | ✓ | |
| Survival Period | ✓ | ✓ | |
| Concentration of Sovereign Bonds | ✓ | ✓ | |
| Concentration of Funding (by product and entity) | ✓ | ✓ | ✓ |
| Balance sheet maturity mismatch analysis | ✓ | | |
| Stress testing | ✓ | | |
| Available liquidity forecast | ✓ | | |

Table 47 – Liquidity Risk Management indicators

Haitong Bank Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) represents the amount of unencumbered high quality liquid assets, after haircuts, over the stressed net cash outflows for the following 30 days.

Haitong Bank's LCR average annual figures per quarter for 2024 are presented in the table below. Average LCR presented an upward trend along the first three quarters of the year, which was mainly driven by the increase in HQLAs. In the last quarter of 2024, the average LCR decreased, driven by the growth in Outflows, especially deposits.

| (in thousands of EUR) | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
|-----------------------------------|---|----------------------------------|---------------|---------------|---------------|--------------------------------|----------------|----------------|----------------|
| Quarter ending on | | 31 Dec. 2024 | 30 Sep. 2024 | 30 Jun. 2024 | 31 Mar. 2024 | 31 Dec. 2024 | 30 Sep. 2024 | 30 Jun. 2024 | 31 Mar. 2024 |
| Number of data points used | | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| HIGH-QUALITY LIQUID ASSETS | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA) | | | | | 842 449 | 852 841 | 757 246 | 662 869 |
| CASH - OUTFLOWS | | | | | | | | | |
| 2 | Retail and small business deposits, of which: | 298 964 | 387 528 | 423 580 | 370 769 | 30 619 | 39 582 | 43 045 | 37 533 |
| 3 | Stable deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | Less stable deposits | 298 964 | 387 528 | 423 580 | 370 769 | 30 619 | 39 582 | 43 045 | 37 533 |
| 5 | Unsecured wholesale funding | 677 439 | 524 622 | 410 863 | 381 826 | 241 942 | 216 537 | 187 920 | 182 928 |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 | Non-operational deposits (all counterparties) | 669 042 | 515 321 | 405 343 | 378 107 | 233 545 | 207 237 | 182 401 | 179 209 |
| 8 | Unsecured debt | 8 397 | 9 301 | 5 519 | 3 719 | 8 397 | 9 301 | 5 519 | 3 719 |
| 9 | Secured wholesale funding | | | | | 20 749 | 18 625 | 20 250 | 21 027 |
| 10 | Additional requirements | 140 757 | 147 915 | 167 095 | 188 789 | 73 807 | 73 878 | 81 353 | 84 515 |
| 11 | Outflows related to derivative exposures and other collateral requirements | 66 369 | 65 652 | 71 826 | 72 929 | 66 369 | 65 652 | 71 826 | 72 929 |
| 12 | Outflows related to loss of funding on debt products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Credit and liquidity facilities | 74 388 | 82 263 | 95 269 | 115 860 | 7 439 | 8 226 | 9 527 | 11 586 |
| 14 | Other contractual funding obligations | 9 774 | 10 001 | 8 555 | 6 289 | 9 510 | 9 635 | 8 271 | 6 005 |
| 15 | Other contingent funding obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | TOTAL CASH OUTFLOWS | | | | | 376 628 | 358 258 | 340 839 | 332 007 |
| CASH - INFLOWS | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | 5 248 | 5 391 | 5 209 | 5 625 | 0 | 0 | 0 | 0 |
| 18 | Inflows from fully performing exposures | 36 957 | 37 636 | 45 324 | 41 228 | 33 731 | 34 042 | 40 752 | 36 318 |
| 19 | Other cash inflows | 26 658 | 28 839 | 37 711 | 37 477 | 26 658 | 28 839 | 37 711 | 37 477 |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | 0 | 0 | 0 | 0 |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | 0 | 0 | 0 | 0 |
| 20 | TOTAL CASH INFLOWS | 68 863 | 71 866 | 88 244 | 84 330 | 60 388 | 62 881 | 78 462 | 73 795 |
| EU-20a | Fully exempt inflows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EU-20b | Inflows subject to 90% cap | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EU-20c | Inflows subject to 75% cap | 68 863 | 71 866 | 88 244 | 84 330 | 60 388 | 62 881 | 78 462 | 73 795 |
| TOTAL ADJUSTED VALUE | | | | | | | | | |
| 21 | LIQUIDITY BUFFER | | | | | 842 449 | 852 841 | 757 246 | 662 869 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 316 239 | 295 377 | 262 376 | 258 212 |
| 23 | LIQUIDITY COVERAGE RATIO | | | | | 274% | 293% | 292% | 260% |

Table 48 – Quantitative information on LCR (EU LIQ1)

As shown in Table 48, Haitong Bank has maintained a very solid short-term liquidity position in 2024, with the ratio sitting comfortably above the regulatory minimum requirements of 100%.

As of December 2024, NSFR calculated under CRR2 regulation stands at 134%, well above the minimum regulatory requirement of 100%.

| December 2024 | | Unweighted value by residual maturity | | | | Weighted value |
|---------------------------------|---|---------------------------------------|------------|----------------------|-----------|------------------|
| (in thousands of EUR) | | No maturity | < 6 months | 6 months to < 1 year | >= 1year | |
| Available Stable Funding | | | | | | |
| 1 | Capital items and instruments | 623 548 | 0 | 0 | 5 078 | 623 548 |
| 2 | Own funds | 623 548 | 0 | 0 | 0 | 623 548 |
| 3 | Other capital instruments | | 0 | 0 | 5 078 | 0 |
| 4 | Retail deposits | | 12 851 | 4 514 | 2 365 | 17 994 |
| 5 | Stable deposits | | 0 | 0 | 0 | 0 |
| 6 | Less stable deposits | | 12 851 | 4 514 | 2 365 | 17 994 |
| 7 | Wholesale funding: | | 1 466 966 | 173 914 | 837 114 | 1 209 852 |
| 8 | Operational deposits | | 0 | 0 | 0 | 0 |
| 9 | Other wholesale funding | | 1 466 966 | 173 914 | 837 114 | 1 209 852 |
| 10 | Interdependent liabilities | | 0 | 0 | 0 | 0 |
| 11 | Other liabilities: | 0 | 18 992 | 0 | 134 034 | 0 |
| 12 | NSFR derivative liabilities | 0 | | | | 0 |
| 13 | All other liabilities and capital instruments not included in the above categories | | 18 992 | 0 | 134 034 | 0 |
| 14 | Total available stable funding (ASF) | | | | | 1 851 394 |
| Required Stable Funding | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | 77 379 |
| EU-15a | Assets encumbered for a residual maturity of one year or more in a cover pool | | 0 | 0 | 0 | 0 |
| 16 | Deposits held at other financial institutions for operational purposes | | 0 | 0 | 0 | 0 |
| 17 | Performing loans and securities: | | 189 111 | 65 216 | 1 043 835 | 1 014 968 |
| 18 | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | | 7 086 | 0 | 0 | 0 |
| 19 | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | | 93 949 | 1 061 | 117 237 | 127 162 |
| 20 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which: | | 18 037 | 41 909 | 494 242 | 450 079 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 22 | Performing residential mortgages, of which: | | 0 | 0 | 0 | 0 |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | | 70 039 | 22 245 | 432 356 | 437 727 |
| 25 | Interdependent assets | | 0 | 0 | 0 | 0 |
| 26 | Other assets: | | 75 910 | 851 | 255 624 | 284 524 |
| 27 | Physical traded commodities | | | | 0 | 0 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | | 7 923 | 0 | 24 720 | 27 747 |
| 29 | NSFR derivative assets | | 18 731 | | | 18 731 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | | 20 578 | | | 1 029 |
| 31 | All other assets not included in the above categories | | 28 678 | 851 | 230 904 | 237 018 |
| 32 | Off-balance sheet items | | 62 120 | 0 | 0 | 3 106 |
| 33 | Total required stable funding (RSF) | | | | | 1 379 977 |
| 34 | Net Stable Funding Ratio (%) | | | | | 134% |

| September 2024 | | Unweighted value by residual maturity | | | | Weighted value |
|---------------------------------|---|---------------------------------------|------------|----------------------|-----------|------------------|
| (in thousands of EUR) | | No maturity | < 6 months | 6 months to < 1 year | >= 1year | |
| Available Stable Funding | | | | | | |
| 1 | Capital items and instruments | 625 651 | 0 | 0 | 6 114 | 625 651 |
| 2 | Own funds | 625 651 | 0 | 0 | 0 | 625 651 |
| 3 | Other capital instruments | | 0 | 0 | 6 114 | 0 |
| 4 | Retail deposits | | 12 232 | 2 154 | 3 563 | 16 510 |
| 5 | Stable deposits | | 0 | 0 | 0 | 0 |
| 6 | Less stable deposits | | 12 232 | 2 154 | 3 563 | 16 510 |
| 7 | Wholesale funding: | | 1 447 059 | 296 137 | 783 395 | 1 146 326 |
| 8 | Operational deposits | | 0 | 0 | 0 | 0 |
| 9 | Other wholesale funding | | 1 447 059 | 296 137 | 783 395 | 1 146 326 |
| 10 | Interdependent liabilities | | 0 | 0 | 0 | 0 |
| 11 | Other liabilities: | 0 | 21 777 | 0 | 133 448 | 0 |
| 12 | NSFR derivative liabilities | 0 | 0 | 0 | 0 | 0 |
| 13 | All other liabilities and capital instruments not included in the above categories | | 21 777 | 0 | 133 448 | 0 |
| 14 | Total available stable funding (ASF) | | | | | 1 788 488 |
| Required Stable Funding | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | 65 596 |
| EU-15a | Assets encumbered for a residual maturity of one year or more in a cover pool | | 0 | 0 | 0 | 0 |
| 16 | Deposits held at other financial institutions for operational purposes | | 0 | 0 | 0 | 0 |
| 17 | Performing loans and securities: | | 152 652 | 89 595 | 1 031 850 | 989 559 |
| 18 | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | | 6 300 | 0 | 0 | 0 |
| 19 | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | | 76 016 | 2 497 | 31 991 | 40 841 |
| 20 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which: | | 20 465 | 24 857 | 584 677 | 519 636 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 22 | Performing residential mortgages, of which: | | 0 | 0 | 0 | 0 |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | | 49 871 | 62 242 | 415 182 | 429 082 |
| 25 | Interdependent assets | | 0 | 0 | 0 | 0 |
| 26 | Other assets: | | 71 920 | 9 169 | 266 510 | 305 617 |
| 27 | Physical traded commodities | | 0 | 0 | 0 | 0 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | | 0 | 8 680 | 30 222 | 33 067 |
| 29 | NSFR derivative assets | | 23 917 | 0 | 0 | 23 917 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | | 22 526 | 0 | 0 | 1 126 |
| 31 | All other assets not included in the above categories | | 25 477 | 489 | 236 288 | 247 506 |
| 32 | Off-balance sheet items | | 95 220 | 0 | 0 | 4 761 |
| 33 | Total required stable funding (RSF) | | | | | 1 365 533 |
| 34 | Net Stable Funding Ratio (%) | | | | | 131% |

| June 2024 | | Unweighted value by residual maturity | | | | Weighted value |
|---------------------------------|---|---------------------------------------|------------|----------------------|----------|------------------|
| (in thousands of EUR) | | No maturity | < 6 months | 6 months to < 1 year | >= 1year | |
| Available Stable Funding | | | | | | |
| 1 | Capital items and instruments | 626 925 | 0 | 0 | 5 092 | 626 925 |
| 2 | Own funds | 626 925 | 0 | 0 | 0 | 626 925 |
| 3 | Other capital instruments | | 0 | 0 | 5 092 | 0 |
| 4 | Retail deposits | | 154 409 | 237 556 | 172 884 | 525 652 |
| 5 | Stable deposits | | 0 | 0 | 0 | 0 |
| 6 | Less stable deposits | | 154 409 | 237 556 | 172 884 | 525 652 |
| 7 | Wholesale funding: | | 1 345 772 | 331 731 | 580 482 | 910 837 |
| 8 | Operational deposits | | 0 | 0 | 0 | 0 |
| 9 | Other wholesale funding | | 1 345 772 | 331 731 | 580 482 | 910 837 |
| 10 | Interdependent liabilities | | 0 | 0 | 0 | 0 |
| 11 | Other liabilities: | 0 | 24 044 | 0 | 146 198 | 0 |
| 12 | NSFR derivative liabilities | 0 | 0 | 0 | 0 | 0 |
| 13 | All other liabilities and capital instruments not included in the above categories | | 24 044 | 0 | 146 198 | 0 |
| 14 | Total available stable funding (ASF) | | | | | 2 063 414 |
| Required Stable Funding | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | 47 210 |
| EU-15a | Assets encumbered for a residual maturity of one year or more in a cover pool | | 0 | 0 | 0 | 0 |
| 16 | Deposits held at other financial institutions for operational purposes | | 0 | 0 | 0 | 0 |
| 17 | Performing loans and securities: | | 123 235 | 168 650 | 995 489 | 984 916 |
| 18 | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | | 423 | 0 | 0 | 0 |
| 19 | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | | 73 565 | 38 118 | 19 833 | 46 248 |
| 20 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which: | | 15 933 | 54 880 | 571 241 | 520 961 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 22 | Performing residential mortgages, of which: | | 0 | 0 | 0 | 0 |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | | 33 314 | 75 652 | 404 415 | 417 706 |
| 25 | Interdependent assets | | 0 | 0 | 0 | 0 |
| 26 | Other assets: | | 73 201 | 9 620 | 303 556 | 345 074 |
| 27 | Physical traded commodities | | 0 | 0 | 0 | 0 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | | 0 | 8 629 | 54 182 | 53 390 |
| 29 | NSFR derivative assets | | 30 367 | 0 | 0 | 30 367 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | | 18 813 | 0 | 0 | 941 |
| 31 | All other assets not included in the above categories | | 24 021 | 990 | 249 374 | 260 377 |
| 32 | Off-balance sheet items | | 73 202 | 0 | 0 | 3 660 |
| 33 | Total required stable funding (RSF) | | | | | 1 380 860 |
| 34 | Net Stable Funding Ratio (%) | | | | | 149% |

| March 2024 | | Unweighted value by residual maturity | | | | Weighted value |
|---------------------------------|---|---------------------------------------|------------|----------------------|-----------|------------------|
| (in thousands of EUR) | | No maturity | < 6 months | 6 months to < 1 year | >= 1year | |
| Available Stable Funding | | | | | | |
| 1 | Capital items and instruments | 638 208 | 0 | 0 | 2 120 | 638 208 |
| 2 | Own funds | 638 208 | 0 | 0 | 0 | 638 208 |
| 3 | Other capital instruments | | 0 | 0 | 2 120 | 0 |
| 4 | Retail deposits | | 164 720 | 157 180 | 137 651 | 427 360 |
| 5 | Stable deposits | | 0 | 0 | 0 | 0 |
| 6 | Less stable deposits | | 164 720 | 157 180 | 137 651 | 427 360 |
| 7 | Wholesale funding: | | 1 465 085 | 338 224 | 619 705 | 982 167 |
| 8 | Operational deposits | | 0 | 0 | 0 | 0 |
| 9 | Other wholesale funding | | 1 465 085 | 338 224 | 619 705 | 982 167 |
| 10 | Interdependent liabilities | | 0 | 0 | 0 | 0 |
| 11 | Other liabilities: | 0 | 23 751 | 0 | 158 199 | 0 |
| 12 | NSFR derivative liabilities | 0 | 0 | 0 | 0 | 0 |
| 13 | All other liabilities and capital instruments not included in the above categories | | 23 751 | 0 | 158 199 | 0 |
| 14 | Total available stable funding (ASF) | | | | | 2 047 735 |
| Required Stable Funding | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | 42 359 |
| EU-15a | Assets encumbered for a residual maturity of one year or more in a cover pool | | 0 | 0 | 0 | 0 |
| 16 | Deposits held at other financial institutions for operational purposes | | 0 | 0 | 0 | 0 |
| 17 | Performing loans and securities: | | 171 443 | 113 990 | 1 091 895 | 1 060 560 |
| 18 | Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut | | 453 | 0 | 0 | 0 |
| 19 | Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions | | 81 721 | 35 629 | 19 827 | 45 763 |
| 20 | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which: | | 40 856 | 33 908 | 601 113 | 548 329 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 22 | Performing residential mortgages, of which: | | 0 | 0 | 0 | 0 |
| 23 | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk | | 0 | 0 | 0 | 0 |
| 24 | Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products | | 48 413 | 44 453 | 470 955 | 466 469 |
| 25 | Interdependent assets | | 0 | 0 | 0 | 0 |
| 26 | Other assets: | | 69 730 | 991 | 316 584 | 346 627 |
| 27 | Physical traded commodities | | 0 | 0 | 0 | 0 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | | 0 | 0 | 57 341 | 48 740 |
| 29 | NSFR derivative assets | | 25 251 | 0 | 0 | 25 251 |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | | 21 684 | 0 | 0 | 1 084 |
| 31 | All other assets not included in the above categories | | 22 795 | 991 | 259 243 | 271 552 |
| 32 | Off-balance sheet items | | 68 271 | 0 | 0 | 3 414 |
| 33 | Total required stable funding (RSF) | | | | | 1 452 960 |
| 34 | Net Stable Funding Ratio (%) | | | | | 141% |

Table 49 – Net Stable Funding Ratio (EU LIQ2)

21 REMUNERATION POLICY

Regarding Haitong Bank's remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile ("Identified Staff"), information is disclosed in this document, in the Remuneration Policy of Haitong Bank, S.A. and in the Bank's Annual Report.

Remuneration Committee

The purpose of the Remuneration Committee is: (i) to provide informed and independent judgments 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, which must be approved by the Shareholders' General Meeting and by the Board of Directors.

The Remuneration Committee consists of four members from the Board of Directors who do not serve on the Executive Committee. The majority of these members must be independent and are appointed by the Board of Directors.

The Remuneration Committee held five meetings in 2024.

Remuneration Policy

The dimension of scope in this Policy covers two aspects. The first aspect is to apply rules to the following groups of staff and Corporate Bodies:

- i. All employees of the Bank, its branches and subsidiaries;
- ii. The employees whose professional activities have a material impact on the Bank's risk profile ("Identified Staff"), as defined by the Commission Delegated Regulation (EU) 2021/923 of 25th of March 2021, including the staff responsible for Control Functions and members of senior management;
- iii. The members of the Corporate Bodies;
- iv. Staff members whose remuneration is equal to or greater than EUR 500 000 and equal to or greater than the average remuneration awarded to the members of the management body and senior management referred to in point ii) above.

The second aspect covered by this Policy is to provide guidance and limits to govern the behaviour and practices in relation to remuneration, including staff individual agreements.

With regards to the rules exclusively applicable to subsidiaries of Haitong Bank, each subsidiary has a specific Remuneration Policy, designed as an appendix to this Policy, detailing the specific local rules, which will prevail and apply to the respective subsidiary.

For the purposes of Article 115^o-C / 2 b) to e) of RGICSF, it is required to (at least) annually define the employees with potential impact on the Bank's risk profile, according to the criteria set out in the Commission Delegated Regulation (EU) 2021/923 of 25th of March 2021.

Key features and objectives of the Remuneration Policy:

- ④ Human Resources is responsible for the periodic update of these rules, with inputs from other relevant parties, such as the Finance, Legal, Compliance and Risk Management functions;
- ④ The Compliance Department is responsible for monitoring the Compliance with the Policy;
- ④ The Remuneration Committee reviews the Policy annually and provides an independent advice to the Shareholders meeting, which is the ultimate Corporate Body to approve this Policy;
- ④ The Remuneration Committee prepares an annual assessment report of the Remuneration Policy, to present to the Audit Committee, the Board of Directors and the General Meeting. This report will include a description of the measures taken to correct detected deficiencies, if any, and will be made available to the supervisory authorities upon request;
- ④ The remuneration of the Bank's employees includes two components: fixed remuneration and variable remuneration. Fixed remuneration corresponds to fixed compensation paid regularly to employees during each year for their services;
- ④ The fixed remuneration budget should be incorporated within the Bank's annual budget process. The total expenditure on fixed remuneration should not exceed the approved budget unless there is legitimate approval. The variable remuneration depends on the sustainable and risk-adjusted performance of the Bank in the appraised year;
- ④ The global variable remuneration pool shall be established every year according to the rules and procedure expressed in the Variable Remuneration Assessment Policy of Haitong Bank.

The Bank does not support any discretionary pension plan schemes nor issues any kind of securities or financial instruments that may be used for purposes of variable remuneration. Variable remuneration is paid in cash, observing the deferral rules described in section 7.

The Remuneration Policy underwent its latest review by the Remuneration Committee on March 28, 2024, and was subsequently approved by the Shareholder's Meeting on April 29, 2024.

When revising Haitong Bank S.A.'s Remuneration Policy, the primary objective was to ensure its compliance with the relevant regulations, namely Article 44º and 53º of Notice no. 3/2020, Article 115º of the RGICSF – all issued by the Bank of Portugal – as well as the sound remuneration policy guidelines outlined in EBA (GL/2021/04) and the EU Directive 2019/878 (CRD V):

- I. Section 1 – Objective:
 - a. Paragraph b): inclusion of additional specificity in accordance with applicable regulations;
- II. Section 5 – Regulatory requirements:
 - a. Paragraphs vii and x: inclusion of additional specificity in accordance with applicable regulations;
- III. Section 6 – Composition of remuneration:
 - a. Fixed remuneration: inclusion of additional specificity in accordance with applicable regulations;
 - b. Variable remuneration: inclusion of additional specificity in accordance with applicable regulations.

The criteria used for performance measurement and *ex ante* and *ex post* risk adjustment was:

- ⊕ Variable remuneration depends on the sustainable and risk-adjusted performance of the Bank in the appraised year;
- ⊕ At least 50% of the variable remuneration component will be deferred over a 4-year period;
- ⊕ This percentage should be increased to 60% when the amount of variable remuneration represents more than 100% of the fixed remuneration;
- ⊕ In accordance with EU Directive 2019/878 (CRD V), article 94, employees can be exempted from deferral rule if their awarded variable remuneration at a certain financial year observes the following conditions:
 - Condition 1: awarded variable remuneration is equal or lower than Eur 50,000;
 - Condition 2: awarded variable remuneration is equal or lower than one third of their total annual remuneration.
- ⊕ Variable remuneration is subject to *malus* or *clawback* arrangements. The Bank observes specific criteria, in accordance with the applicable regulations and the “Haitong Bank S.A. Remuneration Policy”, as described in section “8. Revocation Of Deferred Components” of said Policy.

As per the Bank’s Remuneration Policy, under section “5. Regulatory Requirements”, *“To provide for the independence of Control Function employees in relation to the structure units they oversee. The independence requirement aims at ensuring that their remuneration, which is overseen directly by the Remuneration Committee, is determined independently from the performance of the business units they control and is based on the objectives linked solely to their functions”*.

Guaranteed variable remuneration is forbidden, except in the case of recently hired staff. In this case, it can only be awarded during the first year of activity.

The ways in which current and future risks are taken into account in the remuneration processes:

- ⊕ In what regards fixed remuneration budget, it is incorporated within the Bank’s annual budget process. The total expenditure on fixed remuneration should not exceed the approved budget unless there is legitimate approval by the relevant body. Variable remuneration depends on the sustainable and risk-adjusted performance of the Bank in the appraised year;
- ⊕ Employees shall not, directly or indirectly, use any kind of instruments intended to hedge the risk of a downward adjustment in remuneration (e.g. buying an insurance contract which compensates the staff member in the event of a downward risk adjustment in the deferred portion of the variable remuneration).
- ⊕ The Bank should test 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;
- ⊕ The Remuneration Committee verifies the testing of the capacity of the remuneration system to react to external and internal events, using various possible stress scenarios, ensuring that the remuneration system properly takes into account all types of risks, liquidity and capital levels.

The individual variable remuneration awarded in each given year cannot exceed the amount of the fixed remuneration in that year. Exceptionally, the Bank may approve to raise this limit up to a maximum of twice the fixed component of the individual remuneration. To this effect, the Executive Committee must submit

a detailed proposal for approval by the Shareholders Meeting, specifying: 1) the proposed amounts, 2) the proposed staff member(s) affected, and 3) the rationale for the proposal. The Bank of Portugal will be informed of this proposal and the decision outcome.

Haitong Bank seeks to link performance during a performance measurement period with the levels of remuneration by taking into account that:

- Variable Remuneration aims to reward performance and works as an incentive to employees. It also aligns the interests of employees with those of the various stakeholders, including those of the ultimate shareholder, towards the long-term sustainability of the Bank;
- Variable remuneration is based on a combination of the assessment of the performance of the individual, and of the business unit concerned, as well as the overall results of the Bank on a given year;
- Variable remuneration depends on the sustainable and risk-adjusted performance of the Bank in the appraised year;
- Variable remuneration is subject to malus or clawback arrangements. The Bank observes specific criteria, in accordance with the applicable regulations and the “Haitong Bank S.A. Remuneration Policy”, as described in section “8. Revocation of Deferred Components” of said Policy.

Haitong Bank incorporates long term performance into the remuneration by abiding to the following rules:

- ⊕ At least 50% of the variable remuneration component will be deferred over a 4-year period;
- ⊕ This percentage should be increased to 60% when the amount of variable remuneration represents more than 100% of the fixed remuneration;
- ⊕ The deferred payments shall be made in four instalments, according to the following scheme:
 - Upfront Payment paid in the awarded year: *Total awarded Variable Remuneration* ×50%
 - Payment of Deferred Components
 - N+1 - (*Total awarded Variable Remuneration*–*Upfront Payment*) ×25%
 - N+2 - (*Total awarded Variable Remuneration*–*Upfront Payment*) ×25%
 - N+3 - (*Total awarded Variable Remuneration*–*Upfront Payment*) ×25%
 - N+4 - (*Total awarded Variable Remuneration*–*Upfront Payment*) ×25%
- ⊕ In accordance with EU Directive 2019/878 (CRD V), article 94, employees can be exempted from deferral rule if their awarded variable remuneration at a certain financial year observes the following conditions:
 - Condition 1: awarded variable remuneration is equal or lower than Eur 50,000;
 - Condition 2: awarded variable remuneration is equal or lower than one third of their total annual remuneration.
- ⊕ Any variable remuneration payment which has been revoked is considered irreversibly cancelled.
- ⊕ The right of revocation is assessed each calendar year and applies to the deferred component of the variable remuneration on that specific year in analysis.
- ⊕ Revocation on Employee’s Own Initiative:
 - i. The Identified Staff member voluntarily leaves the Bank;

- ii. The executive member of the Board of Directors voluntarily terminates his or her mandate before the end of respective term;
- iii. Under the circumstance that a staff member of Haitong Bank Group is seconded or transferred to another Haitong Group entity, this event is not considered as revocation on employee's own initiative.

⊕ Revocation Due to Other Reasons

i. Collective Events:

- Under the circumstance that the payment of the deferred variable remuneration triggers the breach of certain regulatory capital and liquidity ratios, then the shareholder has the right to completely revoke such payment in that given year;
- The regulatory capital and liquidity ratios are: Total Capital Ratio, Common Equity Tier 1 ratio (CET1), Liquidity Coverage ratio (LCR) and Net Stable Funding ratio (NSFR).

ii. Individual Events:

- With robust disciplinary investigation, the Board of the Directors has the right to completely revoke the deferred variable remuneration if a certain employee breaches Haitong Bank's Code of Conduct or the following events:
 - Evidence of misconduct or serious error by the relevant Identified Staff member;
 - The Identified Staff member was responsible for a significant downturn in the financial performance of his business unit;
 - The Identified Staff member was responsible for a significant failure of risk management;
 - Any regulatory sanctions where the conduct of the Identified Staff member contributed to the sanction;
 - The Identified Staff concerned ceased to comply with suitability criteria (for executive member of the Board of Directors);
 - The Identified Staff leaves the Bank through dismissal with due cause;
 - The executive member of the Board of Directors concerned ceased to comply with suitability criteria;
 - The executive member of the Board of Directors concerned was suspended of office for reasons attributable to the executive member.

Variable Remuneration is fully paid in cash and the schema is described in the Variable Remuneration Assessment Policy of Haitong Bank S.A.

The calculation of the Variable Remuneration pool for a given year is based on a formula that incorporates the Earnings Before Taxes ("EBT"), the effective result of the KPI achievement for the year in appraisal and other specific factors which are applied in the formula considering the Bank's different business areas.

The following tables detail the quantitative information required on remuneration:

| (in thousands of EUR) | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---------------------------|--|----------------------------|---------------------------|----------------------------|---------------------------|
| Fixed remuneration | Number of identified staff | 6 | 6 | 55 | 8 |
| | Total fixed remuneration | 390 | 2 031 | 7 641 | 512 |
| | Of which: cash-based | 390 | 2 031 | 7 641 | 512 |
| | Of which: shares or equivalent ownership interests | 0 | 0 | 0 | 0 |
| | Of which: share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 |
| | Of which: other instruments | 0 | 0 | 0 | 0 |
| | Of which: other forms | 0 | 0 | 0 | 0 |
| Variable remuneration | Number of identified staff | 0 | 0 | 39 | 4 |
| | Total variable remuneration | 0 | 0 | 855 | 38 |
| | Of which: cash-based | 0 | 0 | 855 | 38 |
| | Of which: deferred | 0 | 0 | 125 | 0 |
| | Of which: shares or equivalent ownership interests | 0 | 0 | 0 | 0 |
| | Of which: deferred | 0 | 0 | 0 | 0 |
| | Of which: share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 |
| | Of which: deferred | 0 | 0 | 0 | 0 |
| | Of which: other instruments | 0 | 0 | 0 | 0 |
| | Of which: deferred | 0 | 0 | 0 | 0 |
| | Of which: other forms | 0 | 0 | 0 | 0 |
| | Of which: deferred | 0 | 0 | 0 | 0 |
| Total remuneration | | 390 | 2 031 | 8 496 | 550 |

Table 50 – Remuneration awarded for the financial year (EU REM1)

| (in thousands of EUR) | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---|--|----------------------------|------------------------------|----------------------------|---------------------------|
| Guaranteed variable remuneration awards | | | | | |
| Guaranteed variable remuneration awards - Number of identified staff | | 0 | 0 | 0 | 0 |
| Guaranteed variable remuneration awards - Total amount | | 0 | 0 | 0 | 0 |
| Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap | | 0 | 0 | 0 | 0 |
| Severance payments awarded in previous periods, that have been paid out during the financial year | | | | | |
| Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff | | 0 | 0 | 0 | 0 |
| Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount | | 0 | 0 | 0 | 0 |
| Severance payments awarded during the financial year | | | | | |
| Severance payments awarded during the financial year - Number of identified staff | | 0 | 0 | 0 | 0 |
| Severance payments awarded during the financial year - Total amount | | 0 | 0 | 625 | 0 |
| Of which paid during the financial year | | 0 | 0 | 625 | 0 |
| Of which deferred | | 0 | 0 | 0 | 0 |
| Of which severance payments paid during the financial year, that are not taken into account in the bonus cap | | 0 | 0 | 0 | 0 |
| Of which highest payment that has been awarded to a single person | | 0 | 0 | 360 | 0 |

Table 51 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)

| Deferred and retained remuneration (in thousands of EUR) | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|---|--|--|--|---|---|---|---|---|
| MB Supervisory function | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash-based | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shares or equivalent ownership interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other forms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MB Management function | 1 044 | 410 | 634 | 0 | 0 | 0 | 0 | 0 |
| Cash-based | 1 044 | 410 | 634 | 0 | 0 | 0 | 0 | 0 |
| Shares or equivalent ownership interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other forms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other senior management | 777 | 347 | 430 | 0 | 0 | 0 | 0 | 0 |
| Cash-based | 777 | 347 | 430 | 0 | 0 | 0 | 0 | 0 |
| Shares or equivalent ownership interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other forms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other identified staff | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash-based | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shares or equivalent ownership interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-linked instruments or equivalent non-cash instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other forms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total amount | 1 821 | 757 | 1 064 | 0 | 0 | 0 | 0 | 0 |

Table 52 – Deferred remuneration (EU REM3)

No employee was awarded one million Euros or more regarding the 2024 financial year compensation.

| (in thousands of EUR) | Management body remuneration | | | Business areas | | | | Independent internal control functions | All other | Total |
|---|------------------------------|------------------------|----------|--------------------|----------------|------------------|---------------------|--|-----------|-------|
| | MB Supervisory function | MB Management function | Total MB | Investment banking | Retail banking | Asset management | Corporate functions | | | |
| Total number of identified staff | | | | | | | | | | 87 |
| Of which: members of the MB | 6 | 6 | 12 | | | | | | | |
| Of which: other senior management | | | | 9 | 4 | 3 | 28 | 11 | 0 | |
| Of which: other identified staff | | | | 0 | 0 | 0 | 1 | 7 | 0 | |
| Total remuneration of identified staff | 390 | 2 993 | 3 383 | 1 736 | 606 | 801 | 4 405 | 2 010 | 0 | |
| Of which: variable remuneration | 0 | 962 | 962 | 269 | 106 | 33 | 728 | 287 | 0 | |
| Of which: fixed remuneration | 390 | 2 031 | 2 421 | 1 468 | 501 | 768 | 3 677 | 1 722 | 0 | |

Table 53 – Information on remuneration of staff whose professional activities have a material impact on institution's risk profile (identified staff) (EU REM5)

The Bank benefits from the derogation laid down in point b) of number 3 of Article 94 of Directive 2013/36/EU, applied to:

- ☉ point (l) of Article 94(1) CRD: as stated in number 6.2.2., number 2, regarding Variable Remuneration, all variable remuneration paid by the Bank is in cash, applicable to all employees and members of the Corporate Bodies
- ☉ point (m) of Article 94(1) CRD: this derogation benefits 257 employees, with a total remuneration of EUR 18,439 thousand (from which Fixed Remuneration amounts to EUR 16,126 thousand and Variable Remuneration corresponds to EUR 2,313 thousand).