HAITONG

ANNUAL REPORT

2024

HAITONG BANK, S.A.

Quartzo Building - Rua Alexandre Herculano, 38
1269-180 Lisbon | Portugal
Registered Share Capital: 871 277 660 euros
Corporate Registration
and Tax Number: 501 385 932

PORTUGAL

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MANAGEMENT REPORT

Chairman and CEO Review

Pan Guangtao *Chairman*

Wu Min *CEO*

As we reflect on 2024, we are pleased to present the annual review for Haitong Bank, highlighting our strategic achievements, financial performance, and outlook for the future.

Our Contribution to the New Group

Over the past few years, we have dedicated ourselves to establishing a sustainable business model grounded in consistent strategic direction and robust controls. Our decisions have been guided by a strong sense of purpose and an unwavering commitment to building trust with our stakeholders, including our clients, employees, regulators, and our shareholder.

Haitong Bank's current position is particularly relevant in the context of the ongoing merger at the shareholder level. This merger is creating a leader in one of the most dynamic markets globally. A stronger shareholder will generate significant business synergies, enhance the Bank's competitiveness from both asset and liability perspectives, and support higher-quality growth.

At this pivotal moment, we are presented with a unique opportunity to unlock Haitong Bank's full strategic potential. With a well-established international business model, proven governance and controls, and the capabilities required to foster the growth of a global financial institution backed by the largest Chinese investment banking group, the Bank is strongly positioned to assume its role as a core subsidiary of the newly formed group.

Financial Performance and Growth

Haitong Bank has upheld strong financial stability throughout 2024, reflecting our resilience and capacity to drive business, which is a testament to the Bank's well-established local franchises. Despite macroeconomic challenges, the Bank sustained consistent profitability and maintained robust operational leverage. With a solid balance sheet, featuring sound asset quality, capital, and liquidity, the Bank is well-equipped to pursue growth opportunities.

Innovation, Digital Transformation, and Sustainability

In 2024, we accelerated our investment in financial technology, enhancing our digital infrastructure and streamlining our processes. We have further strengthened our operational resilience and made significant cybersecurity advancements. We have also reinforced our commitment to sustainable development by incorporating ESG considerations in our lending and investment decisions.

Looking Ahead to 2025

As a bank headquartered in Lisbon with a strong Chinese shareholder, we remain committed to bridging European, LatAm and Asian markets by facilitating cross-border transactions and fostering international investment opportunities. The ability to leverage our Chinese expertise while operating within European financial frameworks gives us a unique advantage in delivering tailored solutions to the clients.

Looking ahead, we see the future of Haitong Bank as a new beginning, shaped by the new shareholder group and propelled by our commitment to continue growing and innovating. Our vision is clear, and our path forward is driven by the same dedication and entrepreneurial spirit that has shaped our success to date.

Senior Management

Board of Directors

Chairman of the Board of Directors

Pan Guangtao

Chief Executive Officer and Executive Board Member

Wu Min

- Subsidiary and Branch Management
- CEO Office
- Human Resources
- Finance
- Cross-border Business

Executive Board Member

Alan Fernandes

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

Executive Board Member

Miguel Guiomar

- Portugal Branch [1]
- Fixed Income
- Treasury

Executive Board Member

Nuno Carvalho

- Compliance & AML-FT
- CISO
- Special Portfolio Management
- IT Development and Application Support and IT Infrastructure
- Online Banking
- Legal

Executive Board Member

Vasco Câmara Martins

- Risk Management
- Rating
- Operations

Executive Board Member

Lu Xiaoli (Nick Lu)

- Macau Branch
- Headquarter Business Coordination

[1] *Does not correspond formally to a legal entity, having been established for internal organizational purposes only*

Non-Executive Board Member

António Domingues

Non-Executive Board Member

Maria do Rosário Ventura

Non-Executive Board Member

Martina García

Non-Executive Board Member

Zhang Xinjun (Jeff Zhang)

Non-Executive Board Member

Chen Xuemei (Michelle Chen)

Senior Managers with a Seat on the Executive Committee

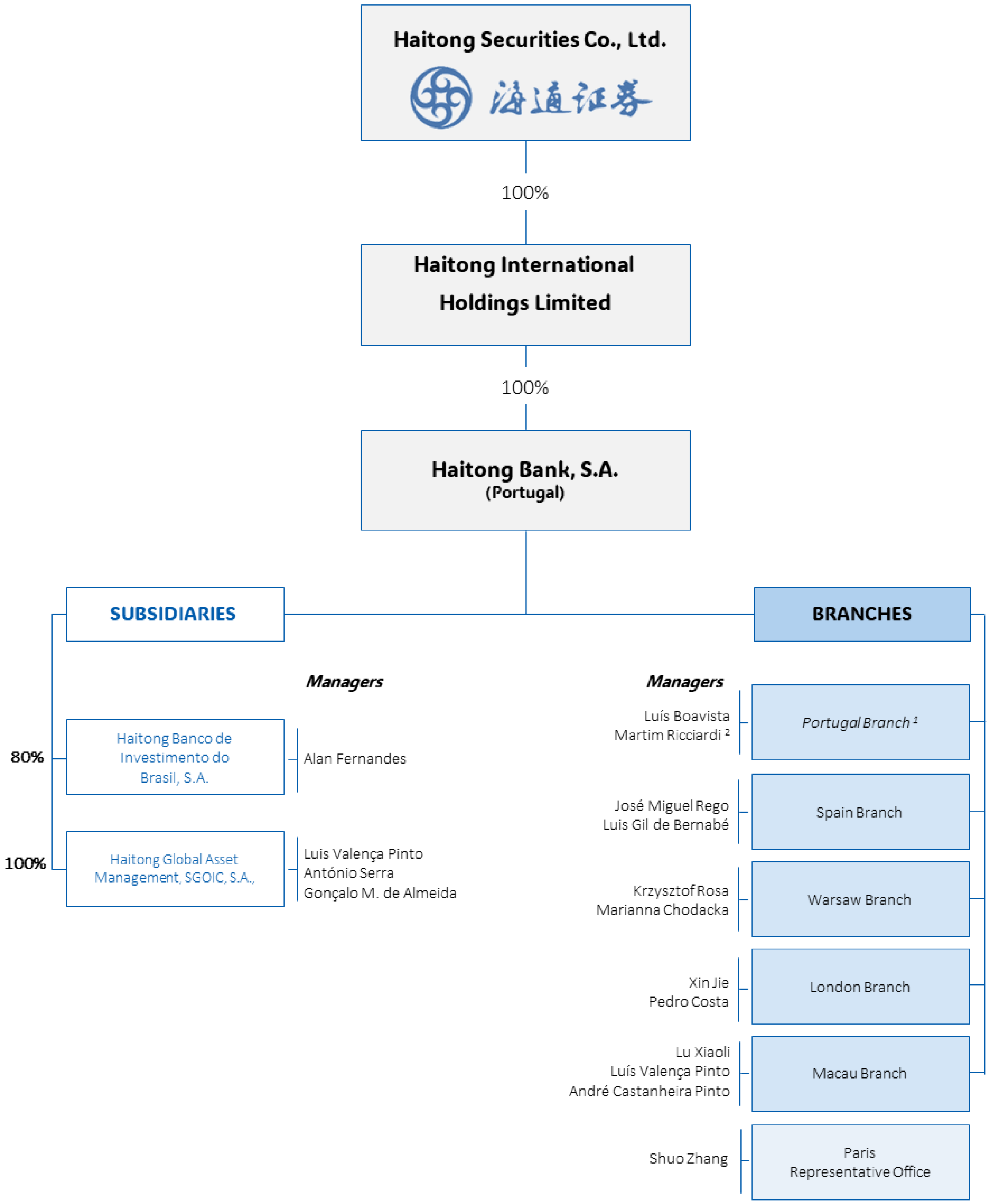
- Head of CEO Office
- London Branch Manager
- Company Secretary
- Representative for Investor Relations

Pedro Costa

- Head of the Finance Department
- Company Secretary Alternate

António Pacheco

Organisational Structure



[1] *Does not correspond formally to a legal entity, having been established for internal organizational purposes only*

[2] *Deputy Branch Manager*

Governance

From January 01, 2024, to December 31, 2024

General Meeting Board

Chair: Mª João Ricou
Secretary: David Ramalhete

Audit Committee

Chair
M.ª do Rosário Ventura
Members
Martina García
Chen Xuemei (Michelle Chen)

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PWC SROC") represented by Cláudia Sofia Gonçalves Parente de Palma

Board of Directors

Chair
Pan Guangtao
Members
Wu Min
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)
Zhang Xinjun (Jeff Zhang)
António Domingues
M.ª do Rosário Ventura
Martina García
Chen Xuemei (Michelle Chen)

Company Secretary

Pedro Costa
Alternate: António Pacheco

Remuneration Committee

Chair
Martina García
Members
António Domingues
M.ª do Rosário Ventura
Pan Guangtao

Corporate Governance Committee

Chair
Chen Xuemei (Michelle Chen)
Members
Zhang Xinjun (Jeff Zhang)
António Domingues

Risk Committee

Chair
António Domingues
Members
Pan Guangtao
Martina García

Board Credit Review Committee

Chair
Pan Guangtao
Members
António Domingues
Zhang Xinjun (Jeff Zhang)

Executive Committee

CEO
Wu Min
Members
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)

Senior Managers with a Seat on the Executive Committee
António Pacheco
Pedro Costa

New Business Committee

Chair: Executive Board Member responsible for Risk Management
Members: Deputy Head of the CEO Office; Head of Finance; Head of Legal; Head of the CISO Office; Head of Operations; Head of IT Infrastructure; Head of IT Development and Application Support; Head of the Risk Management Function; Head of the Compliance Function; Data Protection Officer

IBK Global Adoption Committee

Chair: Executive Board Member responsible for Investment Banking
Members: Seven Members including the Head of the Risk Management Function and the Head of the Compliance Function

Credit Committee[1]

Members: Eight Voting Members, including the Moderator, and the Head of the Risk Management Function

Impairment Committee

Chair and Members: One Chair and Three Members

Assets and Liabilities Committee

Chair and Members: One Chair and Seven Members

[1] *On June 12, 2024, the Executive Committee reviewed the Bank´s Credit Decision framework aiming to ensure full alignment with the Bank´s credit strategy and thus extinguished the Credit Committee.*

Macroeconomic Background

2024 Overview

In 2024, economic activity was more resilient than initially expected, with a possible global GDP growth of around 3.2%, similar to 2023, based on the indicators available. Throughout the year, most of developed Western economies experienced restrictive monetary policies, leading consumer inflation to ease to the lows of 3 years of 5.8% (according to IMF estimates in the October 2024 World Economic Outlook), vs. 6.7% in 2023 and 8.6% in 2022, but still above pre-pandemic levels of 3% to 4%.

Global growth was largely influenced by the outperformance of the US economy, where GDP grew 2.8% in 2024 (US census Bureau preliminary data) vs. 2.9% in 2023. Due to the strength of domestic consumption and capital investment feeding persistent inflation above the target, the Federal Reserve (FED) left the benchmark interest rates unchanged at a target range of 5.25% to 5.50% until September 2024. Between September and December 2024, the fund rate was reduced by 100 basis points to a target range of 4.25% to 4.50%, with core-PCE inflation slowing to 2.8% in 2024 vs. 4.2% in 2023. The FED has a dual mandate to secure GDP growth close to potential and core-PCE inflation of up to 2%. The yield of the 10-year US Treasury notes advanced to 4.57% by the end of 2024 vs. 3.88% at the end of 2023, due to the outlook of a pause in the cycle of rate cuts and the uncertainties surrounding the fiscal policies to be adopted by the new US administration in 2025.

In the Eurozone, growth remained subdued in 2024, with the continuing geopolitical uncertainties, tight monetary conditions, and weak global demand, especially from China. According to Eurostat preliminary figures, the Eurozone GDP almost doubled from 0.4% in 2023 to 0.7% in 2024 but still below the potential of 1% to 1.2%. With the unemployment rate testing the lows since the inception of the Eurozone in 1999 (6.3% by November 2024), inflation remained above the ECB's target of 2% and stood at 2.4% by December 2024 vs. 5.5% in 2023. In June 2024, the ECB resumed a rate cut cycle, promoting a 25 basis points cut in every meeting and reducing the deposit rate by a total of 100 basis points to 3.0% by December 2024.

European bond markets were subject to high volatility in 2024, with political transitions in France, with the anticipated legislative elections, and Germany, with the collapse of the government coalition in November, leading to anticipated elections in February 2025. These events were preceded by weak economic performance with persisting inflation since 2022. The yield of the 10-year German bunds widened from 1.9% at the end of 2023 to 2.4% by the end of 2024, with market participants anticipating fewer rate cuts by the ECB in 2025, and the possibility of a more pro-growth government to be elected in Germany.

Bond markets in the Euro Zone were also affected by the outlook of monetary policy in the US and the challenges regarding the fiscal rebalancing in France during 2024, which caused the downgrade of the French sovereign credit rating by one notch by Moody's (from Aa2 to Aa3, stable outlook), S&P (from AA to AA-, stable outlook), and a negative outlook by Fitch (AA- rating was unchanged since 2023). The spread of the 10-year French government bond to the equivalent German 10-year bund widened from 45.5 basis points at the end of 2023 to 83 basis points at the end of 2024.

The EUR posted a devaluation of 6.3% at the end of 2024 (EURUSD 1.035), mostly due to the increasing interest rate differential to the USD and the weak economic performance of Germany and France.

In 2024, the economic activity in China remained strongly dependent on external demand, with domestic consumption continuing to underperform due to the weakness in the real estate sector. GDP advanced 5.0% in 2024 compared to 5.4% in 2023. In 2024, the Chinese government adopted several fiscal, monetary, and credit measures to stimulate domestic consumption. Most of the measures were unveiled in September 2024, before the US presidential election in November. The Chinese financial indicators remained mostly solid with the 10-year sovereign bond yield in USD closing at 2.9% in December 2024 vs. 3.2% in December 2023. In a year marked by the strength of the USD, the Chinese renminbi yuan dropped 2.2% to CNYUSD 7.299 in 2024.

Emerging economies and commodities advanced in mixed directions with the impact of slower growth in China, the tight monetary conditions in the US and Europe, the strong USD, and the geopolitical tensions in the Middle East and Ukraine. In particular, the Brazilian economy maintained a GDP growth of 3.2% in 2024 (vs. 3.3% in 2023), even with a monetary tightening adopted by the Brazilian central bank to prevent another rebound in inflation caused by a strong currency devaluation (27.9% vs. the USD in 2024) and persistent fiscal imbalances. Brazil's economy was strongly affected by the export sector, especially sales to China (30% of the total), and the currency devaluation improved the competitiveness of the external sector in 2024.

2025 Outlook

The global economy is exposed to a high degree of uncertainty with the change in the US Administration in 2025. Estimates for the world GDP are modest and point to a 3% growth in 2025 and 2026 (Bloomberg Consensus, January 2025), compared to 3.2% in 2024.

The possibility of a potential trade war involving the US and its major trade partners led business confidence to trim the positive outlook of lower interest rates in Europe and added more uncertainty on the rebound of Asian economies, especially China, in 2025.

The magnitude and scope of the trade policies of the incoming US administration are still unknown but are expected to pressure US inflation on the upside. A higher risk of inflation should limit the outlook of further interest rate cuts by the FED in 2025 with the fund rate possibly reaching a terminal level between 4% and 4.5% and the 10-year Treasury note yield close to 5%. On the other direction, GDP growth should be supported by the new US domestic economic strategy which is likely to be more business-friendly, especially focused on deregulation and lower corporate tax policies. Consensus estimates indicate that the US GDP should advance 2.1% in 2025 and 2.0% in 2026 (Bloomberg, January 2025). The Bank foresees the risk of the EURUSD testing the parity in 1H2025 before resuming the range of EURUSD 1.05 to EURUSD 1.10 in 2H2025.

Such change in the US geopolitical and economic positions should challenge the governments of its major trading partners to adopt policies aiming to reduce the impact of possible trade sanctions, the strength of the USD, and the risk of higher interest rates in the US. More fiscal, monetary and credit stimulus measures are expected in China and in Europe, where they will take the form of more fiscal measures in Germany. In 2025, the ECB is likely to reduce the deposit rate to a range of 2% to 2.5% and the yield of the 10-year German bund should move to the range of 2.75% to 3% by the end of the year.

Emerging economies are expected to face another challenging year with the high cost of financing in USD, the risk of trade sanctions in the US, and the GDP growth in China. With the perspective of tighter monetary and fiscal conditions, Brazil's GDP growth will be particularly exposed to the pace of the Chinese economy, which is the destination of 30% of its exports.

Finally, a possible resolution to the conflicts in Ukraine and the Middle East in 2025 could improve economic sentiment, especially in Europe.

Key Indicators

(EUR million)

	December 2024	December 2023	December 2022
Balance Sheet			
Total Assets	3 303	3 499	3 416
Total Liabilities	2 665	2 846	2 788
Total Equity	638	652	628
Results			
Banking Income	66	76	74
Operating Costs	-58	-60	-61
Operating Profit	8	16	13
Impairment and Provisions	2	11	0
Net Profit / Loss	5	17	11
Profitability			
Return on average shareholders' equity (ROE)	0.8%	2.7%	1.8%
Income before tax and non-controlling interests / Average equity [1]	1.5%	4.2%	2.1%
Return on average net assets (ROA)	0.2%	0.5%	0.3%
Income before tax and non-controlling interests / Average net asset [1]	0.3%	0.8%	0.4%
Banking Income / Average net assets [1]	2.0%	2.2%	2.3%
Efficiency			
Operating costs / Banking income (Cost to Income ratio) [1]	88.0%	79.2%	82.9%
Staff Costs / Banking Income [1]	57.9%	52.5%	53.5%
Credit Quality			
Loan Portfolio (gross)	724	696	786
Loan Loss Charge	0.0	-3.4	1.3
Non-Performing Loans Ratio	1.0%	1.2%	1.2%
Non-Performing Loans Coverage	26.9%	48.4%	64.6%
Solvency			
CET1 ratio	19.3%	19.0%	17.4%
Total capital ratio	24.2%	23.8%	21.8%
Leverage			
Leverage Ratio	12.3%	11.5%	12.2%
Liquidity Position			
Net Stable Funding Ratio (NSFR)	134%	151%	145%
Liquidity Coverage Ratio (LCR)	211%	275%	236%
Loans to deposits ratio ((Gross loans - provisions) / customer deposits) [1]	69%	84%	107%
Total Headcount	331	356	357

[1] *Banco de Portugal Reference Indicators (Notice 23/2011)*

Financial Overview

In 2024, Haitong Bank's local franchises played a crucial role in the Bank's financial performance, confirming the resilience of the business model. Despite the challenges faced throughout the year, the Bank continued to show consistent profitability, comfortable asset quality indicators, adequate capital and liquidity, as well as a stable cost base.

The business activity was affected by the weaknesses in the Chinese cross-border markets and the instability in Brazil. Despite the challenging backdrop, the Bank continued to perform well due to the local franchise business. The main business contributors were lending, fixed income, debt capital markets, and treasury activities.

Banking Income reached EUR 66 million in 2024, of which more than half was generated by net interest margin. The total Banking Income was 13% below the previous year. However, when compared to the adjusted recurring figure of 2023, which excluded non-recurrent gains mainly from an extraordinary credit recovery, the 2024 Banking Income showed a 2% YoY increase.

In 2024, the Bank remained committed to the strict cost discipline that has been consistently followed for several years. Operating Costs reached EUR 58 million in 2024, a decrease of 4% YoY, and Operating Results remained positive although lower than the previous year. Although the bottom-line figure decreased to EUR 5 million in 2024, the Bank was able to maintain consistent profitability during the last seven years.

As of December 31, 2024, Total Assets reached EUR 3.3 billion, EUR 195 million below the previous year's figure. The market instability in Brazil, which impacted the investment strategy in the region, and the early repayment of several syndicated loans were the main reasons for the 6% decrease in the size of the Balance Sheet. Pursuant to the execution of a private tender offer for up to EUR 230 million in nominal value of euro bonds issued in 2022 and maturing in 2025, the total outstanding amount of that issue was reduced by EUR 183 million, thus contributing to the optimization of the Bank's liquidity and net interest margin.

Asset quality indicators remained historically low, with a 1.0% NPL and 1.2% NPE at the end of 2024. From a capital perspective, Haitong Bank continues to show a strong capitalization with a 19.3% CET1 and 24.2% Total Capital ratios.

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., and Guotai Junan Securities Co. Ltd. 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 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 Banco de 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.

During the year, the Bank reshaped its internal organization for management purposes with the implementation of a regional matrix, rather than maintaining a product-based approach. This has simplified the business structure, improving transparency and accountability. The Portugal Branch unit (that does not correspond to a legal entity, having been established for internal organizational purposes only) now operates in line with all other regions, and a centralized Head Office unit has been segregated pursuant to a transparent cost allocation mechanism.

Regarding credit rating, on March 12, 2024, S&P upgraded the Bank's stand-alone credit profile to "b+" from "b", reaffirming the long-term and short-term credit ratings at "BB" and "B", respectively, with a "Negative" outlook. Later in the year, on September 17, 2024, S&P revised that outlook to "Developing". On that date, the Bank's long-term and short-term credit ratings were reaffirmed at "BB" and "B", respectively. The revision in the outlook followed a similar action on the parent company's rating, following the announcement of the merger between Haitong Securities Co. Ltd. (HTS) and Guotai Junan Securities Co. Ltd. (GTJA).

On February 19, 2025, S&P placed the 'BB' long-term issuer credit rating on Haitong Bank on CreditWatch with positive implications and affirmed the 'B' short-term issuer credit rating. S&P expected to resolve the CreditWatch placement upon execution of the merger between Haitong Securities Co. Ltd. and Guotai Junan Securities Co. Ltd., which S&P believed would likely happen within the following three months. Haitong Bank was expected to remain strategically important to the merged group, which would have a stronger unsupported group credit profile than Haitong Securities Co. Ltd. after the merger, translating into an increased likelihood of group support to Haitong Bank. S&P believed that Haitong Securities' creditworthiness would be on par with that of Guotai Junan Securities Co. Ltd. if the merger was successfully completed.

During 2024, the major corporate events included:

- In January 2024, Banco de Portugal informed Haitong Bank that no prudential reasons or legal impediments had been identified that would prevent the modification of the Macau Branch's business plan. In May, the Regulator in Macau, AMCM, issued a non-objection letter for the development of deposit-taking activities in the Macau Branch; and
- In July 2024, Haitong Global Asset Management, SGOIC, S.A. distributed EUR 28 million in free reserves to its sole shareholder, Haitong Bank, S.A..

STRATEGY

Business Strategy

Haitong Bank is a corporate and investment bank committed to supporting clients on the several 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 a long-standing expertise in Europe and Latin America with a prominent Chinese background.

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

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

Business Model and Internal Organisation

London Branch
- Corporate and Project Financing
- M&A

Warsaw Branch
- Fixed Income
- Corporate and Project Financing
- Corporate Derivatives
- Capital Markets
- M&A
- Deposits

PORTUGAL

Head Office
- Treasury
- Deposits

Portugal Branch [1]
- M&A
- Capital Markets
- Corporate and Project Financing
- Corporate Derivatives

Fixed Income

Haitong Global Asset Management
- Global Asset Management

Paris Rep. Office
- Client Origination

Spain Branch
- Corporate and Project Financing
- Capital Markets
- M&A
- Fixed Income
- Corporate Derivatives
- Deposits

Macau Branch
- Capital Markets
- M&A
- Fixed Income
- Deposits

Haitong Banco de Investimento do Brasil
- Corporate and Project Financing
- Fixed Income
- Corporate Derivatives
- Treasury
- M&A
- Capital Markets
- Deposits

[1] *Does not correspond formally to a legal entity, having been established for internal organizational purposes only*

Main Products

CORPORATE AND PROJECT FINANCING

Corporate lending
Collateralised asset finance
Project finance
Acquisition finance
Guarantees

FIXED INCOME

Banking book management
Fixed income market making and trading
Distribution to institutional clients
Bond syndication

CAPITAL MARKETS

Eurobonds (EUR/USD)
Domestic bonds (multicurrency)
Short-term debt instruments
Advisory on ECM transactions

M&A ADVISORY

Sell-side and buy-side advisory
Company valuations
Restructuring advisory
Feasibility studies

CORPORATE DERIVATIVES

Hedging solutions
Commodities
Interest rates
Foreign exchange
CO2

INVESTMENT SERVICES

Global Asset Management
Cross-asset experience: equities, fixed income, private equity and Quant
Local expertise: Europe and China
Discretionary mandates and fund management

Deposits
Retail, corporate and institutional

ACTIVITY REVIEW

Head Office

Overview and Strategy

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, Macau, 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:

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

Business Lines

Treasury

Deposits

China-related Business

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

2024 was marked by the merger process of Haitong Bank's ultimate shareholder, which is nearing completion. On September 5, 2024, a legally binding cooperation agreement was entered into between Guotai Junan Securities Co., Ltd. and Haitong Securities Co. Ltd. in relation to a proposed merger by way of absorption and share exchange of Guotai Junan and Haitong Securities. This merger process, together with a general weakness of Chinese cross-border business negatively impacted the Chinese business originated at a Group level, especially in the fourth quarter.

Regarding Treasury, the Bank sustained a strong liquidity position throughout 2024, supported by a well-balanced funding mix and benefited from the positive carry of the liquidity position as well as the income generated by the HQLA (high quality liquid assets) portfolio.

On the funding side, the Treasury focused on improving the funding mix, the maturity extension of several funding lines as well as improving the average funding costs.

Retail Deposits

During 2024, the Bank achieved a notable increase in retail deposits, leveraging on online platforms, resulting in a substantial increase in outstanding volumes. The Bank undertook several initiatives, in order to improve the quality of its retail deposit offerings, including exploring new markets, notably in the second half of 2024, where the Bank expanded the geographical options to ensure further diversification of its funding sources. Such retail deposit channels have proven to be a stable funding source, positively impacting the Bank's NSFR and LCR ratios.

Additionally, in April 2024, the Bank launched its proprietary online banking platform to the general public.

Debt Securities

In line with its financial strategy to optimize liquidity and interest margin, the Bank launched a private tender offer for up to EUR 230 million in nominal value of notes from the bond issued by Haitong Bank in 2022, maturing in 2025. This transaction reduced the total outstanding amount of that bond issue to EUR 46.8 million.

Eurosystem Refinancing

Throughout the year, the Bank closely monitored the ECB's monetary policy decisions and increased its eligible assets, thereby enhancing its funding capacity. In December 2024, the TLTRO III.10 operation reached the maturity.

2025 Outlook

In 2025, the main priority of the Treasury Department will be the maintenance of the liquidity necessary to support the Bank's Business Plan. Particular focus will thus be placed on the optimization of the funding costs to enhance overall financial efficiency. To achieve this, the Bank will continue pursuing a stable and diversified funding strategy, with emphasis on the following key guidelines:

- Retail Funding: Expanding the retail funding base through innovative deposit solutions and customer-centric offerings to ensure a steady funding source;
- Long-term Financing: Accessing long-term funding through syndicated loans and bond issuances to strengthen the Bank's balance sheet and support strategic initiatives; and
- Money Markets and Collateral Utilization: Leveraging eligible collateral to secure competitive funding from the money markets, maximizing the Bank's access to liquidity on favourable terms and conditions.

These combined efforts are expected to strengthen the Bank's financial stability, support sustainable growth, and pursue its broader business objectives in 2025.

The Head Office unit in Portugal will continue to ensure that the Control and Support Functions remain up to date with the most relevant regulatory frameworks applicable, namely in what concerns the Bank’s most recent areas: the CISO Office, IT Infrastructure, and IT Application Support.

Overview and Strategy

The Portugal Branch[1] 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.

Business Lines

Corporate and Project Financing

Capital Markets

M&A Advisory

Corporate Derivatives

Banking Income[2]

[1] *Does not correspond formally to a legal entity, having been established for internal organizational purposes only*
[2] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

In 2024, the Portugal unit continued to grow Haitong Bank's extensive franchise in Portugal and also on a cross-border basis.

Following the trend of the previous years, the **Corporate and Project Financing** activity faced particularly challenging market conditions due to persisting pricing pressures and an increasing competition in the lending market. This environment allowed for several credit transactions in the portfolio to be refinanced at lower margins, which led to substantial early loan repayments. In this context, constant market monitoring and a careful selection of business opportunities have mitigated potential adverse impacts while preserving the business targets.

From a sector perspective, the infrastructure and energy sectors have experienced positive dynamics. Two new deals were closed in the renewable energy sector while several other transactions were originated in the infrastructure and real estate sectors.

The effective management of the Bank's portfolio of loans and agency services remained a priority for the Corporate and Project Financing activity from both a risk and return perspectives. The Bank remained focused on proactive monitoring the portfolio to ensure the stability and profitability of its credit operations.

In Corporate and Project Financing, Haitong Bank consistently positions itself as a solutions provider for clients, adopting a flexible and constructive approach with a focus on value-added transactions. This strategy has enabled the Bank to meet complex clients' needs and solidify its reputation as a trusted financing partner.

With global Debt Capital Markets activity having one of the strongest years on record, the **Capital Markets** Division in Portugal also followed the trend and had a very active year in 2024, participating in 16 transactions and setting a new record.

The most significant roles in transactions in Portugal, were:

- Joint Global Coordinator in the inaugural Public Offer of CUF, SGPS, S.A.'s EUR 60 million sustainability-linked bond, with a 5-year tenor and a 4.75% coupon. The strong investor appetite allowed the Issuer to double the initial minimum offering amount, with final demand reaching EUR 67.3 million;

- Joint Global Coordinator in the inaugural Public Offer of Vista Alegre Atlantis, SGPS, S.A.'s EUR 60 million sustainability-linked bond, with a 5-year tenor and a 5.30% coupon. The final demand reached 1.3x of the issued amount;

- Joint Global Coordinator of Mota-Engil, SGPS, S.A.'s EUR 80 million sustainability-linked bond, with a 5-year tenor and a 5% coupon, achieved through one Public Exchange Offer and one Public Subscription Offer. This fourth sustainability-linked bond issued by Mota-Engil was the public bond that attracted the most retail interest in Portugal in 2024, reaching a total of 4,966 investors, with final demand peaking at EUR 86.4 million;

- Joint Arranger and Bookrunner of CUF, SGPS, S.A.'s reopening of its inaugural sustainability-linked bond, in the total amount of EUR 33.5 million through a private placement with qualified investors. The tap was accomplished via a subscription in cash, and two exchange offers of bonds previously issued by CUF, S.A. due 2025 and 2027. The new notes were fungible with the existing notes, bringing the total outstanding amount of "*CUF SGPS 2024-2029* Sustainability-linked bond" to EUR 93.5 million;

- Sole Consent Solicitation Agent of the consent solicitation process regarding the amendment of two clauses foreseen in the T&Cs of the "*Greenvolt Notes 2021/2028*";

- Arranger and Dealer of a new Commercial Paper Programme of Greenvolt – Energias Renováveis, S.A., in the amount of EUR 50 million;
- Dealer of a new Commercial Paper Programme of CUF, SGPS, S.A. admitted to trading on the Spanish alternative fixed-income market (*Mercado Alternativo de Renta Fija*) in the amount of EUR 50 million; and
- Manager of the two private voluntary tender offers of Haitong Bank's EUR 230 million Floating Rate Senior Notes issued in 2022 and due February 2025, guaranteed by Haitong Securities Co., Ltd. The two offers in cash, targeted at qualified investors, reduced the total amount in circulation to EUR 46.8 million.

On the ECM side, the Capital Markets Division was the Listing Agent in the admission to trading on the regulated market of Euronext Lisbon of 134,990,453 class A shares, with a nominal amount of EUR 1.00 each, representative of 66.83% of the share capital of Sporting Clube de Portugal – Futebol, SAD.

Regarding the **M&A** market environment in 2024, the announced transactions in Portugal recorded a 39% drop in deal value to EUR 6.8 billion and a 17% decrease in deal volume, amounting to 217 transactions.

Despite the general decrease in the M&A market in Portugal, Haitong Bank remained active, successfully completing two significant M&A transactions:

- Haitong Bank acted as financial adviser to Mirova, a France-based asset manager in the sale of a 25 MW Solar PV plant in Évora, Portugal. The plant, commissioned in 2019, operates under a pay-as-produced PPA agreement; and
- Haitong Bank served as financial adviser to MGC's shareholders in the sale of the company to Barraqueiro Group. MGC and its subsidiary AVS operate in the road passenger transportation sector in the metropolitan areas of Lisbon and Porto. The Barraqueiro Group is one of the largest transport operators in the Iberian Peninsula and is active in Brazil.

In addition to these deals, Haitong Bank continued to strengthen the pipeline and secured advisory services for other M&A transactions, namely in the consumer, retail, and renewable energy sectors.

In 2024, the **Corporate Derivatives** Team concentrated its efforts on interest rate products, which took precedence over other underlying assets such as FX and Commodities. This strategic focus was driven by the growing demand from clients seeking to manage their exposure to fluctuating interest rates amidst a dynamic macroeconomic environment.

One of the year's standout achievements was the successful completion of a landmark transaction linked to the acquisition of one of the world's largest mobile network operators. This high-profile deal not only demonstrated the Team's ability to structure complex hedging solutions but also reinforced its role as a trusted partner in facilitating major corporate transactions.

Moreover, the Team established key connections with leading international economic groups, particularly in the renewable energy sector. This aligns with the global shift toward sustainable energy solutions and positions the Desk to play a pivotal role in supporting these clients as they navigate the financial risks associated with large-scale renewable projects.

Significant efforts have also been made to broaden the client base, leveraging on the Haitong Electronic Platform for FX trading. This digital platform has enhanced the Team's ability to provide efficient and transparent trading services, strengthening relationships with existing clients and attracting new ones.

Market volatility, especially in interest rates and FX, has presented both challenges and opportunities. The Team has capitalized on these conditions to drive new business and engage in more in-depth discussions with corporate clients about hedging strategies. These discussions have been instrumental in helping clients achieve greater financial stability, enabling them to protect their margins and focus on their core operations.

Furthermore, the year witnessed an increasing awareness among clients of the importance of mitigating risks, both those inherent to their business activities and those arising from external factors. This shift in mindset has been largely influenced by the recent geopolitical conflicts that have disrupted global markets. The Team has responded by offering tailored risk management solutions, helping clients safeguard their operations against these unpredictable external shocks.

Overall, 2024 was a year of strategic focus, growth, and resilience for the Corporate Derivatives Desk, positioning it strongly for the opportunities and challenges that lie ahead.

HEALTHCARE — PORTUGAL

cuf

4.75% Sustainability-linked bonds due 2029

€ 60,000,000

Joint Global Coordinator

2024

HAITONG

INDUSTRIALS — PORTUGAL

VISTA ALEGRE 1824

5.30% Sustainability-linked bonds due 2029

€ 60,000,000

Joint Global Coordinator

2024

HAITONG

CONSTRUCTION & REAL ESTATE — PORTUGAL

MOTA-ENGIL

5.0% Sustainability-linked bonds due 2029

€ 80,000,000

Joint Global Coordinator

2024

HAITONG

ENERGY — PORTUGAL

GreenVolt

Commercial Paper Programme

€ 50,000,000

Arranger, Dealer

2024

HAITONG

ENERGY — PORTUGAL / POLAND

GreenVolt

Finance of a 83,2MW Wind Farm in Poland for RADAN NORDWIND (subsidiary of Greenvolt)

€ 60,000,000

Lender, Arranger

2024

HAITONG

ENERGY — PORTUGAL

GreenVolt

Loan Facility to MaxSolar - Greenvolt Group

€ 20,000,000

Mandated Lead Arranger

2024

HAITONG

INFRASTRUCTURE & TRANSPORT | PORTUGAL

MGC transportes

Sale of MGC to Barraqueiro

Financial Adviser

2024

HAITONG

ENERGY | PORTUGAL / SPAIN

mirova Investing in sustainability

Sale of a Solar PV Plant (25 MW)

Financial Adviser

2024

HAITONG

TMT | U.K. / SPAIN, PORTUGAL

ZEGONA

Vodafone Spain Acquisition £5 Billion Cross-Currency Swap EURUSD 2024-2028

US$ 75,000,000

Hedge Provider

2024

HAITONG

2025 Outlook

In what concerns the credit side, the outlook for 2025 is positive. The Corporate and Project Financing Team has been able to build a strong and dynamic pipeline with an increasing geographical and sectorial diversification. Several deals in the pipeline that have already received internal credit approval are expected to be completed during the first semester of 2025, contributing to achieve the year's business targets.

Regarding the Capital Markets activity, market volatility is expected to remain in 2025, influenced by geopolitical and economic uncertainty, leading investors to focus on higher-quality assets with an increase in ESG labelled financing. With market players expecting a higher number of interest rate cuts in 2025, the trend of taking advantage of these tailwinds and capture opportunities should continue to boost the Capital Markets' activity. However, tabs on the economic performance and the corporate debt outlook will need to be kept, as a return of inflation and an unexpected shift in monetary policies are not completely ruled out.

On the M&A advisory front, the outlook is improving, with Portugal projected to achieve GDP growth above the Euro Area average and see a moderation in inflation. Sectors such as energy transition, digital transformation, tourism, and infrastructure are likely to sustain stronger M&A activity moving forward and Haitong Bank is well positioned in Portugal to capture part of this deal activity.

Regarding the Corporate Derivatives activity, the interest rate environment is expected to offer attractive conditions for new hedging opportunities, particularly for medium and long-term strategies. Additionally, the commodities market presents potential for expansion, aligning with broader market trends and client demand. Clients are increasingly looking for tailored hedging strategies to protect their business operations from adverse market movements. By addressing these needs proactively, Haitong Bank can become instrumental in helping clients secure stable margins for their products and services, allowing them to concentrate on their core business objectives.

Overview and Strategy

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.

Business Lines

Corporate and Project Financing

Mergers & Acquisitions

Debt Capital Markets

Deposits

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

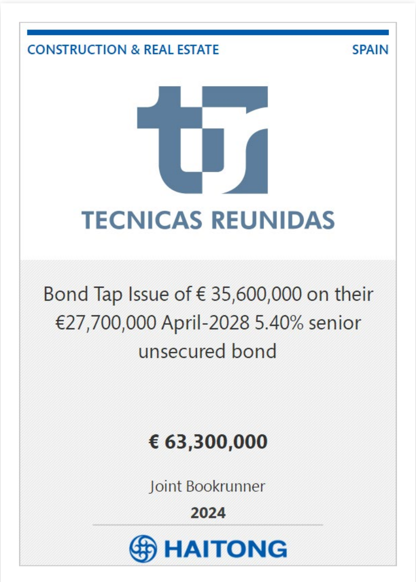
The Spain unit had a remarkable performance in 2024, having recorded noticeable growth, both in terms of Net Interest Margin and Net Income.

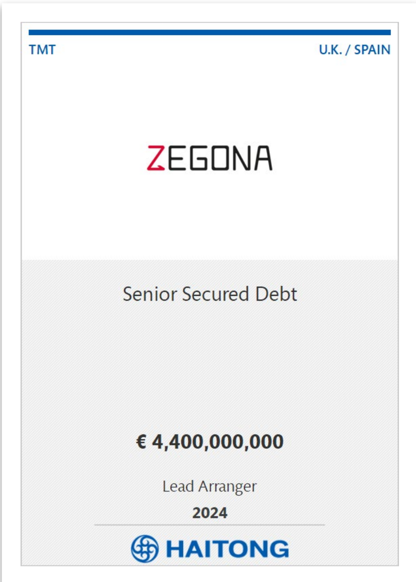
This outstanding performance was mainly driven by the growth of the **Corporate and Project Financing** activity, which benefited from a significant increase in the number of lending operations in which the Spain unit participated, as well as from the interest rates growth in the EU. The Corporate and Project Financing activity has developed within a very discerning credit risk approach, by selecting well-known industries with conservative leverage levels, keeping a tight control over the credit risk exposure of the unit's lending portfolio.

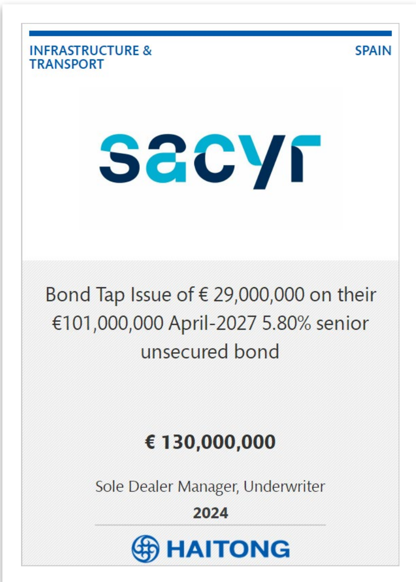
The unit's positive financial performance has also been reinforced by a strong year in the **M&A**, **DCM**, and **Corporate Derivatives** areas, with the completion of an important set of transactions.

The deposit activity also grew substantially during 2024, both in the retail segment (via online platforms) and in the corporate segment, in which the Spain unit has established itself as a sustainable partner in corporates' liquidity management.

This activity growth propelled the unit's revenues, while the operating costs were kept contained, fuelling a strong Net Income growth.







ENERGY ITALY

CVA

Senior Unsecured Schuldchein Loan

€ 200,000,000

Lender

2024

HAITONG

INDUSTRIALS / CHEMICALS SPAIN

MAXAM

Bond Tap Issue of € 50,500,000 on their €74,500,000 December-2026 7.50% senior unsecured bond

€ 125,000,000

Investor

2024

HAITONG

TMT SPAIN

Senior Secured Debt

€ 6,000,000,000

Lender

2024

HAITONG

OIL & GAS MEXICO

PEMEX

Senior Unsecured Loan

US$ 1,500,000,000

Lender

2024

HAITONG

CONSTRUCTION & REAL ESTATE SPAIN

TECNICAS REUNIDAS

Short-term Bond Issue of €73,400,000 on their €200,000,000 MARF Programme

€ 73,400,000

Joint Bookrunner

2024

HAITONG

2025 Outlook

The Spanish economy is to be the fastest-growing economy in the Eurozone, in 2025, propelled by strong domestic investment and export growth. Moreover, a controlled inflation environment is set to favour a progressive decrease of interest rates in the Eurozone, further enhancing growth. The Corporate and Project Financing credit activity is expected to follow this positive trend.

Spain is also expected to continue to be one of the most strategic markets in the Eurozone for Chinese investment due to its relevant size, privileged position in Europe, amicable regulatory environment, and its role as a gateway to Latin American countries.

These positive trends are set to propel the Spain unit for another positive year in 2025.

Overview and Strategy

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

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.

Business Lines

Corporate and Project Financing

Fixed Income

Mergers & Acquisitions

Debt Capital Markets

Corporate Derivatives

Deposits

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

2024 was characterized by a challenging and unpredictable environment, particularly due to the ongoing war in neighbouring Ukraine, persistent inflation, slow economic growth in the EU, the weak performance of the industrial companies affected by the high energy prices, and crisis in sectors such as the car industry. The GDP growth in the Euro Area, as well as in the Central and Eastern European economies was low and hence the Polish economy has remained subdued. Nonetheless, the challenging market conditions with the over-liquid commercial banking industry fuelled competition for good quality financing projects.

The solid results achieved in 2024 continue to provide room for optimism regarding the future of the unit. In 2024, the Team followed a strategy of increasing its balance sheet by providing short and medium-term lending and investments in corporate bonds originated by this unit. The high interest rate environment was one of the key elements contributing to the significant net interest income and the good performance of the Treasury Department. Clients' deposits increased significantly in 2024, being ca. 20% higher than in 2023, allowing the unit to finance a significant part of its local balance sheet.

In 2024, the unit in Poland continued to grow the successful cooperation with existing and new clients. The more active investment banking activities were mainly related to financing activities through the Corporate and Project Financing and Debt Capital Markets Departments as well as transaction advisory services delivered by the M&A Department. The services provided were also combined with products offered by the Treasury Department such as derivatives related to financings and deposits.

The **Corporate and Project Financing** business in Poland continued to grow in 2024, through the provision of financing and corporate guarantees to corporate clients in Poland. The loan portfolio is currently diversified among industries such as TMT, Industrial Chemicals, Real Estate, Construction, Transportation, Leasing, Renewable Energy, Healthcare, and Oil and Gas. The unit's efficient portfolio management of the outstanding loan portfolio remained a priority under the turbulent environment. An active monitoring process was implemented, in close cooperation with Senior Bankers and local Risk department, aiming at ensuring the stability and profitability of the Bank's credit operations in the region.

In 2024, the Poland unit completed several new credit and guarantee transactions in the financial services, renewable energy, and pharmaceutical sectors. Among them, a financing project was executed in close cooperation with the Portugal unit, which consisted of providing financing to a Portuguese company with vast operations in Poland.

The Poland unit's **Debt Capital Markets** (DCM) activity was influenced by two trends. Firstly, the largest professional investors, i.e., investment funds, reported inflows throughout the entire year of 2024, which materialized in higher purchases of corporate bonds. Secondly, the interest rates in Poland remained at high levels, leading to moderate interest in the bond market by potential issuers as the loan financing alternatives offered lower credit spreads.

In 2024, the DCM Team carried out several successful bond issues, including for one of the largest pharmaceutical companies in Poland and for one of the top three developers in Poland, having, on the latter issuance, worked together with two other banks, with the settlement of that issue taking place in January 2025.

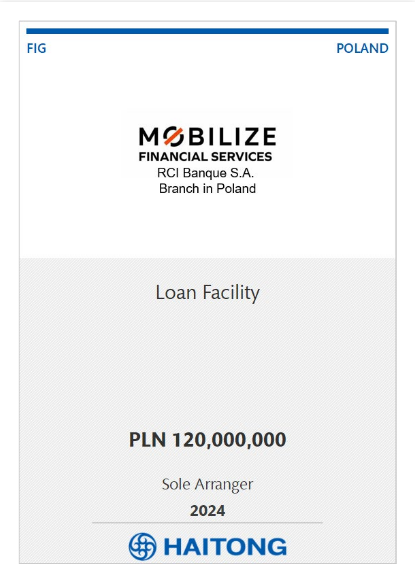
In 2024, the European **M&A** market suffered from the slowdown of the main EU economies, especially Germany, whose economy contracted for the second year in a row. The Polish M&A market reflected the overall European market sentiment, with signs that the M&A market activity bottomed out in the EU and particularly in Poland.

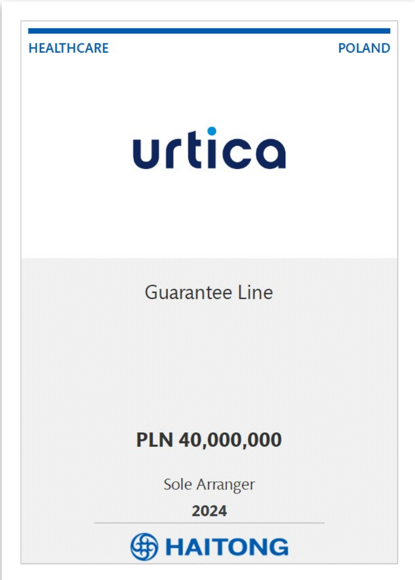
The M&A Team in Poland faced material challenges, mainly the very competitive M&A advisory market in Poland, the weaker capacity of Chinese companies to grow through acquisitions in Europe, fewer transactions due to a mismatch between sellers' valuation expectations and the interest of potential buyers, and political tensions globally.

The unit's M&A Team strongly cooperates with other Haitong Bank units and with Haitong Group entities globally. The competence of this Team, with proven capabilities to execute complex cross-border transactions, was demonstrated again in 2024.

In 2024, the Poland M&A Team worked as a financial advisor to WP Holding, a technology-focused holding company operating across three online verticals: travel, media, and consumer finance. This was a landmark transaction, of around EUR 240 million, for the acquisition of 100% of the shares of Invia Group – a European travel group with operations in Germany, Austria, Switzerland, Czech Republic, Slovakia, Hungary, and Poland. The closing of the transaction is currently pending regulatory approvals.

In conclusion, 2024 was a year of great activity and success for Haitong Bank's Poland unit, with a special focus on the unit's strategic priority of increasing the size of the balance sheet.





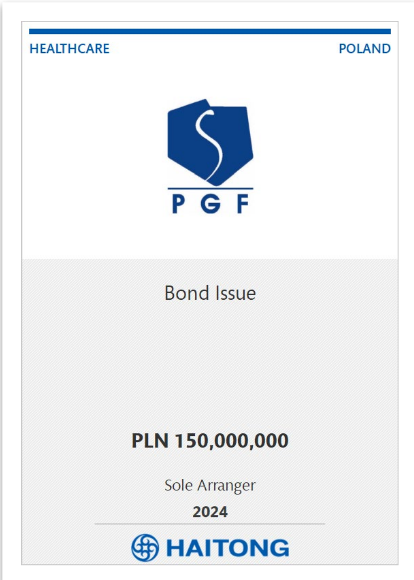


FIG POLAND

MOBILIZE
FINANCIAL SERVICES
RCI Banque S.A.
Branch in Poland

Loan Facility

PLN 75,000,000

Sole Arranger
2024

HAITONG

TMT CZECH REPUBLIC, CHINA / POLAND

WP
invia
Group

Financial Advisory to WP Holding in the acquisition of 100% shares in Invia Group
(Pending Completion)

€ 240,000,000

Financial Adviser
2024

HAITONG

CONSTRUCTION & REAL ESTATE POLAND

ROBYG

Bond Issue

PLN 250,000,000

Co-Arranger, Joint Bookrunner, Dealer
2025

HAITONG

2025 Outlook

The Polish economy is expected to continue its recovery and maintain its resilience to external shocks. However, Europe and the world continue to see heightened geopolitical risks related to the ongoing war in Ukraine and the conflict in the Middle East. These events constitute an important risk factor to the global economy. The development of the future economic conditions in the Euro Zone and the German economy, as well as the outlook for the global economy are key factors for the unit’s future development. Moreover, political issues are expected to have a bigger-than-usual impact on investment decisions and on the appetite for new capital, as well as on M&A transactions strictly associated with price expectations.

The 2024 results provide the basis to look forward with optimism in relation to the Poland unit in 2025, the Team will pursue the expansion of the unit’s balance sheet by providing short and medium-term lending and investments in corporate bonds. Additionally, the M&A and DCM mandates signed in 2024 should materialize in 2025 and deliver significant revenues. The high interest rate environment should again support a solid net interest income result in 2025. On the other hand, the strong local deposit base from local customers will also allow the unit to fund a substantial portion of the local balance sheet.

The outlook for the Corporate and Project Financing activity appears positive, particularly for 1H2025. The ongoing mandates refer to both credit facilities and guarantee lines in the Industrial, Construction and Real Estate sectors.

In 2025, fewer corporate bond redemptions are expected compared to previous years. Given the growing interest in purchasing bonds from investment funds, no major threats to the rollover of some issues are expected. The bond market should also be supported by the reduction of central bank interest rates in Poland in 4Q2025, according to market expectations.

The M&A market is expected to gradually improve in 2025, with ongoing projects in the automotive, waste management, IT, and food sectors.

United Kingdom

Overview and Strategy

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.

Business Lines

Corporate and Project Financing

Mergers & Acquisitions

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

Despite the challenges of heightened competition, fluctuating interest rates and significant refinancing demands, **Corporate and Project Financing** activities displayed a robust momentum in 2024.

Intensified market competition significantly reshaped the financial landscape, leading to considerable repricing activity as lenders and borrowers adapted to evolving economic conditions. The gradual return of new money supply to the market spurred competition among financial institutions, with banks narrowing their interest rate margins to retain and attract business. This dynamic created a more competitive lending environment, intensifying the pressure on traditional financing models.

A key driver of market activity was a sharp increase in refinancing transactions, with borrowers actively negotiating loan terms and conditions to better align with the realities of elevated interest rates. Many explored innovative approaches, including tapping into alternative credit arrangements to mitigate the higher cost of capital.

In response to these fluid market conditions, the **Corporate and Project Financing** Division adapted its strategies, broadening its financing capabilities and extending its reach to serve a wide range of industries and sectors. This strategic expansion underscored its commitment to navigating complexities while fostering growth and resilience in a competitive and evolving financial environment.

In 2024, the Team completed its funding participation transaction within the oil and gas sector supporting prepayment facility arrangements. The UK unit also joined the syndication of banks to provide acquisition financing for a UK-listed company acquiring European assets from a leading peer. The UK unit also actively collaborated with a private equity group to deliver essential infrastructure in central London, including accommodation, retail, and office spaces designed to serve local communities. The unit further extended its financial facilities to back a worldwide portfolio of liquid bulk storage terminals, reinforcing its commitment to supporting critical infrastructure across international markets.

Regarding **M&A**, the UK market experienced strong activity across various sectors in 2024, with deals involving UK targets increased 64% year-on-year to GBP 190 billion, according to Mergermarket data. The UK ranked as the third most targeted nation for M&A globally in terms of deal value, after the U.S. and China. Sector-wise, TMT retained its top position in both deal volume and value, driven by ongoing interest in digital transformation, advancements in technologies like generative AI, and the sector's high scalability potential. Financial Services, Business Services, Energy, Industrials and Chemicals also showed significant momentum, driven by the energy transition, market expansion, and efforts by companies to diversify their asset portfolios, despite macroeconomic and regulatory challenges. 2025 is expected to see a continuation of this positive trajectory.

The M&A Division also actively assisted corporate clients in managing complex cross-border mandates, showcasing a strong capability in navigating international transactions. The work included collaborating with other jurisdictions for a buy-side transaction in the automotive industry, proactively identifying spin-off opportunities for multinational groups, and ongoing discussions with counterparts in other regions to explore growth opportunities within the consumer industry, further solidifying the unit’s position as a trusted advisor for global transactions. The Team also collaborated closely with other teams on a variety of China-related cross-border projects, ensuring seamless integration of expertise and local market knowledge to deliver optimal outcomes for its clients.

On the domestic front, the UK M&A Division continued to demonstrate its strength and expertise in supporting the professional services sector. The Team successfully advised a UK law firm in securing a GBP 110 million credit facility from a leading institutional investor. This achievement underscores the unit’s ability to navigate complex financial arrangements, providing tailored solutions that meet the specific needs of its clients in a competitive marketplace.

FIG | U.K.

UK Law Firm

Fundraise of Credit Facility

£ 110,000,000

Sole Financial Adviser

2024

HAITONG

METALS & MINING | U.K.

Sigma Roc

Syndicated Loan Facility

€ 750,000,000

Lead Arranger

2024

HAITONG

CONSTRUCTION & REAL ESTATE | U.K.

Confidential Private Equity & Development Manager

Syndicated Loan Facility

£ 150,000,000

Lender

2024

HAITONG

OIL & GAS | U.K.

cobra

Funded Participation Agreement in relation to a Prepayment Facility Agreement between Cobra and Shell entities

US$ 1,200,000,000

Funded Participant

2024

HAITONG

ENERGY | LUXEMBOURG

Impala

Refinancing of Syndicated Loan Facility

US$ 525,000,000

Lender

2024

HAITONG

2025 Outlook

In 2024, the UK's GDP growth saw a modest rebound after stagnating in 2023, though it continued to trail behind most major economies. Modest growth is anticipated for 2025, driven by household spending, real wage growth, and increased government expenditure outlined in the 2024 Autumn Budget. Inflation is expected to move closer to the Bank of England's target, and the central bank is likely to lower interest rates further albeit adopting a cautious approach. This economic recovery is projected to positively impact the banking sector as lower interest rates and a growing appetite for borrowing stimulate activity.

A lower interest rate environment is also expected to improve funding affordability, further fuelling M&A activity. The renewed political stability following the general election in the UK and the presidential election in the US is expected to boost confidence among both domestic and international dealmakers, encouraging more transactions. Additionally, private equity firms, equipped with substantial capital reserves, are likely to be more active. Increased investor confidence, relative macroeconomic stability, and comparatively lower valuations are expected to drive a further rise in acquisitions and investments.

The outlook for 2025 remains optimistic, supported by a clear focus on strengthening the Bank's competitive position: the UK unit will prioritize expanding its client base to access new opportunities while deepening existing relationships with institutional and private clients in the UK and internationally. Additionally, a flexible and adaptive approach to address diverse and evolving client requirements will be adopted, ensuring the Team remains responsive and innovative.

Overview and Strategy

The presence in Macau 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 Macau 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 Macau 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 Macau 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 Macau unit’s ambition of becoming a leading financial institution in Macau.

Business Lines

Debt Capital Markets

Fixed Income

Mergers & Acquisitions

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

The **Debt Capital Markets** (**DCM)** Team remained a cornerstone of the growth and strategic positioning of the Macau unit throughout 2024, delivering strong results while supporting issuers across diverse sectors and actively advancing sustainability-aligned initiatives.

During the year, the Macau unit participated in 50 transactions across multiple markets and currencies, with a significant focus on deals denominated in Chinese Yuan (CNY). The unit's main client base in this product area is mainly composed of Chinese State-Owned Enterprises (SOEs) and Local Government Financing Vehicles (LGFVs). The total issuance amounted to CNY 33.88 billion, USD 1.49 billion, and JPY 12 billion, showcasing the unit's robust performance across both conventional and ESG-aligned instruments.

A key highlight in 2024 activity was the DCM Team's involvement in six transactions issued under Green, Sustainable, or Social frameworks, collectively amounting to CNY 6.26 billion, USD 541.34 million, and JPY 12 billion. Out of this amount, the Macau unit's involvement consisted of the participation in the USD 216 million social bond issued by Qingdao Pingdu Holdings Group Co., Ltd., in which Macau acted as Sole Global Coordinator and Social Structuring Adviser. That social bond was the first HKEX (Hong Kong) and Chongwa (Macau) Financial Asset Exchange (MOX) dual-listed Social USD bond, and it was also the first time a Macau-based financial institution took on the role of ESG advisor in an offshore bond issuance by SOEs and LGFVs. The proceeds from these bonds were directed towards renewable energy, clean water projects, infrastructure development, and social impact initiatives.

The MOX remained a central element in the listing advisory approach, with 28 of the transactions that involved the Bank in Macau being listed on MOX. These included CNY 13.76 billion in issuances – of which CNY 1.01 billion were ESG-linked – and 5 USD transactions totalling USD 717 million, of which USD 216 million were ESG-linked. By leveraging MOX, the Macau unit sought to reinforce its role as a growing player in regional capital markets while supporting issuers in achieving their strategic financing objectives.

As for **Fixed Income**, the local Team played a pivotal role in these achievements by acting as a syndication team and offering critical expertise in the Asian markets to the Lisbon Head Office team. Their insights were instrumental in shaping the Bank's investment decisions and efficiently managing the unit's investment securities and Treasury portfolio.

The **M&A** Team delivered exceptional value in supporting different cross-border projects within Haitong Group, across several sectors such as infrastructure, renewable energy, construction, engineering design, medical aesthetics, and devices, assisting various teams in achieving their strategic objectives. By cultivating long-lasting and trusting relationships with prominent Chinese and international investors, the Team facilitated transformative cross-border deals. Notably, the Macau unit acted as the Exclusive Buy-Side Financial Advisor to Inovance, a leading global provider of industrial automation components and solutions, in their acquisition of a French simulation software company, Irai. Additionally, the Macau unit managed to secure a new mandate for the Bank to act as Exclusive Buy-side Financial Adviser to a leading Chinese energy player in its sale of renewable power projects in Southeast Asia, while making significant progress in other transactions across sectors in Spain, Portugal, France, Poland, and India.

The Senior Bankers Team also made significant contributions to the Bank, by providing comprehensive client coverage while originating new business opportunities for the different units across multiple geographies. Specifically, the Team was actively engaged with the China Export & Credit Insurance Corporation ("Sinosure"), exploring various opportunities in Central Asia, South-East Asia, and Africa, among other regions. These efforts also deepened the Bank's understanding and knowledge of Sinosure's credit insurance product through high-level mutual meetings, laying a solid foundation for future business collaboration. As a result of these initiatives, one transaction in the cement sector in Uzbekistan, valued at USD 20 million, was successfully closed by the Bank. This marked the Bank's first financing transaction under the Belt and Road Initiative.

The Corporate Solutions Team also spearheaded business development efforts in Australia and Southeast Asia. These efforts led to the successful closure by the Group of a USD 32 million mining services transaction in Australia and the approval of a USD 20 million transaction in Singapore's oil and gas sector.

SOE | CHINA

CMMF 茂名港集团

4.50% Blue and Green Bonds due 2027

¥ 640,000,000

Joint Lead Manager, Joint Bookrunner

2024

HAITONG

SOE | CHINA

5.60% Bonds due 2027

US$ 270,000,000

Joint Global Coordinator, Joint Lead Manager, Joint Bookrunner

2024

HAITONG

INDUSTRIALS | CHINA / FRANCE

INOVANCE

irai

Acquisition of 100% of SAS IRAI (Innovation Recherche Automatisme Informa)

Exclusive Buy-Side Financial Adviser

2024

HAITONG

SOE | CHINA

PINGDU HOLDINGS

6.90% Social Bonds due 2027

US$ 216,000,000

Joint Global Coordinator, Joint Lead Manager, Joint Bookrunner, Social Structuring Adviser

2024

HAITONG

SOE | CHINA

济南金控

JINAN JINKONG

6.30% Bonds due 2027

US$ 283,000,000

Joint Global Coordinator, Joint Lead Manager, Joint Bookrunner

2024

HAITONG

2025 Outlook

In 2025, the Macau unit will strengthen its foundations by improving existing strategies while expanding its business scope to better serve clients and drive growth. This includes the launch of the deposits business, that will contribute to diversify the Bank’s funding base, enhance liquidity management and broaden future service offerings. By targeting corporate and institutional clients, this initiative will reinforce the unit’s position as a financial player in the region.

By aligning its new activities with market demand and regulatory requirements, the Macau unit will be positioned as a comprehensive investment bank capable of addressing diverse clients’ needs.

To ensure sustainable growth, internal controls and governance will be enhanced. This includes scaling up the Team proportionally to the unit’s expanded operations, equipping staff with specialized skills through training programs, and strengthening risk management and compliance frameworks.

The 2025 vision for the Macau unit is to balance growth with stability, ensuring that client expectations are met while preserving stakeholder trust. By focusing on innovation and responsible governance, the Macau unit is confident in its ability to reinforce its position as a key player in the regional market and drive meaningful contributions to the financial landscape of Macau.

Overview and Strategy

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.

Business Lines

Mergers & Acquisitions

Corporate and Project Financing

Fixed Income

Corporate Derivatives

Treasury

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

The Brazilian economy was marked by significant contrasts throughout 2024. On the one hand, economic activity performed better than expected across several sectors, mainly resulting from strong growth in the labour market, in particular workers' income, and the boost in government spending. Additionally, the increase in lending by the Brazilian financial system for both companies and households contributed to the Brazilian GDP growth in the year. On the other hand, the macroeconomic environment faced mounting pressures, including the devaluation of BRL against the USD, higher interest rates, and a resurgence of inflation, which challenged initial forecasts.

The less favourable inflation environment and, particularly, the worsening of expectations for 2025 and 2026 moving away from the inflation target (3.0%), led the Central Bank of Brazil to tighten its monetary policy. As a result, the Selic rate rose from 10.50% p.a. in September to 12.25% p.a. in December 2024 and is expected to continue rising in the first months of 2025.

The persistence of a fragile fiscal environment raised concerns in the markets, particularly due to increased public spending and difficulties in consolidating structural reforms that could anchor long-term expectations. In this context, the financial market ended the year with high volatility, with the Brazilian Real (BRL) depreciating against the dollar and risk premiums rising. In 2024, the BRL registered a 27.9%, devaluation versus the USD, ending the year at BRL 6.1923 (December 2023 = BRL 4.8413).

The Brazilian financial market experienced a highly stressful year, reflecting both internal and external uncertainties. The exchange rate showed significant volatility in the context of reduced foreign capital inflows and heightened risk perceptions regarding Brazil’s fiscal policy. The Brazilian Stock Market also suffered from the deteriorating scenario, with accumulated declines in sectors more sensitive to rising interest rates, such as consumer goods and technology.

In the fixed income market, rising interest rates increased financing costs throughout the year, reducing appetite for long-term government securities, with investors shifting to short-term government bonds. In the private debt capital markets, new issuances reached approximately BRL 570 billion during 2024, marking an increase of 58% YoY. Once again, fixed income debentures stood out and accounted for approximately BRL 400 billion in 2024, or 70% of the total.

While robust in terms of liquidity and capitalization, the banking system in Brazil faced a more challenging environment in 2024. Higher credit costs due to increased interest rates affected financing demand, particularly among small and medium-sized enterprises. Nevertheless, banks continued to play a crucial role in supporting the productive sectors, though with greater selectivity in granting credit.

Impairment rates showed a slight upward trend during the year, as financial costs for households and companies increased. However, the Brazilian banking system managed to absorb these impacts thanks to its regulatory strength and adaptability. Digitalization continued to advance, widening the access to financial services and thus mitigating some operational challenges.

In view of the Brazilian economic environment and the competitive conditions of the local financial system, Haitong Brazil developed its activity more conservatively in 2024, in accordance with its license and following the guidelines and risk appetite assigned by its shareholder through three main business pillars: (i) Corporate and Project Financing; (ii) Mergers and Acquisitions; and (iii) Fixed Income and (iv) Corporate Derivatives.

The **Corporate and Project Financing** activity was positive throughout the year despite the high-interest rate scenario in Brazil. The Team closed several transactions in an amount equivalent to approximately BRL 500 million with a diversified sector risk profile. During the year, this business area expanded its geographical reach and started looking for opportunities with a sound risk profile in other LatAm countries.

Regarding **M&A**, given the competitive scenario with other local and international banks, the Team was focused on working with medium-sized companies and advising them on the sale of assets.

Additionally, through its **Treasury** area, the Bank managed its liquidity and provided funding to business areas through resources raised from local investors, mainly through Time Deposits and Financial Letters (‘Letras Financeiras’ -Securities). The assignment and recent reaffirmation of the “BB” rating by S&P, on a global scale, and “brAAA”, on a local scale, has contributed to the Bank’s strategy of accessing local institutional investors.

METALS & MINING BRAZIL

Lhg Mining

Debenture

R$ 40,000,000

Lender

2024

HAITONG

METALS & MINING BRAZIL

arteris

Debenture

R$ 40,000,000

Lender

2024

HAITONG

SERVICES BRAZIL

aegea

Debenture

R$ 35,000,000

Lender

2024

HAITONG

CHEMICALS BRAZIL

Braskem

Debenture

R$ 25,000,000

Lender

2024

HAITONG

LOGISTICS / ENVIRONMENT BRAZIL

sølví
Essencis Ambiental

Debenture

R$ 30,000,000

Lender

2024

HAITONG

2025 Outlook

While 2024 accentuated some vulnerabilities that were already known in the Brazilian economy, including an unstable fiscal environment, inflation, and high volatility in financial markets, it also presented opportunities with the resuming of industrial activity and the already well-positioned agribusiness and hard commodities (especially iron ore and oil & gas). In other words, the resilience of key economic sectors ensured positive economic activity performance, despite the challenging scenario.

Moreover, the Brazilian banking sector has undergone significant changes due to the increasing presence of technology and innovation, larger competition, regulatory complexity, integrated finance, as well as changes in customer and investor expectations that have put pressure on traditional business models. Concerning regulatory complexity, the implementation of the National Monetary Council (CMN) Resolution 4966, on IFRS 9, starting in January 2025, should be emphasised, as it will bring new dynamics to the Brazilian financial system and, therefore, to Haitong Brazil.

Looking ahead to 2025, the stabilization of the macroeconomic environment and restoration of market confidence will depend on actual progress in fiscal consolidation, alongside efforts to control inflation and create a more predictable investment environment. Although challenging and highly competitive, the Brazilian financial system remains solid and well-positioned to support the country’s development. Under this scenario, the Corporate and Project Financing Team expects to increase the closing and disbursement of new transactions this year. As for M&A, following the focus on advisory on the sale of assets, five transactions are underway with a favourable outlook for completion during 1H2025.

Overview and Strategy

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.

Activity Highlights

In 2024, the Paris Office played a key role in supporting the Lisbon headquarter with client origination. Benefiting from active relationship management with local banks and counterparties, the Paris Office supported Haitong Bank in completing three syndicated transactions in the primary market, encompassing a diversified portfolio across the energy, consumer goods, and automotive sectors in different regions.

By conducting industry and market research, the local Team provided insights for Chinese corporates to better understand the European buy-side market. The Team coordinated, together with the Lisbon and Macau teams, the offering of exclusive buy-side advisory services to Inova Automation Co., Ltd. for the acquisition of 100% of the share capital of SAS Innovation Recherche Automatisme Informa.

The Paris Office has played a crucial role in fostering Haitong Bank's interaction with other large financial institutions in Europe and becoming a trusted partner. The Paris Office actively engaged in the local financial community, fostering connections with French corporates, banks, and regulatory authorities. The Team participated in major industry events organized by leading institutions such as S&P and Fitch, ICMA Annual General Meeting, among others, further solidifying Haitong Bank's presence and influence in the European market.

The Paris Office further solidified Haitong Bank's commitment to fostering communication and building relationships with Chinese clients who own high-quality assets. The Team arranged meetings and hosted several delegations, mainly from Chinese companies. The Team also participated in the "Access to China A-share Listed Companies Promotion" event organized by the Shenzhen Stock Exchange and the Shanghai Stock Exchange and held discussions with executives from listed companies in industries such as biomedicine, new energy, and consumer electronics about future business opportunities.

With 2024 marking the 60th anniversary of Sino-French diplomatic relations, Haitong Bank managed to leverage on the strengthening of bilateral economic ties between China and France. The Team built communication with local government-supported entities and introduced them to potential investment and business opportunities in France. By aligning with this historical moment, the Bank enhanced its role as a bridge for cross-border financial services and partnership opportunities within the dynamic Sino-French economic landscape.

2025 Outlook

The declining interest rate environment initiated in 2024 and its anticipated continuation into 2025, in addition to the recovery of the eurozone economy in 2025 are expected to enhance market conditions for M&A activities, providing the Team with greater opportunities for acquisition financing.

Regarding M&A, the Team aims to further implement its strategic vision, leveraging Haitong Group's global network and the enduring Sino-French partnership to solidify its position in the Sino-EU M&A market. With a unique perspective bridging China and the EU, the focus will remain on expanding and prioritizing the cross-border pipeline origination, targeting both buy-side and sell-side opportunities.

Fixed Income

Overview and Strategy

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.

Business Lines

FI Banking Book Management

FI Trading and Market Making

Distribution to Institutional Clients

OTC Derivatives to Institutional Clients

Syndication

Banking Income[1]

€7 mn

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures; includes both Portugal and Spain's Fixed Income banking income)*

Activity Highlights

Most of 2024 was marked by interest rate volatility, with the first Fed rate cut being delayed compared to market expectations. Persistent inflation and stronger-than-expected economic growth prevented a soft landing. After a volatile summer, the new US administration narrative emerged, fuelling inflation concerns from tariffs and immigration policies and leading to higher yields. Additionally, the growth decoupling between the US and Europe caused the euro to depreciate and a spread widening between US Treasuries and German Bunds.

The pace of interest rate cuts, coupled with the looming US election in November 2024, significantly impacted primary market transactions. In Europe, the European Central Bank (ECB) reduced rates by 1%, bringing the Deposit Facility Rate to 3% (down from 4% at the end of 2023). Similarly, the US Federal Reserve cut the Fed Funds Rate by 1%, with the Lower and Upper Bound reaching 4.25% and 4.50%, respectively, by December 2024. However, during the 4Q2024, markets started to price in a potential pause in the US rate-cutting cycle, while the ECB is expected to reduce rates further in 2025.

In Europe, the yield curve saw increased yields until May, followed by a decrease until November, and a slight rebound after that, ending the year marginally lower than at the start of 2024. Credit spreads remained relatively stable, with the Crossover 5-year spread around 310 basis points, showing periods of high volatility but no clear trend.

Despite these challenges, credit spreads were more favourable than anticipated, with a healthy flow of new issues, inflows into fixed income funds, and tighter spreads. The year ended with fewer idiosyncratic risks than initially expected, even within the 'higher-for-longer' monetary policy backdrop.

Banking Book

During 2024, economic data supported a 'higher-for-longer' stance in interest rates, resulting in an ECB rate cut in June and the Fed’s first rate cut in September. Credit-wise, spreads remained stable, with High Yield spreads trading in a range of +/-30 basis points versus the end of 2023, and Investment Grade spreads in a range of +/-10 basis points.

In accordance with the objectives set for the Banking Book, the activity was significantly higher than in 2023. The Team completed most of the investments in the year by the end of 3Q2024 when some volatility peaks and wider spreads were observed in credit markets. The focus was on maintaining portfolio quality, with a preference for liquid assets and low-concentration, diversified portfolios. In the Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI) book, there was an increase in turnover as the Team seized market opportunities throughout the year. Therefore, the Team was able to outperform benchmarks: the Benchmark Euro Aggregate posted gains of 2.63% in 2024 (down from 7% in 2023), while its US equivalent generated gains of 1.25% (compared to 5.5% in 2023).

Trading and Market Making

In the US, interest rates decreased at a slower pace than expected in 2024, due to persistent inflationary pressures and stronger economic growth. Trump’s election promises related to tariffs and immigration policies increased inflation concerns, leading to higher yields, a rapid devaluation of the Euro, and wider spreads between US Treasuries and German Bunds.

On the credit side, 2024 proved to be less volatile than expected, marked by a strong flow of new issues, an influx of new capital into fixed-income funds, and tightening spreads. There were fewer specific risks than anticipated, even in the context of a 'higher-for-longer' monetary policy stance.

In this context, the trading activity was heavily focused on credit trading, with increased relevance of Asian credits in the market-making activity. Alongside credit trading, the Team was also active in interest rate positions (such as curve trades and spread trades).

Syndication and Institutional Sales

Against the backdrop of economic volatility, 2024 saw a significant number of Tender Offers, Consent Solicitations, Exchanges, and Taps on existing bond issues.

In 1H2024, the Syndication/Sales team engaged in several transactions, including:

- A Consent Solicitation for Greenvolt of EUR 100 million with maturity in 2028;
- A EUR 29 million Tap for Sacyr with maturity in 2027; and
- A Public Bond Offering for Vista Alegre of EUR 60 million with maturity in 2029.

The 2H2024 followed a similar trend, particularly among Iberian issuers, with key deals including:

- A Tap for CUF SGPS' 4.75% 2029 bond of EUR 33.5 million, including new money and exchanges of CUF S.A. 2025 and 2027 bonds;
- Haitong Bank's 2025 EUR 230 million Tender Offer, with EUR 183.2 million tendered in November and December; and
- A Tap for Técnicas Reunidas' 5.4% 2028 bond of EUR 35.6 million.

Throughout the year, the Sales Team successfully expanded its base of active institutional clients (more than 550), maintaining a strong presence in the securities flow business.

2025 Outlook

In 2025, rates are expected to remain volatile, with uncertainty about the timing of future rate cuts by the ECB and concerns about persistent inflation, especially in the US. This uncertainty could lead to a hawkish pause in the rate-cutting cycle, potentially spreading its effects to Europe and creating challenges, particularly in terms of credit spread volatility.

The Fixed Income Team will adopt a conservative view on the banking book management, remaining attentive to market data releases and geopolitical developments and following the same guidelines of credit quality, diversification, and low concentration. Regarding the trading book, the Team will focus on credit trading and securities market making, to enhance clients' flow, as well as in interest rates, to take advantage of expected volatility.

On syndication and sales activity, despite some volatility, a positive environment for primary market issuances is expected. However, this positive outlook may be tempered by a shift in investor behaviour, with many preferring to participate only in benchmark issues. These types of issuances, which are typically not available to the Bank's issuer base, could limit opportunities. Additionally, increasing competition from banks offering loans at lower spreads than the bond market may also present challenges for issuance activity.

The Fixed Income unit will also continue, in 2025, to establish a strong connection with China and create synergies to continue positioning itself as a cross-border execution hub for business opportunities across regions.

Haitong Global Asset Management

Overview and Strategy

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.

Business Lines

Asset Management

Private Equity

Banking Income[1]

[1] *Source: Haitong Bank (Management Information Dec 2024; non-statutory figures)*

Activity Highlights

Throughout 2024, the global economy was a mixed picture, combining inflationary pressures in certain regions with more cautious monetary policies elsewhere. In the United States, the Federal Reserve maintained interest rates within a range designed to contain inflation without completely curbing consumer spending and the labour market's momentum. This economic dynamism enabled major US stock indexes to reach all-time highs, primarily driven by the technology sector and the widespread introduction of artificial intelligence.

In Europe, the environment was more subdued, marked by sluggish growth in key economies such as Germany and France. Nevertheless, the European Central Bank showed some flexibility by signalling rate cuts toward the end of the year, fuelling expectations of a gradual recovery in 2025.

Emerging markets exhibited varied trends: while Latin America benefited from a boost in commodity-driven sectors, China faced challenges in its real estate market and moderate domestic demand. Despite slower growth, China remained a hub of innovation and a central investment destination.

In light of these challenges, HGAM pursued a balanced strategy in 2024, leveraging opportunities in bonds—now offering attractive yield levels – while selectively managing equity exposures. ESG criteria remained central to decision-making, reflecting a long-term outlook and a commitment to meeting investors' sustainability, innovation and return objectives. The macroeconomic backdrop required active management and a flexible approach, setting the stage for the company's activities, which were supported by a series of key initiatives.

The company's AuMs experienced significant growth in 2024, increasing from EUR 98 million to EUR 130 million. This resulted both from the continued trust of HGAM's investors and the expansion of its range of investment solutions. Among the new products, the launch of the following funds should be highlighted:

- Haitong United Partners Fund*,* a EUR 90 million target private equity fund targeting luxury real estate development companies in Portugal;
- Haitong China Bond Fund*,* which responded to the growing demand for exposure to the Chinese investment-grade debt market, denominated in USD, as part of a global diversification strategy; and
- Unit Linked products through a strategic partnership with a reputable and investment-grade insurance company established in Luxembourg.

The Haitong United Partners Fund holds an investment capacity of up to EUR 90 million. The Fund was established and held its first closing in early May for an amount close to EUR 24 million. An iconic initial project has been identified and developed, now nearing the construction phase in one of the most prestigious areas of the coastal town of Cascais, Portugal.

The Haitong China Bond Fund was set up in June and aims at investing mostly in USD-denominated and investment-grade Chinese issuers. The fund faced its first closing with a EUR 3 million subscription and since then has been registering an attractive performance given the implied risk features.

HGAM further expanded its product offering by introducing Unit Linked products through a strategic partnership. This new format allows the Team to provide clients with enhanced investment options tailored to their financial goals, aligning with its commitment to innovation and diversification.

Regarding portfolio performance and Client relations, HGAM's range of equity funds faced greater challenges than initially expected, influenced by restrictive monetary policies and regional growth disparities. Although some equity funds did not meet the defined targets, the Team relied on the support and understanding of the company's long-standing clients, who recognize HGAM's long-term commitment and the cyclical nature of the markets. As for the existing Funds, the following are highlighted:

- The Haitong Private Equity Fund was incorporated with a subscribed capital of up to EUR 50 million, dedicated to the buyout/capital development market segment across Europe. Throughout the year, the Fund did not make additional investments, and no distributions and divestments were made, with HGAM focusing on managing the Fund's current portfolio. In 2024, the Fund appreciated by 6.8%;
- Despite a challenging equity environment in Europe, the White Fleet Haitong Aggressive Fund (Equities) focused on high-quality companies with strong growth potential, strengthening positions in technology sectors and, to a lesser extent, luxury consumer goods. The Fund recorded an appreciation of 0.8% in 2024; and
- As for the White Fleet Haitong Flexible Fund (Equities/Bonds), which is recognized by APFIPP (the Portuguese Association of Investment Funds, Pension Funds and Endowments), it won the award for "Best Flexible Fund," underscoring the robustness of HGAM's diversification strategy and prudent risk management. Overall, the performance of the Fund represented an annual growth of 1.4% in 2024.

HGAM's focus on client satisfaction translated into a series of communication and engagement initiatives, including regular conference calls, in-depth market reports, and knowledge-sharing events. The company's "client-first" approach enhances transparency and fosters a culture of mutual trust.

For HGAM, 2024 was also marked by significant progress in an important internal transformation process, having finally incorporated all the remaining activities developed by Haitong Bank's Asset Management Division into its business. The process of migrating the Luxembourg-domiciled funds to the company was initiated, with completion expected in 1H2025, in a process that will bring savings and proximity to Investors. Together with obtaining regulatory licenses in various strategic markets, this move strengthens HGAM's position and ability to offer broader investment solutions tailored to different legal frameworks.

On July 15, 2024, HGAM completed a EUR 28 million reduction of its Own Funds, via the distribution of reserves. As of year-end, HGAM´s Own Funds amounted to EUR 29.4 million, substantially higher than the minimum Own Funds required by law for a SGOIC.

In conclusion, in 2024, HGAM demonstrated resilience and adaptability in a complex global market. Reinforced internal processes, coupled with product innovation and constant attention to macroeconomic trends, allowed the company to create value for its clients, even under challenging scenarios.

2025 Outlook

The macroeconomic environment for 2025 remains uncertain, particularly regarding the evolution of monetary policies and the impact of geopolitical tensions in various regions. Even so, the ECB is expected to continue with rate cuts, adding dynamism to the European market, while the US economy is likely to sustain solid growth, driven by technological advances and potential fiscal incentives.

HGAM believes that the future will bring evolving client needs and new opportunities in the investment landscape. Thus, the company anticipates launching additional funds as early as 2025, aligned with its commitment to providing high-quality investment solutions tailored to its clients' objectives. The company is also planning to launch investment strategies, providing strategic exposure to the US market and solutions to address the demand of corporate treasuries.

Moreover, HGAM is committed to monitoring market trends to ensure that client demands continue to be met. The company will further strengthen its presence both nationally and internationally, while remaining open to forming strategic partnerships to enhance its competitiveness and growth.

HGAM looks at 2025 with an optimistic yet cautious outlook, grounded in the lessons learned throughout 2024. The strategy for 2025 is based on three essential priorities:

- *Expanding the Product Range:* the company will closely monitor clients’ needs to adapt its product offering accordingly. Its primary focus remains on launching new funds, including, *inter alia,* a treasury fund and a new private equity real estate fund, to address specific market demands;
- *Technological Innovation:* HGAM plans to enhance its online presence, creating a stronger digital platform to engage with clients more effectively; and
- *Focus on Sustainability:* the company will continue to uphold strong ESG practices, integrating them into its investment process, thus recognizing the value of these practices in selecting responsible investments and maintaining the commitment to long-term sustainability.

HGAM is well-positioned to face the challenges of a rapidly changing world and capitalize on emerging opportunities. The company’s commitment to innovation, client proximity, and long-term value creation will be fundamental to sustaining consistent growth and continuing to earn investors’ trust.

PEOPLE

Human Resources

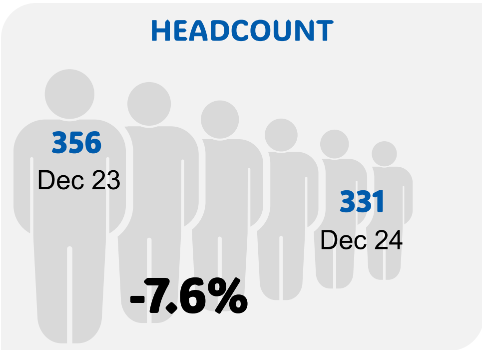
Overview and Strategy

At Haitong Bank, people are recognised as the greatest asset, driving the Bank's success and shaping its future. The strategy of the Human Resources (HR) Department is designed to foster a culture of inclusivity, sustainability, and continuous development, ensuring a dynamic and motivated workforce that is aligned with the Bank's core values of Transparency, Meritocracy, Perseverance, and Integrity.

In 2024, Haitong Bank's HR initiatives were focused on creating a cohesive and value-driven workplace, implementing strategies to empower employees and align their growth with the Bank's long-term vision. By prioritizing talent development and diversity, HR contributed to the continuous strengthening of the Bank's commitment to building a resilient and forward-thinking workforce, fully aligned with the business strategy.

Activity Highlights

Throughout 2024, Haitong Bank maintained its focus on efficient resource allocation. As of December 31, 2024, the Bank's total headcount stood at 331, reflecting the strategic efforts to consolidate and optimize resources, as well as improve operational efficiency.



The year of 2024 marked the implementation of a regional matrix structure, transitioning from a product-based framework to a regional model. This significant organizational change enhanced transparency, accountability, and operational efficiency. Notably, the restructuring ensured that the Portugal Branch now operates seamlessly alongside other regions, fostering greater collaboration and alignment between revenue-generating geographies. Furthermore, centralized Head Office functions with a transparent cost allocation mechanism were introduced, simplifying business operations and improving performance management.

Headcount by Geography

Core Values Integration

The integration of Haitong Bank's core values lies at the heart of HR practices. These values guide all actions, decisions, and interactions at the Bank, shaping a cohesive and value-driven workplace culture. To highlight Haitong Bank's commitment, each core value is embedded in specific HR initiatives as follows:

Transparency

Haitong Bank prioritizes open communication and ethical decision-making, ensuring that all employees understand their roles and contributions to the Bank's success. Through transparent performance assessments and feedback mechanisms, all levels of the organization focus on trust and clarity.

Meritocracy

Haitong Bank is dedicated to rewarding excellence and performance. Its merit-based appraisal system ensures that rewards are directly tied to individual and team achievements, promoting a culture of fairness and motivation.

Perseverance

The Bank is underpinned by determination and resilience as the main strategies for navigating challenges. By fostering an environment that supports initiative and collaborative problem-solving, employees are empowered to contribute effectively to long-term success.

Integrity

Upholding the highest ethical standards is central to the Bank's HR approach, which is dedicated to fostering a culture where employees act with honesty and accountability, supported by rigorous compliance practices that reinforce the Bank's unwavering commitment to integrity.

Inclusive Culture

Diversity and inclusion remain at the forefront of all HR initiatives. Women represent 39% of the Bank's workforce, with a significant presence in senior leadership roles. The Board of Directors is comprised of twelve members, with an equal representation of Executive and Non-Executive Directors, including three women. This balance underscores the Bank's commitment to gender diversity and is aligned with Banco de Portugal and European regulators' guidelines.

Geography	Avg age (years)	Avg length of service (years)	No. Men	No. Women
Portugal	43.9	15.8	95	71
Spain	43.5	12.1	25	9
United Kingdom	36.1	3.2	5	4
Poland	42.5	7.1	24	19
Brazil	47.4	11.4	36	19
Macau	33.6	1.8	14	7
France	34.0	0.7	2	1
HB Average Indicators	43.3	12.2	61%	39%

2025 Outlook

Haitong Bank is committed to continue:

- Attracting Exceptional Talent: developing robust recruitment strategies to ensure a dynamic and skilled workforce capable of meeting future challenges;
- Fostering Innovation and Connectivity: leveraging on digital platforms to enhance collaboration, streamline communication, and support agile work practices;
- Developing Workforce Skills: Implementing innovative learning solutions to equip employees with the necessary tools and knowledge to excel in their roles;
- Supporting Strategic Initiatives: ensuring alignment with overarching business objectives and regulatory standards; and
- Promoting Diversity and Inclusion: continuously maintaining a diverse, skilled, and motivated workforce that drives long-term success.

Haitong Bank's HR function will remain dedicated to aligning with the Bank's strategic priorities, fostering a culture of accountability, and ensuring compliance with regulatory standards. By continuing to invest in its people, HR is confident in the Bank's ability to drive sustainable growth and successfully achieve its organizational goals.

RISK

Risk Management

Governance

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

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

Risk Committee

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

Assets and Liabilities Committee

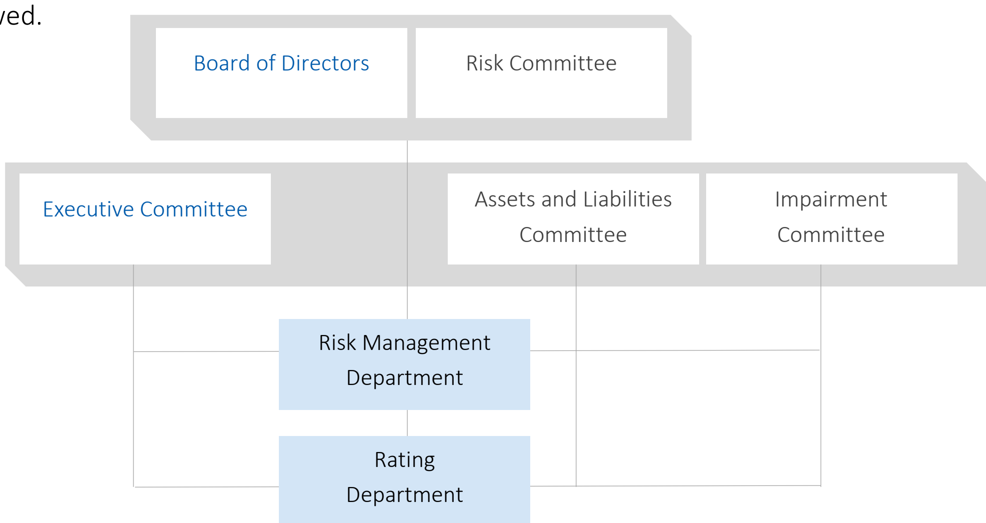
The Assets and Liabilities Committee's ("ALCO") mission is to advise the Executive Committee on the management of the Bank's assets and liabilities, including the oversight of capital and liquidity/funding planning, asset and liability risk management, internal pricing and investment policy, in alignment with the Bank's business strategy and the regulatory requirements.

Impairment Committee

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

Risk Management Department

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



Rating Department

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

Risk Appetite

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

As a corporate and institutional Bank, Haitong Bank's primary business fronts are the following: DCM, Corporate and Project Financing, M&A Advisory, Fixed Income, Corporate Derivatives and Global Asset Management.

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

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

Credit Risk

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

MANAGEMENT PRACTICES

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

Internal Ratings

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

Monitoring

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

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

Credit Recovery Process

Haitong Bank's Special Portfolio Management Division manages the Bank's non-performing exposures, proposing and implementing the restructuring and or credit recovery strategies to maximize 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 in embedded in the rating report. Thus, the ESG risk assessment is part documentation that supports the credit decision. Additionally, the overall exposure "High ESG" clients is regularly monitoring and reported to the management bodies of the Bank."

ASSET QUALITY

Loan Portfolio

Portfolio breakdown

In December 2024, the loan portfolio (gross exposure) amounted to EUR 724 million, which represents an increase of approximately EUR 28 million compared to December 2023.

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

	December 2024			December 2023		
	Domestic	International	Total	Domestic	International	Total
Loan Portfolio[1]	**237 900**	**486 432**	**724 332**	**262 760**	**433 565**	**696 325**
Specialized Lending	123 550	90 329	**213 879**	125 294	102 223	**227 517**
Corporate	54 632	346 713	**401 345**	96 158	296 852	**393 010**
Others	59 718	49 390	**109 108**	41 308	34 490	**75 798**

[1] *Gross of provisions*

Loan Portfolio Asset Classes by Industry

	December 2024				December 2023			
	Specialized Lending	Corporate	Others	Total	Specialized Lending	Corporate	Others	Total
TOTAL	**29.4%**	**55.5%**	**15.1%**	**100.0%**	**32.6%**	**56.5%**	**10.9%**	**100.0%**
Power	10.5%	6.0%	2.7%	**19.2%**	10.7%	7.4%	0.0%	**18.1%**
Oil & Gas	1.7%	13.9%	0.0%	**15.6%**	2.7%	4.6%	0.0%	**7.3%**
Telecoms	0.0%	7.9%	4.2%	**12.1%**	0.0%	7.0%	0.0%	**7.0%**
Transportation Infrastructure	9.1%	2.9%	0.0%	**12.0%**	11.3%	3.3%	0.0%	**14.6%**
Real Estate	6.4%	0.0%	0.5%	**6.9%**	5.9%	0.0%	5.5%	**11.4%**
Commercial & Professional Services	0.0%	5.3%	0.0%	**5.3%**	0.0%	9.1%	0.0%	**9.1%**
Metals & Mining	0.0%	5.2%	0.0%	**5.2%**	0.0%	4.2%	0.0%	**4.2%**
Non Bank Financial Institutions	0.0%	0.0%	5.1%	**5.1%**	0.0%	0.0%	5.3%	**5.3%**
Automobiles & Components	0.0%	4.7%	0.0%	**4.7%**	0.0%	2.9%	0.0%	**2.9%**
Building Materials	0.0%	1.7%	2.6%	**4.3%**	0.0%	0.0%	0.0%	**0.0%**
Consumer Durables & Apparel	0.0%	2.7%	0.0%	**2.7%**	0.0%	0.2%	0.0%	**0.2%**
Food, Beverage & Tobacco	0.0%	2.3%	0.0%	**2.3%**	0.0%	1.4%	0.0%	**1.4%**
Chemicals	0.0%	2.2%	0.0%	**2.2%**	0.0%	4.3%	0.0%	**4.3%**
Rental & Leasing	1.7%	0.0%	0.0%	**1.7%**	1.9%	0.0%	0.0%	**1.9%**
Agribusiness & Commodity Foods	0.0%	0.7%	0.0%	**0.7%**	0.0%	0.7%	0.0%	**0.7%**
Health Care	0.0%	0.0%	0.0%	**0.0%**	0.0%	2.9%	0.0%	**2.9%**
Construction & Engineering	0.0%	0.0%	0.0%	**0.0%**	0.0%	2.7%	0.0%	**2.7%**
Retailing	0.0%	0.0%	0.0%	**0.0%**	0.0%	2.6%	0.0%	**2.6%**
Capital Goods	0.0%	0.0%	0.0%	**0.0%**	0.0%	2.2%	0.0%	**2.2%**
Agricultural Cooperatives	0.0%	0.0%	0.0%	**0.0%**	0.0%	0.7%	0.0%	**0.7%**
Containers & Packaging	0.0%	0.0%	0.0%	**0.0%**	0.0%	0.3%	0.0%	**0.3%**
Transportation	0.0%	0.0%	0.0%	**0.0%**	0.1%	0.0%	0.0%	**0.1%**
Others	0.0%	0.0%	0.0%	**0.0%**	0.0%	0.0%	0.1%	**0.1%**

Internal Rating Profile

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

Loan Portfolio Rating Profile

	December 2024	December 2023
[aaa+; a-]	10.2%	0.1%
[bbb+; bbb-]	11.0%	19.0%
[bb+; bb-]	59.3%	64.5%
[b+; b-]	19.5%	16.4%

As a percentage of non-default rated gross portfolio

Risk Indicators

Credit Risk Indicators (in EUR thousand)

	December 2024	December 2023 Restated [2]	December 2023
Loan Portfolio	**724 333**		**696 325**
Non-Performing Loans (NPL)	**6 939**		**8 219**
NPL Ratio	1.0%		1.2%
Impairment for NPL	**1 868**		**3 975**
NPL coverage	26.9%		48.4%
Gross Exposure	**2 480 354**	**2 615 041**	**2 595 074**
Non-performing exposures (NPE) [1]	**30 602**	**56 297**	**36.648**
NPE Ratio	1.2%	2.2%	1.4%
NPE Impairment Coverage	33.8%	42.1%	30.7%
Forborne Exposures [1]	**36 324**		**23 194**
Of which performing exposure (%)	69.7%		50.6%

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

2 *The Group now classifies as non-performing exposures (NPE) 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. Consequently, the Group has restated the comparative figures as of December 31, 2023, with the restatement presented in the indicated column.*

The Non-Performing Loans (NPL) ratio amounted to 1.0% in December 2024, in comparison to 1.2% in December 2023. This resulted from the prudent standards followed at credit origination and the measures undertaken throughout the year to reduce the Bank's non-performing loans.

Fixed Income Assets

Portfolio breakdown

The fixed income portfolio ended December 2024 with a net total of EUR 1,747 million, representing a reduction of EUR 147 million when compared with December 2023, as a result of the decrease in sovereign debt.

Fixed Income Portfolio by Sector (EUR thousand)

	December 2024	December 2023
Total	**1 746 774**	**1 893 764**
Governments	1 121 788	1 307 314
Real Estate	87 397	87 111
Banks	78 147	99 464
Automobiles & Components	57 539	22 105
Power	44 231	36 650
Construction & Engineering	42 492	37 666
Retailing	34 845	33 716
Transportation	29 880	20 203
Telecoms	27 985	28 556
Non-Bank Financial Institutions	27 656	13 238
Chemicals	27 256	29 137
Food, Beverage & Tobacco	25 582	24 201
Health Care	21 517	11 173
Transportation Infrastructure	19 284	10 017
Water Utilities	14 304	22 062
Metals & Mining	14 174	26 443
Capital Goods	13 872	13 141
Oil & Gas	9 783	14 067
Hotels & Gaming	8 822	8 853
Commercial & Professional Services	8 388	15 806
Pharmaceuticals	7 146	0
Funds & Asset Managers	6 978	5 661
Rental & Leasing	5 464	0
Consumer Durables & Apparel	5 226	4 312
Paper & Forest Products	2 656	4 348
Building Materials	1 914	0
Media & Entertainment	1 048	3 085
Technology Hardware & Equipment	622	8 637
Investment Holdings	603	0
Broker Dealers	175	0
Agribusiness & Commodity Foods	0	6 798

Internal Rating Profile

In December 2024, the rating profile of the Bank's fixed income portfolio was the following:

Fixed Income Portfolio Rating Profile

	December 2024	December 2023
[aaa; a-]	5.8%	7.0%
[bbb+; bbb-]	24.1%	26.4%
[bb+; bb-]	67.6%	64.6%
[b+; b-]	2.5%	2.0%

As a percentage of non-default rated portfolio

Derivatives Portfolio

Portfolio Breakdown

The counterparty risk exposure in the Bank's portfolio of interest rate and exchange rate derivatives amounted to EUR 50 million in December 2024, which represents a decrease of EUR 15 million in comparison with December 2023.

In terms of the breakdown by counterparty risk sector, in December 2024, 49% of the global exposure relates to transactions in Transportation Infrastructure, followed by 28% in Banks' counterparties.

Derivatives Portfolio by sector (EUR thousand)

	December 2024	December 2023
Total	**49 575**	**65 014**
Transportation Infrastructure	24 269	27 963
Banks	13 954	17 002
Paper & Forest Products	4 944	4 738
Non-Bank Financial Institutions	3 125	5 463
Broker Dealers	754	333
Funds & Asset Managers	701	701
Oil & Gas Industry	504	1 543
Agribusiness & Commodity Foods	444	927
Others	443	260
Power	436	576
Food, Beverage & Tobacco	0	65
Chemicals	0	5 443

Internal Rating Profile

The Bank mainly takes counterparty credit risk in derivatives while providing hedge solutions to corporate clients (also encompassing project finance entities). Thus, in December 2024, the Bank's total exposure to derivative instruments focused on interest rate swaps.

Derivatives Portfolio Rating Profile

	December 2024	December 2023
[aaa+;a-]	73.2%	21.7%
[bbb+;bbb-]	1.6%	48.1%
[bb+;bb-]	24.3%	26.2%
[b+;b-]	0.9%	4.1%

As a percentage of non-default rated portfolio

ESG Risk

The Bank assesses climate and environmental impacts when conducting business activities, particularly in the Corporate and Project Financing and DCM activities. Haitong Bank has assessed the emerging climate and environmental risks by performing a comprehensive analysis of the potential transmission channels between climate and environmental risk factors and the main categories of prudential risk borne by the banking sector in the short, medium- and long-term, concluding that the ESG Risk is strongly linked with credit 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 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, Haitong Bank ensures that sustainability considerations are embedded in the Bank's risk management framework. By integrating ESG risk into credit assessments, the Bank fully factors in the transition and physical risks, while capturing the business opportunities provided by viable business models. Additionally, on the monitoring front, the overall exposure to "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 RISK

Management Practices

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

As of December 2024, Haitong Bank's VaR amounted to EUR 4.2 million, representing a decrease of EUR 0.5 million when compared with December 2023.

Value at Risk by Risk Factor (EUR million)

	December 2024	December 2023
Foreign Exchange Risk	4.1	4.8
Interest Rate Risk	0.4	1.0
Shares	0.0	0.0
Credit spread	0.3	0.3
Covariance	-0.5	-1.4
Global VaR	**4.2**	**4.7**

BANKING BOOK RISKS

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

Interest Rate Risk

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

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

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

As of December 2024, the impact on the banking book economic value, under a parallel shock on the yield curve, different by currency, was estimated at EUR 22.4 million. Adding the regulatory add-on for automatic options defined in the Commission Delegated Regulation (EU) 2024/857, the final impact on the banking book economic value is EUR 23.0 million.

Credit Spread Risk

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

As of December 2024, the impact on the banking book economic value for this risk was estimated at EUR 15 million.

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

Pension Fund Risk

Haitong's Pension Fund Risk stems from the possibility that the pension plan assets are not sufficient to meet the fund's responsibilities. 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 is incorporated within the Bank's Risk Appetite Framework. The Bank has established policies and methodologies for risk assessment, monitoring, and reporting, ensuring alignment with the Group's Risk Appetite Framework.

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.

Management Practices

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

The management methodologies in place are supported by the principles issued by the Basel Committee for operational risk.

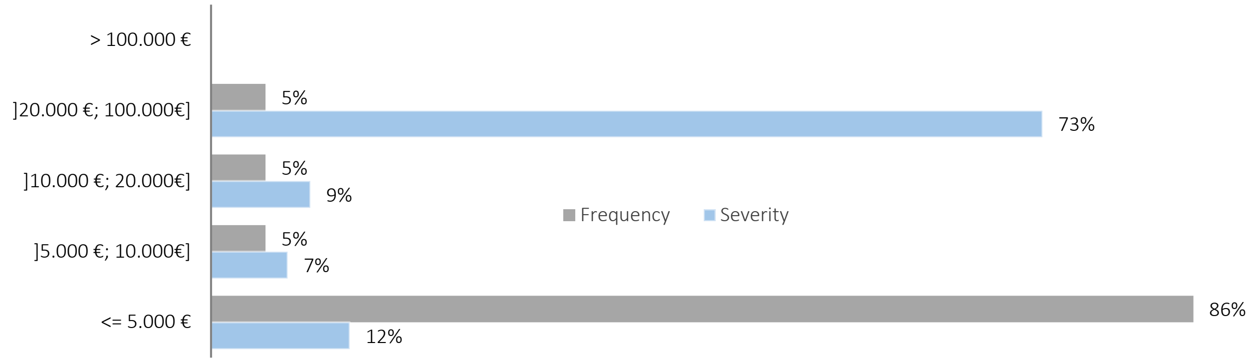
The operational risk management model is supported by an exclusively dedicated structure within the organisation which is responsible for the following processes:

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

OPERATIONAL RISK ANALYSIS

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

Distribution of frequency and severity of events by loss amount

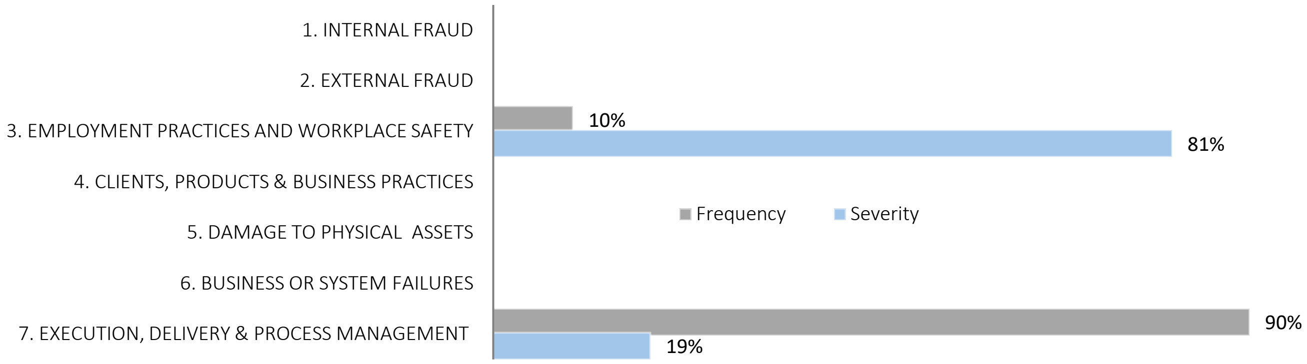


Operational Risk Events, December 2024

By December 2024, 86% of the Bank's loss events were below EUR 5,000.

Following Basel's event classification, in 2024, 90% of total reported events were related with the Execution, Delivery & Process Management event type, which corresponded to 19% of reported losses associated with this risk. The Employment Practices and Workplace Safety event type was the one with highest loss amount by December 2024, representing 81% of the total losses from operational risks.

Distribution of frequency and severity of events by event type



Operational Risk Events, December 2024

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.

Management Practices

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

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

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

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

LIQUIDITY POSITION

Liquidity Coverage Ratio

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

As of December 2024, Haitong Bank reached an LCR of 211%, which represents a resilient short-term liquidity position, comfortably complying with regulatory standards.

Liquidity Coverage Ratio (EUR thousand)

	December 2024	December 2023
High-Quality Liquid Assets	730 525	831 617
30 days Net Outflow	345 545	302 215
Liquidity Coverage Ratio	211%	275%

Net Stable Funding Ratio

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

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

As of December 2024, Haitong Bank reached an NSFR of 135%, ensuring an adequate medium- to long-term funding profile.

Net Stable Funding Ratio

	December 2024	December 2023
Net Stable Funding Ratio	134%	151%

Capital Management

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

Management Practices

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

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

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

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

REGULATORY CAPITAL AND LEVERAGE RATIOS

Solvency

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

Under this regulatory framework, the minimum CET1 ratio is 4.5%, the minimum Tier 1 ratio is 6% and the minimum Total Capital Ratio is 8%. In addition, these minimum ratios are supplemented by the capital conservation buffer, established at 2,5% from 1 January 2019.

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

The regulation also provides a counter-cyclical capital buffer of up to 2.5% to be imposed in the event that national supervisors deem it necessary in order to counteract excessive credit growth in the jurisdictions under their supervision. As of December 31, 2024, Banco de Portugal decided not to impose any additional counter-cyclical capital buffer, by setting it at 0% of the total risk exposure amount to domestic counterparties. This decision is subject to revision on a quarterly basis, but Banco de Portugal already determined that from 1 January 2026 the counter-cyclical capital buffer should be set at 0,75% for exposures to counterparties located in Portugal.

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

As of December 2024, Haitong Bank's capital ratios were calculated under CRR (Regulation EU no. 575/2013) and CRD (Directive EU no 2013/36/EU). The capital ratios under the Standard Approach are shown in the following table.

Solvency Ratios

	December 2024	December 2023
CET1 ratio	19.3%	19.0%
Tier 1 ratio	24.1%	23.7%
Total capital ratio	24.2%	23.8%

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

Leverage

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

As of December 2024, Haitong Bank's leverage ratios, calculated under the methodology set by the regulatory framework, are shown in the following table.

Leverage Ratios

	December 2024	December 2023
Leverage Ratio	12.3%	11.5%

FINANCIAL REPORT

Consolidated Financial Statements and Notes to the Consolidated Financial Statements

1. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement for the year ended on December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Interest and similar income	5	226 572	230 548
Interest and similar expenses	5	188 034	194 973
Financial margin		**38 538**	**35 575**
Fees and commissions income	6	22 050	36 692
Fees and commissions expenses	6	(3 320)	(7 431)
Net trading income	7	(3 114)	1 924
Net income from other financial instruments at fair value through profit or loss	8	488	844
Net gain/(loss) from derecognition of financial assets measured at fair value through other comprehensive income	9	1 477	1 447
Net gains/(losses) from hedge accounting	10	347	-
Net gains / (losses) from foreign exchange differences	11	9 577	(518)
Net gain/(loss) from derecognition of financial assets measured at amortised cost	12	4 184	1 944
Other operating income and expense	13	(4 239)	5 617
Operating Income		**65 988**	**76 094**
Employee costs	14	38 204	39 971
Administrative costs	16	14 470	14 619
Depreciations and amortisations	25 and 26	5 409	5 643
Provisions	31	(2 186)	(11 389)
Net impairment loss on financial assets	31	421	621
Operating expenses		**56 318**	**49 465**
Profit / (Loss) before Income Tax		**9 670**	**26 629**
Income tax			
Current tax	32	7 202	4 757
Deferred tax	32	(2 178)	4 108
		5 024	**8 865**
Net Profit / (Loss) for the year		**4 646**	**17 764**
Attributable to shareholders of the parent company	17	**5 078**	**17 262**
Attributable to non-controlling interests	35	**(432)**	**502**
		4 646	**17 764**
Basic Income per Share (in euros)	17	0,03	0,10
Diluted Income per Share (in euros)	17	0,03	0,10

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

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Comprehensive Income for the year ended on December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Net income of the year			
Attributable to shareholders of the parent company		5 078	17 262
Attributable to non-controlling interests		(432)	502
		4 646	17 764
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit liabilities, net of taxes	35	(1 981)	(4 722)
		(1 981)	(4 722)
Items that may be reclassified to profit and loss			
Foreign currency translation differences for foreign operations	35	(18 822)	5 532
Fair value changes of debt instruments measured at fair value through other comprehensive income, net of taxes	35	2 597	5 819
		(16 225)	**11 351**
Total other comprehensive income for the year		**(18 206)**	**6 629**
Total comprehensive income/(loss) for year		**(13 560)**	**24 393**
Attributable to shareholders of the parent company		(8 960)	22 694
Attributable to non-controlling interests		(4 600)	1 699
		(13 560)	**24 393**

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

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Financial Position as of December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Assets			
Cash and cash equivalents	18	38 159	17 164
Financial assets at fair value through profit or loss		811 783	893 703
Financial assets held for trading		794 723	880 215
Securities	19	770 902	848 480
Derivative financial assets	20	23 821	31 735
Non-trading financial assets mandatorily at fair value through profit or loss		17 060	13 488
Securities	22	17 037	13 464
Loans and advances to customers	24	23	24
Financial assets at fair value through other comprehensive income	22	357 444	226 584
Financial assets measured at amortised cost		1 848 526	2 090 669
Securities	22	617 566	818 722
Loans and advances to banks	23	512 202	583 288
Loans and advances to customers	24	718 758	688 659
Other tangible assets	25	11 662	11 883
Intangible assets	26	1 152	1 814
Tax assets		120 647	127 643
Current income tax assets	32	21 447	21 806
Deferred income tax assets	32	99 200	105 837
Other assets	27	113 911	129 182
Total Assets		**3 303 284**	**3 498 642**
Liabilities			
Financial liabilities held for trading		23 948	25 878
Securities	19	817	846
Derivative financial liabilities	20	23 131	25 032
Financial liabilities measured at amortised cost		2 558 131	2 726 784
Resources of credit institutions	28	946 670	916 921
Resources of customers	29	1 293 048	1 174 221
Debt securities issued	30	318 413	635 642
Provisions	31	3 916	9 867
Tax liabilities		17 122	14 451
Current income tax liabilities	32	11 549	8 657
Deferred income tax liabilities	32	5 573	5 794
Other liabilities	33	61 930	69 233
Total Liabilities		**2 665 047**	**2 846 213**
Equity			
Share capital	34	871 278	871 278
Share premium	34	8 796	8 796
Other equity instruments	34	105 042	105 042
Fair-value reserves	35	(1 875)	(4 876)
Other reserves and retained earnings	35	(367 631)	(367 854)
Net profit/(loss) for the period attributable shareholders of the parent company		5 078	17 262
Total equity attributable to the shareholders of the parent company		**620 688**	**629 648**
Non-controlling interests	35	17 549	22 781
Total Equity		**638 237**	**652 429**
Total Equity and Liabilities		**3 303 284**	**3 498 642**

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

The Director of the Finance Department

The Board of Directors

Consolidated Statement of Changes in Equity for the year ended on December 31, 2024

(thousand euros)

	Notes	Share capital	Share premium	Other equity instruments	Fair-value reserves	Other reserves and retained earnings	Net profit/(loss) for the period attributable shareholders of the parent company	Total equity attributable to the shareholders of the parent company	Non-controlling interests	Total Equity
Balance as of 31 December Saturday		863 279	8 796	105 042	(10 605)	(370 665)	11 107	606 954	21 082	628 036
Other movements recorded directly in equity:										
Changes in fair value, net of taxes	35	-	-	-	5 729	-	-	5 729	90	5 819
Exchange differences	35	-	-	-	-	4 425	-	4 425	1 107	5 532
Remeasurements of defined benefit liabilities, net of taxes	35	-	-	-	-	(4 722)	-	(4 722)	-	(4 722)
Net profit / (loss) for the year	35	-	-	-	-	-	17 262	17 262	502	17 764
Total comprehensive income for the year		-	-	-	5 729	(297)	17 262	22 694	1 699	24 393
Share capital increase	34	7 999	-	-	-	(7 999)	-	-	-	-
Transfers for reserves and retained earnings		-	-	-	-	11 107	(11 107)	-	-	-
Balance as of 31 December Sunday		871 278	8 796	105 042	(4 876)	(367 854)	17 262	629 648	22 781	652 429
Other movements recorded directly in equity:										-
Changes in fair value, net of taxes	35	-	-	-	3 001	-	-	3 001	(404)	2 597
Exchange differences	35	-	-	-	-	(15 058)	-	(15 058)	(3 764)	(18 822)
Remeasurements of defined benefit liabilities, net of taxes	35	-	-	-	-	(1 981)	-	(1 981)	-	(1 981)
Net profit / (loss) for the year	35	-	-	-	-	-	5 078	5 078	(432)	4 646
Total comprehensive income for the year		-	-	-	3 001	(17 039)	5 078	(8 960)	(4 600)	(13 560)
Transfers for reserves and retained earnings		-	-	-	-	17 262	(17 262)	-	-	-
Dividends to non-controlling interests	35	-	-	-	-	-	-	-	(632)	(632)
Balance as of 31 December Tuesday		871 278	8 796	105 042	(1 875)	(367 631)	5 078	620 688	17 549	638 237

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

The Director of the Finance Department

The Board of Directors

Consolidated Cash Flow Statement for the year ended on December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Cash flows from operating activities			
Interests received		259 382	234 292
Interests paid		(204 670)	(176 349)
Fees and commissions received		21 924	39 257
Fees and commissions paid		(3 320)	(7 431)
Recoveries of operations written off from assets	13	564	11 773
Cash payments to employees and suppliers		(50 351)	(58 018)
		23 529	**43 524**
Changes in operating assets and liabilities:			
Trading financial assets and liabilities		80 430	(96 845)
Loans and advances to banks		(3 366)	(3 062)
Resources of other credit institutions	28	33 995	(439 124)
Loans and advances to customers		(31 154)	81 064
Resources of customers	29	110 458	440 663
Other operating assets and liabilities		(3 689)	13 321
Net cash flow from operating activities before income tax		**210 203**	**39 541**
Income taxes paid		(4 339)	(2 609)
		205 864	**36 932**
Purchase of securities		(458 017)	(390 819)
Sale and repayments of securities		502 675	374 022
Purchase of fixed assets	25 and 26	(4 871)	(1 506)
Sale of fixed assets		17	51
		39 804	**(18 252)**
Cash flows from financing activities			
Debt securities issued	30	21 770	77 035
Reimbursement of debt securities issued	30	(317 662)	(11 658)
Rents paid for leasing operations	33	(3 063)	(2 720)
Net cash flow from financing activities		**(298 955)**	**62 657**
Net changes in cash and equivalents		**(53 287)**	**81 337**
Cash and equivalents at the beginning for the year		570 814	489 477
Cash and equivalents at the end for the year		517 527	570 814
		(53 287)	**81 337**
Cash and equivalents includes:			
Cash	18	2	5
Demand deposit at central banks	18	28 213	3 014
Deposits at other credit institutions	18	12 322	16 010
Loans and advances to banks	23	476 990	551 785
		517 527	**570 814**

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

The Director of the Finance Department — The Board of Directors

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Haitong Bank, S.A.

NOTE 1 – ACTIVITY AND GROUP STRUCTURE

Haitong Bank, S.A. (Bank or Haitong Bank) is an investment bank headquartered in Portugal, at Rua Alexandre Herculano, no. 38, in Lisbon. 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 broaden the scope of its activity, the Institution obtained authorization from the competent official bodies for its transformation into an Investment Bank, through Ministerial Order no. 366/92 of November 23, published in the Diário da República - II Série - no. 279, of December 3. Banco de Investimento began operating under the name Banco ESSI, S.A. on April 1, 1993.

In 2000, Banco Espírito Santo, S.A. acquired the entire share capital of BES Investimento in order to reflect all the 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.

In January 2024, Banco de Portugal informed Haitong Bank of its non-opposition to the change in the Macao Branch's business plan. In May 2024, the Monetary Authority of Macao (AMCM) issued a letter of non-opposition to the start of deposit-taking activities at the Macao Branch.

Haitong Bank's financial statements are consolidated by Haitong International Holdings Limited, headquartered at Li Po Chun Chambers, No. 189, Des Voeux Road Central, 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

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.

The structure of the group of companies in which the Bank has a direct or indirect holding of 20% or more, or over which it exercises control or significant influence in their management, and which have been included in the consolidation perimeter, is as follows:

(thousand euros)

	Incorporation date	Acquisition date	Headquarters	Activity	% Economic interest (1)	Consolidation method	Equity	Assets	Net profit/(loss)
Haitong Bank S.A.	**1983**	**-**	**Portugal**	**Investment Bank**			**642 877**	**2 336 421**	**4 871**
Haitong Global Asset Management SGOIC S.A.	1988	2005	Portugal	Asset management	100%	Full consolidation	29 623	29 983	732
Haitong Banco de Investimento do Brasil S.A.	1973	2000	Brasil	Investment Bank	80%	Full consolidation	66 907	1 069 006	5 688
FI Multimercado Treasury	2005	2005	Brasil	Investment fund	80%	Full consolidation	1 665	1 667	203
Haitong Negócios, SA	1996	1999	Brasil	Holding company	80%	Full consolidation	31 913	33 569	4 086
Haitong do Brasil DTVM S.A.	2009	2009	Brasil	Asset management	80%	Full consolidation	7 198	7 574	369
Haitong Securities do Brasil S.A.	1973	2000	Brasil	Brokerage house	80%	Full consolidation	17 765	20 847	1 800

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

In 2013, Haitong Bank embarked on a plan to simplify its group. As part of this process, several measures were taken, including the sale and merger of several holdings. The simplification process continued throughout 2023 and 2024, with the main changes to the group's structure presented below.

Subsidiaries

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

- During 2024 and 2023, movements relating to acquisitions, sales and other investments and repayments in subsidiary companies are detailed as follows:

(thousand euros)

	31.12.2024		31.12.2023	
	Reimbursements		Reimbursements	
	Other Investments (a)	Total	Other Investments (a)	Total
Empresas subsidiárias				
Haitong Ancillary Services	-	-	1 759	1 759
Total	**-**	**-**	**1 759**	**1 759**

(a) Liquidation

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1. BASES OF PREPARATION

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

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

The consolidated financial statements of Haitong Bank presented herein refer to the period ended December 31, 2024, and were prepared in accordance with IFRS in force in the European Union on January 1, 2024. These interim consolidated financial statements are presented in accordance with the request form Haitong Securities Co., Ltd. ("Haitong Securities"), Haitong Bank's ultimate shareholder, and Guotai Junan Securities Co since they entered into agreements with respect to a proposed merger, by way of absorption by Guotai Junan Securities Co. and a share-for-share exchange. These interim consolidated financial statements do not include all the information required for full annual financial statements.

The accounting policies in this note were consistent with all entities of the Group and are consistent with those used in the preparation of the financial statements of the previous period, except as stated in the note on comparability of information.

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

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

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

These financial statements were approved at a meeting of the Board of Directors on 13 March 2024 and will be submitted to the sole shareholder for approval and are expected to be approved without changes.

Comparability of the Information

On 31 December 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. Therefore the Group changed the values presented in the breakdown of Non-Performing and Forborne Exposures of Note 39. The original values published in 2023 are presented in Note 40 – Comparability of the Information.

2.2. BASIS OF CONSOLIDATION

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

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

Subsidiaries

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

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

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

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

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

There are currently no restrictions on the control of subsidiaries.

Transactions with non-controlling interests

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

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

Translation of financial statements in foreign currency

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

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

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

Balances and transactions eliminated on consolidation

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

2.3. FOREIGN CURRENCY TRANSACTIONS

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

Non-monetary assets and liabilities recognised at historical cost, expressed in foreign currency, are converted at the exchange rate on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency and recorded at amortised cost or fair value are converted at the exchange rate in force on the date the amortised cost or fair value was determined. The resulting exchange differences are recognised in the income statement under "Exchange revaluation results".

2.4. FINANCIAL INSTRUMENTS

2.4.1 Financial assets classification

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

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

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

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

a) Financial assets measured at amortised cost

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

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

The "Financial assets at amortised cost" category mainly includes loans and advances to banks and loans and advances to customers.

b) Financial assets at fair value through other comprehensive income

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

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

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

c) Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

Business model evaluation for financial assets management

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

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

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

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

Initial recognition

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

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

Subsequent measurement

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

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

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

a) Interest and premium/discount are recognised in the income statement using the effective interest rate of the instrument on the gross book value of the instrument (except for assets with impairment, where the interest rate is applied on the net book value of impairment);
b) Exchange differences are recognised in the income statement; and
c) Other changes in value will be recognised as income or expense when the instrument is derecognised from the balance sheet, when it is reclassified, and in the case of financial assets, when there are impairment losses or recovery gains.

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

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

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

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

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

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

Reclassifications between categories of financial instruments

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

Derecognition criteria

The Bank derecognises a financial asset in the following situations:

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

Loans and debt instruments written off

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

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

Purchase or originated credit-impaired assets

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

The two events that led to the origination of a POCI exposure are presented as follows:

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

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

Impairment of financial assets

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

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

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

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

Impairment Model

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

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

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

- **Stage 3 – Non-Performing**: financial assets for which there is objective evidence of impairment as a result of events that resulted in losses. In this case, the impairment amount will reflect the ECL over the expected residual life of the instrument.

The collective model implemented by the Group is applicable to all instruments classified in Stage 1 that do not show any warning signals, as well 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.

Note 34 – Risk Management discloses the inputs of the Group's collective impairment model, as well as the adjustments made to incorporate forward-looking information.

Expected Credit Losses

According to 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 unlikeliness to pay); (iv) overdue debts to tax agency, social security and/or to employees; (v) clients with warning signals activated in the last three months; and (vi) other specific situations (ad-hoc) criteria). The Group identifies a SICR in the following circumstances: (a) debtors with one of the triggers (i), (iii), (v) and (vi) activated; and (b) debtors with triggers (ii) and (iv) simultaneously activated.

Early warning signals (EWS) assessment 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 unlikeliness 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 unlikeliness to pay of the debtor and the events considered by CRR in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could cause 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 unlikeliness to pay criteria, the Group addresses the following situations: i) distressed restructurings; ii) clients with loans written-off of interest or capital; iii) the Group sells the credit obligation at a material (more than 5%) credit-related economic loss; iv) the obligor has been placed (or is likely to be placed) in bankruptcy or similar creditor’s protection; v) interest related to credit obligations is no longer recognised (non-accrued status) in the income statement (part or under conditionality); and vi) other conditions (ad-hoc) that may suggest unlikeliness of payments by the debtor.

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

2.4.2 Hedge accounting

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

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

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

a) There must be an economic relationship between the hedged item and the hedging instrument;
b) the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship; and
c) the coverage ratio of the hedge accounting relationship, understood as the share of the item hedged by the hedging instrument, must be the same as the coverage ratio used for management purposes.

Fair value hedge

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

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

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

2.4.3 Financial liabilities

Classification, initial recognition and subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

Classification

Liabilities that have not been classified at fair value through profit or loss are measured at amortised cost.

The 'Financial liabilities at amortised cost' category includes deposits from credit institutions, deposits from customers and liabilities represented by securities.

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

a) Financial liabilities held for trading

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

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

The Group may irrevocably assign a financial liability at fair value through profit or loss at the time of its initial recognition if at least one of the following conditions is met:

- The financial liability is managed, evaluated and reported internally at its fair value;
- The designation eliminates or significantly reduces the accounting mismatch.

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

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

Initial recognition and subsequent measurement

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

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

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income; and
- The remaining amount of change in the fair value of the liability is directly recognised in profit or loss.
- The accrual of interest and the premium / discount (when applicable) is recognised on "Interest and similar expenses" based on the effective interest rate of each transaction.

Financial liabilities at amortised cost

Classification

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

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

Initial recognition and subsequent measurement

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

Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

Derecognition of financial liabilities

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

2.4.4 Interest recognition

Interest income and expense for financial instruments measured at amortised cost are recognised in “Interest and similar income” and “Interest expense and similar expenses” s, through the effective interest rate method. The interest at the effective rate related to financial assets and liabilities at fair value through other comprehensive income are also recognised in net interest income.

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

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

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

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

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

2.4.5 Financial guarantees

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

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

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

2.4.6 Performance guarantee contracts

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

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

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

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

2.5. ASSETS SOLD WITH REPURCHASE AGREEMENT AND SECURITIES LENDING

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

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

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

2.6. EQUITY INSTRUMENTS

An instrument is classified as equity instrument only if:

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

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

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

2.7. OFFSETTING FINANCIAL INSTRUMENTS

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

2.8. OTHER TANGIBLE ASSETS

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

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

Land is not depreciated. The depreciations of other tangible assets are calculated based on the straight-line method, at the following depreciations rates reflecting the expected useful life of the goods.

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

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

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

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

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

2.9. INTANGIBLE ASSETS

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

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

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

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

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

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

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

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

2.10. LEASE ACCOUNTING (IFRS 16)

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

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

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

As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

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

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

2.11. EMPLOYEE BENEFITS

Pensions

Portugal

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

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

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

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

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

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

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

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

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

Other Geographies

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

Health-care benefits

Portugal

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

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

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

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

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

Other Geographies

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

France

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

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

Spain

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

Brazil

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

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

Macao

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

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

UK

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

Poland

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

Employees across geographies are covered by defined contribution plans.

Long-term service bonuses

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

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

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

Variable remuneration paid to employees

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

2.12. INCOME TAXES

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

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

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

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

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

It should be noted that the period of tax losses utilization considers the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020), as well as provided in

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

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

The works developed in the level of the OECD/G20 inclusive Framework related to the called "Pillar 2" BEPS Pillar 2, resulted in the adoption of respective model rules at the EU level with the publication Council Directive (EU) 2022/2523, of 15th December 2022 (Pillar 2 Directive). In summary, this regime aims to ensure that the profits of multinational groups with revenues of more than 750 million euros are subjected to a minimum level of effective taxation of no less than 15% in all jurisdictions where they are established. This minimum taxation operates through a so-called Top-up Tax, the calculation and collection of which is primarily the responsibility of the jurisdiction where the so-called Ultimate Parent Entity (UPE) of the multinational group or an intermediate holding company of that group is located, in cases where the jurisdiction of the UPE does not adopt the income inclusion rule (IIR) However, when this mechanism is not applicable, the Undertaxed Profits Rule (UTPR) is activated at the level of the companies held .

In Portugal, the Pillar 2 Directive was transposed into national law by the Law No. 41/2024, of November 8, whose Global Minimum Tax Regime («RIMG») also introduced a so-called Qualified Domestic Minimum Top-up Tax (QDMTT), through which Portugal will have priority in collecting any Pillar 2 complementary tax from entities located there. The RIMG will be in force from 2024, with the exception of the UTPR rule, which will be applied from 2025.

The approved legislation also provides for a set of safe harbours rules, applicable during the first three years (2024 - 2026), aimed at minimizing the administrative effort of multinational groups in applying the Pillar 2 rules. Under the terms of these safe harbours rules, the Pillar 2 supplementary tax due in Portugal may be considered zero, upon verification of at least one of certain tests based on the Country-by-Country Report - CbCR.

The Bank, qualifies as an entity belonging to a multinational Group covered by the Pillar 2 regime, whose UPE is Haitong Securities Co.Ltd., headquartered in Shanghai, China. To the extent that the upstream entities in its holding chain are located in jurisdictions that do not yet apply the Pillar 2 regime, the Bank may be required for paying supplementary tax in Portugal related to the jurisdictions of its branches and subsidiaries in 2024, through the IIR, as well as for other Group entities from 2025 onwards, through the UTPR.

In this regards, the Bank has analysed the impacts of the application of this Law within its scope, with reference to 2025 taking into special consideration the possibility of applying the transitional safe harbour rules mentioned in the previous paragraph. The estimated impact of this regime in 2024, following the analysis carried out, is disclosed in Note 32 – Taxes.

It should be noted that the Bank applies the temporary exception provided in IAS 12 for the recognition and disclosure of information on deferred tax assets and liabilities related to income taxes resulting from the RIMG.

2.13. CONTINGENT ASSETS

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

2.14. PROVISIONS

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

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

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

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

2.15. RECOGNITION OF FEE AND COMMISSION INCOME

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

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

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

2.16. SEGMENT REPORTING

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

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

2.17. EARNINGS PER SHARE

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

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

2.18. CASH AND CASH EQUIVALENTS

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

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

2.19. SUBSEQUENT EVENTS

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

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

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the consolidated financial statements in Note 41 – Subsequent Events.

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

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

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

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

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

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

Individual analysis

The Risk Management Department identifies all exposures subject to individual staging analysis, encompassing: (i) Top 20 performing largest exposures; (ii) all under-performing (Stage 2) exposures; (iii) non-performing (Stage 3) exposures; (iv) clients with a rating change of at least 4-notches downgrade but remaining within investment grade; and (v) clients with a credit spread increase superior to 30% since their origination, and ensure that they are subject to an analysis by the Impairment Committee and Executive Committee. Stage 2 exposures are analysed individually, in order to verify the absence of indicative unlikeliness to pay of the debtor and the events considered by Capital requirements Regulations (CRR) in its definition of default and by standard IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3.

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

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

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

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

Collective analysis

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

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

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

The Group updated the inputs of the collective model in 2024 regarding the incorporation of forward-looking information, according to the information presented in Note 39 – Risk Management.

3.2. INCOME TAXES

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

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

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

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

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

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

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

3.3. PENSIONS AND OTHER EMPLOYEE BENEFITS

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

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

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

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

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

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

3.5. CLASSIFICATION OF PERFORMANCE GUARANTEE

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

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

The Group therefore accounts for these contracts as loan commitments in accordance with IFRS 9. The gross value of the performance guarantees issued and accounted for as loan commitments in the off-balance sheet items amounts to 81 134 thousand euros as of December 31, 2024 (December 31, 2023: 90 808 thousand euros) (see Note 36) and the carrying amount of the liability related and recognised in the consolidated financial statements is 54 thousand euros as of December 31, 2024 (December 31, 2023: 1 866 thousand euros). The commission income recognised for these performance guarantees was 129 thousand euros for the period ended on December 31, 2024 (December 31, 2023: 77 thousand euros).

3.6. PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

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

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

3.7. TERM OF LEASE AGREEMENTS

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

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

NOTE 4 – SEGMENT REPORTING

4.1. DESCRIPTION OF BUSINESS AREAS

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

Mergers and Acquisitions

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

Capital Markets

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

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

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

Corporate Derivatives

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

Fixed Income

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

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

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

Corporate and Project Financing

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

Corporate Solutions

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

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

Treasury

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

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

Asset Management

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

Corporate Centre

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

Special Portfolio Management

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

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

Other

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

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

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

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

Measurement of profits or losses from the segments

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

Haitong Bank’s Structures dedicated to the Segment

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

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

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

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

Interest income and expenses

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

Net profit/(loss) from fee and commission

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

Investments consolidated under the equity method

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

Non-current assets

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

Deferred tax assets

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

Domestic and International Areas

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

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

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

(thousand euros)

	31.12.2024											
	Corporate and Project Financing	Special Portfolio Management	Mergers and Acquisitions	Capital Markets	Corporate Derivatives	Fixed Income	Asset Management	Treasury	Corporate Solutions	Corporate Centre	Other	Total
Net interest income	15 616	4	(36)	-	(1)	3 836	-	16 366	(15)	2 513	255	38 538
Net fees and commissions	4 755	39	1 770	13 594	(79)	612	388	(2 294)	6	(486)	685	18 990
COMERCIAL OPERATING INCOME	**20 371**	**43**	**1 734**	**13 594**	**(80)**	**4 448**	**388**	**14 072**	**(9)**	**2 027**	**940**	**57 528**
Results on financial operation	929	789	221	3	1 467	8 493	(376)	2 670	-	(2 284)	2 688	14 600
Costs Deducting Banking Income	(262)	-	(14)	(12)	(53)	(431)	(9)	(763)	-	(4 177)	(419)	(6 140)
Intersegment Operating Income	(190)	(454)	(83)	-	(38)	1 727	101	(496)	-	1 678	(2 245)	-
TOTAL OPERATING INCOME	**20 848**	**378**	**1 858**	**13 585**	**1 296**	**14 237**	**104**	**15 483**	**(9)**	**(2 756)**	**964**	**65 988**
Operating expenses	**3 169**	**718**	**3 962**	**2 511**	**1 425**	**4 439**	**401**	**1 365**	**1 292**	**37 687**	**1 114**	**58 083**
Employee costs	2 410	532	2 887	1 891	763	2 141	159	621	1 036	24 925	839	38 204
Administrative costs	595	136	825	525	578	2 118	242	687	154	8 354	256	14 470
Depreciations and Amortisations	164	50	250	95	84	180	-	57	102	4 408	19	5 409
Gross income	**17 679**	**(340)**	**(2 104)**	**11 074**	**(129)**	**9 798**	**(297)**	**14 118**	**(1 301)**	**(40 443)**	**(150)**	**7 905**
Impairment and Provisions	**680**	**98**	**14**	**(1 403)**	**-**	**908**	**-**	**520**	**-**	**6 136**	**(5 188)**	**1 765**
Credit impairment	316	(123)	-	-	-	-	-	(14)	-	(147)	-	32
Securities impairment	109	-	-	-	-	902	-	496	-	66	-	1 573
Net provisions and other impairment	255	221	14	(1 403)	-	6	-	38	-	6 217	(5 188)	160
Profit / (Loss) before Income Tax	**18 359**	**(242)**	**(2 090)**	**9 671**	**(129)**	**10 706**	**(297)**	**14 638**	**(1 301)**	**(34 307)**	**(5 338)**	**9 670**
Income tax	-	-	-	-	-	-	-	-	-	-	5 024	5 024
Net Profit / (Loss) for the year	**18 359**	**(242)**	**(2 090)**	**9 671**	**(129)**	**10 706**	**(297)**	**14 638**	**(1 301)**	**(34 307)**	**(10 362)**	**4 646**
Attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(432)	(432)
Attributable to shareholders of the parent company	**18 359**	**(242)**	**(2 090)**	**9 671**	**(129)**	**10 706**	**(297)**	**14 638**	**(1 301)**	**(34 307)**	**(9 930)**	**5 078**

Note: There is no internal cancellation between segments

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

Note: There is no internal cancellation between segments

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

(thousand euros)

	31.12.2024				
	Portugal	Rest of the Europe	America	Asia	Total
Net income*	(3 383)	3 236	(1 408)	6 633	5 078
Net asset	1 534 374	648 480	1 090 372	30 058	3 303 284
Investments in assets					
tangible	1 033	282	213	2 474	4 002
intangible	464	138	267	-	869

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

(thousand euros)

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

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

NOTE 5 – FINANCIAL MARGIN

This heading's amount is composed of:

(thousand euros)

	31.12.2024			31.12.2023		
	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total
Interest and similar income						
Interest from loans and advances to customers	55 823	-	55 823	61 935	-	61 935
Interest from deposits and investments in credit institutions	30 398	-	30 398	15 929	-	15 929
Interest from financial assets at fair value through other comprehensive income	19 223	-	19 223	21 080	-	21 080
Interest from financial assets at fair-value through profit and loss	-	87 082	87 082	-	93 535	93 535
Interest from financial assets (securities) at amortised cost	32 776	-	32 776	36 237	-	36 237
Other interest and similar income	1 270	-	1 270	1 832	-	1 832
	139 490	87 082	226 572	137 013	93 535	230 548
Interest and similar expenses						
Interest from deposits from central banks and other credit institutions	94 829	-	94 829	102 162	-	102 162
Interest from debt securities issued	37 885	-	37 885	46 981	-	46 981
Interest from resources of customers	54 492	-	54 492	42 202	-	42 202
Interest from leasing operations	614	-	614	818	-	818
Other interest and similar expenses	214	-	214	2 810	-	2 810
	188 034	-	188 034	194 973	-	194 973
Total	(48 544)	87 082	38 538	(57 960)	93 535	35 575

As at December 31, 2024, interest and similar income includes 3 312 thousand euros and 580 thousand euros relating to contracts marked as stage 2 and stage 3, respectively (December 31, 2023: 1 875 thousand euros and 324 thousand euros, respectively).

As of December 31, 2024, no costs associated with the PELTRO operations ending in 2023 have been recorded (as of December 31, 2023, this amounted to a cost of 312 thousand euros).

Interest and similar expenses - Interest from deposits from central banks and other credit institutions has recorded an expense of 399 thousand euros associated with TLTRO III operations (December 31, 2023, corresponded to a cost of 860 thousand euros).

For each TLTRO III tranche, the effective interest rate is being periodised. This interest rate considers the interest rates applicable to each operation in the elapsed period, according to the Bank's estimate of the achievement of targets variation in the volume of eligible credit defined by the ECB.

As of December 31, 2024, no TLTRO operations are outstanding (December 31, 2023, only one TLTRO III operation was outstanding with a nominal value of 11 060 thousand euros) (see note 28).

Interest from leasing operations refers to the interest expense related to lease liabilities recognised under IFRS 16.

The average interest rates for the years ended December 31, 2024, and 2023, as well as the respective average balances and interest for the year are shown in Note 39.

As of December 31, 2024 and 2023, the amount of Interest and similar income has the following distribution by geographic segment:

(thousand euros)

	31.12.2024	31.12.2023
Interest and similar income		
Brazil	116 971	139 696
Portugal	39 684	26 937
Poland	12 915	14 861
Spain	8 733	11 260
Luxembourg	9 289	8 961
Italy	5 580	5 745
Netherlands	3 077	3 816
UK	4 266	2 914
Ireland	-	2 796
Cayman Islands	-	2 475
France	4 654	-
Australia	2 782	-
Others	18 621	11 087
Total	**226 572**	**230 548**

NOTE 6 – NET FEES AND COMMISSIONS INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Fees and commissions income		
From banking services	6 275	27 895
From guarantees provided	1 471	1 634
From transactions with securities	14 304	7 163
	22 050	**36 692**
Fees and commissions expenses		
From banking services rendered by third parties	114	114
From transactions with securities	3 003	1 994
From guarantees received	190	360
Other fee and commission expenses	13	4 963
	3 320	**7 431**
Total	**18 730**	**29 261**

As of December 31, 2024, the income regarding fees and commission included 638 thousand euros (December 31, 2023: 16 607 thousand euros) in services concerning Haitong Group related parties (Note 37).

As of December 31, 2024, and 2023, the amount of fees and commissions income present the following distribution, by geographical segment:

(thousand euros)

	31.12.2024	31.12.2023
Fees and commissions income		
China	8 479	21 973
Portugal	5 263	6 944
Brazil	1 194	1 755
Poland	1 155	1 514
United Kingdom	1 237	1 283
Spain	1 055	834
Virgin Islands	2 136	744
Luxembourg	764	580
Hong Kong	326	520
Ireland	255	374
Others	186	171
Total	22 050	36 692

NOTE 7 – NET TRADING INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets and liabilities at fair value through profit and loss held for trading		
Securities		
Bonds and other fixed-income securities		
Issued by public entities	(32 736)	2 560
Of other issuers	667	1 716
Shares	408	207
	(31 661)	4 483
Financial derivatives		
Foreign-exchange contracts	(1 488)	(3 163)
Interest rates contracts	30 268	4 431
Equity/indexes contracts	(273)	(792)
Credit default contracts	-	-
Other	40	(3 035)
	28 547	(2 559)
Total	(3 114)	1 924

The assets that compose the amounts presented above are detailed in Notes 19 and 20.

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets at fair value through profit or loss not held for trading		
Securities		
Loans and advances to customers	(1)	2
Shares	432	878
Other variable-income securities	57	(36)
	488	844
Total	488	844

The assets that compose the amounts presented above are detailed in Note 22.

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Bonds and other fixed-income securities		
Issued by public entities	-	193
Of other entities	1 477	1 254
Total	1 477	1 447

The assets that compose the amounts presented above are detailed in Note 22.

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

This heading's amount is composed of:

(thousand euros)

	Notes	31.12.2024	31.12.2023
Net gains/(losses) from hedge accounting			
Hedging derivatives (Note 19)	21	1 706	248
Hedged items (Note 22)	22	(1 359)	(248)
Total		347	-

The Group carries out accounting hedges using essentially interest rate futures. This item records changes in the fair value of derivatives designated for hedging as well as the respective variation in the covered risk of debt instruments designated for hedging.

The assets that compose the amounts presented here are detailed in Notes 21 and 22.

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Currency revaluation	9 577	(518)
Total	**9 577**	**(518)**

On the December 31, 2024, and 2023, this heading includes results arising out of the exchange rate revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy set forth in Note 2.3, and the results of foreign exchange derivatives. The exposure of assets and liabilities, by currency, is presented in Note 39.

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

As of December 31, 2024, and 2023, this heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Sale of loans and advances to customers	-	403
Gains/Losses on Amortized Cost Investments	4 184	2 710
Gains/Losses Other Assets at Amortized Cost	-	(1 169)
Total	**4 184**	**1 944**

In 2024, the Bank sold securities totalling 153 million euros. These transactions generated a result of 4 184 thousand euros in capital gains. In 2023, the Bank sold loans and securities, totalling 21 million euros and 67 million euros, respectively. These transactions generated a result of 403 thousand euros in capital gains from the sale of loans and 2 710 thousand euros in capital gains from the sale of bonds.

The sales fit into the Hold to Collect business model and comply with the limits set by the Group to meet IFRS 9 requirements, particularly regarding transactions that are (i) infrequent or insignificant or (ii) motivated by a significant increase in the credit risk of financial assets or to manage concentration risk.

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

NOTE 13 – OTHER OPERATING INCOME AND EXPENSES

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Other customer services	260	542
Direct and Indirect taxes	(4 648)	(3 686)
Non-financial assets	14	(77)
Sub-leasing	469	450
Other operating results	(898)	(3 385)
Gains / (losses) on recoveries of loans		
Credit Recoveries	112	2 831
Securities recoveries	382	8 868
Other recoveries	70	74
Total	**(4 239)**	**5 617**

Direct and indirect taxes include:

- 1,781 thousand euros concerning the cost associated with the Bank Levy (2 009 thousand euros as of December 31, 2023), established pursuant to Law no. 55-A/2010, of June 30.
- 962 thousand euros concerning the cost associated with Social Integration and Contribution Programs for the Financing of Social Security (PIS/CONFINS) (December 31, 2023: 827 thousand euros), created through art. 239 of the 1988 Constitution and Complementary Laws 7, of September 7, 1970, and 8, of December 3, 1970, and by Complementary Law 70 of December 30, 1991.

Other operating results include 350 thousand euros relating to the Contribution to the National Resolution Fund and European Resolution Fund (December 31, 2023: 1,153 thousand euros).

In 2024, there was a recovery of 382 thousand euros (2023: 8,868 thousand euros) relating to a debt instrument.

NOTE 14 – EMPLOYEE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Wages and salaries		
Remuneration	28 498	31 670
Career benefits (Note 15)	1	56
Changes from termination agreements	635	34
Expenses with retirement pensions (Note 15)	43	19
Other mandatory social charges	6 131	6 087
Other expenses	2 896	2 105
Total	**38 204**	**39 971**

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

(thousand euros)

	31.12.2024			
	MB Supervisory function	MB Management function	Other Senior Management	Other Senior 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
Total	**390**	**2 031**	**7 641**	**512**

(thousand euros)

	31.12.2023			
	MB Supervisory function	MB Management function	Other Senior Management	Other Senior Staff
Fixed remuneration				
Number of identified staff	10	5	58	3
Total Fixed remuneration	425	1 822	7 591	203
Of which: Cash-based	425	1 822	7 591	203
Total	**425**	**1 822**	**7 591**	**203**

In 2024, Haitong Bank Group paid EUR 2,385 thousand in variable remuneration to members of the management bodies and members of the identified staff. This payment included the upfront performance variable remuneration for 2023, as well as the deferred portions from 2020, 2021 and 2022. This amount is compared to the EUR 2,650 thousand paid in 2023.

On December 31, 2024, Haitong Bank Group did not present any credit granted to its Management Bodies.

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

	31.12.2024	31.12.2023
Directors	197	182
Management	2	3
Specific roles	113	145
Administrative roles	21	22
Support roles	6	10
Total Group HT Bank (Average)	**339**	**365**

As of December 31, 2024, the Group had a total of 331 employees, compared to 356 in December 2023.

NOTE 15 – EMPLOYEES BENEFITS

Retirement pensions and healthcare benefits

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

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

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

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

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

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

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

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

At the end of financial year 2011 and pursuant to the third tripartite agreement, it was decided to transfer, definitively and irreversibly, to the General Social Security Regime all the banks' liabilities with pensions in payment to retirees and pensioners that were in that condition as at December 30, 2011 at constant values (0% discount rate) for the component foreseen in the "Instrumento de Regulação Coletiva de Trabalho" (IRCT) applicable to banking employees, including the eventualities of death, disability and survival. The liabilities relating to the updating of pension amounts, pension benefits other than those to be borne by Social Security, health-care contributions to SAMS, death allowances and deferred survivor's pensions will remain under the banks' responsibility, with the corresponding funding being met through the respective pension funds.

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

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

	Assumptions	
	31.12.2024	31.12.2023
Financial Assumptions		
Discount rate	3.56%	3.59%
Pension growth rates	2025: 1.85% >=2026: 0.50%	2024: 2.00% 2025: 1.20% ≥2026: 0.50%
Salary growth rates	2025: 210% >=2026: 0.75%	2024: 2.25% 2025: 1.45% ≥2026: 0.75%
Demographic Assumptions and Assessment Methods		
Mortality table		
Men	TV 88/90	TV 88/90
Women	TV 88/90 -3 anos	TV 88/90 -3 years
Actuarial valuation method	Projected Unit Credit e VAPP	

Disability decrements are not considered in the calculation of liabilities. The discount rate used as a reference on December 31, 2024, was based on: (i) the trends observed in the main indices related to high-quality corporate bonds, and (ii) the duration of the liabilities (15 years).

Recipients of the pensions plan are disaggregated as follows:

	31.12.2024	31.12.2023
Active workers	80	86
Former employees with vested rights	86	83
Retired	57	51
Survivors	8	9
TOTAL	231	229

Former employees with vested rights refer to employees who ceased their activity in the Group in 2023 and 2022 and maintained the pension plan rights.

The IAS 19 application implies the following liabilities and coverage levels, which shall be reported on the December 31, 2024, and 2023:

(thousand euros)

	31.12.2024	31.12.2023
Net Assets / (Liabilities) recognised in the statement of financial position		
Liabilities as of 31 December		
Pensioners and former employees with vested rights	33 875	30 838
Active workers	8 903	9 212
	42 778	40 050
Balance of funds as of 31 December	53 447	52 788
Excess of coverage / Contributions to the fund	10 669	12 738
Deferred past services costs (curtailments)	-	-
Assets / (Liabilities) in the statement of financial position (Note 27 e Note 33)	10 669	12 738
Accumulated actuarial gains / losses recognised in other comprehensive income	30 597	28 749

The Group assesses the recoverability of any excess of the fund in relation to retirement pension liabilities, based on the expectation of a reduction in future necessary contributions or the reimbursement of contributions made.

Retired includes the former employees, with vested rights acquired under the Social Plan.

The evolution of liabilities regarding retirement pensions and healthcare benefits is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities at the beginning of the year	40 050	32 916
Current service cost (see Note 14)	43	19
Interest expenses	1 420	1 374
Participants contributions	95	90
Actuarial (gains)/losses	1 579	6 640
-Changes in financial assumptions	576	4 831
- Experience (Gains)/losses	1 003	1 809
Pensions paid by the fund	(1 044)	(1 023)
Changes from termination agreements (see Note 14)	635	34
Liabilities at the end of the year	42 778	40 050

Liabilities with Health Benefits were fully covered by the Pension Fund and correspond to 2,542 thousand euros on 31st December 2024 (31 December 2023: 2,500 thousand euros).

Considering the situation on the 31st of December 2024, the sensitivity analysis to changes in actuarial assumptions revealed the following impacts:

- An increase in the discount rate of 25 basis points would have represented a reduction in liabilities of approximately 1 601 thousand euros. A discount rate decrease of the same proportion would have represented an increase in liabilities of approximately 1 660 thousand euros.
- An increase of 25 basis points in the growth of salaries and pensions would have represented an increase in liabilities of approximately 1 853 thousand euros. A decrease in the growth of salaries of the same proportion would have represented a decrease in liabilities of approximately 1 780 thousand euros.

The evolution of value regarding the pension funds on the financial years ending on the December 31, 2024, and 2023, may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Pension Funds at the beginning of the period	**52 788**	**49 786**
Real income of the fund	1 608	3 935
Participants contributions	95	90
Benefits paid	(1 044)	(1 023)
Pension Funds at the end of the period	**53 447**	**52 788**

Pension fund assets can be analysed as follows:

	% Portfolio	
	31.12.2024	31.12.2023
Bonds	75.76%	76.96%
Shares	23.52%	20.78%
Liquidity	0.73%	2.26%
Total	**100%**	**100%**

All assets (except Liquidity assets) are quoted and valued based on market prices.

An adequacy exercise was carried out between the Pension Fund's assets and liabilities, taking into account the investment, contribution and financing policies intended by the associate, which gave rise to the investment strategy. The VaR of the ratio between the fund's financial assets and the pension plan's liabilities is estimated periodically throughout the year to monitor whether the expected level of volatility between the fund's financial assets and the pension plan's liabilities fits within the budget for risk defined by the Bank.

On the December 31, 2024, and 2023 the funds did not contain securities issued by entities of the Group.

The evolution of accumulated actuarial deviations reflected in other comprehensive income may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Accumulated actuarial gains / (losses) as of 31 December 2023	**28 749**	**23 957**
- Actuarial assumptions changes	576	4 831
- (Gains)/losses in experience	1 272	(39)
Accumulated actuarial deviations as of 31 December 2024	**30 597**	**28 749**

The costs of the financial year with retirement pensions and healthcare benefits may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Current service cost	43	19
Interest Expenses / (Income)	(457)	(713)
Past service liability amortisation	-	-
Final Balance	**(414)**	**(694)**

The earnings / costs of the interests are recognised according at net value in interest and similar income / expenses.

The evolution of the net assets / (liabilities) on the balance regarding the financial years ending on the December 31, 2024, and 2023may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**12 738**	**16 870**
Year expenses	414	694
Actuarial gains / (losses) recognised in other comprehensive income	(1 848)	(4 792)
Changes in termination agreements	(635)	(34)
Final Balance	**10 669**	**12 738**

The normal contribution planned for the year 2025 is 182 thousand euros. This value corresponds to a cost of 6.31% of the expected value of pensionable salaries for 2025, and does not take into account the deduction of the contribution of employees admitted to the sector after January 1, 1995 (global contribution of 5% on their minimum monthly salary).

However, as the pension fund is fully funded on December 31, 2023, it is not anticipated that the Member will need to make contributions during the year 2024.

The evolution of liabilities and fund balances, as well as the earnings and losses of experience in the last 5 years shall be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Liabilities	(42 778)	(40 050)	(32 916)	(50 066)	(52 754)
Funds balances	53 447	52 788	49 786	56 260	53 072
(Under) / over funded liabilities	**10 669**	**12 738**	**16 870**	**6 194**	**318**
Experience (gains) / losses from liabilities	1 003	1 809	2 304	(142)	(1 352)
Experience (gains) / losses from plan assets	269	(1 848)	6 122	(2 518)	(1 733)

Career bonuses

As of December 31, 2024, and 2023, the liabilities assumed by the Group and the costs recognised in the periods with the career bonus are the following:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities at the beginning of the year	**485**	**429**
Period expenses	1	56
Liabilities at the end of the year	**486**	**485**

The actuarial assumptions used for calculation of liabilities are identical for calculation of retirement pensions (when applicable).

The liability regarding career bonuses is registered in other liabilities (see Note 33).

NOTE 16 – ADMINISTRATIVE COSTS

This heading’s amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Communications and expedition	2 864	2 922
Rents and leases	619	629
Travels and representation expenses	677	661
Maintenance and related services	600	717
Insurance	145	149
Advertising and publications	31	48
Legal and litigation	71	148
Specialised services		
IT services	3 799	3 882
Temporary labour	14	16
Independent labour	864	590
Other specialised services	2 905	3 103
Other expenses	1 881	1 754
Total	**14 470**	**14 619**

Rents and leases include the expenses related to contracts where the Bank applied IFRS 16 practical expedient such as short-term rental contracts; (maturity lower or equal than to one year) and rental contracts with low value as described in the accounting policies disclosed in Note 2.10.

The Other Specialised Services heading includes, among others, the costs with external consultants and auditors. The item Other Costs includes, among others, the costs with security and surveillance, information, training costs and costs with external suppliers.

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2024 and 2023 financial year are as follows:

(thousand euros)

	31.12.2024	31.12.2023
PwC SROC	463	444
Audit	253	240
Other assurance services	201	195
Other non-reliability assurance services	9	9
Companies in the PwC network (1)	545	357
Audit	440	339
Other assurance services	53	-
Other non-reliability assurance services	52	18
Total value of agreed services	**1008**	**801**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the years 2024 and 2023. The fees presented for the remaining services relate to amounts agreed during the 2024 and 2023 financial years.

NOTE 17 – EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by the division of the result to be attributed to the shareholders of the Bank by the average number of ordinary shares issued during the year, excluding the average number of shares bought and held in portfolio as own shares.

(thousand euros)

	31.12.2024	31.12.2023
Consolidated net income attributable to shareholders of the parent company(1)	5 078	17 262
Weighted average number of ordinary shares outstanding	174 256	172 708
Basic earnings per share attributable to shareholders of the parent company (euros)	**0,03**	**0,10**

(1) Net profit/ (loss) for the period attributable to the equity holders of the Bank adjusted by the interest paid from perpetual subordinated bonds attributable to the period (that are recorded as a change in reserves).

Diluted earnings per share

The diluted earnings per share are calculated by adjusting the effect of all the potential ordinary diluting shares to the considered average number of existing ordinary shares and to the net result attributed to the bank shareholders.

On the December 31, 2024 and 2023, the Bank holds instruments issued without diluting effect, therefore diluted earnings per share equals basic earnings per share.

NOTE 18 – CASH AND CASH EQUIVALENTS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Cash	2	5
Demand deposit at central banks		
Bank of Portugal	1 318	1
Other central banks	26 895	3 013
	28 213	3 014
Deposits at other credit institutions in Portugal		
Demand deposits	2 426	1 464
	2 426	1 464
Deposits at other credit institutions abroad		
Demand deposits	9 896	14 546
	9 896	14 546
	40 537	19 029
Impairment losses	(2 378)	(1 865)
Total	38 159	17 164

The Demand deposits at central banks – Banco de Portugal includes a compulsory deposit, with the purpose of meeting the legal requirements regarding minimum cash holdings. In accordance with Regulation (EU) No. 1358/2011 of the European Central Bank, of December 14, 2011, the mandatory minimum cash holdings in demand deposits at Banco de Portugal are remunerated and correspond to 1% of deposits and debt securities with a maturity of less than 2 years, excluding deposits and debt securities of institutions subject to the minimum reserve system of the European System of Central Banks. On December 31, 2024, the average rate of return on these deposits was 0% (December 31, 2023: 0%).

Compliance with the mandatory minimum holdings, for a given observation period, is achieved by taking into account the average value of deposit balances with Banco de Portugal during that period. Compliance with the minimum cash requirements for a given observation period is achieved by taking into account the average value of deposit balances with Banco de Portugal during that period. The balance of the account with Banco de Portugal on December 31, 2024, was included in the maintenance period from December 18, 2024, to February 4, 2025, which corresponded to a minimum reserve requirement of 1 690 thousand euros (December 31, 2023: 1 801 thousand euros).

NOTE 19 – FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING – SECURITIES

As of December 31, 2024, and 2023, the heading of trading financial assets and liabilities is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets held for trading		
Securities		
Bonds and other fixed-income securities		
From public issuers	726 628	802 024
From other issuers	44 250	46 435
Shares	24	21
	770 902	**848 480**
Financial liabilities held for trading		
Securities		
Short selling	817	846
	817	**846**
Liquid	**770 085**	**847 634**

As of December 31, 2024, the heading of financial assets held for trading includes 695 173 thousand euros in securities pledged as collateral by the Group (594 596 thousand euros as of December 31, 2023) (see Note 36).

As of December 31, 2024, and 2023, the analysis of financial assets and liabilities held for trading – securities, by residual maturity period, is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	5 768	4 876
From three months to one year	11 143	15 087
From one to five years	333 152	278 909
More than five years	420 815	549 587
Undetermined period	24	21
Total	**770 902**	**848 480**

In accordance with the accounting policy described in Note 2.4.1, financial assets and liabilities held for trading – securities are bought for the purpose of short-term trading, regardless of their maturity.

The average interest rates for the period ended as of December 31, 2024, and 2023, as well as the respective average balances and interest for the year are shown in Note 34.

As of December 31, 2024, and 2023, the heading of financial assets held-for-trading, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Bonds and other fixed-income securities						
Issued by public entities	691	725 937	726 628	3 470	798 554	802 024
Issued by other entities	39 247	5 003	44 250	38 014	8 421	46 435
Shares	-	24	24	21	-	21
Total book value	**39 938**	**730 964**	**770 902**	**41 505**	**806 975**	**848 480**

Unquoted securities issued by public entities refers mainly to Brazilian public debt instruments, which, despite being quoted, are valued according to internal model and are therefore presented as unquoted securities.

Additionally, the Bank performs back testing on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The short selling represents securities sold by the Group, which had been purchased under a reverse repurchase agreement. In accordance with the accounting policy described in Note 2.5, securities purchased under a repurchase agreement are not recognised in the statement of financial positions, with its fair value being presented in Note 31. When such securities are sold, the Group recognises a financial liability equivalent to the fair-value of the assets which shall be returned in pursuance of the repurchase agreement. These liabilities are measured according to the valuation hierarchy of the Bank.

The movements in Financial assets held for trading - Securities in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**848 480**	**745 603**
Purchases/Sales and other	(132 999)	4 859
Net gain/(loss)	(31 661)	4 483
Accrued interest	87 082	93 535
Closing balance	**770 902**	**848 480**

NOTE 20 – DERIVATIVES

As of December 31, 2024, and 2023, financial derivatives heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Derivatives financial assets		
Trading derivatives		
Foreign-exchange contracts	7 432	1 336
Interest-rate contracts	16 389	30 399
	23 821	**31 735**
Derivatives financial liabilities		
Trading derivatives		
Foreign-exchange contracts	5 706	3 143
Interest-rate contracts	17 425	21 889
	23 131	**25 032**
Net derivative position	**690**	**6 703**

As of December 31, 2024, and 2023, trading financial derivates is analysed as follow:

(thousand euros)

	31.12.2024			31.12.2023		
	Notional	Fair value		Notional	Fair value	
		Positive	Negative		Positive	Negative
Foreign-exchange contracts						
Forward		2 246	29		647	2 218
- buy	39 652			178 828		
- sell	39 651			178 839		
Currency Swaps		276	762		39	275
- buy	154 324			95 818		
- sell	154 929			96 036		
Currency Futures		-	-		-	-
- buy	50 293			44 227		
- sell	77 487			196 680		
Currency Interest Rate Swaps		1 676	1 676		-	-
- buy	141 469			-		
- sell	141 469			-		
Currency Options		3 234	3 239		650	650
- buy	267 707			151 614		
- sell	271 265			169 143		
	1 338 246	7 432	5 706	1 111 185	1 336	3 143
Interest-rate contracts						
Interest Rate Swaps		16 379	17 415		30 206	21 696
- buy	434 067			663 543		
- sell	434 067			663 543		
Interest Rate Caps & Floors		10	10		193	193
- buy	54 028			20 365		
- sell	54 028			20 365		
Interest Rate Futures		-	-		-	-
- buy	382 948			278 343		
- sell	175 145			94 611		
	1 534 283	16 389	17 425	1 740 770	30 399	21 889
Contracts on shares/indexes						
Equity / Index Options		-	-		-	-
- buy	5 593			5 403		
- sell	-			-		
Equity / Index Futures		-	-		-	-
- buy	-			-		
- sell	3 758			3 680		
	9 351	-	-	9 083	-	-
Total	2 881 880	23 821	23 131	2 861 038	31 735	25 032

As of December 31, 2024, and 2023, the analysis of trading financial derivatives, by residual maturity period, is as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Notional		Fair Value (net)	Notional		Fair Value (net)
	Sale	Purchase		Sale	Purchase	
Up to three months	316 541	574 500	632	511 124	380 709	(1 489)
From three months to one year	364 393	414 544	(182)	265 409	301 938	(408)
From one to five years	420 207	396 947	266	479 130	588 478	8 608
More than five years	250 658	144 090	(26)	167 235	167 015	(8)
Total	**1 351 799**	**1 530 081**	**690**	**1 422 898**	**1 438 140**	**6 703**

As of December 31, 2024, and 2023, derivatives, both assets and liabilities, include operations collateralized by the constitution of collateral accounts in order to ensure the fair value hedge of the assets and liability exposures contracted between the Bank and several financial institutions (contracts under ISDA with CSA). The balances related to these collateral are recorded under "Other assets - collateral deposited under clearing agreements" (Note 27) and "Other liabilities - collateral deposited under clearing agreements" (Note 33). The fair value associated with futures is reflected under “Other Assets - Deposited collaterals under margin clearing accounts (futures contracts)” (Note 27).

The movements in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**6 703**	**9 479**
Payoff	(34 560)	(217)
Changes in fair value	28 547	(2 559)
Closing balance	**690**	**6 703**

NOTE 21 – HEDGING DERIVATIVES

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

Hedged risk	Derivative product	Associated financial asset / liability	31.12.2024						
			Hedging instrument			Hedged instrument			
			Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	Net gains/(losses) from hedge accounting
Interest Rate	Futures	Debt Instruments	36 092	-	1 706	35 565	(701)	(1 359)	347

(1) Book value of hedging and hedged instruments excluding hedging adjustments and impairment

(thousand euros)

Hedged risk	Derivative product	Associated financial asset / liability	31.12.2023						
			Hedging instrument			Hedged instrument			
			Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	Net gains/(losses) from hedge accounting
Interest Rate	Futures	Debt Instruments	19 900	-	248	29 663	690	(248)	-

(1) Book value of hedging and hedged instruments excluding hedging adjustments and impairment

The variations in fair value associated to the assets described above and the respective hedge derivatives are entered in the income statement of the period in the caption of Net gains/(losses) from hedge accounting (Note 10). With regard to the fair value of futures, this is reflected in the caption of Other Assets (Note 27).

NOTE 22 – SECURITIES

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Non-trading financial assets mandatorily at fair value through profit or loss		
Bonds and other fixed-income securities		
From other issuers	887	-
Shares	5 047	4 472
Other variable income securities	11 103	8 992
	17 037	**13 464**
Financial assets at fair value through other comprehensive income		
Bonds and other fixed-income securities		
From public issuers	68 178	43 540
From other issuers	289 266	183 044
	357 444	**226 584**
Financial assets measured at amortised cost		
Bonds and other fixed-income securities		
From public issuers	326 983	464 332
From other issuers	290 583	354 390
	617 566	**818 722**
Total	**992 047**	**1 058 770**

In accordance with the accounting policy described in Note 2.4, the Group regularly assesses whether there is objective evidence of impairment in the investment securities portfolios measured at fair value through other comprehensive income and at amortised cost, following the judgement criteria described in Note 3.1.

The movements relating to Financial assets not mandatorily held for trading at fair value through profit or loss in 2024 and 2023 are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**13 464**	**16 518**
Net gain/(loss)	488	844
Other exposure increases/reductions	3 085	(3 898)
Closing balance	**17 037**	**13 464**

As of December 31, 2024, and 2023, the portfolio of the financial assets at fair value through other comprehensive income is decomposed as follows:

(thousand euros)

	Cost (1)	Fair value reserve (2)		Fair value hedge (Note 10)	Impairment (Note 31)	Book value
		Positive	Negative			
Bonds and other fixed-income securities						
Issued by public entities	74 237	47	(5 980)	-	(127)	68 177
Issued by other entities	288 693	4 063	(2 913)	(10)	(566)	289 267
Balance as of 31 December 2024	**362 930**	**4 110**	**(8 893)**	**(10)**	**(693)**	**357 444**
Bonds and other fixed-income securities						
Issued by public entities	45 040	166	(1 566)	-	(100)	43 540
Issued by other entities	191 671	1 196	(7 157)	217	(2 883)	183 044
Balance as of 31 December 2023	**236 711**	**1 362**	**(8 723)**	**217**	**(2 983)**	**226 584**

(1) Amortized cost including accrued interest and the amounts of discontinued hedge accounting relationships
(2) Includes all revaluation reserve components, including hedge and impairment adjustments

As of December 31, 2024, the heading of financial assets at amortised cost includes 170 904 thousand euros (31 December 2023: 79 846 thousand euros) in securities pledged as collateral by the Group.

The movements relating to Financial assets at fair value through other comprehensive income in 2024 and 2023 are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**226 584**	**295 493**
Purchases	261 006	140 590
Sales and other	(122 687)	(223 868)
Other cashflows	(26 787)	(25 556)
Changes in fair value recognised in equity	2 222	8 311
Recognised in profit or loss	1 477	1 447
Fair Value Hedge	(358)	97
Accrued interest	19 223	21 080
Increase/(reversal) of impairment	741	(1 696)
Other exposure increases/reductions	(3 977)	10 686
Closing balance	**357 444**	**226 584**

As of December 31, 2024, and 2023, the portfolio of financial assets at amortised cost is analysed as follows:

(thousand euros)

	Cost (1)	Fair value hedge (Note 10)	Impairment (Note 31)	Book value
Bonds and other fixed-income securities				
Issued by public entities	327 672	(330)	(359)	326 983
Issued by other entities	291 779	(361)	(835)	290 583
Balance as of 31 December 2024	**619 451**	**(691)**	**(1 194)**	**617 566**
Bonds and other fixed-income securities				
Issued by public entities	464 713	-	(381)	464 332
Issued by other entities	356 607	473	(2 690)	354 390
Balance as of 31 December 2023	**821 320**	**473**	**(3 071)**	**818 722**

(1) Amortized cost including accrued interest and the amounts of discontinued hedge accounting relationships

As of December 31, 2024, the heading of financial assets at amortised cost includes 401 564 thousand euros (31 December 2023: 641 381 thousand euros) in securities pledged as collateral by the Group, which corresponds to a fair value of 396 810 thousand euros.

In 2024, the Bank sold securities totalling 153 million euros. These transactions generated a result of 4 184 thousand euros in capital gains. In 2023, the Bank sold loans and securities, totalling 21 million euros and 67 million euros, respectively. These transactions generated a result of 403 thousand euros in capital gains from the sale of loans and 2 710 thousand euros in capital gains from the sale of bonds.

The sales fit into the Hold to Collect business model and comply with the limits set by the Bank to meet IFRS 9 requirements, particularly regarding transactions that are (i) infrequent or insignificant or (ii) motivated by a significant increase in the credit risk of financial assets or to manage concentration risk.

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

The movements relating to Financial assets at amortised cost in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**818 722**	**721 519**
Purchases	197 011	250 229
Sales and other	(379 988)	(150 154)
Other cashflows	(24 731)	(37 535)
Recognised in profit or loss	4 184	2 710
Fair Value Hedge	(1 001)	(345)
Accrued interest	32 776	36 237
Increase/(reversal) of impairment	753	(1 505)
Other exposure increases/reductions	(30 160)	(2 434)
Closing balance	**617 566**	**818 722**

As of December 31, 2024, the heading of Financial assets includes 572 469 thousand euros (31 December 2023: 721 227 thousand euros) in securities pledged as collateral by the Group, which corresponds to a fair value of 567 716 thousand euros.

As of December 31, 2024, and 2023, the analysis of securities portfolios by maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	64 129	131 327
From three months to one year	101 078	91 106
From one to five years	629 102	713 953
More than five years	181 588	108 920
Undetermined period	16 150	13 464
Total	**992 047**	**1 058 770**

As of December 31, 2024, and 2023, the heading of securities, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Quoted (1)	Unquoted	Total	Quoted (1)	Unquoted	Total
Securities						
Bonds and other fixed-income securities						
Issued by public entities	233 292	161 869	395 161	422 220	85 652	507 872
Issued by other entities	384 618	196 118	580 736	347 237	190 197	537 434
Shares	-	5 047	5 047	18	4 454	4 472
Other variable-income securities	-	11 103	11 103	-	8 992	8 992
Total book value	**617 910**	**374 137**	**992 047**	**769 475**	**289 295**	**1 058 770**

1) Includes Financial assets at fair value through other comprehensive income and Financial assets not mandatorily held for trading at fair value through profit or loss at fair value (Level 1), see Note 33.

Unquoted securities issued by public entities refers mainly to Brazilian public debt instruments, which, despite being quoted, are valued according to internal model and are therefore presented as unquoted securities.

Additionally, the Bank performs *backtesting* on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The average interest rates recorded for the year ended December 31, 2024, and 2023, as well as the respective average balances and interest for the period are presented in Note 39.

Securities written off from assets

The movement during the year end December 31, 2024, and 2023 of the value of securities written off from assets is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	**12 169**	**21 037**
Increases:		
Others	572	-
Decreases:		
Recovery of capital and interest	(382)	(8 868)
Balance at the end of the period	**12 359**	**12 169**

As of September 30, 2024, and December 31, 2023, the entire balance corresponds to a security written off from assets, with no movements in 2023 and 2022.

The Group recognizes a security written off when it has no expectation of recovering an asset in full or in part. Written off assets are recorded in off-balance sheet accounts (Note 31), and eventual recoveries of capital and/or interest are recognized in other operating income and expenses (Note 13).

NOTE 23 - LOANS AND ADVANCES TO BANKS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Loans and advances to central banks		
Bank of Portugal	426 036	538 033
Other central banks	23 395	8 968
Reverse repos	7 880	-
	457 311	**547 001**
Loans and advances to banks in Portugal		
Interbank money market	27 856	22 528
	27 856	**22 528**
Loans and advances to banks abroad		
Deposits	74	6 458
Reverse repos	7 089	3 228
Very short-term deposits	17 753	-
Other loans and advances	2 128	4 088
	27 044	**13 774**
	512 211	**583 303**
Impairment losses	(9)	(15)
Total	**512 202**	**583 288**

As of December 31, 2024, and 2023, the analysis of loans and advances to banks, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months (Cash equivalents)	476 990	551 785
Up to three months (Others)	14 969	3 228
From three months to one year	20 252	28 290
Total	**512 211**	**583 303**

The average interest rates recorded for the periods year ended December 31, 2024, and 2023, as well as the respective average balances and interest for the period are presented in Note 34.

Loans and advances to banks written off from assets

The movements in the year ended December 31, 2024, and 2023 of the value of loans and advances written off from assets is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	15 077	15 077
Balance at the end of the period	15 077	15 077

The entire balance of the item relates to an application written off from assets and for which there were no movements in 2024 and in 2023.

The Group recognizes an investment in credit institutions written off when it has no expectation of recovering an asset in full or in part. Investments in credit institutions written off are recorded in off-balance sheet accounts (Note 36). Eventual recoveries of capital and/or interest are recognised in other operating income and expenses (Note 13).

NOTE 24 – LOANS AND ADVANCES TO CUSTOMERS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
At fair value through profit and loss		
Overdue capital and interest		
For more than 90 days	24	24
	24	24
Revaluation at fair value	(1)	-
	23	24
At Amortised cost		
Domestic loans		
Corporate		
Loans	127 411	168 028
	127 411	168 028
Abroad loans		
Corporate		
Loans	596 338	525 480
Reverse repo operations	-	-
	596 338	525 480
Overdue capital and interest		
Up to 90 days	560	-
For more than 90 days	-	2 793
	560	2 793
	724 309	696 301
Impairment losses (Note 26)	(5 551)	(7 642)
	718 758	688 659
Total	718 781	688 683

As of December 31, 2024, and 2023, the analysis of loans and advances to customers, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	36 895	1 603
From three months to one year	21 524	19 880
From one to five years	523 067	542 661
More than five years	142 823	129 364
Undetermined period (1)	23	2 817
Total	724 332	696 325

(1) Corresponds to overdue capital and interest of matured operations.

Written-off loans

The movement in written off loans, as of December 31, 2024, and 2023 was as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	36 440	84 038
Increases:		
Credits written off from assets	-	3 139
Decreases:		
Recovery of capital and interest	(112)	(2 831)
Remission of credits written off from assets	(2 200)	(49 102)
Exchange rate	(2 611)	1 195
Balance at the end of the period	31 516	36 440

The Group recognizes a credit written off from assets when it has no expectation of recovering an asset in full or in part. Credits written off from assets are recorded in off-balance sheet accounts (Note 36) and eventual recoveries in other operating income and expense (Note 13).

NOTE 25 – OTHER TANGIBLE ASSETS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Real estate		
For own use	1	1
Improvements in leasehold property	7 691	8 744
	7 692	8 745
Equipment		
IT equipment	8 192	10 507
Indoor installations	873	1 487
Furniture	2 115	2 205
Machinery and tools	781	866
Motor vehicles	236	336
Security equipment	152	151
Others	312	246
	12 661	15 798
	20 353	24 543
Right-of-use		
Buildings	24 485	22 333
Vehicles	297	277
IT equipment	128	102
	24 910	22 712
	45 263	47 255
Accumulated depreciations	(33 601)	(35 372)
Total	11 662	11 883

The movement in this heading was as follows:

(thousand euros)

	Real estate	Equipment	Right-of-use Real estate	Right-of-use IT Equipment	Right-of-use Vehicles	Total
Acquisition cost						
Balance as of 31 December 2022	**8 300**	**18 921**	**21 396**	**84**	**353**	**49 054**
Acquisitions	46	457	372	-	-	875
Write-offs / sales	(41)	(3 124)	-	-	-	(3 165)
Transfers:	337	(524)	-	-	-	(187)
Foreign exchange variation and others	103	68	565	18	(76)	678
Balance as of 31 December 2023	**8 745**	**15 798**	**22 333**	**102**	**277**	**47 255**
Acquisitions	-	834	3 094	38	36	4 002
Write-offs / sales	(704)	(4 138)	(244)	(12)	(16)	(5 114)
Transfers:	-	392	-	-	-	392
Foreign exchange variation and others	(349)	(225)	(698)	-	-	(1 272)
Balance as of 31 December 2024	**7 692**	**12 661**	**24 485**	**128**	**297**	**45 263**
Depreciations						
Balance as of 31 December 2022	**6 988**	**17 030**	**10 120**	**40**	**198**	**34 376**
Depreciations of period	341	721	2 993	24	68	4 147
Write-offs / sales	(14)	(3 113)	-	-	-	(3 127)
Transfers:	342	(529)	-	-	-	(187)
Foreign exchange variation and others	100	46	124	10	(117)	163
Balance as of 31 December 2023	**7 757**	**14 155**	**13 237**	**74**	**149**	**35 372**
Depreciations of period	191	981	3 131	22	71	4 396
Write-offs / sales	(704)	(4 136)	(243)	(12)	(17)	(5 112)
Foreign exchange variation and others	(348)	(183)	(524)	-	-	(1 055)
Balance as of 31 December 2024	**6 896**	**10 817**	**15 601**	**84**	**203**	**33 601**
Net book value as of 31 December 2024	**796**	**1 844**	**8 884**	**44**	**94**	**11 662**

NOTE 26 – INTANGIBLE ASSETS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Goodwill		
Purchased from third parties		
Software	18 211	23 559
Others	82	173
	18 293	**23 732**
Work in progress	716	756
	19 009	**24 488**
Accumulated amortisations	(17 857)	(22 674)
Impairment losses	-	-
	(17 857)	**(22 674)**
Total	**1 152**	**1 814**

The movement in this heading was as follows:

(thousand euros)

	Software	Other fixed assets	Work in progress	Total
Acquisition cost				
Balance as of 31 December 2022	**35 806**	**1 009**	**507**	**37 322**
Acquisitions				
Purchased from third parties	30	-	601	631
Write-offs / sales	(12 897)	(841)	(8)	(13 746)
Transfers:	535	-	(348)	187
Exchange differences	85	5	4	94
Balance as of 31 December 2023	**23 559**	**173**	**756**	**24 488**
Acquisitions				
Purchased from third parties	277	-	592	869
Write-offs / sales	(5 524)	(40)	-	(5 564)
Transfers:	190	(35)	(547)	(392)
Exchange differences	(291)	(16)	(85)	(392)
Balance as of 31 December 2024	**18 211**	**82**	**716**	**19 009**
Amortizations				
Balance as of 31 December 2022	**33 709**	**947**	**-**	**34 656**
Amortisations of the financial year	1 484	12	-	1 496
Write-offs / sales	(12 892)	(841)	-	(13 733)
Transfers:	187	-	-	187
Exchange differences	66	2	-	68
Balance as of 31 December 2023	**22 554**	**120**	**-**	**22 674**
Amortisations of the financial year	1 002	11	-	1 013
Write-offs / sales	(5 509)	(40)	-	(5 549)
Transfers:	35	(35)	-	-
Exchange differences	(272)	(9)	-	(281)
Balance as of 31 December 2024	**17 810**	**47**	**-**	**17 857**
Net book value as of 31 December 2024	**401**	**35**	**716**	**1 152**
Net book value as of31 December 2023	**1 005**	**53**	**756**	**1 814**

In 2023, an internal review of the intangible assets in use was carried out, which led to the write-off of 12 897 thousand euros from the acquisition cost and the write-off of depreciation of 12 892 thousand euros.

NOTE 27 – OTHER ASSETS

As of December 31, 2024, and 2023, the Other Assets heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Debtors and other assets		
Deposited collateral under clearing agreements	19 886	18 662
Public sector	53 692	65 608
Deposited collateral under clearing accounts (futures contracts)	5 642	2 941
Other sundry debtors	3 948	10 077
Loans and derivatives receivables	11 802	9 891
	94 970	**107 179**
Impairment losses for debtors and other investments	(6 048)	(12 479)
	88 922	**94 700**
Other assets		
Other liquid assets	1 040	4 949
Other assets	5 419	5 470
	6 459	**10 419**
Prepayments and deferred costs	**1 961**	**7 347**
Other sundry assets		
Exchange transactions pending settlement	610	231
Market securities transactions pending settlement	1 206	-
Other transactions pending settlement	4 084	3 747
	5 900	**3 978**
Retirement Benefits	10 669	12 738
Total	**113 911**	**129 182**

As at December 31, 2024, the Public sector heading includes (i) a judicial deposit in Brazil of 23 393 thousand euros (26 745 thousand euros as at December 31, 2023) related to a PIS/COFINS process, until 2014; (ii) and 12 479 thousand euros (13 126 thousand euros as at December 31, 2023) related to ongoing tax proceedings in Brazil since 2015 (Note 31).

This item also includes (i) the amount of the security deposit made to the Directorate-General for the Treasury and Finance under the tax credit (confirmed by Portuguese Tax Authority) inherent to REAID in the amount of 192 thousand euros (under tax credit of 2020) and (ii) payments made to the Portuguese Tax Authority relating with tax proceedings that are currently in litigation in the amount of 6 989 thousand euros.

Regarding the security deposit under REAID, paragraph 8 of article 6 of Ordinance 2016 (in the wording resulting from Ordinance no. 272/2017, of September 13) establishes that:

“Within a maximum period of three months counting from the confirmation of the conversion of deferred tax assets into a tax credit provided for in Ordinance no. 259/2016, of October 4, the taxpayer constitutes a deposit in favor of the State, in an entity to be indicated by the member of the Government responsible for the area of finance, in the amount corresponding to the price of exercising the potential right to acquire all conversion rights, which is reduced, in the respective proportion, whenever there is delivery to the State of the price relating to the rights acquisition powers exercised or exercise by the State of conversion rights.”

The heading - Other sundry debtors mainly includes commissions receivable from customers for the provision of services by the Bank.

The heading Market securities transactions pending settlement shows the balance of orders for the sale and purchase of securities awaiting their financial settlement.

In December 2024, The Group have written off from other assets an amount of 7 921 of the accounts receivable (invoices issued to clients with 100 impairment – Note 31) that were overdue. Of this 1 075 were recorded in off-balance sheet accounts (Note 36).

The Group recognizes an accounts receivable written off from assets when it has no expectation of recovering an asset in full or in part. Accounts receivable written off from assets are recorded in off-balance sheet accounts (Note 36) and recoveries in other operating income and expense.

NOTE 28 – RESOURCES OF CREDIT INSTITUTIONS

The resources of credit institutions heading is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Resources of central banks		
Banco de Portugal	-	11 397
	-	11 397
Resources of other credit institutions		
Domestic		
Repurchase agreements	-	-
Other resources	-	45 565
	-	45 565
Foreign		
Repurchase agreements	702 471	607 919
Other resources	244 199	252 040
	946 670	859 959
Total	946 670	916 921

On December 31, 2024, an outstanding TLTRO III operation has a nominal value of 11 060 thousand euros, ended in the course of 2024.

The heading Repurchase agreements corresponds to repo operations carried out in the money market and serves as a tool for the Groups's treasury management. Other resources correspond to medium- and long-term deposits made by other credit institutions with the Group.

The breakdown of resources from credit institutions by residual maturity as of December 31, 2024, and 2023, is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	616 012	540 128
From three months to one year	6 880	61 915
From one to five years	306 278	312 814
More than five years	17 500	2 064
Total	946 670	916 921

As of December 31, 2024, and 2023, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**916 921**	**1 354 051**
Cash Flows	33 995	(439 124)
Other changes	(4 246)	1 994
Closing balance	**946 670**	**916 921**

The average interest rates for the year ended as of December 31, 2024, and 2023, as well as the respective average balances and interest for the year are shown in Note 39.

NOTE 29 – RESOURCES OF CUSTOMERS

The balance of the resources of customers heading is composed, with regard to its nature, as follows:

(thousand euros)

	31.12.2024	31.12.2023
Repayable on demand		
Demand deposits	35 513	36 192
	35 513	**36 192**
Time deposits		
Fixed-term deposits	1 040 681	782 198
	1 040 681	**782 198**
Other resources		
Repurchase agreements	214 670	354 535
Other Deposits	2 184	1 296
	216 854	**355 831**
Total	**1 293 048**	**1 174 221**

The balance of repurchase agreements corresponds to the ongoing repo operations carried out in market with non-financial corporation counterparts.

As of December 31, 2024, and 2023, the analysis of due to customers by residual maturity period is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Demand deposits	35 513	36 192
Fixed-term deposits		
Up to 3 months	343 782	269 223
3 to 12 months	386 048	311 784
1 to 5 years	310 851	201 191
	1 040 681	782 198
Other resources		
Up to 3 months	162 592	302 947
3 to 12 months	11 309	17 522
1 to 5 years	42 954	35 362
	216 854	355 831
Total	1 293 048	1 174 221

As of December 31, 2024, and 2023, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	1 174 221	747 140
Cash Flows	110 458	440 663
Others	8 369	(13 582)
Closing balance	1 293 048	1 174 221

The average interest rates recorded for the year ended as of December 31, 2024, and 2023, as well as the respective average balances and interest for the year are presented in Note 39.

NOTE 30 – DEBT SECURITIES ISSUED

The debt securities issued heading can be divided as follows:

(thousand euros)

	31.12.2024	31.12.2023
Debt securities issued		
Other Bonds	318 413	635 642
Total	318 413	635 642

The fair-value of the portfolio regarding debt securities issued is presented in Note 38.

During 2024, Haitong Bank Group issued 21 770 thousand euros (2023: 77 035 thousand euros) of bonds, and 317 662 thousand euros (2023: 11 658 thousand euros) were repaid/reacquired.

The main characteristics of the debt securities issued are as follows:

(thousand euros)

Issuer	Designation	Currency	31.12.2024			
			Issue Date	Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG07Z5	BRL	2023	141	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0803	BRL	2023	48	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0811	BRL	2023	6	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0829	BRL	2023	21	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0837	BRL	2023	98	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0845	BRL	2023	345	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0852	BRL	2023	4	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0860	BRL	2023	34	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0878	BRL	2023	18	2025	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0886	BRL	2023	15	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG0894	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08A6	BRL	2023	37	2025	CDI 92%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08B4	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08C2	BRL	2023	37	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08D0	BRL	2023	33	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08E8	BRL	2023	17	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08F5	BRL	2023	24	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08G3	BRL	2023	35	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08H1	BRL	2023	11	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08I9	BRL	2023	42	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08J7	BRL	2023	41	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08K5	BRL	2023	9	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08L3	BRL	2023	8	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08M1	BRL	2023	19	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08N9	BRL	2023	206	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08O7	BRL	2023	70	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08P4	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08Q2	BRL	2023	47	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08R0	BRL	2023	41	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08S8	BRL	2023	46	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08T6	BRL	2023	3	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08U4	BRL	2023	120	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08V2	BRL	2023	46	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 BRINTLAG08W0	BRL	2023	8	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG08X8	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AI2	BRL	2023	40	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AJ0	BRL	2023	4	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AK8	BRL	2023	74	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AL6	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AM4	BRL	2023	122	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AN2	BRL	2023	27	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AO0	BRL	2023	37	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AP7	BRL	2023	83	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AQ5	BRL	2023	33	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AR3	BRL	2023	18	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AT9	BRL	2023	10	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AU7	BRL	2023	41	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AV5	BRL	2023	37	2025	CDI 97%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AW3	BRL	2023	68	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AX1	BRL	2023	6	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AY9	BRL	2023	11	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0AZ6	BRL	2023	47	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B01	BRL	2023	131	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B19	BRL	2023	122	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B27	BRL	2023	30	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B35	BRL	2023	7	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B43	BRL	2023	22	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B50	BRL	2023	15	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B68	BRL	2023	47	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B76	BRL	2023	63	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B84	BRL	2023	19	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0B92	BRL	2023	37	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BA7	BRL	2023	70	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BB5	BRL	2023	50	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BC3	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BD1	BRL	2023	40	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BE9	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BF6	BRL	2023	28	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BG4	BRL	2023	55	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BH2	BRL	2023	16	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BI0	BRL	2023	35	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BJ8	BRL	2023	2	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BK6	BRL	2023	38	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BL4	BRL	2023	58	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BM2	BRL	2023	37	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BN0	BRL	2023	66	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BO8	BRL	2023	23	2025	CDI 96%

(thousand euros)

Issuer	Designation	Currency	31.12.2024			
			Issue Date	Book Value	Maturity	Interest Rate
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BP5	BRL	2023	18	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BQ3	BRL	2023	13	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BR1	BRL	2023	18	2025	CDI 94,5%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BS9	BRL	2023	177	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BT7	BRL	2023	143	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BU5	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BV3	BRL	2023	18	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BW1	BRL	2023	10	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BX9	BRL	2023	40	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BY7	BRL	2023	270	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0BZ4	BRL	2023	9	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C00	BRL	2023	16	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C18	BRL	2023	9	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C26	BRL	2023	103	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C34	BRL	2023	9	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C42	BRL	2023	249	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C59	BRL	2023	40	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C67	BRL	2023	4	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C75	BRL	2023	17	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C83	BRL	2023	46	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0C91	BRL	2023	197	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CA5	BRL	2023	20	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CB3	BRL	2023	235	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CC1	BRL	2023	9	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CD9	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CE7	BRL	2023	19	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CF4	BRL	2023	38	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CG2	BRL	2023	4	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CH0	BRL	2023	4	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CI8	BRL	2023	2	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CJ6	BRL	2023	335	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CK4	BRL	2023	7	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CL2	BRL	2023	7	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CM0	BRL	2023	35	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CN8	BRL	2023	11	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CO6	BRL	2023	17	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CP3	BRL	2023	77	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CQ1	BRL	2023	10	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CR9	BRL	2023	405	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CS7	BRL	2023	46	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CT5	BRL	2023	33	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CU3	BRL	2023	6	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CV1	BRL	2023	37	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CW9	BRL	2023	47	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CX7	BRL	2023	405	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CY5	BRL	2023	35	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0CZ2	BRL	2023	72	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D09	BRL	2023	3	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D17	BRL	2023	6	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D25	BRL	2023	269	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D33	BRL	2023	14	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D41	BRL	2023	24	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D58	BRL	2023	40	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D66	BRL	2023	169	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D74	BRL	2023	2	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D82	BRL	2023	3	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0D90	BRL	2023	148	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DA3	BRL	2023	102	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DB1	BRL	2023	13	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DC9	BRL	2023	10	2025	CDI 94%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DE5	BRL	2023	5	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DF2	BRL	2023	259	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DG0	BRL	2023	7	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DH8	BRL	2023	98	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DI6	BRL	2023	156	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DJ4	BRL	2023	16	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DM8	BRL	2023	62	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DQ9	BRL	2023	52	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DR7	BRL	2023	17	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DS5	BRL	2023	97	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DT3	BRL	2023	56	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DU1	BRL	2023	9	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DV9	BRL	2023	12	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLAG0DW7	BRL	2023	37	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07V60	BRL	2023	13	2025	CDI 93%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07V86	BRL	2023	83	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07W51	BRL	2023	61	2025	CDI 96%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07W69	BRL	2023	7	2025	CDI 95%
HT_BR	LCA RES 4410 LCA NOVA RES 4410 - DESAGIADO BRINTLC07WC7	BRL	2023	5	2025	CDI 93%

(thousand euros)

Issuer	Designation	Currency	31.12.2024			
			Issue Date	Book Value	Maturity	Interest Rate
HT_BR	LF NOVA LF HAITONG BRINTLLFI6U3	BRL	2022	230	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6V1	BRL	2022	207	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6W9	BRL	2022	92	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6X7	BRL	2022	460	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6Y5	BRL	2022	138	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI6Z2	BRL	2022	161	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI708	BRL	2022	184	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI716	BRL	2022	230	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI724	BRL	2022	345	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI732	BRL	2022	920	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI740	BRL	2022	529	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI757	BRL	2022	1 150	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI773	BRL	2022	1 380	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI781	BRL	2022	805	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7I6	BRL	2022	901	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7J4	BRL	2022	899	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7O4	BRL	2022	4 349	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7P1	BRL	2022	1 950	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7Q9	BRL	2022	1 681	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7R7	BRL	2022	3 139	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7S5	BRL	2022	22	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7T3	BRL	2022	67	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7U1	BRL	2022	1 564	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI7X5	BRL	2022	557	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI823	BRL	2022	220	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI849	BRL	2022	385	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI880	BRL	2022	761	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8C7	BRL	2022	11 023	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8F0	BRL	2022	209	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8L8	BRL	2022	314	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8N4	BRL	2022	1 618	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8O2	BRL	2023	1 009	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG DESAGIADA BRINTLLFI8P9	BRL	2023	3 301	2025	CDI 111,25%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8Q7	BRL	2023	13 660	2025	CDI 114%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8R5	BRL	2023	1 220	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8S3	BRL	2023	5 627	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8T1	BRL	2023	5 576	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8U9	BRL	2023	3 718	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8V7	BRL	2023	9 150	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8W5	BRL	2023	9 400	2026	CDI 100%
HT_BR	LF NOVA PRE LF HAITONG PRE BRINTLLFI8X3	BRL	2023	1 899	2026	PRÉ 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8Y1	BRL	2023	5 299	2025	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI8Z8	BRL	2024	1 062	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI906	BRL	2024	1 717	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI914	BRL	2024	646	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI922	BRL	2024	1 011	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI930	BRL	2024	93	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI948	BRL	2024	425	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI955	BRL	2024	59	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI963	BRL	2024	34	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI971	BRL	2024	51	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI989	BRL	2024	2 874	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI997	BRL	2024	719	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI9A9	BRL	2024	1 198	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI9B7	BRL	2024	5 545	2026	CDI 100%
HT_BR	LF NOVA LF HAITONG BRINTLLFI9C5	BRL	2024	6 337	2026	CDI 100%
HB_PT	HAITIB Float 02/08/25 Corp	EUR	2022	47 106	2025	EURIBOR 3M +1.45%
HB_PT	HAITIB 4 05/29/27 Corp	USD	2022	144 693	2027	4%
Total				318 413		

The residual maturity of the debt securities issued, as of December 31, 2024, and 2023, is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	72 008	31 134
From three months to one year	64 994	125 433
From one to five years	181 411	479 075
Total	**318 413**	**635 642**

As of December 31, 2024, and 2023, reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**635 642**	**542 037**
Cash Flows	(295 892)	65 377
Other changes	(21 337)	28 228
Closing balance	**318 413**	**635 642**

NOTE 31 – PROVISIONS AND IMPAIRMENT

As of December 31, 2024, and 2023, the Provisions heading presents the following movements:

(thousand euros)

	Provisions for other risks and charges	Provisions for guarantees and other commitments	Total
Balance as of 31 December 2022	**17 439**	**1 672**	**19 111**
Net charge of the period	(11 713)	324	(11 389)
Amounts used	(140)	-	(140)
Foreign exchange differences and others	2 292	(7)	2 285
Balance as of 31 December 2023	**7 878**	**1 989**	**9 867**
Net charge of the period	(1 271)	(915)	(2 186)
Amounts used	(2 902)	-	(2 902)
Transfer from discontinued operations	-	-	-
Foreign exchange differences and others	(678)	(185)	(863)
Balance as of 31 December 2024	**3 027**	**889**	**3 916**

Provisions for guarantees and provisions for other commitments correspond to 728 thousand euros and 161 thousand euros respectively (December 31, 2023: 1 816 thousand euros and 173 thousand euros).

The provisions for other risks and charges are meant to cover possible contingencies related to the activity of the Group. The main ongoing contingencies are presented in Note 36.

The movements in impairment losses can be analysed as follows:

(thousand euros)

	31.12.2023	Net charge of the period	Amounts used	Stage 3	Exchange differences and others	31.12.2024
Cash and cash equivalents (Note 18)	1 865	390	-	-	123	2 378
Financial assets at fair value through other comprehensive income (Note 22)	2 983	(791)	(1 266)	50	(283)	693
Financial assets measured at amortised cost						
Loans and advances to banks (Note 23)	16	(7)	-	-	-	9
Loans and advances to customers (Note 24)	7 642	(32)	(1 872)	5	(192)	5 551
Securities (Note 22)	3 071	(781)	(872)	28	(252)	1 194
Other assets (Note 27)	12 479	1 642	(7 993)	-	(80)	6 048
Total	**28 056**	**421**	**(12 003)**	**83**	**(684)**	**15 873**

In December 2024, The Group have written off from other assets an amount of 7 933 thousand euros of the accounts receivable (invoices issued to clients with 100 impairment) that were overdue. Of this, 1 068 thousand euros were recorded in off-balance sheet accounts (Note 36).

(thousand euros)

	31.12.2022	Net charge of the period	Amounts used	Stage 3	Exchange differences and others	31.12.2023
Cash and cash equivalents (Note 18)	939	997	-	-	(71)	1 865
Financial assets at fair value through other comprehensive income (Note 22)	1 289	1 468	(55)	228	53	2 983
Financial assets measured at amortised cost						
Loans and advances to banks (Note 23)	20	(4)	-	-	-	16
Loans and advances to customers (Note 24)	13 790	(3 393)	(3 146)	17	374	7 642
Securities (Note 22)	1 662	1 505	(106)	-	10	3 071
Other assets (Note 27)	12 441	48	(25)	-	15	12 479
Total	**30 141**	**621**	**(3 332)**	**245**	**381**	**28 056**

NOTE 32 – INCOME TAXES

The Bank and its subsidiaries domiciled in Portugal are subject to taxation in accordance with the corporate income tax code (CIT code) and to local taxes.

Income taxes (current or deferred) are recognised in the income statement except in cases where the underlying transactions have been reflected in equity items. In these situations, the corresponding tax is also charged to equity, not affecting the net result for the period.

The current tax in 2024 and 2023 were calculated based on a nominal corporate income nominal tax rate of 21% plus tax rate of 1.5% of Municipal Surcharge in accordance with Law no. 82 - B/2014, of December 31, and Law no. 2/2007, of January 15. Additionally, there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between 1 500 and 7 500 thousand euros, 5% of the profit between 7 500 and 35 000 thousand euros, 9% of any profit which exceeds this amount (if applicable).

Deferred taxes are calculated based on tax rates anticipated to be in force at the temporary differences reversal date, which corresponds to the rates enacted or substantively enacted at the balance sheet date. Thus, for the year 2024 deferred tax was calculated at the rate of 25.24%.

Law No. 45-A/2024, of December 31st (State Budget for 2025) was published, which decreed the decrease in the nominal IRC rate from 21% to 20% with effect from January 1st, 2025. Therefore, the deferred tax rate was changed accordingly.

Regarding activity in Portugal, Law No. 98/2019 was published on September 4, 2019, which changed the tax regime applicable to the impairment of financial and credit institution. That law establishes in article 4 an adaptation period of 5 years beginning on or after January 1, 2019, pursuant to which the regime in force on the date of entry into force of this law remains applicable, unless there is communication addressed to the Director-General of the Portuguese Tax Authority of the option for the definitive regime.

Starting in 2024, the Bank has automatically joined the new regime, given that the adaptation period of 5 years ended in 2023.

Special Scheme Applicable to Deferred Tax Assets

In 2014, Haitong Bank joined the special scheme applicable to deferred tax assets (REAID) related to impairment losses in credits and post-employment or long-term employee benefits, established by Law no. 61/2014, of August 26. For the purpose of this scheme, the conversion of the mentioned assets in tax credits is expected in the following situations:

- Determining net losses;
- Voluntary winding-up, court insolvency or, when applicable, with the withdrawal of the corresponding authorisation by the competent supervising authority.

It should be noted that, pursuant to Law No. 23/2016, of August 19, REAID is no longer applied to deferred tax assets relating to expenses and negative equity changes accounted for in tax periods beginning on or after 1 January 2016.

The tax credit as well as the respective special reserve recorded in the accounts with reference to December 2024 can be analysed in the table below, which also includes reimbursements already made by the Portuguese Tax Authority:

(thousand euros)

Year	Tax Credit	Special Reserve
2015	5 281	5 809
2016	20 529	22 582
2017	9 060	9 966
2018	233	255
2020	433	476
2021	(15 078)	-
2022	(5 414)	(16 585)
2023	(174)	(5 956)
Total	**14 870**	**16 547**

The tax credit and the respective special reserve were recorded during the year following that of the tax credit year, booked in a current tax asset and other reserves item, respectively.

In 2021, the Bank received amounts concerning tax credit from the Portuguese Tax Authority, with reference to the years 2015 and 2016, in the amount of 15,078 thousand euros.

In turn, during the 2022, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the 2017 and 2018, in the amount of 5,414 thousand euros.

In 2023, the Bank received tax credit from the Portuguese Tax Authority, with reference to the year 2020, in the amount of 174 thousand euros.

In pursuance of the abovementioned scheme, such conversion rights correspond to securities that grant the Government the right to request Haitong Bank to issue and deliver ordinary shares at no charge, following the increase in share capital through the inclusion of the reserve value. However, Haitong Bank´s shareholder is granted the right to acquire those conversion rights to the Government in accordance with Ordinance no. 293-A/2016 of 18th of November.

In 2022, the shareholder exercised the rights under Special Regime of DTA with reference to the years 2015 and 2016 and the amount of special reserve decreased in 16,585 thousand euros.

In the 2023, the Bank's shareholder also exercised the right to acquire the conversion rights attributed to the State under the special regime of deferred tax assets relating to the years 2017 and 2018, and the amount of special reserve decreased in 5,956 thousand euros. For the year 2020, if shareholder do not exercise the right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the year in which the State exercises these rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequent issue and free delivery of ordinary shares representing the capital stock of the Bank, and it may be necessary to adjust the amount of the reserve initially constituted. According to legislation in force, Haitong Bank shareholder may exercise the rights to acquire conversion rights until three years from the conversion confirmation of the deferred tax assets into tax credit by the Tax Authority, which, in the case of the 2020, it will be until May 2026.

The amount of assets by deferred taxes converted into tax credit, the establishment of the special reserve and the issuing and granting of conversion rights to the Government shall be certified by the certified public accountant.

As Haitong Bank has determined, in its individual accounts, a positive net result with reference at December 31 2024 there was no possible converts’ part of the deferred taxes covered by this regime into a tax credit, with reference to this financial year.

In July 2019 and January 2020, the Bank was notified of the final Reports of the Tax Authority’s inspection services, issued for 2015 and 2016, respectively, both issued by Tax Authorities. In these reports, certain procedures adopted by the Bank, namely in association with special regime of deferred tax assets - (REAID) and costs accepted by Tax Authorities are being challenged.

In this sense, following the Bank disagreement with these corrections, in November 2019, an administrative complaint was submitted regarding the 2015 Tax Inspection Report and in April 2020, an administrative complaint was submitted regarding the 2016 inspection report. Currently, for the year 2015, the corrections in question are being challenged in a Judicial Court and for the year 2016 in a Hierarchical Appeal.

On January 2021, the Bank received the 2017 and 2018 tax inspection report issued by the Tax Authority’s inspection services. In this report, similarly to what happened in the 2015 and 2016 tax inspection reports, some procedures adopted by the Bank regarding the application of REAID are raised by Tax Authorities.

The Bank disagreeing with these corrections, so in 2021, submitted an administrative complaint for the Tax inspection report of 2017 and 2018. Currently, the corrections in question are being contested in a Hierarchical Appeal.

In May 2023, the Bank was notified of 2020 tax inspection report issued by the Portuguese Tax Authority. In this report, like what happened in the tax inspection reports from 2015 to 2018, some procedures adopted by the Bank regarding the application of REAID are being challenge.

As the Bank did not agree with these corrections, in 2023, it submitted an administrative complaint to contest the 2020 inspection report. During the 2024 financial year, the Bank submitted a Hierarchical Appeal to contest the decision.

Finally, it is also noted that, within the scope of the tax inspection for the years 2015, 2016, 2017, 2018 and 2020, the tax authority made corrections to the tax credit of these years in the amount of 14,870 thousand euros (of a total amount of 35,536 thousand euros).

The Bank's management considers that the procedures adopted in those years are compliant with the legislation in force, and therefore estimates that it is not likely that the Tax Authority's position will prevail. Even so, if this correction occurs, it will materialize in the recognition of deferred tax assets. In addition, the Board of Directors believes that any other corrections that may arise, related to the years inspected, will not have a material impact either on the Bank's capital or on the Bank's results in fiscal year 2024, as essentially its affect tax losses that have not yet been used and for which deferred tax assets have not been recognised.

The activity of Branches abroad is incorporated in the Bank's accounts for determining the taxable profit. Although, the profit of those branches is subject to taxation in the countries where they are established. Local taxes are deductible to the taxes to be paid in Portugal, in accordance with article 91º of CIT Code", when applicable.

The branches' profits are subject to local taxation at the following nominal rates:

Branch	Nominal income tax rate
London	19%
Madrid	30%
Warsaw	19%
Macao	12%

The subsidiary located in Brazil, are subject to tax on their profits under the terms established in the tax rules in force in Brazil, thus in this country profits are subject to nominal rates situated between 34% and 45%.

As of December 31, 2024, and 2023, current tax assets and liabilities can be analysed as follows:

(thousand euros)

	Asset		Liability	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Corporate income tax	6 577	6 936	(11 549)	(8 657)
Tax Credit (Special Scheme for Deferred Taxes)	14 870	14 870	-	-
Current tax asset / (liability)	**21 447**	**21 806**	**(11 549)**	**(8 657)**

Deferred tax assets and liabilities recognized in the statement of financial position as of December 31, 2024, and 2023 can be analysed as follows:

(thousand euros)

	Asset		Liability		Net	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Derivative financial instruments	57	(6 843)	-	-	57	(6 843)
Securities	1 971	2 282	-	-	1 971	2 282
Loans and advances to customers	11 112	16 798	-	-	11 112	16 798
Provisions and other assets	4 111	(1 865)	-	-	4 111	(1 865)
Pension Fund and Long-term employee benefits	5 084	5 511	-	-	5 084	5 511
Depreciations (IFRS 16)	-	1 780	-	-	-	1 780
Other	7 435	7 801	(5 573)	(5 794)	1 862	2 007
Tax losses carried forward	69 430	80 373	-	-	69 430	80 373
Deferred tax asset/(liability)	**99 200**	**105 837**	**(5 573)**	**(5 794)**	**93 627**	**100 043**
Net deferred tax asset / (liability)	**99 200**	**105 837**	**(5 573)**	**(5 794)**	**93 627**	**100 043**

The tax amount mentioned in “Others”, in Portugal, corresponds to Branch tax credits (6 270 thousand euros) and deferred tax relating to fair value for profit and loss (- 562 thousand euros). The remaining amount corresponds to Brazil and essentially concerns deferred tax relating to legal contingencies (1 469 thousand euros).

The Group only recognizes deferred tax assets in relation to reportable tax losses when it considers that they are expected to be recovered in the near future. Of the total deferred tax assets of tax losses, 30 057 thousand euros relate to Haitong Bank in Portugal and the remaining amount corresponds to Brazil.

The variation in tax losses relates to the publication of Law No. 45-A/2024, of December 31 (State Budget for 2025) which decreed the decrease the nominal Corporate Income Tax rate from 21% to 20% with effects from January 1, 2025. This change had an impact on the calculation of Haitong Bank's deferred taxes in Portugal.

It should be noted that the period of tax losses utilization considers the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020), as well as provided in Law No. 24-D/2022, of December 30which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in each tax period is eliminated. Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023, whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023, in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

Therefore, for Haitong Bank in Portugal, the tax loss for 2014 and 2019 does not expire date and the tax loss for 2015 and 2016 expires in 2029 and 2030, respectively.

In the circumstances of the merger, the Bank has reassessed its business plan for the years 2025 to 2029, using a set of assumptions agreed with its current ultimate shareholder, and the results of this exercise have confirmed the recoverability of the Bank's tax losses carried forward.

The amount of unrecognized deferred tax relating to the tax losses, by year of origin is presented in the following table:

Tax losses	31.12.2024	31.12.2023	Expiry Date
2017	106 450	106 450	2024
2018	7 738	7 738	2025
2019	645	645	No expiry
Total	**114 833**	**114 833**	

The movements in deferred taxes, in the balance sheet, can be presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**100 043**	**104 096**
Recognised in profit or loss	2 178	(4 108)
Recognised in fair value reserves	(311)	(2 201)
Recognised in other reserves	(133)	70
Foreign exchange variation and others	(8 150)	2 186
Closing balance (Asset / (Liability))	**93 627**	**100 043**

Tax recognised in the income statement and reserves as of December 31, 2024, and 2023, had the following source:

(thousand euros)

	31.12.2024		31.12.2023	
	Recognised in profit or loss	Recognised in reserves	Recognised in profit or loss	Recognised in reserves
Deferred Taxes				
Derivative financial instruments	(6 357)	-	17 811	-
Securities	-	311	-	2 201
Loans and advances to customers	5 165	-	7 168	-
Provisions and other assets	(6 210)	-	5 883	-
Pension Fund	293	133	(98)	(70)
Depreciations (IFRS 16)	1 780	-	(1 780)	-
Other	148	-	(2 385)	-
Tax losses carried forward	3 003	-	(22 491)	-
	(2 178)	**444**	**4 108**	**2 131**
Current Taxes	7 202	-	4 757	-
Total recognised tax	**5 024**	**444**	**8 865**	**2 131**

The current tax amount includes the additional Pillar 2 tax of 223 thousand euros, resulting from the application of the Global Minimum Tax Regime (RIMG) concerning a jurisdiction for which the transitional safe harbours rules by law were not met.

Reconciliation of the tax rate, concerning the recognised amount in the income statement, can be analysed as follows:

(thousand euros)

	31.12.2024		31.12.2023	
	%	Value	%	Value
Profit or loss before tax and Non-controlling interests		**9 669**		**26 628**
Income tax rate of Haitong Bank	25.2		26.2	
Tax determined based on the income tax rate of Haitong Bank		2 441	-	6 987
Difference in the tax rate of subsidiaries	(17.7)	(1 710)	(0.8)	(203)
Tax-exempt dividends	(19)	(1 789)	(1.5)	(400)
Tax benefits	(1)	(60)	(0.2)	(55)
Impairment of subsidiaries	17	1 596	3.9	1 036
Bank Levy	4.6	450	1.8	489
Branches' income tax	24.6	2 378	8.0	2 124
Differences arising from consolidation	(14.3)	(1 385)	(0.7)	(198)
Other movements according to the tax estimation	30.7	2 971	(4.0)	(1 054)
Autonomous taxation	1.4	132	0.5	139
Total	**51.9**	**5 024**	**33.2**	**8,865**

NOTE 33 – OTHER LIABILITIES

As of December 31, 2024, and 2023, the other liabilities heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Creditors and other resources		
Public administrative sector	16 624	16 701
Deposited collateral under clearing agreements (Note 15)	6 750	13 651
Sundry creditors		
Leasing liabilities	9 961	9 911
Creditors from transactions with securities	907	1 548
Suppliers	1 136	1 811
Other sundry creditors	4 143	7 347
	39 521	**50 969**
Accrued expenses		
Career bonuses (Note 15)	486	485
Other accrued expenses	5 447	6 752
	5 933	**7 237**
Deferred income	**368**	**542**
Other sundry liabilities		
Stock exchange transactions pending settlement	-	901
Foreign exchange transactions pending settlement	605	549
Other transactions pending settlement	15 503	9 035
	16 108	**10 485**
Total	**61 930**	**69 233**

The Public Administrative Sector item includes 12 445 thousand euros (December 31, 2023: 13 170 thousand euros) payable in PIS/Cofins contributions, incurred after December 31, 2014 (Note 36)

As of December 31, 2024, and 2023, the headings regarding Other sundry liabilities refer to transactions with securities, securities sold/bought subject to repurchase agreement pending settlement.

The sub-heading Accrued expenses - Other accrued expenses corresponds to liabilities to employees relating to remuneration.

Lease liability related to the present value of the rents of leasing contracts under IFRS 16. The movement of these balance are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**9 911**	**11 811**
Increases/Reductions	3 261	327
Remeasures	192	425
Payments	(3 063)	(2 720)
Other variations	(340)	68
Final Balance	**9 961**	**9 911**

As of December 31, 2024, and 2023, the contractual cash flows are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to 3 months	6	3
3 to 12 months	62	647
1 to 2 years	26	131
2 to 5 years	10 644	9 652
Total	**10 738**	**10 433**

NOTE 34 – CAPITAL, SHARE PREMIUM AND OTHER CAPITAL INSTRUMENTS

Ordinary shares

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 (December 31, 2023: 871 278 thousand euros) and is represented by 174 255 532 shares (December 31, 2023: 174 255 532 shares) with a nominal value of 5 euros each, fully held by Haitong International Holdings Limited.

Share premiums

On December 31, 2024, and 2023, share premiums amounted to 8 796 thousand euros, referring to the premium paid by shareholders in the capital increase that took place in 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 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.

These bonds are subordinated in relation to any liability of Haitong Bank and *pari passu* regarding any identical subordinated bonds that may be issued by the Bank.

Since it was issued in 2018, the Group did not pay interest regarding any of these instruments.

NOTE 35 – FAIR-VALUE RESERVES, OTHER RESERVES, RETAINED EARNINGS AND NON-CONTROLLING INTERESTS

Legal reserve, fair-value reserves and other reserves

The legal reserve can only be used for the purposes set out in Article 296 of the Portuguese Commercial Companies Code. One such purpose is the coverage "of the part of the losses carried forward from the previous year that cannot be covered by the profit for the year or by the use of other reserves" (Article 296, paragraph b of the CSC).

Since the Bank has accumulated losses related to previous years, the Legal Reserve was not reinforced in 2023. The profit for that year was entirely allocated to Other Reserves and Retained Earnings to cover these losses.

Fair value reserves represent the potential gains and losses associated with the portfolio of financial assets at fair value through comprehensive income, net of impairment recognized in profit or loss during the period and/or previous periods, as well as adjustments from hedge accounting. These reserves are presented net of deferred taxes.

The heading of other reserves includes the special reserve under REAID in the amount corresponding to 16,547 thousand euros on December 31, 2024 and 2023.

The movements of these headings, attributable to the Bank's shareholders, were the following:

(thousand euros)

	Fair Value reserves			Other reserves and retained earnings				
	Revaluation reserves	Income tax reserves	Total fair value reserve	Legal Reserve	Actuarial gains/losses (net of taxes)	Exchange differences	Other reserves and retained earnings	Total Other reserves and retained earnings
Balance as of 31 December 2022	(14 921)	4 316	(10 605)	39 878	(16 288)	(168 946)	(225 309)	(370 665)
Actuarial gains/losses	-	-	-	-	(4 722)	-	-	(4 722)
Changes in fair value	7 930	(2 201)	5 729	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	4 425	-	4 425
Transfer to reserves	-	-	-	-	-	-	11 107	11 107
Share capital increase	-	-	-	-	-	-	(7 999)	(7 999)
Balance as of 31 December 2023	(6 991)	2 115	(4 876)	39 878	(21 010)	(164 521)	(222 201)	(367 854)
Actuarial gains/losses	-	-	-	-	(1 981)	-	-	(1 981)
Changes in fair value	3 312	(311)	3 001	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	(15 058)	-	(15 058)
Transfer to reserves	-	-	-	-	-	-	17 262	17 262
Balance as of 31 December 2024	(3 679)	1 804	(1 875)	39 878	(22 991)	(179 579)	(204 939)	(367 631)

The movement of the fair-value reserve, net of deferred taxes and attributable to the Bank's shareholders can be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**(4 876)**	**(10 605)**
Fair value changes	4 113	6 679
Fair value hedge	(10)	(217)
Impairment recognised in the period	(791)	1 468
Deferred taxes recognised in reserves during the period	(311)	(2 201)
Closing balance	**(1 875)**	**(4 876)**

Non-controlling interests

The Non-controlling interests heading information per subsidiary is as follows:

(thousand euros)

	31.12.2024		31.12.2023	
	Balance sheet	Income statement	Balance sheet	Income statement
Haitong Banco de Investimento do Brasil S.A.	5 853	(1 077)	9 466	(891)
Haitong Securities do Brasil S.A.	3 553	203	4 037	462
Haitong Negócios S.A.	6 383	340	7 279	701
Haitong do Brasil Participações Ltda	1 438	74	1 644	108
FI Multimercado Treasury	322	28	355	122
Total	**17 549**	**(432)**	**22 781**	**502**

The movement of Non-controlling interests of the periods ended on the December 31, 2024, and 2023, can be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**22 781**	**21 082**
Dividends paid	(632)	-
Changes in fair value reserve	(404)	90
Exchange difference and other	(3 764)	1 107
Net income for the period	(432)	502
Closing balance	**17 549**	**22 781**

NOTE 36 – CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

As of December 31, 2024, and 2023, off-balance elements are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Contingent liabilities		
Guarantees and stand by letters of credit	111 490	137 763
Assets pledged as collateral	1 262 887	1 304 797
Total	**1 374 377**	**1 442 560**
Commitments		
Irrevocable commitments	62 120	75 370
Rrevocable commitments	36 131	31 985
Total	**98 251**	**107 355**

The guarantees and standby letters of credit are banking transactions that do not necessarily represent any outflow for the Group.

As of December 31, 2024, and 2023, the heading of financial assets pledged as collateral includes:

- Securities pledged as collateral to the Bank of Portugal (i) within the scope of the Large-Value Payment System, amounting to 10,000 thousand euros as at the December 31, 2024 (December 31, 2023: 10,000 thousand euros), (ii) within the scope of target long-term refinancing operations, amounting to 11,720 thousand euros as of December 31, 2023(iii) within the scope of the Interbank Clearing System, amounting to 2 000 thousand euros (December 31, 2023: 2 000 thousand euros); and (iv) 216,242 thousand euros of collaterals not discounted (December 31, 2023: 208,433 thousand euros), the values previously described refer to the value after haircut applied by Banco de Portugal, with the total fair value of securities eligible for rediscount with Banco de Portugal amounting to 260,574 thousand euros on 31 December 2024 (31 December 2023). 2023: 253,702 thousand euros); and
- Securities pledged as collateral to the Portuguese Securities Market Commission within the Investor Compensation Scheme in the amount of 250 thousand euros (31st of December 2023: 207 thousand euros);
- Securities pledged as collaterals to Fundo de Garantia de Depósitos in the amount of 105 thousand as of December 31, 2023;
- Securities pledged as collateral within the scope of transactions with repurchase agreements: 969,510 thousand euros (December 31, 2023: 1,008,353 thousand euros);
- Securities pledged as collateral within the scope of derivatives compensation contracts: 32,553 thousand euros (December 31, 2023: 42,429 thousand euros);
- The nominal value of the contracted derivative positions is presented in Notes 20 and 21. The assets written off are also presented in the respective notes, in particular Note 22, Note 23 and Note 24.
- Securities received in operations with resale agreements (Note 23) have a fair value of 14,301 thousand euros (December 31, 2023: 2,926 thousand euros).The nominal value of the derivative positions is presented in Notes 20 and 21. The assets written off are also presented in the respective notes, in particular Notes 22, 23, and 24.
- Received securities in operations with resale agreements (Notes 23 and 24) have a fair value of 14 301 thousand euros (December 31, 2023: 2 926 thousand euros).

Additionally, the off-balance elements related to banking services provided are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities related to services provided		
Commercial paper programmes agency	43 700	25 400
Other responsibilities related with services provided	222 783	164 613
Total	266 483	190 013

Other responsibilities for service provision include values relating to client assets invested in Portfolio Management.

Contingent liabilities

Banco Espírito Santo (BES), Novo Banco and Haitong Bank (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo (GES).

Within this framework, Haitong Bank is currently a defendant in a proceeding associated with the share capital increase of BES, which took place in June 2014.

As regards to this legal proceeding (case brought by several investment funds), after the decision of the trial court to declare that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the proceeding. Two of the Defendants in this proceeding appealed to the Supreme Court of Justice that confirmed the decision of the Court of Appeal. Extraordinary review and Constitutional Court appeals were filed, all of them maintaining the previously decided by the Lisbon Court of Appeal. The legal procedure returned to the trial court (1st instance) for the continuation of said procedure, and now the appointment of the preliminary hearing is yet to be awaited.

Haitong Bank is also a Defendant in 8 proceedings, all associated with issues of financial instruments of GES's entities (Rioforte and ESI – Espírito Santo International).

Since the beginning of these legal proceedings in 2015, it is the opinion of Haitong Bank's Legal Department and of the external lawyers to whom the proceedings have been entrusted, that such proceedings do not have legal sustainability, wherefore it is considered unlikely that any judgment will be made against Haitong Bank in relation thereto. Such opinion is hereby reasserted.

Such opinion has been supported by several judicial decisions.

In fact, of the 78 cases filed against the Bank regarding the issue of commercial paper and other financial instruments by GES' entities, 49 cases have already been res judicata with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the Claimants.

On July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by Espírito Santo International and Rioforte in 2013 and 2014.

Such legal action has been submitted by a credit recovery fund (Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte") to which have been allegedly assigned the claims submitted by certain holders of ESI and Rioforte commercial paper, which amounts up to € 517,500,099.71, plus interests. Haitong Bank presented its written defence on the 25th of June 2020. The Bank is waiting for the preliminary hearing to be scheduled by the Court.

In the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have a solid legal sustainability and therefore it is considered unlikely that any judgment will be made against Haitong Bank.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On June 2022, Haitong Bank was served of a civil legal action brought against itself and another entity, under which the payment of 4 905 460.96 euros, plus interests, was claimed to the defendants, on a joint and several bases, filled by REDITUS GESTÃO, S.A. and GREENDRY LDA, (Claimants), within Lisbon's first instance civil court of law. The claimants argue that the Bank breached its obligations as an Escrow Agent.

The other defendant has appealed of the First Instance Court decision in the preliminary hearing and has been acquitted, since the Appeal Court considered that there was an arbitration clause that excluded the civil court jurisdiction on this matter. The claimants have appealed from such decision to the Supreme Court. Regarding Haitong Bank, the judicial process will proceed in the first instance civil court.

In Brazil, the constitutionality of the law applicable to the levy of contributions to the Social Integration Program ("PIS") and Social Security Financing ("Cofins") on other revenues other than those arising from the sale of goods and the provision of services. Supported by a court decision, the entities of the Group in Brazil, deposit monthly the amounts subject to judicial discussion and deliver directly to the Tax Authorities only those amounts that affect service revenues, which are not the object of this discussion. The amounts subject to judicial deposits are recorded in the balance sheet, under other assets. It is the Group's understanding, based on the opinions of its legal advisors, that the possibility of suffering a court decision against the Bank is less than 50%.

Resolution Fund

The Resolution Fund is a legal entity under public law with administrative and financial autonomy, created by Decree Law no. 31-A/2012, of 10 February, which is governed by the General Regime of Credit Institutions and Financial Companies ("RGICSF") and by its regulations and whose mission is to provide financial support to the resolution measures applied by the Banco de Portugal, in the capacity of the national resolution authority, and to perform all the other functions granted by the law related with the execution of these measures.

Like most of the financial institutions operating in Portugal, the Bank is one of the participants in the Resolution Fund, making contributions that result from the application of a rate defined annually by Banco de Portugal, which is based on the amount of its liabilities. In September 30, 2024, the Bank's periodical contribution amounted to 350 thousand euros (December 31, 2023: 357 thousand euros), based on a contribution rate of 0.026% calculated pursuant to Instruction 28/2023 of Banco de Portugal.

As part of its responsibility as the authority of supervision and resolution of the Portuguese financial sector, on August 3, 2014, Banco de Portugal decided to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), pursuant to article 145-G(5) of the *Regime Geral das Instituições de Crédito e Sociedades Financeiras* (RGICSF), which consisted in the transfer of the majority of its activity to a transition bank, called Novo Banco, S.A. ("Novo Banco"), created especially for this purpose.

To make up the share capital of the Novo Banco, the Resolution Fund provided 4,900 million Euros, of which, 377 million euros corresponded to its own financial resources. A loan of 700 million euros was also granted by a bank syndicate to the Resolution Fund, the participation of each credit institution being weighted according to diverse factors, including the respective size. The remaining amount (3,823 million euros) was from a refundable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of assets and liabilities associated to the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, S.A. ("Santander Totta"), for 150 million euros, also in the context of the application of a resolution measure. This operation involved an estimated amount of 2 255 million euros in public funds which aimed to cover future contingencies, of which 489 million euros was financed by the Resolution Fund and 1,766 million euros directly by the Portuguese State. In the context of this resolution measure, Banif's assets identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the emission of bonds representative of the debt of this vehicle, amounting to 746 million euros, with the guarantee of the Resolution Fund and counter-guarantee of the Portuguese State.

The resolution measures applied in 2014 to the BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif created uncertainties related with the risk of litigation involving the Resolution Fund, which is significant, and also with the risk of the possible shortage of funds to cover the liabilities, in particular the short-term reimbursement of the financing taken out.

It was in this context that in the second semester of 2016 that the Portuguese Government reached an agreement with the European Commission, in order to alter the conditions of the financing granted by the Portuguese State and by the banks participating in the Resolution Fund in order to preserve financial stability, by means of fostering conditions that would grant predictability and stability to the contributory effort towards the Resolution Fund. For the purpose, a supplement to the loan contracts to the Resolution Fund was formalised, which introduced a series of alterations to the reimbursement plans, to the rates of remuneration and other terms and conditions associated to these loans in order to adjust them to the capacity of the Resolution Fund to fully meet its obligations based on its normal revenue, or rather, without the need to charge special contributions or any other type of extraordinary contribution from the banks participating in the Resolution Fund.

According to the statement of the Resolution Fund of 31 March 2017, the review of the conditions of the financing granted by the Portuguese State and by the participating banks aimed to ensure the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the responsibilities of the Resolution Fund is ensured, and also the respective remuneration, without the need for the banking sector to resort to special contributions or any other type of extraordinary contributions.

Additionally on 31 March 2017, the Banco de Portugal advised that it had selected the Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017. The Lone Star Fund became the owner of 75% of the share capital of Novo Banco and the

Resolution Fund the remaining 25%. Furthermore, the conditions approved include a contingent funding mechanism, pursuant to which the Resolution Fund, as a shareholder, may be called on to make injections of capital if certain cumulative conditions arise. The possible capital injections to be made pursuant to this contingent mechanism are subject to an absolute maximum limit of 3 890 million euros during a period of 8 years. On 18 October 2017, Banco de Portugal and the Resolution Fund announced the decision to conclude the sale of Novo Banco to Lone Star.

Given the renegotiation of the conditions of the loans granted to the Resolution Fund by the Portuguese State and by the Bank syndicate, in which the Bank is not included, and the public statements made by the Resolution Fund and by the Office of the Minister for Finance which mention that this possibility will not be used, although this possibility is contemplated in the applicable legislation on the payment of special contributions, these financial statements do not reflect any eventual future requirement for the Bank to make special contributions or any extraordinary contributions to finance the resolution measures applied to BES and to Banif, and also the contingent funding mechanism mentioned in the previous paragraph.

NOTE 37 – RELATED PARTIES TRANSACTIONS

The Group's related parties transactions as of December 31, 2024, and 2023, as well as the respective expenses and income recognised in the period, are summarized as follows:

(thousand euros)

	31.12.2024					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	18
HAITONG INTERNATIONAL FINANCE HOLDINGS LIMITED	-	-	-	-	201	-
HAITONG INVESTMENT IRELAND PLC	36 645	-	36 645	7 257	2 858	30
HAITONG PRIVATE EQUITY FUND	-	-	-	421	194	13
HAITONG UT BRILLIANT LIMITED	-	-	-	-	1	-
TOTAL	36 645	-	36 645	7 678	3 254	61

(thousand euros)

	31.12.2023					
	Assets			Liabilities	Income	Expenses
	Credit	Others	Total			
Ultimate parent company and Shareholders						
HAITONG SECURITIES CO., LTD	-	-	-	-	14 983	-
Subsidiaries and associates of shareholders						
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	18
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	1 001	-
HAITONG INVESTMENT IRELAND PLC	36 810	-	36 810	3 444	3 063	4 997
HAITONG PRIVATE EQUITY FUND	-	-	-	648	316	94
TOTAL	36 810	-	36 810	4 092	19 363	5 109

As of December 31, 2024, the income heading includes 638 thousand euros concerning fee and commission income heading from banking services (December 31, 2023: 16 607 thousand euros).

The value of Haitong Group transactions with related entities in which the Administrator and/or family have significant influence in the periods ended December 31, 2024, and 2023, as well as the respective costs and income recognised in the period, are summarized as follows:

(milhares de euros)

	31.12.2024						
	Ativo				Passivo	Proveitos	Custos
	Crédito	Títulos	Outros	Total			
Entidades com influência relevante							
Fundo de pensões Haitong Bank	-	-	53 447	53 447	-	1 608	-
CAMARA COMERCIO E INDUSTRIA LUSO-CHINESA	-	-	-	-	-	-	6
Membros do orgão de administração e de fiscalidade do orgão de administração	-	-	-	-	2 054	-	7
TOTAL	-	-	53 447	53 447	2 054	1 608	13

(thousand euros)

	31.12.2023						
	Assets				Liabilities	Income	Expenses
	Credit	Securities	Others	Total			
Entities with relevant influence							
Mota Engil SGPS	861	14 357	-	15 218	4	1 308	178
Semapa - Sociedade de Investimento e Gestão SGPS SA	-	-	-	-	2	1 375	-
Fundo de pensões Haitong Bank	-	-	52 788	52 788	-	3 935	-
TOTAL	861	14 357	52 788	68 006	6	6 618	178

All transactions with Related Parties are carried out under normal market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Group applies a comparability benchmark to assess market conditions.

NOTE 38 – FAIR-VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair-value of financial assets and liabilities

Haitong Bank Group estimates the fair value of its instruments based on prices quoted in active markets or, when such prices are not available, based on valuation techniques following standard valuation models such as discounted cash flows and option pricing models. The valuation models' parameter inputs are based on observable data, when available, derived from prices of financial instruments actively traded or based on indicative broker quotes.

The Group performs valuation adjustments to reflect counterparty credit risk (CVA) for uncollateralized derivatives assets considering the current exposure, loss given default and the probability of default. This probability of default is based on the Group's credit risk assessment model or market information where applicable.

The fair-value of financial assets and liabilities for the Group is analysed as follows:

(thousand euros)

	Amortised cost	Valued at Fair Value			Total book value	Fair Value
		Level 1	Level 2	Level 3		
Balance as of 31 December 2024						
Cash and cash equivalents	38 159	-	-	-	38 159	38 159
Financial assets held for trading						
Securities	-	39 938	726 267	4 697	770 902	770 902
Derivative financial assets	-	-	23 821	-	23 821	23 821
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	-	5 115	11 922	17 037	17 037
Loans and advances to customers	-	-	-	23	23	23
Financial assets at fair value through other comprehensive income	-	207 083	96 176	54 185	357 444	357 444
Financial assets measured at amortised cost						
Securities	617 566	-	-	-	617 566	608 926
Loans and advances to banks	512 202	-	-	-	512 202	512 202
Loans and advances to customers	718 758	-	-	-	718 758	715 164
Financial assets	**1 886 685**	**247 021**	**851 379**	**70 827**	**3 055 912**	**3 043 678**
Financial liabilities held for trading						
Securities	-	817	-	-	817	817
Derivative financial liabilities	-		23 131	-	23 131	23 131
Financial liabilities measured at amortised cost						
Resources of credit institutions	946 670	-	-	-	946 670	942 691
Resources of customers	1 293 048	-	-	-	1 293 048	1 288 225
Debt securities issued	318 413	-	-	-	318 413	314 273
Financial liabilities	**2 558 131**	**817**	**23 131**	**-**	**2 582 079**	**2 569 137**
Balance as of 31 December 2023						
Cash and cash equivalents	17 164	-	-	-	17 164	17 164
Financial assets held for trading						
Securities	-	41 505	798 565	8 410	848 480	848 480
Derivative financial assets	-	-	29 621	2 114	31 735	31 735
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	18	5 092	8 354	13 464	13 464
Loans and advances to customers	-	-	-	24	24	24
Financial assets at fair value through other comprehensive income	-	119 194	42 722	64 668	226 584	226 584
Financial assets measured at amortised cost						
Securities	818 722	-	-	-	818 722	807 912
Loans and advances to banks	583 288	-	-	-	583 288	583 288
Loans and advances to customers	688 659	-	-	-	688 659	684 404
Financial assets	**2 107 833**	**160 717**	**876 000**	**83 570**	**3 228 120**	**3 213 055**
Financial liabilities held for trading						
Securities	-	846	-	-	846	846
Derivative financial liabilities	-		25 032	-	25 032	25 032
Financial liabilities measured at amortised cost						
Resources of credit institutions	916 921	-	-	-	916 921	916 921
Resources of customers	1 174 221	-	-	-	1 174 221	1 174 221
Debt securities issued	635 642	-	-	-	635 642	632 185
Financial liabilities	**2 726 784**	**846**	**25 032**	**-**	**2 752 662**	**2 749 205**

Fair-value Hierarchy

The Bank's financial instruments are classified under the three levels defined in IFRS 13 according to the following:

Level 1 – Instruments valued using quoted prices observed in active and liquid markets. These include government bonds, credit bonds and exchange traded equities and derivatives.

Level 2 – Instruments valued using valuation techniques based on observable market inputs, quotes prices for similar instruments in active markets or for identical instruments in markets that are neither active nor liquid. These includes bonds, plain vanilla OTC derivatives, less liquid equities and funds valued at Net Asset Values (NAV) published daily by the fund manager and with possibility of daily redemption. The OTC derivatives includes financial instruments traded in OTC (over the counter), in which the counterparty has signed agreements of collateral (ISDA with CSA – Credit Support Annex), with very small Minimum Transfer Amount (MTA), which allows to mitigate the counterparty's Credit Risk while the CVA (Credit Value Adjustment) does not have a significant impact on the instrument valuation. Additionally, it also includes financial derivatives traded in OTC, without CSA, but the percentage of information not observed in market (e.g.: Internal Rating, Probability of Default determined by internal models, etc.) within the CVA valuation is not meaningful in what concerns the value of derivative as a whole. It is considered as significant when the value of CVA is higher than 5%.

Level 3 – Instruments measured using valuation techniques based on non-observable market inputs and that do not comply with the requirements to be classified under Level 1 nor Level 2. These include non-plain vanilla OTC derivatives valued based on non-observable market inputs or on indicative prices published by third parties, distressed and highly illiquid bonds, funds valued at Net Asset Values (NAV) published by the fund manager without possibility of daily redemption and private equity placements. In the Level 3 are included financial instruments traded in OTC market with counterparties which Haitong Bank does not have CSA signed and the percentage of unobservable data incorporated in CVA valuating is considered significant in the total value of the derivative (value of CVA has a weight higher than 5% of the value of derivate).

For the valuation of these instruments, unobservable inputs are the Credit Spread, in the case of bonds and the CVA in the case of derivatives. For the purposes of calculating the CVA, LGD, PD and Collateral Ratio are used, among others.

For financial instruments recorded in the balance sheet at fair value, the movement occurred between December 31, 2024, and 2023, in assets and liabilities classified in level 3 is as follows:

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as of 31 December 2023	**8 410**	**2 114**	**8 354**	**24**	**64 668**	**83 570**
Results recognised in Net Interest Margin	610	-	943		4 095	**5 648**
Net trading income and from other financial instruments at fair value through profit or loss	3	285	491	(1)	-	**778**
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	(1 418)	**(1 418)**
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	(118)	**(118)**
Other fair value changes	(1 219)	(2 234)	(575)	-	(4 003)	**(8 031)**
Fair value reserve changes	-	-	-	-	1 344	**1 344**
Acquisitions	-	-	2 888	-	30 919	**33 807**
Sales	-	-	(179)	-	(15 546)	**(15 725)**
Reimbursements	(3 131)	-	-	-	(4 618)	**(7 749)**
Transfers from other levels	24	-	-	-	9 311	**9 335**
Transfers to other levels	-	(165)	-	-	(30 449)	**(30 614)**
Balance as of 31 December 2024	**4 697**	**-**	**11 922**	**23**	**54 185**	**70 827**

In December 2024, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 30,449 thousand euros were transferred from Level 3 to Level 2 and of 9,311 thousand euros from Level 1 to Level 3.

Also, based on the assessment of the market liquidity of the securities, trading securities (Financial Assets HFT) of 24 thousand euros were transferred from Level 1 to Level 3.

Regarding the derivative instruments, between January and December 2024, 165 thousand euros were transferred from Level 3 to Level 2, resulting from changes in CVA's impact on the valuation of the derivative, which exceeded 5% in December 2023.

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as of 31 December 2022	-	312	8 560	20	89 271	98 163
Results recognised in Net Interest Margin	489	-	-	-	2 187	**2 676**
Net trading income and from other financial instruments at fair value through profit or loss	23	(133)	(120)	2	-	**(228)**
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	84	**84**
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	2 465	**2 465**
Other fair value changes	51	383	(86)	2	2 050	**2 400**
Fair value reserve changes	-	-	-	-	(725)	**(725)**
Acquisitions	7 847	-	-	-	27 566	**35 413**
Sales	-	-	-	-	(42 125)	**(42 125)**
Reimbursements	-	-	-	-	1 212	**1 212**
Derivatives financial flows	-	(397)	-	-	-	**(397)**
Transfers from other levels	-	1 949	-	-	567	**2 516**
Transfers to other levels	-	-	-	-	(17 884)	**(17 884)**
Balance as of 31 December 2023	8 410	2 114	8 354	24	64 668	83 570

In 2023, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 4,393 thousand euros were transferred from Level 1 to Level 2, 566 thousand euros from Level 2 to Level 3 and 1,175 thousand euros from Level 3 to Level 2.

Based on the assessment of the market liquidity of the securities trading assets (Financial Assets HFT) of 719 thousand euros were transferred from Level 1 to Level 2.

Regarding the derivative instruments, during 2023, 1 949 thousand euros were transferred from Level 2 to Level 3, which CVA impact on the valuation of the derivative now exceeds 5% (with higher than 5% CVA impact on the derivative's valuation).

The main parameters used, during 2024, in the valuation models were the following:

Yield curves

The short-term rates set out below reflects indicative values of deposit interest rates and/or futures. Swap rates are used in the long-term tenors of the interest curve:

(%)

	31.12.2024			31.12.2023		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	2.92	4.37	5.52	3.90	5.40	3.64
1 month	2.85	4.32	5.72	3.85	5.35	5.80
3 months	2.71	4.30	5.74	3.91	5.33	5.88
6 months	2.57	4.25	5.70	3.86	5.15	5.82
1 year	2.02	4.18	5.62	2.89	4.76	5.52
3 years	2.19	4.05	5.04	2.56	3.75	4.67
5 years	2.25	4.04	5.00	2.44	3.53	4.45
7 years	2.29	4.05	5.05	2.44	3.48	4.46
10 years	2.36	4.07	5.16	2.49	3.48	4.52
15 years	2.42	4.12	5.33	2.56	3.51	4.68
20 years	2.36	4.10	5.46	2.52	3.49	4.86

Credit spreads

Credit spreads curves and recovery rates used by the Group are sourced, on a daily basis, from Markit. The table below reflects the evolution of the main CDS indices:

(basis points)

Index	3 years	5 years	7 years	10 years
31.12.2024				
CDX USD Main	29.85	49.84	70.45	90.23
iTraxx Eur Main	35.24	57.65	77.48	97.96
iTraxx Eur Senior Financial	-	63.78	-	101.40
31.12.2023				
CDX USD Main	33.60	56.70	78.70	98.20
iTraxx Eur Main	33.10	58.20	79.00	98.70
iTraxx Eur Senior Financial	-	67.00	-	103.70

Interest rate volatilities

The following figures reflect at-the-money implied volatilities:

(%)

	31.12.2024			31.12.2023		
	EUR	USD	GBP	EUR	USD	GBP
1 year	68.79	70.16	64.55	87.75	98.08	101.15
3 years	83.63	101.12	98.52	108.84	124.75	146.46
5 years	86.08	103.76	104.74	104.91	121.07	148.19
7 years	85.52	103.64	105.89	101.38	115.54	141.96
10 years	83.59	102.38	104.96	97.01	108.39	132.46
15 years	79.71	98.48	102.36	91.09	98.61	123.41

Foreign exchange rate and volatilities

The table below reflects ECB's foreign exchange rates fixings and at-the-money implied volatilities:

	Exchange rate		Volatiliy (%)				
	31.12.2024	31.12.2023	1 month	3 months	6 months	9 months	1 year
EUR/USD	1.0389	1.1050	8.12	7.95	7.80	7.79	7.72
EUR/GBP	0.8292	0.8691	4.43	4.79	4.94	5.11	5.19
EUR/CHF	0.9412	0.9260	5.03	5.29	5.37	5.50	5.55
EUR/PLN	4.2750	4.3395	3.86	4.74	5.25	5.49	5.65
EUR/CNY	7.5833	7.8509	6.18	6.34	6.28	6.30	6.32
USD/BRL a)	6.1847	4.8523	15.87	15.52	15.21	15.13	15.11

a)Calculated based on the cross exchange rate between EUR/USD and EUR/BRL

The main methods and assumptions used in the abovementioned valuation of the fair-value of financial assets and liabilities are analysed as follows:

Cash and cash equivalents and Loans and advances to banks

The statement of financial position value of these financial instruments is considered a reasonable assumption of the corresponding fair-value due to their associated short timeframe.

Loans and advances to customers

The fair-value of loans and advances to customers is estimated based on the update of expected cash flows and interest, by taking into account market spreads for similar transactions (if they were entered into in the current moment) considering that the instalments are paid in compliance with the deadlines contractually agreed upon.

Resources of credit institutions

The fair value of these financial instruments is estimated based on the update of the expected cash flows of principal and interest, considering that the payments occur on the contractually defined dates.

Resources of customers

The fair-value of these financial instruments is determined based on the update of expected cash flows in capital and interest, considering that the payments are in compliance with the deadlines agreed upon contract.

Debt securities issued and Subordinated Liabilities

Generically, the fair-value of these instruments is based in market prices, when available. When unavailable, the fair-value it is estimated based on the update of expected cash flows in capital and interest regarding these instruments in the future.

Specifically for HB Brazil, the fair value of these instruments is based on the forecast of future cash flows, discounted by the Brazilian Interest Curve (composed of B3 DI Futures Contracts), plus a credit spread according to the internal Funding Transfer Price (FTP) of the remaining term of the transaction.

NOTE 39 – RISK MANAGEMENT

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

Credit Risk

The Credit Risk results from the possibility of financial losses arising from the default of the customer or counterparty in relation to the contractual financial obligations established with the Group in the scope of its credit activity. Credit risk is mainly present in traditional banking products - loans, guarantees and loan commitments given - and in derivative products - swaps, forwards and options (counterparty risk).

The Group's credit portfolios are permanently monitored, with interaction between the business teams and risk management throughout the sequential stages of the credit cycle.

The Group's credit risk profile is regularly monitored, namely, in what concerns the evolution of credit exposure, delinquency ratios and provisioning, and concentration metrics.

The Group also controls the approved credit limits and assures the proper functioning of mechanisms related with the credit approval process.

ECL Calculation

The IFRS 9 standard outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition. According to Haitong Bank Group model, Expected Credit Loss (ECL) is determined as per the detailed information included in chapter 2.4.1., Impairment of Financial Assets and Financial Model:

- **Stage 1 – Performing:** Impairment assessment is carried out based 12-month expected credit loss (ECL). The ECL is measured by the present value of the exposure at default as at the reference date multiplied by the 12-month probability of default and the loss given default;
- **Stage 2 – Under Performing:** Impairment assessment will reflect the ECL lifetime resulting from a possible default event that may occur over the expected residual life of the instrument. The ECL considers the expected cash flows and the lifetime PD over the remaining life of the financial instrument. The Group considers the daily inter-period PD at the reference date for the ECL calculation.
- **Stage 3 – Non Performing:** Impairment assessment will reflect the ECL over the expected residual life of the instrument.

ECL measurement inputs

As a result of the characteristics of the Group's portfolio (reduced number of transactions and high heterogeneity), the calculation of the ECL has as the main vector of measurement the individual analysis assessment. Under the collective model, which is applied to financial instruments classified in Stage 1 and to determine the minimum impairment rate applicable to financial instruments classified in Stage 2, the key inputs for ECL measurement are the following:

- Probability of Default (PD): describes the likelihood of default. Haitong Bank takes in account the PD provided by from S&P, whereas the rating assigning process is performed internally based on the S&P methodology. This assures the alignment between the internal risk management and the impairment calculation process. 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 respective credit conversion factor (according with CRR).

Forward-Looking Information

As part of the forward-looking exercise, the Group adjusted the through-the-cycle probabilities of default provided by S&P ("TTC PD"), incorporating prospective macroeconomic information, and generated "point-in-time" probabilities of default ("PiT PD"), which are more precise and adequate to a point in time. The TTC PD are the default probabilities provided by S&P, having the Group developed a methodology to estimate PiT PD, based on the Scalar Factor concept, i.e., a coefficient that enables the conversion of TTC PD into PiT PD.

The forward-looking information used by the Group is grounded on an approach based on a proportionality concept, and due to size and profile of the Bank. Considering the characteristics of the Bank's portfolio, and in view of its worldwide presence, the 2024 forward-looking exercise involves a global macroanalysis.

The Scalar Factor was determined according to a scenario-based approach upon external information was implemented, which provides sufficient granularity to meet regulatory and accounting requirements. The scenario-based approach incorporates a base case and downside scenario, weighted by their probability of occurrence, respectively, 80% and 20%.

The table below systematizes the assumptions considered for each scenario, whereas the Bank took into consideration the existing projections of reputed entities.

	Global GDP (% of change of constant prices)		Global Inflation (% change in average CPI)		EURIBOR 3-months rate (rate)	
Scenario / Year	Downside	Base	Downside	Base	Downside	Base
2025	2.50%	3.25%	4.00%	4.32%	3.50%	2.50%
2026	2.75%	3.27%	4.00%	3.63%	3.50%	2.20%
2027	2.75%	3.15%	5.00%	3.36%	3.50%	2.16%

The Group's forward-looking exercise applies to the collective impairment model and covers exposures with a significant increase in credit risk, i.e., classified in Stage 2, namely whenever economic projections are available.

The annual update of the forward-looking exercise as of December 2024 led to a decrease of impairment of approximately 413 thousand euros. As of December 2023, this exercise lead to an increase of approximately 1.510 thousand euros.

Haitong Bank also carried out a sensitivity analysis, as of December 31st, 2024, based on the impact assessment of a 10% variation in external parameters considered in the collective model for the calculation of expected credit losses (PD and LGD). Finally, a +10% shock was applied to the PiT PD and the LGD parameters, verifying that the impact on expected credit losses would result in an increase of around 503 thousand euros and 611 thousand euros, respectively. Moreover, the Bank conducted a sensitivity analysis to disclose the impacts on impairment resulting from variations in the weighting of the scenarios used, adjusting the base case and downside scenario weights to

70% and 30%, respectively. This analysis verified that the impact on expected credit losses would result in an increase of approximately 189 thousand euros.

Additionally, the Group has carried out the regular stress testing exercise covering its credit portfolios, which essentially relies on a sensitivity analysis to assess the potential impacts over its asset quality/risk profile main indicators, resulting from market wide, counterparty-specific, and region-specific shock scenarios.

The financial instruments subject to standard IFRS 9 impairment requirements are presented below, detailed by stage, as of December 31st, 2024, and December 31st, 2023. It should be highlighted that throughout the presentation of the credit risk tables, the asset class of debt instruments (securities) included a bond measured at FVTPL in the amount of 887 thousand euros, and a loan to customers measured at FVTPL in the amount of 23 thousand euros which, despite not being subject to impairment calculation, contribute at a prudential level to the Bank's banking book and are therefore presented in these tables.

(thousand euros)

Asset Type	31.12.2024									
	Stage 1			Total Stage 1	Stage 2		Total Stage 2	Stage 3 and POCI	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired [d]		
Loans and advances to customers	73 378	618 432	-	**691 810**	25 583	-	**25 583**	6 940	**6 940**	**724 333**
Loan commitments	2 100	75 799	-	**77 899**	-	-	**-**	352	**352**	**78 251**
Guarantees	30 796	70 716	-	**101 512**	-	9 606	**9 606**	372	**372**	**111 490**
Securities	107 349	862 005	-	**969 354**	10 126	-	**10 126**	3 788	**3 788**	**983 268**
Loans and advances to banks	449 505	62 706	-	**512 211**	-	-	**-**	-	**-**	**512 211**
Cash equivalents	32 487	3 866	284	**36 637**	-	-	**-**	3 898	**3 898**	**40 535**
Debtors and other assets	-	-	431	**431**	-	-	**-**	15 319	**15 319**	**15 750**
Commitments to Third Parties	-	20 000	-	**20 000**	-	-	**-**	-	**-**	**20 000**
Total	**695 615**	**1 713 524**	**715**	**2 409 854**	**35 709**	**9 606**	**45 315**	**30 669**	**30 669**	**2 485 838**

(thousand euros)

Asset Type	31.12.2023									
	Stage 1			Total Stage 1	Stage 2		Total Stage 2	Stage 3 and POCI	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired		
Loans and advances to customers	744	674 900	-	**675 644**	12 462	-	**12 462**	8 219	**8 219**	**696 325**
Loan commitments	-	82 742	-	**82 742**	-	-	**-**	556	**556**	**83 298**
Guarantees	12 454	108 524	-	**120 978**	-	-	**-**	16 785	**16 785**	**137 763**
Securities	120 739	908 577	-	**1 029 316**	20 588	-	**20 588**	8 127	**8 127**	**1 058 031**
Loans and advances to banks	554 283	29 021	-	**583 304**	-	-	**-**	-	**-**	**583 304**
Cash equivalents	10 713	4 646	-	**15 359**	-	-	**-**	3 665	**3 665**	**19 024**
Debtors and other assets	-	1 346	8 731	**10 077**	-	-	**-**	9 891	**9 891**	**19 968**
Commitments to Third Parties	-	24 000	-	**24 000**	-	-	**-**	-	**-**	**24 000**
Total	**698 933**	**1 833 756**	**8 731**	**2 541 420**	**33 050**	**-**	**33 050**	**47 243**	**47 243**	**2 621 713**

The rating distribution presented above is based on the internal rating methodology of the Bank. As of December 31st, 2024, and December 2023, the majority of non-rated exposures relates to other debtors' transactions.

As of December 31st, 2024, the maximum exposure to credit risk of financial assets not subject to impairment requirements amounts to 28 198 million euros (December 31, 2023: 3 014 thousands euros) corresponding to exposures to Central banks recorded as Cash and Cash Equivalents.

The table below compiles all financial instruments at amortized cost by industry, stage and days of delay as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	31.12.2024																					
	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3 and POCI						Total Stage 3 and POCI		Total	
	No overdue		1 - 29 days		30 - 89 days				No overdue				No overdue		90 - 180 days		More than 181 days(1)					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Agribusiness & Commodity Foods	-	-	-	-	-	-	-	-	4 724	105	4 724	105	-	-	-	-	-	-	-	-	4 724	105
Automobiles & Components	45 570	113	-	-	-	-	45 570	113	-	-	-	-	-	-	-	-	-	-	-	-	45 570	113
Banks	573 203	34	-	-	-	-	573 203	34	-	-	-	-	3 897	2 378	-	-	-	-	3 897	2 378	577 100	2 412
Broker Dealers	6 217	1	-	-	-	-	6 217	1	-	-	-	-	-	-	-	-	-	-	-	-	6 217	1
Building Materials	30 782	61	-	-	-	-	30 782	61	-	-	-	-	-	-	-	-	189	189	189	189	30 971	250
Capital Goods	42 133	14	-	-	-	-	42 133	14	-	-	-	-	-	-	-	-	-	-	-	-	42 133	14
Chemicals	20 557	35	-	-	-	-	20 557	35	15 923	706	15 923	706	-	-	-	-	2 483	572	2 483	572	38 963	1 313
Commercial & Professional Services	39 436	568	-	-	-	-	39 436	568	-	-	-	-	4 089	1 256	5	5	-	-	4 094	1 261	43 530	1 829
Construction & Engineering	96 330	61	7	-	-	-	96 337	61	-	-	-	-	-	-	-	-	378	378	378	378	96 715	439
Consumer Durables & Apparel	18 050	85	-	-	-	-	18 050	85	-	-	-	-	1 841	-	-	-	-	-	1 841	-	19 891	85
Food, Beverage & Tobacco	19 263	46	-	-	-	-	19 263	46	-	-	-	-	-	-	-	-	-	-	-	-	19 263	46
Funds & Asset Managers	5 996	4	-	-	-	-	5 996	4	-	-	-	-	-	-	-	-	-	-	-	-	5 996	4
Governments	327 970	359	-	-	-	-	327 970	359	-	-	-	-	-	-	-	-	-	-	-	-	327 970	359
Health Care	12 205	7	97	1	-	-	12 302	8	-	-	-	-	-	-	-	-	-	-	-	-	12 302	8
Media & Entertainment	-	-	62	1	-	-	62	1	-	-	-	-	-	-	-	-	-	-	-	-	62	1
Metals & Mining	47 509	98	-	-	-	-	47 509	98	-	-	-	-	-	-	-	-	-	-	-	-	47 509	98
Non Bank Financial Institutions	41 054	345	-	-	-	-	41 054	345	-	-	-	-	-	-	-	-	-	-	-	-	41 054	345
Oil & Gas	122 191	323	-	-	-	-	122 191	323	-	-	-	-	-	-	-	-	-	-	-	-	122 191	323
Paper & Forest Products	22 659	14	-	-	-	-	22 659	14	-	-	-	-	-	-	-	-	-	-	-	-	22 659	14
Power	189 494	649	-	-	-	-	189 494	649	-	-	-	-	-	-	-	-	-	-	-	-	189 494	649
Real estate	94 638	438	32	-	-	-	94 670	438	3 754	278	3 754	278	-	-	-	-	8	4	8	4	98 432	720
Rental & Leasing	17 547	134	-	-	-	-	17 547	134	-	-	-	-	-	-	-	-	-	-	-	-	17 547	134
Retailing	33 386	133	-	-	-	-	33 386	133	-	-	-	-	-	-	-	-	-	-	-	-	33 386	133
Telecoms	94 112	226	20 554	30	29	-	114 695	256	9 606	615	9 606	615	-	-	-	-	11	6	11	6	124 312	877
Transportation	19 117	54	-	-	-	-	19 117	54	250	-	250	-	-	-	-	-	-	-	-	-	19 367	54
Transportation Infrastructure	105 383	126	7	-	-	-	105 390	126	932	26	932	26	1 711	657	-	-	9 891	4 140	11 602	4 797	117 924	4 949
Water Utilities	14 205	41	-	-	-	-	14 205	41	-	-	-	-	-	-	-	-	-	-	-	-	14 205	41
Others	3	-	23	-	130	2	156	2	-	-	-	-	-	-	635	64	1 720	686	2 355	750	2 511	752
Total	2 039 010	3 969	20 782	32	159	2	2 059 951	4 003	35 189	1 730	35 189	1 730	11 538	4 291	640	69	14 680	5 975	26 858	10 335	2 121 998	16 068

The table below compiles all financial instruments at amortized cost by industry, stage and days of delay as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	31.12.2023																			
	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3 and POCI				Total Stage 3 and POCI		Total	
	No overdue		1 - 29 days		More than 181 days(1)				No overdue				No overdue		More than 181 days(1)					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Agribusiness & Commodity Foods	6 838	63	-	-	-	-	6 838	63	4 979	70	4 979	70	-	-	-	-	-	-	11 817	133
Agricultural Cooperatives	4 839	46	-	-	-	-	4 839	46	-	-	-	-	-	-	-	-	-	-	4 839	46
Automobiles & Components	35 825	72	-	-	-	-	35 825	72	-	-	-	-	-	-	-	-	-	-	35 825	72
Banks	647 740	89	-	-	1 632	1 632	649 372	1 721	-	-	-	-	3 665	1 865	-	-	3 665	1 865	653 037	3 586
Building Materials	13	13	-	-	190	190	203	203	-	-	-	-	-	-	-	-	-	-	203	203
Capital Goods	39 032	147	-	-	40	40	39 072	187	-	-	-	-	-	-	-	-	-	-	39 072	187
Chemicals	47 188	793	-	-	-	-	47 188	793	-	-	-	-	-	-	-	-	-	-	47 188	793
Commercial & Professional Services	76 488	664	-	-	95	95	76 583	759	-	-	-	-	3 521	1 178	-	-	3 521	1 178	80 104	1 937
Construction & Engineering	111 772	197	17	-	407	407	112 196	604	-	-	-	-	569	216	1 596	1 591	2 165	1 807	114 361	2 411
Consumer Durables & Apparel	-	-	-	-	-	-	-	-	-	-	-	-	3 908	1 867	-	-	3 908	1 867	3 908	1 867
Containers & Packaging	1 882	28	-	-	-	-	1 882	28	-	-	-	-	-	-	-	-	-	-	1 882	28
Food, Beverage & Tobacco	18 170	32	-	-	-	-	18 170	32	-	-	-	-	-	-	-	-	-	-	18 170	32
Funds & Asset Managers	5 665	3	-	-	-	-	5 665	3	-	-	-	-	-	-	-	-	-	-	5 665	3
Governments	465 457	381	-	-	214	214	465 671	595	-	-	-	-	-	-	-	-	-	-	465 671	595
Health Care	20 114	103	-	-	-	-	20 114	103	-	-	-	-	-	-	-	-	-	-	20 114	103
Household & Personal Products	38	19	-	-	-	-	38	19	-	-	-	-	-	-	-	-	-	-	38	19
Media & Entertainment	-	-	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94	94
Metals & Mining	49 563	78	-	-	-	-	49 563	78	-	-	-	-	-	-	-	-	-	-	49 563	78
Non Bank Financial Institutions	41 105	381	-	-	-	-	41 105	381	-	-	-	-	-	-	-	-	-	-	41 105	381
Oil & Gas	64 008	262	-	-	-	-	64 008	262	-	-	-	-	-	-	-	-	-	-	64 008	262
Paper & Forest Products	23 835	31	-	-	60	60	23 895	91	-	-	-	-	-	-	-	-	-	-	23 895	91
Power	176 945	784	-	-	57	57	177 002	841	-	-	-	-	-	-	-	-	-	-	177 002	841
Real estate	133 283	1 764	-	-	149	144	133 432	1 908	3 754	278	3 754	278	-	-	-	-	-	-	137 186	2 186
Rental & Leasing	13 483	69	-	-	-	-	13 483	69	-	-	-	-	-	-	-	-	-	-	13 483	69
Retailing	51 002	297	-	-	-	-	51 002	297	-	-	-	-	-	-	-	-	-	-	51 002	297
Telecoms	65 778	269	-	-	13	3	65 791	272	-	-	-	-	15 913	1 428	-	-	15 913	1 428	81 704	1 700
Transportation	19 789	95	-	-	-	-	19 789	95	731	5	731	5	-	-	-	-	-	-	20 520	100
Transportation Infrastructure	100 325	103	-	-	-	-	100 325	103	2 999	91	2 999	91	2 184	839	9 891	3 907	12 075	4 746	115 399	4 940
Water Utilities	1 710	8	-	-	-	-	1 710	8	8 415	31	8 415	31	-	-	-	-	-	-	10 125	39
Others	11 498	630	-	-	3 202	3 202	14 700	3 832	-	-	-	-	-	-	-	-	-	-	14 700	3 832
Total	**2 233 385**	**7 421**	**17**	**-**	**6 153**	**6 138**	**2 239 555**	**13 559**	**20 878**	**475**	**20 878**	**475**	**29 760**	**7 393**	**11 487**	**5 498**	**41 247**	**12 891**	**2 301 680**	**26 925**

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

The following section presents the gross exposure categorized by asset type, impairment stage, and internal rating bucket.

Loans and advances to customers

The table below presents a summary of the portfolio of loans and advances to customers of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Loans and advances to customers		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	73 378	-	-	-	**73 378**
Monitoring	[bbb+;b-]	618 432	25 583	-	-	**644 015**
Impaired	[d]	-	-	2 975	3 941	**6 916**
Gross carrying amount		691 810	25 583	2 975	3 941	724 309
Loss allowance (Note 31)		2 568	1 115	680	1 188	**5 551**
Carrying amount		689 242	24 468	2 295	2 753	718 758
Fair Value Through Profit and Loss						
Impaired	[d]	-	-	24	-	**24**
Gross carrying amount		-	-	24	-	24
Revaluation		-	-	(1)	-	**(1)**
Carrying amount		-	-	23	-	23
Total gross carrying amount		691 810	25 583	2 999	3 941	724 333
Loss allowance (Note 31)		2 568	1 115	680	1 188	**5 551**
Total Carrying amount		689 242	24 468	2 318	2 753	718 781

(thousand euros)

Loans and advances to customers		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	744	-	-	-	**744**
Monitoring	[bbb+;b-]	674 900	12 462	-	-	**687 362**
Impaired	[d]	-	-	6 039	2 156	**8 195**
Gross carrying amount		675 644	12 462	6 039	2 156	696 301
Loss allowance (Note 31)		3 224	443	2 926	1 049	**7 642**
Carrying amount		672 420	12 019	3 113	1 107	688 659
Fair Value Through Profit and Loss						
Impaired	[d]	-	-	24	-	**24**
Gross carrying amount		-	-	24	-	24
Carrying amount		-	-	24	-	24
Total gross carrying amount		675 644	12 462	6 063	2 156	696 325
Loss allowance (Note 31)		3 224	443	2 926	1 049	7 642
Total Carrying amount		672 420	12 019	3 137	1 107	688 683

Loan commitments

The table below presents a summary of the portfolio of loans commitments of Haitong Bank Group, as of December 31st, 2024:

(thousand euros)

Loan commitments		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	2 100	-	-	-	**2 100**
Monitoring	[bbb+;b-]	75 799	-	-	-	**75 799**
Impaired	[d]	-	-	352	-	**352**
Total gross carrying amount		**77 899**	**-**	**352**	**-**	**78 251**
Loss allowance (Note 31)		143	-	6	-	**149**
Total Carrying amount		**77 756**	**-**	**346**	**-**	**78 102**

(thousand euros)

Loan commitments		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Monitoring	[bbb+;b-]	82 742	-	-	-	**82 742**
Impaired	[d]	-	-	556	-	**556**
Total gross carrying amount		**82 742**	**-**	**556**	**-**	**83 298**
Loss allowance (Note 31)		114	-	23	-	**137**
Total Carrying amount		**82 628**	**-**	**533**	**-**	**83 161**

Guarantees

The table below presents a summary of the portfolio of guarantees granted to clients of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Guarantees		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	30 796	-	-	-	**30 796**
Monitoring	[bbb+;b-]	70 716	-	-	-	**70 716**
Substandard	[ccc+;ccc]	-	9 606	-	-	**9 606**
Impaired	[d]	-	-	372	-	**372**
Total gross carrying amount		**101 512**	**9 606**	**372**	**-**	**111 490**
Loss allowance (Note 31)		74	615	39	-	**728**
Total Carrying amount		**101 438**	**8 991**	**333**	**-**	**110 762**

(thousand euros)

Guarantees		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	12 454	-	-	-	**12 454**
Monitoring	[bbb+;b-]	108 524	-	-	-	**108 524**
Impaired	[d]	-	-	16 785	-	**16 785**
Total gross carrying amount		**120 978**	**-**	**16 785**	**-**	**137 763**
Loss allowance (Note 31)		87	-	1 729	-	**1 816**
Total Carrying amount		**120 891**	**-**	**15 056**	**-**	**135 947**

Debt securities

The table below presents a summary of the portfolio of debt securities at amortised cost and at fair value through other comprehensive income of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	75 031	-	-	-	**75 031**
Monitoring	[bbb+;b-]	544 420	-	-	-	**544 420**
Gross amount		**619 451**	**-**	**-**	**-**	**619 451**
Loss allowance (Note 31)		1 194	-	-	-	**1 194**
Fair value hedge		(691)	-	-	-	**(691)**
Carrying amount		**617 566**	**-**	**-**	**-**	**617 566**
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	32 318	-	-	-	**32 318**
Monitoring	[bbb+;b-]	317 585	10 126	-	-	**327 711**
Impaired	[d]	-	-	-	2 901	**2 901**
Gross amount		**349 903**	**10 126**	**-**	**2 901**	**362 930**
Loss allowance (Note 31)		646	47	-	-	**693**
Revaluation		(4 285)	(432)	-	(66)	**(4 783)**
Fair value hedge		(10)	-	-	-	**(10)**
Carrying amount		**344 962**	**9 647**	**-**	**2 835**	**357 444**
Fair Value Through Profit and Loss						
Impaired	[d]	-	-	-	887	**887**
Gross amount		**-**	**-**	**-**	**887**	**887**
Carrying amount		**-**	**-**	**-**	**887**	**887**
Total gross carrying amount		**969 354**	**10 126**	**-**	**3 788**	**983 268**
Loss allowance (Note 31)		1 840	47	-	-	**1 887**
Revaluation		(4 285)	(432)	-	(66)	**(4 783)**
Fair value hedge		(701)	-	-	-	**(701)**
Total Carrying amount		**962 528**	**9 647**	**-**	**3 722**	**975 897**

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	103 564	-	-	-	**103 564**
Monitoring	[bbb+;b-]	706 629	8 416	-	-	**715 045**
Impaired	[d]	-	-	2 711	-	**2 711**
Gross amount		**810 193**	**8 416**	**2 711**	**-**	**821 320**
Loss allowance (Note 31)		1 624	32	1 415	-	**3 071**
Fair value hedge		473	-	-	-	**473**
Carrying amount		**809 042**	**8 384**	**1 296**	**-**	**818 722**
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	17 176	-	-	-	**17 176**
Monitoring	[bbb+;b-]	201 947	12 172	-	-	**214 119**
Impaired	[d]	-	-	5 416	-	**5 416**
Gross carrying amount		**219 123**	**12 172**	**5 416**	**-**	**236 711**
Loss allowance (Note 31)		560	186	2 237	-	**2 983**
Revaluation		(5 872)	(784)	(705)	-	**(7 361)**
Fair value hedge		217	-	-	-	**217**
Carrying amount		**212 909**	**11 202**	**2 474**	**-**	**226 584**
Total gross carrying amount		**1 029 316**	**20 588**	**8 127**	**-**	**1 058 031**
Loss allowance (Note 31)		2 184	218	3 652	-	**6 054**
Revaluation		(5 872)	(784)	(705)	-	**(7 361)**
Fair value hedge		690	-	-	-	**690**
Total Carrying amount		**1 021 950**	**19 586**	**3 770**	**-**	**1 045 306**

Cash equivalents

The table below presents a summary of the cash equivalents portfolio of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Cash equivalents		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	32 487	-	-	-	**32 487**
Monitoring	[bbb+;b-]	3 866	-	-	-	**3 866**
Impaired	[d]	-	-	3 898	-	**3 898**
Not rated		284	-	-	-	**284**
Total gross carrying amount		**36 637**	**-**	**3 898**	**-**	**40 535**
Loss allowance (Note 31)		-	-	2 378	-	**2 378**
Total Carrying amount		**36 637**	**-**	**1 520**	**-**	**38 157**

(thousand euros)

Cash equivalents		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	10 713	-	-	-	10 713
Monitoring	[bbb+;b-]	4 646	-	-	-	4 646
Impaired	[d]	-	-	3 665	-	3 665
Total gross carrying amount		15 359	-	3 665	-	19 024
Loss allowance (Note 31)		-	-	1 865	-	1 865
Total Carrying amount		15 359	-	1 800	-	17 159

Loans and advances to banks

The table below presents a summary of the portfolio of loans and advances to banks of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Loans and advances to banks		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	449 505	-	-	-	449 505
Monitoring	[bbb+;b-]	62 706	-	-	-	62 706
Total gross carrying amount		512 211	-	-	-	512 211
Loss allowance (Note 31)		9	-	-	-	9
Total Carrying amount		512 202	-	-	-	512 202

(thousand euros)

Loans and advances to banks		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	554 284	-	-	-	554 284
Monitoring	[bbb+;b-]	29 020	-	-	-	29 020
Total gross carrying amount		583 304	-	-	-	583 304
Loss allowance (Note 31)		16	-	-	-	16
Total Carrying amount		583 288	-	-	-	583 288

Debtors and other assets

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Debtors and other assets		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Impaired	[d]	-	-	-	11 802	**11 802**
Not rated		431	-	3 517	-	**3 948**
Total gross carrying amount		**431**	**-**	**3 517**	**11 802**	**15 750**
Loss allowance (Note 31)		4	-	1 904	4 140	**6 048**
Total Carrying amount		**427**	**-**	**1 613**	**7 662**	**9 702**

(thousand euros)

Debtors and other assets		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	1 347	-	-	-	**1 347**
Impaired	[d]	-	-	-	9 891	**9 891**
Not rated		8 730	-	-	-	**8 730**
Total gross carrying amount		**10 077**	**-**	**-**	**9 891**	**19 968**
Loss allowance (Note 31)		8 572	-	-	3 907	**12 479**
Total Carrying amount		**1 505**	**-**	**-**	**5 984**	**7 489**

Commitments to Third Parties

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Commitments to Third Parties		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	20 000	-	-	-	**20 000**
Total gross carrying amount		**20 000**	**-**	**-**	**-**	**20 000**
Loss allowance (Note 31)		11	-	-	-	**11**
Total Carrying amount		**19 989**	**-**	**-**	**-**	**19 989**

(thousand euros)

Commitments to Third Parties		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	24 000	-	-	-	**24 000**
Total gross carrying amount		**24 000**	**-**	**-**	**-**	**24 000**
Loss allowance (Note 31)		36	-	-	-	**36**
Total Carrying amount		**23 964**	**-**	**-**	**-**	**23 964**

During the year of 2024 and 2023, the following moves occurred:

(thousand euros)

	Of which: Stage 1	Stage 2	Stage 3	Total
Balance on 31 December 2023	2 536 238	32 266	46 538	2 615 042
Exposure increases/decreases	36 995	(12 911)	3 302	27 386
Transfers:				
from stage 1	(15 923)	15 923	-	-
from stage 2	-	-	-	-
from stage 3	-	9 606	(9 606)	-
Write-off	-	-	(9 631)	(9 631)
Sales	(152 443)	-	-	(152 443)
Balance on 31 December 2024	2 404 867	44 884	30 603	2 480 354

(thousand euros)

	Of which: Stage 1	Stage 2	Stage 3	Total
Balance on 31 December 2022	2 588 036	73 845	30 544	2 692 425
Exposure increases/decreases	83 874	(42 589)	(9 762)	31 523
Transfers:				
from stage 1	(29 912)	20 588	9 324	-
from stage 2	-	(19 578)	19 578	-
from stage 3	-	-	-	-
Write-off	(25)	-	(3 146)	(3 171)
Sales	(105 735)	-	-	(105 735)
Balance on 31 December 2023	2 536 238	32 266	46 538	2 615 042

During 2024, an exposure totalling 15 922 thousands euros was transferred from Stage 1 to Stage 2, and an exposure totalling 9 605 thousands euros was transferred from Stage 3 to Stage 2. During 2023, one exposure of 20 588 thousands euros was transferred from Stage 1 to Stage 2, two exposures of 19 577 thousands euros were transferred from Stage 2 to Stage 3 and another two exposures of 9 324 thousands of euros were transferred from Stage 1 to Stage 3.

The use of credit protection is a key element of the risk policy and credit decision process, influencing the acceptance criteria, the decision levels, and the pricing.

The main risk mitigation techniques used by the Group are financial pledges (funded credit protection – financial collateral in the form of securities and cash) and personal guarantees (unfunded credit protection with substitution effect).

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

Frequency and methods of collateral valuation depend on the nature of the collateral. For listed equity securities and debt securities, valuation occurs on a daily basis using market prices.

As approved by the Executive Committee during 2024, the pledge of bank accounts valuation update takes place on a semi-annual basis, after the reference dates 30/6 and 31/12 or whenever there is a significant change that implies the update of the values, according to the information provided by the depositary bank.

Regarding pledges over non-listed equity securities, pledges over equipment and mortgage valuation, it is done at least on an annual basis and it is based on financial information of the borrower or on valuation reports of external entities (e.g. real estate).

As of December 31st, 2024, the number of financial instruments with no losses identified, due to credit risk's mitigation techniques (i.e. whenever the exposure at default net of collateral is equal to zero), was 5 466 thousand euros accounted under guarantees (December 31st, 2023: 11 896 thousand euros).

The table below disaggregates the financial instrument and financial guarantees' gross exposure, and exposure at default (EAD) separately for each stage and POCI.

(thousand euros)

31.12.2024									
Rating bucket		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	695 616	668 236	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 713 524	1 538 005	35 709	35 647	-	-	-	-
Substandard	[ccc+;ccc]	-	-	9 606	4 803	-	-	-	-
Impaired	[d]	-	-	-	-	7 621	7 151	19 531	19 531
Not rated		714	715	-	-	3 517	3 515	-	-
Total		**2 409 854**	**2 206 956**	**45 315**	**40 450**	**11 138**	**10 666**	**19 531**	**19 531**

(thousand euros)

31.12.2023									
Rating bucket		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	698 933	688 971	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 751 013	1 616 663	33 050	32 968	-	-	-	-
Impaired	[d]	-	-	-	-	34 640	26 316	12 047	12 048
Not rated		8 732	8 729	-	-	-	-	-	-
Total		**2 458 678**	**2 314 363**	**33 050**	**32 968**	**34 640**	**26 316**	**12 047**	**12 048**

Breakdown of Non-Performing and Forborne Exposures

The Group discloses the non-performing exposures and the forborne exposures in accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting.

The definitions of non-performing and forborne exposures are provided under section 2.4.1.

In this sense, as of December 31st, 2024, and the December 31st, 2023 the breakdown of performing and non-performing exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated		
	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 449 752**	**6 426**	**0.3%**	**2 558 744**	**6 324**	**0.2%**
Non-Performing exposures (NPE)	**30 602**	**10 335**	**33.8%**	**56 297**	**23 720**	**42.1%**
Banking Book Debt Securities	3 722	-	0.0%	7 423	3 652	49.2%
Loans and advances to customers	6 939	1 868	26.9%	8 220	3 975	48.4%
Cash & Cash Equivalents	3 898	2 378	61.0%	3 665	1 865	50.9%
Guarantees	372	39	10.5%	16 785	1 729	10.3%
Loan commitments	352	6	1.7%	556	23	4.1%
Other assets	11 804	4 141	35.1%	9 891	3 907	39.5%
Receivables	3 515	1 903	54.1%	9 757	8 569	87.8%
Total	**2 480 354**	**16 761**	**0.7%**	**2 615 041**	**30 044**	**1.1%**
NPE ratio	**1.2%**			**2.2%**		
NPL ratio	**1.0%**			**1.2%**		

(1) Amortized cost, comprising accrued interest, discontinued hedges, adjustments for active hedges, and revaluation amounts of securities measured at fair value through other comprehensive income.

As of December 31st, 2024, and December 31st, 2023, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated		
	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 424 418**	**5 311**	**0.2%**	**2 547 013**	**5 885**	**0.2%**
Performing Forborne exposures	**25 334**	**1 115**	**4.4%**	**11 731**	**439**	**3.7%**
Loans and advances to customers	25 334	1 115	4.4%	11 731	439	3.7%
Non-Performing Forborne exposures	**10 990**	**1 874**	**17.1%**	**11 463**	**5 413**	**47.2%**
Banking Book Debt Securities	3 722	-	0.0%	2 711	1 415	52.2%
Loans and advances to customers	6 916	1 868	27.0%	8 196	3 975	48.5%
Loan commitments	352	6	1.7%	556	23	4.1%
Non-Performing exposures	**19 612**	**8 461**	**43.1%**	**44 834**	**18 307**	**40.8%**
Banking Book Debt Securities	-	-	0.0%	4 711	2 237	47.5%
Loans and advances to customers	23	-	0.0%	24	-	0.0%
Cash & Cash Equivalents	3 898	2 378	61.0%	3 665	1 865	50.9%
Guarantees	372	39	10.5%	16 785	1 729	10.3%
Other assets	11 804	4 141	35.1%	9 892	3 907	39.5%
Receivables	3 515	1 903	54.1%	9 757	8 569	87.8%
Total	**2 480 354**	**16 761**	**0.7%**	**2 615 041**	**30 044**	**1.1%**

(1) Amortized cost, comprising accrued interest, discontinued hedges, adjustments for active hedges, and revaluation amounts of securities measured at fair value through other comprehensive income.

The tables below present the type of forbearance measures applied, detailing the number of deals, gross amount and revaluations, and loss allowance across different stages as of December 31st, 2024, and December 31st, 2023.

(thousand euros)

31.12.2024												
Forbearance Measure	Stage 2			Stage 3			POCI			Total		
	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance
Maturity Extension	1	3 754	278	-	-	-	-	-	-	1	3 754	278
Rescheduled Payments	2	16 855	732	-	-	-	-	-	-	2	16 855	732
Other Forbearance	1	4 725	105	2	4 148	686	3	6 842	1 188	6	15 714	1 979
Total	**4**	**25 334**	**1 115**	**2**	**4 148**	**686**	**3**	**6 842**	**1 188**	**9**	**36 323**	**2 989**

(thousand euros)

31.12.2023												
Forbearance Measure	Stage 2			Stage 3			POCI			Total		
	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance
Maturity Extension	1	3 754	278	-	-	-	-	-	-	1	3 754	278
Rescheduled Payments	1	2 999	91	-	-	-	-	-	-	1	2 999	91
Other Forbearance	1	4 979	70	4	9 306	4 364	1	2 157	1 049	6	16 442	5 483
Total	**3**	**11 731**	**439**	**4**	**9 306**	**4364**	**1**	**2 157**	**1 049**	**8**	**23 194**	**5 852**

During 2024 and 2023, the following movements in forborne exposures, by gross amount and revaluations, occurred:

(thousand euros)

	31.12.2024	31.12.2023
Initial Balance	**23 194**	**60 314**
Forborne exposures during the period	19 644	3 908
Derecognition	-	(36 521)
Repayments	(4 030)	(2 499)
Write-off	(2 484)	(2 127)
Others	-	119
Final Balance	**36 324**	**23 194**

Concentration risk

Concerning the concentration risk - that is, the risk arising from the possibility of exposure or from a group of exposures sharing common or interrelated risk factors that produce losses large enough to affect the Group's solvency - Haitong Bank has internal limits established for the largest single-name exposures. Regular monitoring of these limits, together with regulatory limits, strengthens the Group's monitoring framework for the concentration of credit risk.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by sector of activity, as of December 31st, 2024, and December 31st, 2023, is as follows:

(thousand euros)

Industry	31.12.2024								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Agribusiness & Commodity Foods	4 724	-	105	-	-	-	274	-	-
Automobiles & Components	33 841	-	95	-	-	2 237	41	55 403	101
Banks	-	-	-	-	-	13 845	4 409	64 356	55
Broker Dealers	-	-	-	-	-	-	158	175	1
Building Materials	30 782	-	61	-	-	1 914	-	-	-
Capital Goods	-	-	-	-	-	2 547	-	11 337	12
Chemicals	15 923	-	706	-	-	3 646	-	23 659	49
Commercial & Professional Services	38 214	-	1 739	-	-	3 841	-	4 587	40
Construction & Engineering	-	23	-	-	-	592	-	42 030	105
Consumer Durables & Apparel	19 890	-	86	-	-	-	-	5 230	3
Food, Beverage & Tobacco	16 420	-	40	-	-	-	-	25 601	19
Funds & Asset Managers	-	-	-	-	-	986	1	17 099	4
Governments	123	-	-	-	-	726 628	-	395 645	485
Health Care	-	-	-	-	-	156	-	21 455	93
Hotels & Gaming	-	-	-	-	-	953	-	7 870	1
Investment Holdings	-	-	-	-	-	603	-	-	-
Media & Entertainment	-	-	-	-	-	1 048	-	-	-
Metals & Mining	37 521	-	54	-	-	986	-	13 251	63
Non Bank Financial Institutions	36 645	-	343	-	-	3 611	998	24 102	56
Oil & Gas	113 382	-	305	-	-	-	205	9 794	10
Paper & Forest Products	-	-	-	-	-	-	2 950	2 659	3
Pharmaceuticals	-	-	-	-	-	-	-	7 151	5
Power	139 275	-	479	-	-	1 157	217	43 282	208
Real estate	50 470	-	465	-	-	1 410	-	91 238	206
Rental & Leasing	12 061	-	113	-	-	-	-	5 486	22
Retailing	-	-	-	-	-	1 594	-	33 386	134
Telecoms	87 496	560	221	1	-	2 086	5	25 940	41
Transportation	250	-	-	-	-	195	-	29 746	61
Transportation Infrastructure	86 732	-	739	-	-	106	14 563	19 247	69
Water Utilities	-	-	-	-	-	139	-	14 205	41
TOTAL	**723 749**	**583**	**5 551**	**1**	**-**	**770 902**	**23 821**	**993 934**	**1 887**

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

(thousand euros)

Industry	31.12.2023								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Agribusiness & Commodity Foods	4 979	-	70	-	-	23	1	6 838	63
Agricultural Cooperatives	4 839	-	46	-	-	-	-	-	-
Automobiles & Components	20 240	-	33	-	-	514	-	21 648	56
Banks	-	-	-	-	-	22 802	8 554	76 765	103
Broker Dealers	-	-	-	-	-	-	46	-	-
Capital Goods	15 090	-	132	-	-	1 667	2	11 489	14
Chemicals	30 298	-	82	-	-	3 108	1 949	26 082	52
Commercial & Professional Services	63 637	-	1 685	-	-	-	-	15 873	67
Construction & Engineering	17 222	1 620	88	1 591	-	1 925	-	35 906	145
Consumer Durables & Apparel	-	1 197	-	452	-	-	-	5 741	1 430
Containers & Packaging	1 882	-	28	-	-	-	-	-	-
Food, Beverage & Tobacco	9 671	-	11	-	-	-	-	24 238	37
Funds & Asset Managers	-	-	-	-	-	-	-	14 657	3
Governments	744	-	-	-	-	799 442	-	508 353	481
Health Care	20 112	-	103	-	-	11	-	11 217	55
Hotels & Gaming	-	-	-	-	-	1 305	-	7 549	2
Media & Entertainment	-	-	-	-	-	3 085	-	-	-
Metals & Mining	29 047	-	46	-	-	-	-	26 521	78
Non Bank Financial Institutions	36 810	-	378	-	-	2 186	3 412	11 059	7
Oil & Gas	50 477	-	230	-	-	568	451	13 531	32
Paper & Forest Products	-	-	-	-	-	520	81	3 835	6
Power	125 962	-	639	-	-	1 336	191	37 687	2 373
Real estate	79 507	-	580	-	-	1 733	-	90 211	379
Rental & Leasing	13 483	-	69	-	-	-	-	-	-
Retailing	18 216	-	181	-	-	1 048	-	32 784	116
Software	-	-	-	-	-	-	-	18	-
Technology Hardware & Equipment	-	-	-	-	-	3 181	-	5 481	26
Telecoms	48 951	-	179	-	-	2 740	11	25 975	159
Transportation	731	-	5	-	-	510	-	19 788	95
Transportation Infrastructure	101 610	-	1 015	-	-	-	17 037	10 065	48
Water Utilities	-	-	-	-	-	776	-	21 513	227
Others	-	-	-	-	-	-	-	-	-
TOTAL	693 508	2 817	5 600	2 043	-	848 480	31 735	1 064 824	6 054

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by country risk, as of December 31, 2024, and 2023, is as follows:

(thousand euros)

Country	31.12.2024								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Australia	30 930	-	45	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	10 068	11
Brazil	70 675	-	909	-	-	730 610	2 265	203 801	578
Bulgaria	-	-	-	-	-	-	-	11 289	17
Colombia	-	-	-	-	-	-	-	9 653	13
Cyprus	-	-	-	-	-	-	-	9 023	3
Czech Republic	20 504	-	21	-	-	-	-	9 918	11
China	18 716	-	32	-	-	5 579	-	75 934	256
Finland	-	-	-	-	-	-	-	2 659	3
France	33 341	-	159	-	-	-	129	94 041	129
Germany	20 197	-	30	-	-	4 136	2 177	57 118	74
Greece	-	-	-	-	-	-	-	20 395	20
Hong-Kong	-	-	-	-	-	5 719	-	8 584	3
Hungary	-	-	-	-	-	1 242	-	20 337	21
Ireland	36 645	-	343	-	-	-	-	-	-
Italy	19 980	-	14	-	-	1 605	-	127 127	108
Japan	-	-	-	-	-	2 435	-	-	-
Korea (Republic Of)	-	-	-	-	-	983	-	-	-
Luxembourg	-	-	-	-	-	649	-	5 115	-
Macao	-	-	-	-	-	473	-	10 118	1
Mexico	9 642	-	6	-	-	-	-	7 893	6
Netherlands	46 901	-	99	-	-	3 159	-	33 386	20
Poland	102 411	23	1 012	-	-	715	205	47 568	118
Portugal	126 620	-	569	-	-	2 127	17 736	86 283	266
Romania	-	-	-	-	-	-	-	32 311	31
Spain	80 243	-	1 886	-	-	5 381	311	79 812	128
Sweden	-	-	-	-	-	102	-	12 911	12
Turkey	-	-	-	-	-	-	-	10 582	44
United Kingdom	87 749	560	397	1	-	1 563	998	5 066	11
United States	-	-	-	-	-	2 052	-	2 942	3
Estonia	-	-	-	-	-	1 021	-	-	-
India	-	-	-	-	-	195	-	-	-
Indonesia	-	-	-	-	-	1 156	-	-	-
Peru	19 195	-	29	-	-	-	-	-	-
TOTAL	723 749	583	5 551	1	-	770 902	23 821	993 934	1 887

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

(thousand euros)

Country	31.12.2023								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Australia	29 047	-	46	-	-	-	-	-	-
Austria	-	-	-	-	-	1 527	-	5 481	26
Bermuda	-	-	-	-	-	776	-	-	-
Brazil	72 299	1 197	1 320	452	-	805 574	2 593	236 440	4 492
Bulgaria	-	-	-	-	-	-	-	11 190	19
China	-	-	-	-	-	6 210	-	87 791	611
Cyprus	-	-	-	-	-	-	-	9 130	7
Czech Republic	-	-	-	-	-	-	-	23 199	33
Finland	-	-	-	-	-	-	-	2 693	3
France	39 733	-	204	-	-	6	180	55 888	43
Germany	20 240	-	33	-	-	5 871	782	23 446	26
Greece	-	-	-	-	-	-	-	22 816	26
Guatemala	17 198	-	86	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	5 943	-	8 127	3
Hungary	-	-	-	-	-	-	-	10 311	12
Ireland	36 810	-	378	-	-	-	-	-	-
Italy	-	-	-	-	-	1 863	-	178 809	266
Luxembourg	-	-	-	-	-	2 582	-	18 669	11
Macao	-	-	-	-	-	2 484	-	-	-
Netherlands	-	-	-	-	-	719	-	10 808	8
Poland	86 060	1 620	226	1 591	-	368	430	32 237	46
Portugal	185 046	-	1 072	-	-	7 885	16 932	184 816	285
Romania	-	-	-	-	-	-	-	23 574	27
Singapore	-	-	-	-	-	23	-	-	-
Spain	132 425	-	1 992	-	-	3 384	859	93 712	52
Sweden	-	-	-	-	-	-	-	7 732	9
Switzerland	-	-	-	-	-	2 000	-	-	-
United Kingdom	49 474	-	213	-	-	-	3 562	8 078	23
United States	25 176	-	29	-	-	1 265	6 397	9 877	26
Total	**693 508**	**2 817**	**5 599**	**2 043**	**-**	**848 480**	**31 735**	**1 064 824**	**6 054**

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

Pension Fund Monitoring

The Pension Fund portfolio management is ensured by GNB Fundo de Pensões, responsible for ensuring the implementation and monitoring of the funds' investment strategy, while respecting the limits defined in the Investment Policy. Haitong Bank delegates to Mercer Portugal the responsibility to conduct an independent assessment of the actuarial assumptions, as well as for defining the methodology for actuarial valuation.

These entities also bear the responsibility to provide the requisite information to the various Bank's governing bodies, namely the Executive Committee, the Independent Monitoring Committee, and the Risk Committee, enabling them to effectively oversee the risk associated with the pension funds.

Pension Fund Risk

The Fund's asset portfolio is primarily comprised of stocks, bonds, and investment units (investment funds and ETFs). The risks inherent in the Fund's assets are specific to various types of investments (credit risk, market risk, liquidity risk, etc.). As for the Fund's liabilities, consisting of pension payment obligations, these entail several actuarial risks that could have a negative impact on the value of the Fund's liabilities: inflation rate, growth of wages and pensions, evolution of mortality tables, corresponding increase in life expectancy, and discount rate.

The Pension Fund Risk is integrated into the Bank's Risk Appetite Framework (RAF), being monitored on a monthly basis the asset, liabilities, and discount rate evolution. The Pension Fund Risk is quantified for internal capital purposes within the scope of Haitong Bank's ICAAP exercise.

Market risk

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

The main mechanism to manage trading market risk is the application of the risk appetite policy, of which the limit framework is a key component. The Bank sets group-wide value-at-risk (VaR) limits for market risk in the trading book.

VaR is a quantitative measure of the potential loss of fair value positions due to market movements and it should not be exceeded in a defined period of time and with a defined confidence level. Haitong Bank estimates VaR by taking actual historical changes in the market variables over a one-year time interval, a ten-day time horizon and revalue every position for each market scenario considering a 99% confidence level.

(thousand euros)

	31.12.2024				31.12.2023			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Foreign Exchange Risk	4 061	4 153	5 186	3 695	4 804	9 794	12 770	4 515
Interest Rate Risk	381	368	1 103	161	1 008	1 022	2 943	231
Shares	2	5	10	2	6	6	9	5
Credit spread	250	217	372	81	268	380	717	180
Covariance	(526)	(664)	(1 502)	(337)	(1 420)	(1 611)	(3 886)	(528)
Global VaR	**4 168**	**4 079**	**5 169**	**3 602**	**4 665**	**9 592**	**12 553**	**4 402**

Unaudited Information

The following table shows the average interest rates verified for the Bank's major categories of financial assets and liabilities, for the financial year ended on the December 31, 2024, and 2023, as well as the respective average balances and interest for the financial period:

(thousand euros)

	31.12.2024			31.12.2023		
	Average balance of the period	Interest of the period	Average interest rate	Average balance of the period	Interest of the period	Average interest rate
Monetary assets (1)	649 295	30 398	4.67%	368 914	15 929	4.32%
Loans and advances to customers	714 009	55 823	7.80%	786 747	61 935	7.87%
Investment in securities	1 802 467	139 081	7.70%	1 888 497	150 852	7.99%
Deposited collateral under clearing agreements	22 701	1 270	5.58%	26,407	1832	6.94%
Financial assets	**3 188 472**	**226 572**	**7.09%**	**3 070 565**	**230 548**	**7.50%**
Resources of credit institutions	1 025 475	94 830	9.22%	1 009 575	102 161	10.12%
Resources of customers	1 206 897	54 492	4.50%	1 004 230	42 202	4.20%
Liabilities represented by securities	463 234	37 885	8.16%	566 976	46 981	8.29%
Other resources (2)	25 105	827	3.29%	15 922	3 629	22.79%
Financial liabilities	**2 720 711**	**188 034**	**6.89%**	**2 596 703**	**194 973**	**7.51%**
Financial Result		**38 538**			**35 575**	

Includes: (1) Cash and cash equivalents and Loans and advances to banks; (2) Financial liabilities held for trading and Other liabilities (Deposited collateral under clearing agreements + Leasing liabilities)

Considering that, the foreign exchange open risk position is the main source of market risk, Haitong Bank closely manages the exposures by currency. As of December 31, 2024, and December 31, 2023, the exposure of assets and liabilities by currency was as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Spot	Forward	Net Exposure	Spot	Forward	Net Exposure
AOA	2	-	2	3	-	3
AUD	13	-	13	14	-	14
BRL	80 861	7 781	88 642	106 914	7 751	114 665
CAD	35	-	35	36	-	36
CHF	(55)	-	(55)	(112)	-	(112)
CNY	5 724	-	5 724	6 481	-	6 481
DKK	(5)	-	(5)	199	-	199
GBP	13 859	(13 130)	729	35 592	(36 592)	(1 000)
HKD	(2 525)	-	(2 525)	(313)	-	(313)
JPY	36	-	36	37	-	37
MOP	9 431	-	9 431	4 788	-	4 788
MXN	10	-	10	11	-	11
NOK	3	-	3	10	-	10
PLN	(16 305)	57 310	41 005	(30 986)	56 919	25 933
SEK	35	-	35	36	-	36
TRY	-	-	-	-	-	-
USD	87 107	(77 476)	9 631	8 278	(5 036)	3 242
Total	**178 226**	**(25 515)**	**152 711**	**130 989**	**23 042**	**154 031**

Note: asset (liability)

The main source of FX risk of Haitong Bank comes from its foreign subsidiary Haitong Banco de Investimento do Brasil S.A.

Non-trading market risk arises primarily from activities outside of our trading units, in the banking book, and from certain off-balance sheet items, embedding considerations of different accounting treatments of transactions. The most significant risks in the banking book are the changes in the interest rate risk (IRRBB) and the changes in credit spread risk (CSRBB).

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

To measure the economic value, the Bank uses a run-off balance sheet, where existing assets and liabilities are not replaced as they mature, whether for net interest income metric, the Bank follows a stable balance sheet model, where maturing contracts are replaced like for like, but with rates equal to be forward rates at the time of maturing.

As of December 31, 2024, and December 31, 2023, the repricing profile of the Bank for interest rate risk-sensitive positions was the following:

(thousand euros)

Tenor	31.12.2024			31.12.2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Up to 3 months	1 270 761	(942 459)	328 303	1 441 155	(1 416 033)	25 122
3 to 6 months	353 398	(391 069)	(37 670)	405 155	(354 026)	51 129
6 to 12 months	161 910	(148 760)	13 150	95 380	(187 187)	(91 807)
From 1 to 5 years	555 206	(449 539)	105 667	525 188	(299 773)	225 414
More than 5 years	150 712	(46 872)	103 841	63 413	(19 941)	43 472
Total	**2 491 988**	**(1 978 698)**	**513 290**	**2 530 291**	**(2 276 960)**	**253 331**

Hence, the Bank calculates impacts of different shocks in the yield curves, measured by the economic value of equity (EVE) and the net interest income (NII). In addition, the regulatory add-ons for automatic options and basis risk, defined in the Commission Delegated Regulation (EU) 2024/857, are added to EVE and to NII, generating the final impacts on the banking book economic value and net interest margin. The results were:

(thousand euros)

Scenarios	31.12.2024		31.12.2023	
	Delta EVE	Delta NII	Delta EVE	Delta NII
Final worst impact	**(23 028)**	**(3 638)**	**(17 347)**	**(2 290)**
Regulatory Add-ons	(592)	(53)		
Worst Impact (without regulatory Add-ons)	(22 436)	(3 585)	(17 347)	(2 290)
Parallel up	(22 436)	3 585	(17 347)	2,290
Parallel down	10 053	(3 585)	4 845	-2,290
Steepener	(3 164)	n.a.	(313)	n.a.
Flattener	(1 285)	n.a.	(3 586)	n.a.
Short rates up	(8 362)	n.a.	(8 836)	n.a.
Short rates down	2 148	n.a.	2 114	n.a.
% Tier 1 Capital	**4.28%**	**0.68%**	**3.24%**	**0.43%**
% Total Capital	**4.27%**	**0.67%**	**3.23%**	**0.43%**

Unaudited Information

Source: Haitong Bank S.A.

Concerning 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 is 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, Haitong Bank considers a historical VaR simulation approach with a one-year holding period, a five-year observation period and a 99,9% confidence level.

(thousand euros)

	31.12.2024		31.12.2023	
	CSR Requirement	HTCS Exposures	CSR Requirement	HTCS Exposures
Haitong Bank S.A.	14 308	299 464	9 905	166 402
of which: Sovereign	240	16 844	205	6 511
of which: Corporate	14 068	282 620	9 701	159 891
Haitong Banco de Investimento do Brasil S.A.	400	57 980	2 397	60 182
of which: Sovereign	342	51 334	1 858	37 029
of which: Corporate	58	6 646	540	23 153
Covariance	(2 693)	n.a.	(1 534)	n.a.
Global	**12 016**	**357 444**	**10 769**	**226 584**
Global CSR Requirement (annual average)	**14 807**	**357 444**	**-**	**226 584**
Average Duration (years)	**-**	**2.51**	**-**	**2.32**

Unaudited Information

The final capital requirement for CSRBB is the maximum value between the reference end of month requirement and the annual average requirement of the last year. Therefore, the final capital requirement for CSRBB is 15 million euros in December 2024, which represents an increase from the 11 million euros in December 2023.

Reference interest rate reforms

Regulation (EU) 2016/1011 of the European Parliament and of the Council (known as the EU Benchmark Regulation or BMR) established a common framework to ensure that benchmark interest rates meet certain requirements that guarantee their reliability and efficiency as well as protect the consumer and investor, which implied a set of reforms, currently underway, of the reference interest rates with different implications for the activities of financial institutions.

The Bank holds fallback provisions in its contracts in accordance with market practice to respond to a discontinuity in rates.

As of December 31, 2024, in Warsaw Branch, there are no financing contracts nor derivatives whose contract rate is associated with discontinued Libor rates.

As of December 31, 2024, in Warsaw Branch there're financing contracts as well as derivatives related to WIBOR index that is planned to be discontinued. The benchmark reform in Poland is aimed at replacement of the WIBOR index with the new index. From December 2022, banks were able to use new index - the WIRON index. However, due to the fact that there is noticed highest volatility of the WIRON index in relation to other analyzed indices and it may result in lowest probability of creating a liquid derivatives market so National Working Group on Benchmark Reform Steering Committee (Ministry of Finance, NBP, UKNF, BFG, GPW Benchmark, BondSpot and the banking community) declared the need for further in-depth discussion to work on the new index and ultimately, in the future, such an index could be used as an alternative index that will replace the WIBOR benchmark. At the end of 2024, the works of National Working Group on Benchmark Reform Steering Committee are focused on the index called WIRF. At the end of 2024 the planned conversion date of financial sector to new index - reference rates are set at the end of 2027.

Liquidity risk

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

In alignment with the risk vision statement approved by the Board of Directors, Haitong Bank as whole, and all its subsidiaries individually aim to maintain a solid short-term liquidity position and a sustainable medium and long-term funding profile.To achieve these objectives, Haitong Bank seeks to develop a diversified investors base, ensuring access to alternative funding sources and instruments, and maintaining an adequate funding structure to support its activity.

Haitong Bank's liquidity and funding management fall under the direct responsibility of the Executive Committee, advised by the Assets and Liabilities Committee (ALCO). Daily liquidity management is carried out by local treasury teams in the Bank's liquidity hubs (Lisbon, S. Paulo and Warsaw), coordinated globally by the Executive Committee member responsible for Treasury.

The Bank employs a comprehensive approach to liquidity management, which includes: establishing a liquidity risk policy, monitoring key liquidity risk metrics, including prudential liquidity ratios, conducting stress tests and maintaining liquidity contingency plans, and setting limits consistent with the Bank's liquidity risk appetite and regulatory requirements.

As of December 31, 2024, the Bank held 731 million Euros of High-Quality Liquid Assets (832 million Euros on December 31, 2023), of which 466 million were available deposits in Central Banks (541 million Euros on December 31, 2023). The remainder of the High-Quality Liquid Assets (HQLA) comprised primarily sovereign debt of European Union countries and Brazilian Government bonds denominated in Brazilian Reais, held by Haitong Bank subsidiary in Brazil.

On December 31, 2024, Haitong Bank reported a surplus of 385 million Euros of its 30-day stressed net outflows, resulting in an LCR of 211% (275% on December 31, 2023) comfortably exceeding both regulatory and internal thresholds.

(million euros)

Liquidity Coverage Ratio	**31.12.2024**	**31.12.2023**
High Quality Liquid Assets	731	832
Surplus over stressed net outflows	385	529
Liquidity Coverage Ratio	**211%**	**275%**

Unaudited Information

In 2024, Haitong Bank's primary funding sources included long-term facilities provided by banks, debt securities issued both by Haitong Bank and by its Brazilian subsidiary, sales under repurchase agreements (repos) and deposits from clients (households, corporate and institutional clients).

In stressed market conditions, significant changes in the value of derivatives may necessitate additional collateral postings under master netting agreements (e.g. ISDA) and margin agreements (e.g. Credit Support Annex) primarily with financial institutions. Details on derivatives positions and collateral received and posted are provided in notes 20 and 27, respectively.

As of December 31, 2024, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2024						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	38 159	-	-	-	-	-	38 159
Financial assets held-for-trading (Securities)	-	10 767	13 284	675 201	846 874	-	1 546 126
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	17 037	17 037
Financial assets at fair value through other comprehensive income	-	7 804	48 812	268 439	126 462	-	451 517
Financial assets at amortised cost	-	64 959	90 982	460 613	95 003	-	711 557
Loans and advances to banks	83	497 667	20 708	-	-	-	518 458
Loans and advances to customers	5	49 055	92 006	635 605	99 110	-	875 781
Derivatives Instruments	-	212 386	229 412	44 570	7 492	20 245	514 105
Total	**38 247**	**842 638**	**495 204**	**2 084 428**	**1 174 941**	**37 282**	**4 672 740**
Liabilities							
Resources of other credit institutions	-	617 465	19 558	328 461	10 779	-	976 263
Resources of customers	37 980	508 033	412 946	412 449	-	-	1 371 408
Debt securities issued	-	72 818	75 976	199 952	-	-	348 746
Financial liabilities held-for-trading (Securities)	817	-	-	-	-	-	817
Derivatives Instruments	-	211 571	228 439	44 358	7 492	777	492 637
Total	**38 797**	**1 409 887**	**736 919**	**985 220**	**18 271**	**777**	**3 189 871**

The following table presents the cash flows associated to guarantees and commitments according to the contracts maturity dates.

(thousand euros)

	31.12.2024					
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial guarantees	-	34 203	24 251	43 264	9 772	111 490
Undrawn commitments	-	340	36 131	59 680	2 100	98 251
Total commitments and guarantees	**-**	**34 543**	**60 382**	**102 944**	**11 872**	**209 741**

As of December 31, 2023, contractual undiscounted cash flows of financial assets and liabilities presented the following structure:

(thousand euros)

	31.12.2023						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	17 164	-	-	-	-	-	17 164
Financial assets held-for-trading (Securities)	-	5 028	14 313	433 320	941 129	-	1 393 790
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	13 464	13 464
Financial assets at fair value through other comprehensive income	-	16 334	11 196	180 051	42 936	-	250 517
Financial assets at amortised cost	-	127 415	91 130	558 342	60 882	-	837 769
Loans and advances to banks	551 206	6 780	28 588	-	-	-	586 574
Loans and advances to customers	1 203	12 990	82 227	648 051	107 836	-	852 307
Derivatives Instruments	-	253 933	54 263	168 102	8 673	18 987	503 958
Total	**569 573**	**422 480**	**281 717**	**1 987 866**	**1 161 456**	**32 451**	**4 455 543**
Liabilities							
Resources of other credit institutions	265 834	264 531	69 947	348 024	34 460	-	982 796
Resources of customers	63 074	536 993	339 155	266 299	-	-	1 205 521
Debt securities issued	-	34 563	147 095	510 423	-	-	692 081
Financial liabilities held-for-trading (Securities)	846	-	-	-	-	-	846
Derivatives Instruments	-	256 442	52 183	146 954	4 145	10 130	469 854
Total	**329 754**	**1 092 529**	**608 380**	**1 271 700**	**38 605**	**10 130**	**3 351 098**

The following table presents the cash flows associated to guarantees and commitments according to the contracts maturity dates.

(thousand euros)

	31.12.2023					
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial guarantees	-	38 453	41 680	45 017	12 613	137 763
Undrawn commitments	-	8 129	57 350	39 719	2 100	107 298
Total commitments and guarantees	**-**	**46 582**	**99 030**	**84 736**	**14 713**	**245 061**

The derivatives undiscounted cash flows are calculated as gross cash flows of each side of the deal, not considering any net positions.

Operational risk

Operational Risk corresponds to the possible loss resulting from inadequate internal procedures or its negligent application, inadequacy or failure of information systems, staff behaviour or external events. Legal risks are included in this definition. Operational risk is therefore considered as the sum of operational and information systems (IT) risks.

The Bank has in place a framework to ensure the standardization and systematization of the regular activities regarding the identification, assessment, response/ mitigation, monitoring, and control and report of operational risk. A team within the Risk Management Department is exclusively dedicated to the management of this framework.

Capital Management and Solvency Ratio

The main purposes of capital management in the Group are (i) to promote sustainable growth of activity by creating enough capital to withstand the increase of assets, (ii) meet the minimum requirements established by the supervising entities in relation to capital adequacy and (iii) ensure the achievement of the strategic goals set by Group in relation to capital adequacy.

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

Under this regulatory framework, the minimum CET1 ratio is 4.5%, the minimum Tier 1 ratio is 6% and the minimum Total Capital Ratio is 8%. In addition, these minimum ratios are supplemented by the capital conservation buffer, established at 2,5% from 1 January 2019.

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

The regulation also provides a counter-cyclical capital buffer of up to 2.5% to be imposed in the event that national supervisors deem it necessary in order to counteract excessive credit growth in the jurisdictions under their supervision. As of 31st of December 2024, Banco de Portugal decided not to impose any additional counter-cyclical capital buffer, by setting it at 0% of the total risk exposure amount to domestic counterparties. This decision is subject to revision on a quarterly basis, but Bank of Portugal already determined that from 1 January 2026 the counter-cyclical capital buffer should be set at 0,75% for exposures to counterparties located in Portugal.

In addition to the above-mentioned capital buffers, as of July 1, 2018, Haitong Bank became subject to an additional requirement with a specific add-on, determined and revised under the Supervisory Review and Evaluation Process performed by Banco de Portugal. On February 1, 2022, Banco de Portugal, as the authority responsible for supervision of Haitong Bank, S.A. on a consolidated basis, communicated the decision regarding the annual supervisory review and evaluation process (SREP 2021), according to which it assigns to Haitong Bank a specific own funds requirement of 4%, to be met at all times from the 1st of July of 2022 onwards, determined under the combined provisions of Article 116C (1), (2)(a), (3)(b) and (4) of the RGICSF.

On 28th November 2024 Banco de Portugal informed Haitong Bank of its decision to reduce the Bank's specific own funds requirement to 3,5% from the 1st April 2025.

At the moment and for reporting purposes related to prudential effects before the supervising authorities, the Group uses the Standard method for handling credit risk and operational risk ("The Standardized Approach" - TSA method).

The following table summarizes the capital adequacy of the Haitong Bank Group as of 31st December, 2024 and 2023:

	31.12.2024	31.12.2023
CET1 ratio	19.30%	19.00%
Tier 1 ratio	24.10%	23.70%
Total Capital ratio	24.20%	23.80%

Unaudited Information

NOTE 40 – INFORMATION COMPARABILITY

The Group discloses the non-performing exposures and the forborne exposures in accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting.

The definitions of non-performing and forborne exposures are provided under section 2.4.1.

In accordance with the criteria outlined in Note 2, the Group now classifies as non-performing exposures (NPE) 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. Consequently, the Group has restated the comparative figures as of December 31, 2023, with the adjustments presented below:

(thousand euros)

	31.12.2024			31.12.2023 Restated			31.12.2023		
	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 449 752**	**6 426**	**0.3%**	**2 558 744**	**6 324**	**0.2%**	**2 558 426**	**6 321**	**0.2%**
Banking Book Debt Securities	974 062	1 887	0.2%	1 043 938	2 403	0.2%	1 043 938	2 403	0.2%
Loans and advances to customers	717 394	3 683	0.5%	688 106	3 666	0.5%	688 106	3 666	0.5%
Loans and advances to banks	512 211	9	0.0%	583 303	15	0.0%	583 303	15	0.0%
Cash & Cash Equivalents	36 637	-	0.0%	15 359	-	0.0%	15 359	-	0.0%
Guarantees	111 118	689	0.6%	120 978	87	0.1%	120 978	87	0.1%
Loan commitments	77 899	143	0.2%	82 742	114	0.1%	82 742	114	0.1%
Other commitments	20 000	11	0.1%	24 000	36	0.2%	24 000	36	0.2%
Receivables	431	4	0.9%	318	3	0.9%			
Non-Performing exposures (NPE)	**30 602**	**10 335**	**33.8%**	**56 297**	**23 720**	**42.1%**	**36 649**	**11 244**	**30.7%**
Banking Book Debt Securities	3 722	-	0.0%	7 423	3 652	49.2%	7 423	3 652	49.2%
Loans and advances to customers	6 939	1 868	26.9%	8 220	3 975	48.4%	8 220	3 975	48.4%
Cash & Cash Equivalents	3 898	2 378	61.0%	3 665	1 865	50.9%	3 665	1 865	50.9%
Guarantees	372	39	10.5%	16 785	1 729	10.3%	16 785	1 729	10.3%
Loan commitments	352	6	1.7%	556	23	4.1%	556	23	4.1%
Other assets	11 804	4 141	35.1%	9 891	3 907	39.5%			
Receivables	3 515	1 903	54.1%	9 757	8 569	87.8%			
Total	**2 480 354**	**16 761**	**0.7%**	**2 615 041**	**30 044**	**1.1%**	**2 595 075**	**17 565**	**0.7%**
NPE ratio	**1.2%**			**2.2%**			**1.4%**		
NPL ratio	**1.0%**			**1.2%**			**1.2%**		

As of December 31st, 2024, and December 31st, 2023, restated, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated			31.12.2023		
	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 424 418**	**5 311**	**0.2%**	**2 547 013**	**5 885**	**0.2%**	**2 546 695**	**5 882**	**0.2%**
Banking Book Debt Securities	974 062	1 887	0.2%	1 043 938	2 403	0.2%	1 043 938	2 403	0.2%
Loans and advances to customers	692 060	2 568	0.4%	676 374	3 227	0.5%	676 374	3 227	0.5%
Loans and advances to banks	512 211	9	0.0%	583 304	15	0.0%	583 304	15	0.0%
Cash & Cash Equivalents	36 637	-	0.0%	15 359	-	0.0%	15 359	-	0.0%
Guarantees	111 118	689	0.6%	120 978	87	0.1%	120 978	87	0.1%
Loan commitments	77 899	143	0.2%	82 742	114	0.1%	82 742	114	0.1%
Other commitments	20 000	11	0.1%	24 000	36	0.2%	24 000	36	0.2%
Receivables	431	4	0.9%	318	3	0.9%			
Performing Forborne exposures	**25 334**	**1 115**	**4.4%**	**11 731**	**439**	**3.7%**	**11 731**	**439**	**3.7%**
Loans and advances to customers	25 334	1 115	4.4%	11 731	439	3.7%	11 731	439	3.7%
Non-Performing Forborne exposures	**10 990**	**1 874**	**17.1%**	**11 463**	**5 413**	**47.2%**	**11 463**	**5 413**	**47.2%**
Banking Book Debt Securities	3 722	-	0.0%	2 711	1 415	52.2%	2 711	1 415	52.2%
Loans and advances to customers	6 916	1 868	27.0%	8 196	3 975	48.5%	8 196	3 975	48.5%
Loan commitments	352	6	1.7%	556	23	4.1%	556	23	4.1%
Non-Performing exposures	**19 612**	**8 461**	**43.1%**	**44 834**	**18 307**	**40.8%**	**25 185**	**5 831**	**23.2%**
Banking Book Debt Securities	-	-	0.0%	4 711	2 237	47.5%	4 711	2 237	47.5%
Loans and advances to customers	23	-	0.0%	24	-	0.0%	24	-	0.0%
Cash & Cash Equivalents	3 898	2 378	61.0%	3 665	1 865	50.9%	3 665	1 865	50.9%
Guarantees	372	39	10.5%	16 785	1 729	10.3%	16 785	1 729	10.3%
Other assets	11 804	4 141	35.1%	9 892	3 907	39.5%			
Receivables	3 515	1 903	54.1%	9 757	8 569	87.8%			
Total	**2 480 354**	**16 761**	**0.7%**	**2 615 041**	**30 044**	**1.1%**	**2 595 074**	**17 565**	**0.7%**

NOTE 41 – SUBSEQUENT EVENTS

Between 31 December 2024 and the date of approval of these consolidated financial statements by the Bank's Board of Directors, there were no subsequent events that required adjustments or modifications to them.

NOTE 42 – ACCOUNTINGS STANDARDS AND RECENT INTERPRETATIONS

Standards, interpretations, amendments and revisions that came into force in this year

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union, with mandatory application for the financial period beginning on January 1, 2024:

Description	Change	Effective date
IAS 1 – Classification of liabilities as non-current and current and non-current liabilities with covenants	Classification of a liability as current or non-current, depending on an entity's right to defer its settlement for at least 12 months after the reporting date, when subject to covenants.	January 01, 2024
IAS 7 and IFRS 7 – Supplier finance arrangements	Requirement to provide additional disclosures about supplier finance arrangements, the impact in liabilities and cash flows, as well as the impact in liquidity risk analysis, and how the entity would be impacted if these arrangements were no longer available.	January 01, 2024
IFRS 16 – Lease liability in a sale and leaseback	Criteria to account for sale and leaseback transactions after the date of the transaction, when some or all the lease payments are variable.	January 01, 2024

There were no significant effects on the Bank's financial statements for the year ended December 31, 2024, as a result of the adoption of the aforementioned standards, interpretations, amendments and revisions.

Standards, interpretations, amendments and revisions that will take effect in future years

The following accounting standards and interpretations, with mandatory application in future financial years, were, until the date of approval of these financial statements, approved ("endorsed") by the European Union:

Description	Change	Effective date
IAS 21 – Effects of changes in exchange rates: Lack of interchangeability	Requirements for determining whether a currency is capable of being exchanged for another currency and when exchange is not possible for a long period of time, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation on the entity's liquidity, financial performance and equity situation, as well as the spot exchange rate used on the reporting date.	January 1, 2025

These standards, although endorsed by the European Union, were not adopted by the Bank in 2024, as their application is not yet mandatory. As a result of the application of the aforementioned standards, no relevant impacts are expected.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Description	Change	Effective date
IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	Introduction of a New Exception to the Definition of Derecognition Date When the Settlement of Financial Liabilities Is Carried Out Through an Electronic Payment System. Additional guidance for assessing whether the contractual cash flows of a financial asset consist solely of payments of principal and interest. Requirement for new disclosures regarding certain instruments with contractual terms that may alter cash flows. New disclosures on fair value gains or losses recognized in equity concerning equity instruments designated at fair value through other comprehensive income.	January 1, 2026
IFRS 9 and IFRS 7 – Contracts Negotiated with Reference to Electricity Generated from a Renewable Source	Regarding the Accounting for Power Purchase Agreements (PPAs) for Electricity Generated from a Renewable Source, Specifically in Relation to: i) Clarification of the application of the 'own use' requirements; ii) Allowing hedge accounting if renewable energy contracts are designated as hedging instruments; and iii) The addition of new disclosure requirements on the entity's financial performance and cash flows.	January 1, 2026
Annual Improvements – Volume 11	Various Clarifications to the Standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	January 1, 2026
IFRS 18 – Presentation and Disclosures in Financial Statements	Presentation and Disclosure Requirements in Financial Statements, Focusing on the Statement of Profit or Loss, through the specification of a model structure, categorizing expenses and income into operating, investing, and financing activities, and the introduction of relevant subtotals. Improvements in the disclosure of management performance measures and additional guidance on applying the principles of aggregation and disaggregation of information.	January 1, 2027
IFRS 19 – Subsidiaries Not Subject to Public Financial Reporting: Disclosures	A Standard That Only Addresses Disclosures, with Reduced Disclosure Requirements, Applied in Conjunction with Other IFRS Accounting Standards for Recognition, Measurement, and Presentation Requirements. It can only be adopted by "Eligible" subsidiaries that are not subject to the obligation of public financial reporting and have a parent company that prepares consolidated financial statements available for public use and in compliance with IFRS.	January 1, 2027

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the year ended December 31, 2024.

Regarding these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, it is not estimated that their future adoption will have significant impacts on the attached financial statements.

1. INDIVIDUAL FINANCIAL STATEMENTS

Income Statement for the financial year ended on the December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Interest and similar income	4	109 408	91 227
Interest and similar expenses	4	75 906	62 102
Financial margin		**33 502**	**29 125**
Dividend income	5	9 617	-
Fees and commissions income	6	20 522	35 282
Fees and commissions expenses	6	(2 982)	(7 106)
Net trading income	7	133	(962)
Net income from other financial instruments at fair value through profit or loss	8	483	860
Net gain/(loss) from derecognition of financial assets measured at fair value through other comprehensive income	9	1 441	1 447
Net gains/(losses) from hedge accounting	10	347	-
Net gains / (losses) from foreign exchange differences	11	4 779	187
Net gain/(loss) from derecognition of financial assets measured at amortised cost	12	4 184	1 944
Other operating income and expense	13	(1 986)	5 385
Operating Income		**70 040**	**66 162**
Employee costs	14	30 402	30 181
Administrative costs	16	10 668	11 115
Depreciations and amortisations	25 and 26	4 473	4 605
Provisions	32	562	(2 424)
Net impairment loss on financial assets	32	8 867	2 470
Operating expenses		**54 972**	**45 947**
Profit / (Loss) before Income Tax		**15 068**	**20 215**
Income tax			
Current tax	33	2 865	3 264
Deferred tax	33	6 569	4 699
		9 434	**7 963**
Net Profit / (Loss) for the year		**5 634**	**12 252**
Basic Income per Share (in euros)	17	0.03	0.07
Diluted Income per Share (in euros)	17	0.03	0.07

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

The Director of the Finance Department

The Board of Directors

Statement of Comprehensive Income the financial year ended on the December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Net income of the year		5 634	12 252
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit liabilities, net of taxes	36	(1 982)	(4 722)
		(1 982)	(4 722)
Items that may be reclassified to profit and loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income, net of taxes	36	4 618	5 369
		4 618	5 369
Total other comprehensive income for the year		2 636	647
Total comprehensive income/(loss) of the year		8 270	12 899

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

The Director of the Finance Department

The Board of Directors

Statement of Financial Position as at the December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Assets			
Cash and cash equivalents	18	35 494	13 784
Financial assets at fair value through profit or loss		74 976	75 238
Financial assets held for trading		61 848	65 650
Securities	19	40 292	42 906
Derivative financial assets	20	21 556	22 744
Non-trading financial assets mandatorily at fair value through profit or loss		13 128	9 588
Securities	22	13 105	9 564
Loans and advances to customers	24	23	24
Financial assets at fair value through other comprehensive income	22	299 464	166 402
Financial assets measured at amortised cost		1 661 182	1 882 047
Securities	22	481 470	669826
Loans and advances to banks	23	495 105	576 795
Loans and advances to customers	24	684 607	635 426
Other tangible assets	25	10 062	9 428
Intangible assets	26	689	1 359
Investments in associated companies	27	123 075	150 311
Tax assets		67 254	74 908
Current income tax assets	33	17 086	16 184
Deferred income tax assets	33	50 168	58 724
Other assets	28	64 988	70 405
Total Assets		**2 337 184**	**2 443 882**
Liabilities			
Financial liabilities held for trading		22 457	23 371
Securities	19	817	846
Derivative financial liabilities	20	21 640	22 525
Financial liabilities measured at amortised cost		1 613 895	1 735 420
Resources of credit institutions	29	399 102	628 573
Resources of customers	30	1 022 995	739 559
Debt securities issued	31	191 798	367 288
Provisions	32	610	1 118
Tax liabilities		13 633	12 917
Current income tax liabilities	33	8 060	7 123
Deferred income tax liabilities	22	5 573	5 794
Other liabilities	34	42 949	35 686
Total Liabilities		**1 693 544**	**1 808 512**
Equity			
Share capital	35	871 278	871 278
Share premium	35	8 796	8 796
Other equity instruments	35	105 042	105 042
Fair-value reserves	36	554	(4 064)
Other reserves and retained earnings	36	(347 664)	(357 934)
Net profit/(loss) for the year		5 634	12 252
Total equity		**643 640**	**635 370**
Total Equity		**643 640**	**635 370**
Total Equity and Liabilities		**2 337 184**	**2 443 882**

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

The Director of the Finance Department

The Board of Directors

Statement of Changes in Equity for the financial year ended on the December 31, 2024

(thousand euros)

	Notes	Share capital	Share premium	Other equity instruments	Fair-value reserves	Other reserves and retained earnings	Total	Net profit/(loss) for the year	Total Equity
Balance as of 31 December 2022		**863 279**	**8 796**	**105 042**	**(9 433)**	**(364 428)**	**(373 861)**	**19 215**	**622 471**
Other movements recorded directly in equity:									0
Changes in fair value, net of taxes	36	-	-	-	5 369	-	5 369	-	5 369
Remeasurements of defined benefit liabilities, net of taxes	36	-	-	-	-	(4 722)	(4 722)	-	(4 722)
Net profit / (loss) for the year	36	-	-	-	-	-	-	12 252	12 252
Total comprehensive income for the year		**-**	**-**	**-**	**5 369**	**(4 722)**	**647**	**12 252**	**12 899**
Share capital increase	35	7 999	-	-	-	(7 999)	(7 999)	-	-
Transfers for reserves and retained earnings	36	-	-	-	-	19 215	19 215	(19 215)	-
Balance as of 31 December 2023		**871 278**	**8 796**	**105 042**	**(4 064)**	**(357 934)**	**(361 998)**	**12 252**	**635 370**
Other movements recorded directly in equity:									
Changes in fair value, net of taxes	36	-	-	-	4 618	-	4 618	-	4 618
Remeasurements of defined benefit liabilities, net of taxes	36	-	-	-	-	(1 982)	(1 982)	-	(1 982)
Net profit / (loss) for the year	36	-	-	-	-	-	-	5 634	5 634
Total comprehensive income for the year		**-**	**-**	**-**	**4 618**	**(1 982)**	**2 636**	**5 634**	**8 270**
Transfers for reserves and retained earnings	36	-	-	-	-	12 252	12 252	(12 252)	-
Balance as of 31 December 2024		**871 278**	**8 796**	**105 042**	**554**	**(347 664)**	**(347 110)**	**5 634**	**643 640**

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

The Director of the Finance Department

The Board of Directors

Cash Flow Statement for the financial year ended on the December 31, 2024

(thousand euros)

	Notes	31.12.2024	31.12.2023
Cash flows from operating activities			
Interests received		99 113	92 991
Interests paid		(71 726)	(49 808)
Fees and commissions received		20 428	36 277
Fees and commissions paid		(2 982)	(7 106)
Recoveries of operations written off from assets	13	382	8 868
Cash payments to employees and suppliers		(43 921)	(44 067)
		1 294	**37 155**
Changes in operating assets and liabilities:			
Trading financial assets and liabilities		3 194	(8 417)
Loans and advances to banks		9 295	(20 425)
Resources of other credit institutions	29	(225 228)	(219 927)
Loans and advances to customers		(50 046)	21 749
Resources of customers	30	274 054	237 639
Other operating assets and liabilities		13 784	9 886
Net cash flow from operating activities before income tax		**26 347**	**57 660**
Income taxes paid		(3 218)	(1 198)
		23 129	**56 462**
Net cash flows from investment activities			
Sale of investments in subsidiaries and associates	27	-	1 758
Subsidiaries share capital decrease	27	28 000	-
Purchase of securities		(354 545)	(116 090)
Sale and repayments of securities		433 620	145 926
Purchase of fixed assets	25 and 26	(4 390)	(982)
Sale of fixed assets		16	46
		102 701	**30 658**
Cash flows from financing activities			
Reimbursement of debt securities issued	31	(173 971)	-
Rents paid for leasing operations	34	(2 472)	(2 311)
Net cash flow from financing activities		**(176 443)**	**(2 311)**
Net changes in cash and equivalents		**(50 613)**	**84 809**
Cash and equivalents at the beginning for the year		563 346	478 537
Cash and equivalents at the end for the year		512 733	563 346
		(50 613)	**84 809**
Cash and equivalents includes:			
Cash	18	2	4
Demand deposit at central banks	18	28 199	2 984
Deposits at other credit institutions	18	9 671	12 661
Loans and advances to banks	23	474 861	547 697
		512 733	**563 346**

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

The Director of the Finance Department

The Board of Directors

2. NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

NOTE 1 – ACTIVITY

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

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

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

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

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

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

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

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

In January 2024, the Bank of Portugal informed Haitong Bank of its non-opposition to the change in the business plan of the Macau Branch. In May 2024, the Monetary Authority of Macau (AMCM) issued a letter of non-opposition to the start of deposit-taking activities at the Macau Branch.

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

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 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.

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1. BASES OF PREPARATION

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

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

Haitong Bank’s individual financial statements set forth herein refer to the year ended on the December 31, 2024, which has been prepared in accordance with the IFRS in force in the European Union at January 1, 2024.

The accounting policies in this note were consistently to all entities of the Bank and are consistent with those used in the preparation of the financial statements of the previous period, except as stated in the note on comparability of information.

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

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

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

The financial statements herein have been approved in the Board of Directors meeting held on the March 13, 2024 and will be submitted to the sole shareholder for approval, is expected that it will be approved without changes.

Comparability of the Information

On December 31st, 2024, the Bank 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. Therefore, the Bank changed the values presented in the breakdown of Non-

Performing and Forborne Exposures of Note 40. The original values published in 2023 are presented in Note 41 – Comparability of the Information.

2.2. FOREIGN CURRENCY TRANSACTIONS

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

Non-monetary assets and liabilities recognised at historical cost, expressed in foreign currency, are converted at the exchange rate on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency and recorded at amortised cost or fair value are converted at the exchange rate in force on the date the amortised cost or fair value was determined. The resulting exchange differences are recognised in the income statement under "Exchange revaluation results".

2.3. FINANCIAL INSTRUMENTS

2.3.1. Financial assets classification

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

a) Financial assets at amortised cost;
b) Financial assets at fair value through other comprehensive income; or
c) Financial assets at fair values through profit or loss, namely:
  i. Financial assets held for trading; and
  ii. Non-trading financial assets mandatorily at fair value through profit or loss.

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

a) Financial assets measured at amortised cost

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

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

The "Financial assets at amortised cost" category mainly includes loans and advances to banks and loans and advances to customers.

b) Financial assets at fair value through other comprehensive income

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

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

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

c) Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

Business model evaluation for financial assets management

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

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

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

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

Initial recognition

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

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

Subsequent measurement

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

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

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

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

b) Exchange differences are recognised in the income statement; and

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

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

a) Changes in fair value are recognised directly in profit or loss, separating between the portion attributable to the income of the instrument, which is recognised as interest or as dividends according to their nature, and the remainder, which is recognised as results in the corresponding account.
b) Exchange differences are recognised in the income statement; and

c) Interests and premium/discount on debt instruments are measured using the effective interest rate method and are recognised in financial margin.

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

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

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

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

Reclassifications between categories of financial instruments

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

Derecognition criteria

The Bank derecognises a financial asset in the following situations:

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

Loans and debt instruments written-off

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

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

Purchase or originated credit impaired assets

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

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

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

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

Impairment of financial assets

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

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

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

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

Impairment Model

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

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

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

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

In addition, the top 20 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 Regulations (CRR) in its definition of default and by IFRS 9 in the definition of impaired financial instruments, which could determine a transfer to Stage 3. Stage 2 exposures are subject to the application of a lifetime impairment rate to determine the minimum impairment rate applicable to financial instruments, using a lifetime collective model. All Stage 3 clients are subject to an individual impairment analysis.

At initial recognition, any instrument is allocated to Stage 1, except for purchased or originated credit impaired (POCI) financial instruments, 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 to Stage 3. If the risk of default of a financial asset is low or has not increase significantly since initial recognition, it remains in Stage 1 with a 12-months ECL. Otherwise, if there is a significant increase in credit risk compared with the initial recognition, the result would be a transfer into Stage 2 and, consequently to the recognition of the lifetime ECL over the residual life of the financial asset. A transfer into Stage 3 is required when objective evidence for a credit loss appears.

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

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

Note 40 – Risk Management discloses the inputs of the Bank's collective impairment model, as well as the adjustments made to incorporate forward-looking information.

Expected Credit Losses

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

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

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

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

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

Significant increase in credit risk

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

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

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

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

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

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

Default definition

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

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

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

On June 30th, 2024, the Bank 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. Forbearance measure is a concession by the Bank towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments. An exposure can only be forborne if the debtor is facing financial difficulties that have led the Group to make a concession.

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

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

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

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

The definition of forbearance adopted by the Group follows article 47.º B of the CRR, the principles of the European Central Bank and the reference criteria applicable to forborne exposures set by Bank of Portugal under the Carta Circular CC/2018/00000062, from November 2018.

2.3.2. Hedge accounting

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

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

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

- **a)** There must be an economic relationship between the hedged item and the hedging instrument,
- **b)** the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship, and
- **c)** the coverage ratio of the hedge accounting relationship, understood as the share of the item hedged by the hedging instrument, must be the same as the coverage ratio used for management purposes.

Fair value hedge

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

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

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

2.3.3. Financial liabilities

Classification, initial recognition and subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

Classification

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

a) Financial liabilities held for trading

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

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

The Bank may irrevocably assign a financial liability at fair value through profit or loss at the time of its initial recognition if at least one of the following conditions is met:

- The financial liability is managed, evaluated and reported internally at its fair value;
- The designation eliminates or significantly reduces the accounting mismatch of transactions.

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

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

Initial recognition and subsequent measurement

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

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

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

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

Financial liabilities at amortised cost

Classification

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

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

Initial recognition and subsequent measurement

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

Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

Derecognition of financial liabilities

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

2.3.4. Interest recognition

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

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

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

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

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

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

2.3.5. Financial guarantees

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

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

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

2.3.6. Performance guarantee contracts

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

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

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

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

2.4 ASSETS SOLD WITH REPURCHASE AGREEMENT AND SECURITIES LENDING

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

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

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

2.5 EQUITY INSTRUMENTS

An instrument is classified as equity instrument only if:

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

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

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

2.6 OFFSETTING FINANCIAL INSTRUMENTS

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

2.7 OTHER TANGIBLE ASSETS

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

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

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

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

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

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

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

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

2.8 INTANGIBLE ASSETS

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

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

Costs directly related to the development of computer applications, which are expected to generate future economic benefits beyond one financial year, are recognised and recorded as intangible assets.

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

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

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

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

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

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

2.9 LEASE TRANSACTIONS (IFRS 16)

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

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

The Bank chose not to apply this standard to short-term lease contracts which are less or equal to one year, and to lease contracts where the underlying asset has no significant amount (up to 5,000 USD). The option of not applying this standard to intangible assets leases was also used.

As a lessee

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

As a lessor

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

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

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

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

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

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

2.10 EMPLOYEE BENEFITS

Pensions

Portugal

Following the signature of the Collective Labor Agreement ("Acordo Coletivo de Trabalho" (ACT)) for the banking sector and its subsequent amendments resulting from the 3 tripartite agreements described in Note 16, pension funds and other mechanisms were set up to cover liabilities assumed with pensions on retirement, disability, survival and health-care benefits.

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

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

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

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

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

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

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

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

Other Geographies

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

Health-care benefits

Portugal

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

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

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

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

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

Other Geographies

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

France

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

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

Spain

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

Brazil

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

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

Macau

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

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

UK

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

Poland

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

Employees across geographies are covered by defined contribution plans.

Long-term service bonuses

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

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

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

Variable remuneration paid to employees

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

2.11 INCOME TAXES

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

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

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

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

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

It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020), as well as provided in Law No. 24-D/2022, of December 30, which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated . Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

The works developed in the level of the OECD/G20 inclusive Framework related to the called “Pillar 2” BEPS Pillar 2, resulted in the adoption of respective model rules at the EU level with the publication Council Directive (EU) 2022/2523, of 15th December 2022 (Pilar 2 Directive). In summary, this regime aims to ensure that the profits of multinational groups with revenues of more than 750 million euros are subjected to a minimum level of effective taxation of no less than 15% in all jurisdictions where they are established. This minimum taxation operates through a so-called Top-up Tax, the calculation and collection of which is primarily the responsibility of the jurisdiction where the so-called Ultimate Parent Entity (UPE) of the multinational group or an intermediate holding company of that group is located, in cases where the jurisdiction of the UPE does not adopt the income inclusion rule (IIR) However, when this mechanism is not activated, the Undertaxed Profitss Rule (UTPR) is activated at the level of the companies held.

In Portugal, the Pillar 2 Directive was transposed into national law by the Law No. 41/2024, of November 8,whose Global Minimum Tax Regime («RIMG») also introduced a so-called Qualified Domestic Minimum Top-up Tax (QDMTT), through which Portugal will have priority in collecting any Pillar 2 complementary tax from entities located there. The RIMG will be in force from 2024, with the exception of the UTPR rule, which will be applied from 2025.

The approved legislation also provides for a set of the safe harbour rules , applicable during the first three years (2024 - 2026), aimed at minimizing the administrative effort of multinational groups in applying the Pillar 2 rules. Under the terms of these safe harbour rules, the Pillar 2 supplementary tax due in Portugal may be considered zero, upon verification of at least one of certain tests based on the Country-by-Country Report – CbCR..

The Bank, qualifies as an entity belonging to a multinational Group covered by the Pillar 2 regime, whose UPE is Haitong Securities Co.Ltd., headquartered in Shanghai, China. To the extent that the upstream entities in its holding chain are located in jurisdictions that do not yet apply the Pillar 2 regime, the Bank may be required for paying supplementary tax in Portugal related to the jurisdictions of its branches and subsidiaries in 2024, through the IIR, as well as for other Group entities from 2025 onwards, through the UTPR.

In this regards, the Bank has analysed the impacts of the application of this Law within its scope, with reference to 2025 taking into special consideration the possibility of applying the transitional safe harbour rules mentioned in the previous paragraph. The estimated impact of this regime in 2024, following the analysis carried out, is disclosed in Note 33 – Taxes.

It should be noted that the Bank applies the temporary exception provided in IAS 12 for the recognition and disclosure of information on deferred tax assets and liabilities related to income taxes resulting from the RIMG.

2.12 CONTINGENT ASSETS

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

2.13 PROVISIONS

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

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

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

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

2.14 RECOGNITION OF FEE AND COMMISSION INCOME

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

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

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

2.15 SEGMENT REPORTING

The Group adopted IFRS 8 – Operating Segments for the disclosure of financial information by operating segments (see Note 5).

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

2.16 EARNINGS PER SHARE

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

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

2.17 CASH AND CASH EQUIVALENTS

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

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

2.18 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

These assets are recorded at historical cost, being subject to periodic analyses of impairment. Dividends are recorded as an income in the year in which its distribution is decided by the subsidiaries and associated companies.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it has the power to designate the relevant activities of the entity, and when it is exposed, or has rights, to the variability of returns arising from its involvement with that entity and can take control of them through the power it holds over the relevant activities of that entity (de facto control).

Financial investments in associates

Associated companies are entities over which the Bank has significant influence, but does not exercise control over their financial and operational policy. The Bank is presumed to exercise significant influence when it holds more than 20% of the associate's voting rights. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is assumed that the Bank does not have significant influence, except when this influence can be clearly demonstrated.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed annually, with reference to the end of each year or whenever there are signs of a possible loss in value. Impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Identified impairment losses are recorded against profit or loss, being subsequently reversed through profit or loss if there is a reduction in the amount of the estimated loss in a subsequent period. The recoverable amount is determined based on the greater between the value in use of the assets and the fair value less costs to sell, being calculated using valuation methodologies, supported by discounted cash flow techniques, comparable multiples, considering the conditions markets, time value and business risks.

2.19 SUBSEQUENT EVENTS

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

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,

ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the individual financial statements in Note 42 – Subsequent Events.

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

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

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

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

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

The Bank periodically reviews financial assets at amortised cost and debt at fair value through other comprehensive income in order to accurately evaluate the existence of impairment, as referred on Note 2.3.1.

Individual analysis.

The Risk Management Department identifies all exposures subject to individual staging analysis, encompassing: (i) Top 20 performing largest exposures; (ii) all under-performing (Stage 2) exposures; (iii) non-performing (Stage 3) exposures; (iv) clients with a rating change of at least 4-notches downgrade but remaining within investment grade; and (v) clients with a credit spread increase superior to 30% since their origination, and ensure that they are subject to an analysis by the Impairment Committee and Executive Committee. Stage 2 exposures are analysed individually, in order to verify the absence of indicative unlikeliness to pay of the debtor and the events considered by Capital requirements Regulations (CRR) in its definition of default and by standard IFRS 9 in the definition of impaired financial instruments, which could cause transfer to Stage 3.

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

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

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

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

Collective analysis

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

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

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

The Bank updated the inputs of the collective model in 2024 regarding the incorporation of forward-looking information, according to the information presented in Note 40 – Risk Management.

3.2. INCOME TAXES

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

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

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

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

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

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

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

3.3. IMPAIRMENT LOSSES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries and associated companies are analysed periodically for the purpose of identifying signs of impairment. If any, the impairment is determined in accordance with the rules set forth in IAS 36. In the absence of an available market value (price book value), the recoverable amount is normally determined based on discounted value techniques using a discount rate that considers the risk associated with unit to be tested. The determination of the future cash flows to be discounted and the discount rate to be used involves judgment. Changes in expected cash flows and in the discount rates to be used could lead to different conclusions from those that formed the basis of the preparation of these financial statements.

3.4. PENSIONS AND OTHER EMPLOYEE BENEFITS

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

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

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

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

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

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

3.6. CLASSIFICATION OF PERFORMANCE GUARANTEE

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

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

Accordingly, the Bank accounts for these contracts as loan commitments in accordance with IFRS 9. The gross amount of the performance guarantees issued and accounted for as loan commitments in the off-balance sheet items amounts to 81,134 (31 December 2023: 90,808 thousand euros) (refer to Note 37) and the carrying value of the liability related and recognised in the individual financial statements is 54 thousand euros (31 December 2023: 1,866 thousand euros) of December 31, 2024. The fee income recognised for these performance guarantees was 129 thousand euros (31 December 2023: 77 thousand euros) for the year ended 31 December 2024.

3.7. PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

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

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

3.8. TERM OF LEASE AGREEMENTS

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

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

NOTE 4 – FINANCIAL MARGIN

This heading's amount is composed of:

(thousand euros)

	31.12.2024			31.12.2023		
	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total	From assets/liabilities at amortised cost and at fair-value through other comprehensive income	From assets/liabilities at fair-value through profit and loss	Total
Interest and similar income						
Interest from loans and advances to customers	51 567	-	51 567	49 842	-	49 842
Interest from deposits and investments in credit institutions	27 495	-	27 495	12 143	-	12 143
Interest from financial assets at fair value through other comprehensive income	12 071	-	12 071	7 505	-	7 505
Interest from financial assets at fair-value through profit and loss	-	1 264	1 264	-	1 431	1 431
Interest from financial assets (securities) at amortised cost	15 741	-	15 741	18 473	-	18 473
Other interest and similar income	1 270	-	1 270	1 833	-	1 833
	108 144	1 264	109 408	89 796	1 431	91 227
Interest and similar expenses						-
Interest from deposits from central banks and other credit institutions	24 133	-	24 133	24 835	-	24 835
Interest from debt securities issued	15 794	-	15 794	16 892	-	16 892
Interest from resources of customers	35 360	-	35 360	17 137	-	17 137
Interest from leasing operations	405	-	405	427	-	427
Other interest and similar expenses	214	-	214	2 811	-	2 811
	75 906	-	75 906	62 102	-	62 102
Total	32 238	1 264	33 502	27 694	1 431	29 125

As of December 31, 2024, interest and similar income includes an amount of 1,813 thousand euros and 118 thousand euros concerning contracts flagged as stage 2 and stage 3, respectively (December 31, 2023: 240 thousand euros and 207 thousand euros).

As of December 31, 2024, no costs are recorded for PELTRO operations, which ended in 2023 (December 31, 2023: cost of 312 thousand euros).

The heading Interest and similar expenses – Interest from deposits from central banks and other credit institutions has a cost of 399 thousand euros associated with TLTRO III operations (December 31, 2023: cost of 860 thousand euros).

For each TLTRO III tranche, the effective interest rate is being periodized. This interest rate considers the interest rates applicable to each operation in the elapsed period, in accordance with the Bank's estimate of compliance with the targets for variation in the volume of eligible credit defined by the ECB.

As of December 31, 2024, no TLTRO III operation is alive (December 31, 2023: one TLTRO III operation alive with a nominal value of 11,060 thousand euros). (Refer to Note 29).

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

The average interest rates recorded for the years ended December 31, 2024 and 2023, as well as the respective average balances and interest for the year, are presented in Note 40.

As of December 31, 2024 and 2023, the amount of Interest and similar income has the following distribution by geographic segment:

(thousand euros)

	31.12.2024	31.12.2023
Interest and similar income		
Portugal	39 684	26 937
Poland	12 915	14 861
Spain	8 733	11 260
Luxembourg	9 289	8 961
Italy	5 580	5 745
China	-	2 414
Netherlands	3 077	3 816
UK	4 266	2 914
Ireland	2 620	2 796
Cayman Islands	-	2 467
France	4 654	-
Australia	2 782	-
Others	15 808	9 056
Total	109 408	91 227

NOTE 5 – DIVIDEND INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Dividend income		
HAITONG BANCO DE INVESTIMENTO DO BRASIL S.A.	2 528	-
HAITONG GLOBAL ASSET MANAGEMENT SGOIC S.A.	7 089	-
Total	9 617	-

NOTE 6 – NET FEES AND COMMISSIONS INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Fees and commissions income		
From banking services	5 194	26 946
From guarantees provided	1 097	1 173
From transactions with securities	14 231	7 163
	20 522	**35 282**
Fees and commissions expenses		
From banking services rendered by third parties	115	113
From transactions with securities	2 664	1 669
From guarantees received	190	360
Other fee and commission expenses	13	4 964
	2 982	**7 106**
Total	**17 540**	**28 176**

As of December 31, 2024, the income regarding fees and commission included 940 thousand euros (December 31, 2023: 17,115 thousand euros) in services concerning Haitong Group related parties (Note 39).

As of December 31, 2024 and 2023, the amount of fees and commissions present the following distribution, by operational segment:

(thousand euros)

	31.12.2024	31.12.2023
Fees and commissions income		
Capital Markets Division	13 284	10 510
Mergers and Acquisitions Divisions	2 570	15 909
Structured Finance Division	3 012	4 860
Equities Division	-	108
Fixed Income Currency and Commodities Division	1 318	1 033
Asset management	198	-
Treasury Division	48	115
Corporate Solutions	6	8
Others	86	2 739
Total	**20 522**	**35 282**

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

Mergers and Acquisitions

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

Capital Markets

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

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

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

Corporate Derivatives

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

Fixed Income

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

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

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

Corporate and Project Financing

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

Corporate Solutions

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

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

Treasury

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

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

Asset Management

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

Corporate Centre

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

Special Portfolio Management

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

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

Other

Includes all remaining segments of the Group's Management Information model, which in accordance with the provisions laid down in IFRS8 are not subject to mandatory individualization (Asset Management and other revenue centres).

As of December 31, 2024 and 2023, the amount of fees and commissions present the following distribution, by geographical segment:

(thousand euros)

	31.12.2024	31.12.2023
Fees and commissions income		
China	8 479	21 973
Portugal	4 644	6 590
Brazil	486	515
Poland	1 153	1 512
United Kingdom	1 237	1 283
Spain	1 075	834
Virgin Islands	2 136	744
Luxembourg	620	580
Hong Kong	253	520
Ireland	255	320
Others	184	411
Total	**20 522**	**35 282**

NOTE 7 – NET TRADING INCOME

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets and liabilities at fair value through profit and loss held for trading		
Securities		
Bonds and other fixed-income securities		
Issued by public entities	446	197
Of other issuers	1 015	2 021
Shares	3	(17)
	1 464	**2 201**
Financial derivatives		
Foreign-exchange contracts	(2 103)	(694)
Interest rates contracts	1 000	(1 764)
Equity/indexes contracts	(273)	(792)
Other	45	87
	(1 331)	**(3 163)**
Total	**133**	**(962)**

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

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets at fair value through profit or loss not held for trading		
Loans and advances to customers	(1)	2
Shares	432	858
Other variable-income securities	52	-
	483	860
Total	483	860

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

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Bonds and other fixed-income securities		
Issued by public entities	-	193
Of other entities	1 441	1 254
Total	1 441	1 447

The assets that gave rise to the results presented here are detailed in Note 23.

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Net gains/(losses) from hedge accounting		
Hedging derivatives (Note 21)	1 706	248
Hedged items (Note 22)	(1 359)	(248)
Total	347	-

The Bank carries out accounting hedges using essentially interest rate futures. This item records changes in the fair value of derivatives designated for hedging as well as the respective variation in the covered risk of debt instruments designated for hedging.

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

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Currency revaluation	4 779	187
Total	**4 779**	**187**

On the December 31, 2024 and 2023, this heading includes results arising out of the exchange rate revaluation of monetary assets and liabilities denominated in foreign currency, in accordance with the accounting policy set forth in Note 2.2, and the results of foreign exchange derivatives. The exposure of assets and liabilities, by currency, is presented in Note 40.

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

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Sale of loans and advances to customers	-	403
Gains/Losses on Amortized Cost Investments	4 184	2 710
Gains/Losses Other Assets at Amortized Cost	-	(1 169)
Total	**4 184**	**1 944**

In 2024, the Bank sold securities totalling 153 million euros. These transactions generated capital gains of 4,184 thousand euros. In 2023, the Bank sold loans and securities totalling 21 million euros and 67 million euros respectively. These 2023 transactions generated a profit of 403 thousand euros in capital gains on the sale of loans and 2,710 thousand euros in capital gains on the sale of bonds.

The sales made are part of the Hold to Collect business model and fulfil the limits stipulated by the Bank for the purposes of complying with IFRS9, namely in relation to transactions that are (i) infrequent or insignificant or (ii) motivated by a significant increase in the credit risk of financial assets.

The assets that gave rise to the results presented here are detailed in Note 23.

NOTE 13 – OTHER OPERATING INCOME AND EXPENSES

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Other customer services	130	130
Direct and Indirect taxes	(2 969)	(2 788)
Investment in branches, associates and joint ventures	-	(201)
Non-financial assets	12	(77)
Sub-leasing	517	496
Other operating results	(58)	(1 043)
Gains / (losses) on recoveries of loans		
Securities recoveries	382	8 868
Total	**(1 986)**	**5 385**

Direct and indirect taxes include 1,781 thousand euros concerning the cost associated with the Bank Levy and Additional Solidarity Contribution on the Banking Sector (2023: 2,009 thousand euros), established pursuant to Law no. 55-A/2010, of the December 31, 2024 (see Note 37).

Other operating results include 350 thousand euros relating to the Contribution to the National Resolution Fund and European Resolution Fund (December 31, 2023: 1,153 thousand euros).

In 2024, there was a recovery of 382 thousand euros (2023: 8,868 thousand euros) relating to a debt instrument.

NOTE 14 – EMPLOYEE COSTS

This heading's amount is composed of:

(thousand euros)

	Notes	31.12.2024	31.12.2023
Wages and salaries			
Remuneration		23 609	25 283
Career benefits	15	1	56
Changes from termination agreements		635	34
Expenses with retirement pensions	15	43	19
Other mandatory social charges		4 938	4 631
Other expenses		1 176	158
Total		**30 402**	**30 181**

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

(thousand euros)

	31.12.2024			
	MB Supervisory function	MB Management function	Other Senior Management	Other Senior Staff
Fixed remuneration				
Number of identified staff	6	5	46	7
Total Fixed remuneration	390	1 721	6 233	455
Of which: Cash-based	390	1 721	6 233	455
Total	**390**	**1 721**	**6 233**	**455**

(thousand euros)

	31.12.2023			
	MB Supervisory function	MB Management function	Other Senior Management	Other Senior Staff
Fixed remuneration				
Number of identified staff	10	4	47	3
Total Fixed remuneration	425	1 483	6 014	203
Of which: Cash-based	425	1 483	6 014	203
Total	**425**	**1 483**	**6 014**	**203**

In 2024, Haitong Bank paid EUR 2,178 thousand in variable remuneration to members of the management bodies and members of the identified staff. This payment included the upfront performance variable remuneration for 2023, as well as the deferred portions from 2020, 2021 and 2022. This amount is compared to the EUR 2,389 thousand paid in 2023.

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

On December 31st, 2024 and December 31st,2023, the Haitong Bank did not present any credit granted to its Management Bodies.

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

	31.12.2024	31.12.2023
Directors	152	137
Management	2	3
Specific roles	95	118
Administrative roles	18	16
Support roles	6	10
Total HT Bank (Average)	**272**	**284**

As of December 31, 2024, and 2023, the Bank had a total of 269 and 277 employees on its staff, respectively.

NOTE 15 – EMPLOYEES BENEFITS

Retirement pensions and healthcare benefits

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

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

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

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

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

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

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

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

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

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

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

	Assumptions	
	31.12.2024	31.12.2023
Financial Assumptions		
Discount rate	3.56%	3.59%
Pension growth rates	2025: 1.85% >=2026: 0.50%	2024: 2.00% 2025: 1.20% ≥2026: 0.50%
Salary growth rates	2025: 2.10% >=2026: 0.75%	2024: 2.25% 2025: 1.45% ≥2026: 0.75%
Demographic Assumptions and Assessment Methods		
Mortality table		
Men	TV 88/90	TV 88/90
Women	TV 88/90 -3 years	TV 88/90 -3 years
Actuarial valuation method	Projected Unit Credit e VAPP	

Disability decrements are not included in the calculation of responsibilities. The discount rate used as reference to the December 31, 2023, was based on: (i) the development sustained by the main indices concerning high quality corporate bonds and (ii) the duration of the responsibilities (15 years).

Recipients of the pensions plan are disaggregated as follows:

	31.12.2024	31.12.2023
Active workers	80	86
Former employees with vested rights	86	83
Retired	57	51
Survivors	8	9
TOTAL	231	229

Former employees with vested rights refer to employees who ceased their activity in the Bank in 2023 and 2022 and maintained the pension plan rights.

The IAS 19 application implies the following liabilities and coverage levels, which shall be reported on the December 31, 2024, and 2023:

(thousand euros)

	31.12.2024	31.12.2023
Net Assets / (Liabilities) recognised in the statement of financial position		
Liabilities as of December 31		
Pensioners and former employees with vested rights	33 875	30 838
Active workers	8 903	9 212
	42 778	40 050
Balance of funds as of December 31	53 447	52 788
Excess of coverage / Contributions to the fund	10 669	12 738
Deferred past services costs (curtailments)	-	-
Assets / (Liabilities) in the statement of financial position (Note 28 e Note 34)	10 669	12 738
Acummulated actuarial gains / losses recognised in other comprehensive income	30 597	28 749

The Bank assesses the recoverability of any excess of the fund in relation to retirement pension liabilities, based on the expectation of a reduction in future necessary contributions or the reimbursement of contributions made.

Retired includes the former employees, with vested rights acquired under the Social Plan.

The evolution of liabilities regarding retirement pensions and healthcare benefits is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities at the beginning of the year	**40 050**	**32 916**
Current service cost (see Note 13)	43	19
Interest expenses	1 420	1 374
Participants contributions	95	90
Actuarial (gains)/losses	1 579	6 640
-Changes in financial assumptions	576	4 831
- Experience (Gains)/losses	1 003	1 809
Pensions paid by the fund	(1 044)	(1 023)
Changes from termination agreements (see Note 13)	635	34
Liabilities at the end of the year	**42 778**	**40 050**

Liabilities with Health Benefits were fully covered by the Pension Fund and correspond to 2,542 million euros on December 31, 2024 (December 31, 2023: 2,500 thousand euros).

Considering the situation on the December 31, 2023, the analysis to the sensibility and alterations of the actuarial assumptions revealed the following impacts:

- An increase in the discount rate of 25 base points would have represented a reduction in liabilities of approximately 1,601 thousand euros. A discount rate decrease of the same proportion would have represented an increase in liabilities of approximately 1,660 thousand euros;
- An increase of 25 base points in the growth of salaries and pensions would have represented an increase in liabilities of approximately 1,853 thousand euros. A decrease in the growth of salaries of the same proportion would have represented a decrease in liabilities of approximately 1,780 thousand euros.

The evolution of value regarding the pension funds on the financial years ending on the December 31, 2024 and 2023, may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Pension Funds at the beginning of the period	**52 788**	**49 786**
Real income of the fund	1 608	3 935
Participants contributions	95	90
Benefits paid	(1 044)	(1 023)
Pension Funds at the end of the period	**53 447**	**52 788**

Pension fund's assets can be analysed as follows:

	% Portfolio	
	31.12.2024	31.12.2023
Bonds	75.76%	76.96%
Shares	23.52%	20.78%
Liquidity	0.73%	2.26%
Total	**100%**	**100%**

All assets (except Liquidity assets) are quoted and valued based on market prices.

An adequacy exercise was carried out between the Pension Fund's assets and liabilities, taking into account the investment, contribution and financing policies intended by the associate, which gave rise to the investment strategy. The VaR of the ratio between the fund's financial assets and the pension plan's liabilities is estimated periodically throughout the year to monitor whether the expected level of volatility between the fund's financial assets and the pension plan's liabilities fits within the budget for risk defined by the Bank.

On the December 31, 2024 and 2023 the funds did not contain securities issued by entities of the Bank.

The evolution of accumulated actuarial deviations reflected in other comprehensive income may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Accumulated actuarial gains / (losses) as of January 1	**28 749**	**23 957**
- Actuarial assumptions changes	576	4 831
- (Gains)/losses in experience	1 272	(39)
Accumulated actuarial deviations as of December 31	**30 597**	**28 749**

The costs of the financial year with retirement pensions and healthcare benefits may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Current service cost	43	19
Interest Expenses / (Income)	(457)	(713)
Final Balance	**(414)**	**(694)**

The earnings / costs of the interests are recognised according at net value in interest and similar income / expenses.

The evolution of the net assets / (liabilities) on the balance regarding the financial years ending on the December 31, 2024 and 2023 may be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**12 738**	**16 870**
Year expenses	414	694
Actuarial gains / (losses) recognised in other comprehensive income	(1 848)	(4 792)
Changes in termination agreements	(635)	(34)
Transfer to other funds	-	-
Final Balance	**10 669**	**12 738**

The normal contribution planned for the year 2025 is 182 thousand euros. This value corresponds to a cost of 6.31% of the expected value of pensionable salaries for 2025, and does not take into account the deduction of the contribution of employees admitted to the sector after January 1, 1995 (global contribution of 5% on their minimum monthly salary).

However, as the pension fund is fully funded on December 31, 2024, it is not anticipated that the Member will need to make contributions during the year 2025.

The evolution of liabilities and fund balances, as well as the earnings and losses of experience in the last 5 years shall be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Liabilities	(42 778)	(40 050)	(32 916)	(50 066)	(52 754)
Funds balances	53 447	52 788	49 786	56 260	53 072
(Under) / over funded liabilities	**10 669**	**12 738**	**16 870**	**6 194**	**318**
Experience (gains) / losses from liabilities	1 003	1 809	2 304	(142)	(1 352)
Experience (gains) / losses from plan assets	269	(1 848)	6 122	(2 518)	(1 733)

Career bonuses

On the December 31, 2024, and 2023, the liabilities assumed by the Bank and the costs recognised in the periods with the career bonus are the following:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities at the beginning of the year	**485**	**429**
Period expenses	1	56
Liabilities at the end of the year	**486**	**485**

The actuarial assumptions used for calculation of liabilities are identical for calculation of retirement pensions (when applicable).

The liability regarding career bonuses is registered in other liabilities (see Note 34).

NOTE 16 – ADMINISTRATIVE COSTS

This heading's amount is composed of:

(thousand euros)

	31.12.2024	31.12.2023
Communications and expedition	2 364	2 438
Rents and leases	505	522
Travels and representation expenses	584	-
Maintenance and related services	494	575
Insurance	43	46
Advertising and publications	17	19
Legal and litigation	47	143
Specialised services		
IT services	2 760	2 899
Temporary labour	14	16
Independent labour	763	587
Other specialised services	2 113	2 392
Other expenses	964	1 478
Total	**10 668**	**11 115**

The Rents and leases heading includes costs relating to short-term rental contracts, less than or equal to one year, and rental contracts in which the underlying asset has a low value, as described in accounting policy 2.9.

The Other Specialised Services heading includes, among others, the costs with external consultants and auditors. The item Other Costs includes, among others, the costs with security and surveillance, information, training costs and costs with external suppliers.

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2024 and 2023 financial year are as follows:

(thousand euros)

	31.12.2024	31.12.2023
PwC SROC	**463**	**444**
Audit	253	240
Other assurance services	201	195
Other non-reliability assurance services	9	9
Companies in the PwC network (1)	**192**	**149**
Audit	142	134
Other non-reliability assurance services	50	15
Total value of agreed services	**655**	**593**

(1) In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the years 2024 and 2023. The fees presented for the remaining services relate to amounts agreed during the 2024 and 2023 financial years.

NOTE 17 – EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share are calculated by the division of the result to be attributed to the shareholders of the Bank by the average number of ordinary shares issued during the year, excluding the average number of shares bought and held in portfolio as own shares.

(thousand euros)

	31.12.2024	31.12.2023
Net Profit / (Loss) for the year (1)	5 634	12 252
Weighted average number of ordinary shares outstanding	174 256	172 708
Basic Income per Share (in euros)	0.03	0.07

(1) Net profit/ (loss) for the period attributable to the equity holders of the Bank adjusted by the interest paid from perpetual subordinated bonds atributtable to the period (that are recorded as a change in reserves).

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Diluted earnings per share

The diluted earnings per share are calculated by adjusting the effect of all the potential ordinary diluting shares to the considered average number of existing ordinary shares and to the net result attributed to the bank shareholders.

On the December 31, 2024, and 2023, the Bank holds instruments issued without diluting effect, therefore diluted earnings per share equals basic earnings per share.

NOTE 18 – CASH AND CASH EQUIVALENTS

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Cash	2	4
Demand deposit at central banks		
Bank of Portugal	1 318	1
Other central banks	26 881	2 983
	28 199	2 984
Deposits at other credit institutions in Portugal		
Demand deposits	2 385	1 333
	2 385	1 333
Deposits at other credit institutions abroad		
Demand deposits	7 286	11 328
	7 286	11 328
	37 872	15 649
Impairment losses	(2 378)	(1 865)
Total	35 494	13 784

The 'Demand deposits in central banks – Bank of Portugal' heading, includes deposits with a mandatory nature, intended to comply with the legal minimum cash deposits requirements. In accordance with Regulation (EU) no. 1358/2011 of the European Central Bank, of December 14, 2011, the mandatory minimum deposits in demand deposits in the Bank of Portugal, are paid and represent 1% of the deposits and debt securities with maturity up to 2 years, whereof are excluded deposits and debt securities from entities subject to the minimum reserve requirement scheme of the European System of Central Banks. On the December 31, 2024, the average rate of return of such deposits was 0 % (December 31,2023: 0%).

The compliance with mandatory minimum deposits, for a specific observation period, is effected by taking into account the medium amount of the balances of the deposits with the Bank of Portugal throughout the aforementioned period. The balance of the account with the Bank of Portugal as of December 31, 2024, has been comprised in the maintenance period from the December 18, 2024, to February 4, 2025, which corresponded a mandatory minimum reserve amounting to 1,690 thousand euros (December,2023: 1,801 thousand euros).

NOTE 19 – FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING - SECURITIES

As of December 31, 2024, and 2023, the heading of trading financial assets and liabilities is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Financial assets held for trading		
Securities		
Bonds and other fixed-income securities		
From public issuers	691	3 470
From other issuers	39 577	39 415
Shares	24	21
	40 292	42 906
Financial liabilities held for trading		
Securities		
Short selling	817	846
	817	846
Liquid	39 475	42 060

As of December 31, 2024, the heading of financial assets held for trading includes 23,308 thousand euros in securities pledged as collateral by the Group (23,308 thousand euros as of December 31, 2023) (see Note 37).

As of December 31, 2024, and 2023, the analysis of financial assets and liabilities held for trading – securities, by residual maturity period, is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	5 768	4 876
From three months to one year	6 471	12 414
From one to five years	22 308	20 365
More than five years	5 721	5 230
Undetermined period	24	21
Total	40 292	42 906

In accordance with the accounting policy described in Note 2.3.1, financial assets and liabilities held for trading – securities are bought for the purpose of short-term trading, regardless of their maturity.

As of December 31, 2024, and 2023, the heading of financial assets held-for-trading, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Bonds and other fixed-income securities						
Issued by public entities	691	-	691	3 470	-	3 470
Issued by other entities	39 247	330	39 577	38 015	1 400	39 415
Shares	-	24	24	21	-	21
Total book value	**39 938**	**354**	**40 292**	**41 506**	**1 400**	**42 906**

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The short selling represents securities sold by the Bank, which had been purchased under a reverse repurchase agreement. In accordance with the accounting policy described in Note 2.4, securities purchased under a repurchase agreement are not recognised in the statement of financial positions, with its fair value being presented in Note 38. When such securities are sold, the Bank recognises a financial liability equivalent to the fair-value of the assets which shall be returned in pursuance of the repurchase agreement. These liabilities are measured according to the valuation hierarchy of the Bank.

The movements in Financial assets held for trading - Securities in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**42 906**	**39 012**
Purchases/Sales and other	(19 819)	(16 780)
Net gain/(loss)	1 464	2 201
Accrued interest	15 741	18 473
Closing balance	**40 292**	**42 906**

NOTE 20 – DERIVATIVES

As of December 31, 2024 and 2023, financial derivatives heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Derivatives financial assets		
Trading derivatives		
Foreign-exchange contracts	5 208	691
Interest-rate contracts	16 348	22 053
Other contracts	-	-
	21 556	**22 744**
Derivatives financial liabilities		
Trading derivatives		
Foreign-exchange contracts	5 699	941
Interest-rate contracts	15 941	21 584
Other contracts	-	-
	21 640	**22 525**
Net derivative position	**(84)**	**219**

As of December 31, 2024, and 2023, trading financial derivatives is analysed as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Notional	Fair Value		Notional	Fair Value	
		Positive	Negative		Positive	Negative
Foreign-exchange contracts						
Forward		22	22		2	16
- buy	693			3 896		
- sell	693			3 908		
Currency Swaps		276	762		39	275
- buy	154 324			95 818		
- sell	154 929			96 036		
Currency Interest Rate Swaps		1 676	1 676		-	-
- buy	141 469			-		
- sell	141 469			-		
Currency Options		3 234	3 239		650	650
- buy	267 707			151 614		
- sell	271 265			169 143		
	1 132 549	5 208	5 699	520 415	691	941
Interest-rate contracts						
Interest Rate Swaps		16 338	15 931		21 860	21 391
- buy	411 504			524 243		
- sell	411 504			524 243		
Interest Rate Caps & Floors		10	10		193	193
- buy	54 028			20 365		
- sell	54 028			20 365		
Interest Rate Futures		-	-		-	-
- buy	44 589			52 997		
- sell	41 545			91 666		
	1 017 198	16 348	15 941	1 233 879	22 053	21 584
Contracts on shares/indexes						
Equity / Index Options		-	-		-	-
- buy	5 593			5 403		
Equity / Index Futures		-	-		-	-
- sell	3 758			3 680		
	9 351	-	-	9 083	-	-
Total	2 159 098	21 556	21 640	1 763 377	22 744	22 525

As of December 31, 2024, and 2023, the analysis of trading financial derivatives, by residual maturity period, is as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Notional		Fair Value (net)	Notional		Fair Value (net)
	Sale	Purchase		Sale	Purchase	
Up to three months	254 956	258 718	(220)	221 440	183 932	(250)
From three months to one year	304 791	301 747	(60)	181 600	164 400	(6)
From one to five years	379 086	379 086	222	339 035	339 035	484
More than five years	140 358	140 356	(26)	166 968	166 967	(9)
Total	**1 079 191**	**1 079 907**	**(84)**	**909 043**	**854 334**	**219**

As of December 31, 2024, and 2023, derivatives, both assets and liabilities, include operations collateralized by the constitution of collateral accounts in order to ensure the fair value hedge of the active and liability exposures contracted between the Bank and several financial institutions (contracts under ISDA with CSA). The balances related to these collateral are recorded under "Other assets - collateral deposited under clearing agreements" (Note 28) and "Other liabilities - collateral deposited under clearing agreements" (Note 33). The fair value associated with futures is reflected under “Other Assets” (Note 28).

The movements in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**219**	**533**
Payoff	1 028	2 849
Changes in fair value	(1 331)	(3 163)
Closing balance	**(84)**	**219**

NOTE 21 - HEDGING DERIVATIVES

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

Hedged risk	Derivative product	Associated financial asset / liability	31.12.2024						
			Hedging instrument			Hedged instrument			Net gains/(losses) from hedge accounting
			Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	
Interest rate	Futures	Debt instruments	36 092	-	1 706	35 565	(701)	(1 359)	347

(1) Book value of hedging and hedged instruments excluding hedging adjustments and impairment

(thousand euros)

Hedged risk	Derivative product	Associated financial asset / liability	31.12.2023						
			Hedging instrument			Hedged instrument			Net gains/(losses) from hedge accounting
			Notional	Assets (1)	Fair value change in hedging instruments in the period	Assets (1)	Accumulated fair value adjustments in the hedged item	Fair value change in hedged items in the period	
Taxa de Juro	Futuros	Instrumentos de dívida	19 900	-	248	29 663	690	(248)	-

(1) Book value of hedging and hedged instruments excluding hedging adjustments and impairment

The variations in fair value associated to the assets described above and the respective hedge derivatives are entered in the income statement of the period in the caption of Net gains/(losses) from hedge accounting (Note 10). With regard to the fair value of futures, this is reflected in the caption of Other Assets (Note 28).

NOTE 22 – SECURITIES

As of December 31, 2024, and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Non-trading financial assets mandatorily at fair value through profit or loss		
Shares	5 047	4 472
Other variable income securities	8 058	5 092
	13 105	9 564
Financial assets at fair value through other comprehensive income		
Bonds and other fixed-income securities		
From public issuers	16 844	6 511
From other issuers	282 620	159 891
	299 464	166 402
Financial assets measured at amortised cost		
Bonds and other fixed-income securities		
From public issuers	256 087	416 903
From other issuers	225 383	252 923
	481 470	669 826
Total	794 039	845 792

In accordance with the accounting policy described in Note 2.3, the Bank regularly assesses whether there is objective evidence of impairment in the investment securities portfolios measured at fair value through other comprehensive income and at amortised cost, following the judgement criteria described in Note 3.1.

The movements relating to Financial assets not mandatorily held for trading at fair value through profit or loss in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**9 564**	**12 568**
Net gain/(loss)	483	860
Other exposure increases/reductions	3 058	(3 864)
Closing balance	**13 105**	**9 564**

As of December 31, 2024, and 2023, the portfolio of Financial assets at fair value through other comprehensive income is analysed as follows:

(thousand euros)

	Cost (1)	Fair value reserve (2)		Fair value hedge (Note 10)	Impairment (Note 32)	Book Value
		Positive	Negative			
Bonds and other fixed-income securities						
Issued by public entities	17 291	12	(454)	-	(5)	16 844
Issued by other entities	282 000	4 005	(2 823)	(10)	(552)	282 620
Balance as of 31 December 2024	**299 291**	**4 017**	**(3 277)**	**(10)**	**(557)**	**299 464**
Bonds and other fixed-income securities						
Issued by public entities	7 172	-	(657)	-	(4)	6 511
Issued by other entities	165 100	1 197	(6 050)	217	(573)	159 891
Balance as of 31 December 2023	**172 272**	**1 197**	**(6 707)**	**217**	**(577)**	**166 402**

(1) Amortized cost including accrued interest and the amounts of discontinued hedge accounting relationships

(2) Includes all revaluation reserve components, including hedge and impairment adjustments

As of December 31, 2024, the heading of Financial assets at fair value through other comprehensive income includes in securities pledged as collateral by the Bank: 149,665 thousand euros (December 31, 2023: 75,198 thousand euros).

The movements relating to Financial assets at fair value through other comprehensive income in 2024 and 2023 are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**166 402**	**188 690**
Purchases	213 089	69 031
Sales and other	(91 343)	(102 520)
Other cashflows	(10 340)	(5 994)
Changes in fair value recognised in equity	6 250	7 279
Recognised in profit or loss	1 441	1 447
Fair Value Hedge	(358)	97
Accrued interest	12 071	7 505
Increase/(reversal) of impairment	(393)	82
Other exposure increases/reductions	2 645	785
Closing balance	**299 464**	**166 402**

The portfolio of financial assets at amortised cost is analysed as follows:

(thousand euros)

	Cost (1)	Fair value hedge (Note 10)	Impairment (Note 32)	Book value
Bonds and other fixed-income securities				
Issued by public entities	256 621	(330)	(204)	256 087
Issued by other entities	226 305	(361)	(561)	225 383
Balance as of 31 December 2024	**482 926**	**(691)**	**(765)**	**481 470**
Bonds and other fixed-income securities				
Issued by public entities	417 162	-	(259)	416 903
Issued by other entities	253 242	473	(792)	252 923
Balance as of 31 December 2023	**670 404**	**473**	**(1 051)**	**669 826**

(1) Amortized cost including accrued interest and the amounts of discontinued hedge accounting relationships

As of December 31, 2024, the heading of financial assets at amortised cost includes in securities pledged as collateral by the Bank: 366,003 thousand euros (December 31, 2023: 615,317 thousand euros), which corresponds to a fair value of 361,749 thousand euros.

The movements relating to Financial assets at amortised cost in 2024 and 2023 are shown below:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**669 826**	**666 549**
Purchases	141 456	47 059
Sales and other	(342 277)	(43 406)
Other cashflows	(6 877)	(23 047)
Recognised in profit or loss	4 184	2 710
Fair Value Hedge	(1 001)	(345)
Accrued interest	15 741	18 473
Increase/(reversal) of impairment	173	147
Other exposure increases/reductions	245	1 686
Closing balance	**481 470**	**669 826**

As of December 31, 2024 and 2023, the analysis of securities portfolios by maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	60 748	116 988
From three months to one year	74 474	75 932
From one to five years	473 576	566 094
More than five years	172 136	77 214
Undetermined period	13 105	9 564
Total	**794 039**	**845 792**

As of December 31, 2024 and 2023, the heading of securities, concerning quoted and unquoted securities, is divided as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Quoted (1)	Unquoted	Total	Quoted (1)	Unquoted	Total
Securities						
Bonds and other fixed-income securities						
Issued by public entities	233 292	39 639	272 931	422 220	1 194	423 414
Issued by other entities	384 618	123 385	508 003	347 237	65 577	412 814
Shares	-	5 047	5 047	18	4 454	4 472
Other variable-income securities	-	8 058	8 058	-	5 092	5 092
Total book value	**617 910**	**176 129**	**794 039**	**769 475**	**76 317**	**845 792**

1) Includes Financial assets at fair value through other comprehensive income and Financial assets not mandatorily held for trading at fair value through profit or loss at fair value (Level 1), see Note 33.

Additionally, the Bank performs Backtesting on all operations carried out and has never observed losses or divergences in relation to the valuation methodology.

The average interest rates recorded for the periods ended December 31, 2024 and 2023, as well as the respective average balances and interest for the period are presented in Note 40.

Securities written off from assets

The movement in the years 2024 and 2023 of the value of securities written off from assets is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	**12 169**	**21 037**
Increases:		
Others	572	-
Decreases:		
Recovery of capital and interest	(382)	(8 868)
Balance at the end of the period	**12 359**	**12 169**

The Bank recognizes a security written off when it has no expectation of recovering an asset in full or in part. Securities written off from assets are recorded in off-balance sheet accounts (see note 37), and eventual recoveries in other operating results (see note 13).

As of December 31, 2024 and 2023, securities written off from assets correspond to debt instruments.

NOTE 23 - LOANS AND ADVANCES TO BANKS

As of December 31, 2024 and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Loans and advances to central banks		
Bank of Portugal	426 036	538 033
Other central banks	23 395	8 968
	449 431	547 001
Loans and advances to banks in Portugal		
Interbank money market	27 856	22 528
	27 856	22 528
Loans and advances to banks abroad		
Deposits	74	6 458
Reverse repos	-	824
Very short-term deposits	17 753	-
Other loans and advances	-	15 077
	17 827	22 359
	495 114	591 888
Impairment losses	(9)	(15 093)
Total	495 105	576 795

As of December 31, 2024 and 2023, the analysis of loans and advances to banks, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months (Cash equivalents)	474 861	547 697
Up to three months (Others)	-	824
From three months to one year	20 253	28 290
Undetermined period	-	15 077
Total	495 114	591 888

The average interest rates recorded for the periods ended December 31, 2024 and 2023, as well as the respective average balances and interest for the period are presented in Note 40.

Loans and advances to banks written off from assets

The movements in the year ended December 31, 2024, and 2023 of the value of loans and advances written off from assets is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	15 077	15 077
Balance at the end of the period	15 077	15 077

The entire balance of the item relates to an application written off from assets and for which there were no movements in 2024 and in 2023.

The Group recognizes an investment in credit institutions written off when it has no expectation of recovering an asset in full or in part. Investments in credit institutions written off are recorded in off-balance sheet accounts (Note 37). Eventual recoveries of capital and/or interest are recognised in other operating income and expenses (Note 14).

NOTE 24 – LOANS AND ADVANCES TO CUSTOMERS

As of December 31, 2024 and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
At fair value through profit and loss		
Overdue capital and interest		
For more than 90 days	24	24
	24	24
Revaluation at fair value	(1)	-
	23	24
At Amortised cost		
Domestic loans		
Corporate		
Loans	127 411	165 901
	127 411	165 901
Abroad loans		
Corporate		
Loans	561 345	472 834
	561 345	472 834
Overdue capital and interest		
Up to 90 days	560	-
For more than 90 days	-	24 407
	560	24 407
	689 316	663 142
Impairment losses (Note 26)	(4 709)	(27 716)
	684 607	635 426
Total	684 630	635 450

As of December 31, 2024 and 2023, the analysis of loans and advances to customers, by residual maturity period, is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	36 895	-
From three months to one year	21 150	18 594
From one to five years	514 872	526 757
More than five years	116 399	96 644
Undetermined period (1)	23	21 171
Total	**689 339**	**663 166**

(1) Corresponds to overdue capital and interest of matured operations.

Credits written off

The movement in 2024 and 2023 in the value of credits written off against assets is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	**-**	**-**
Increases:		
Credits written off from assets	21 209	-
Decreases:		
Remission of credits written off from assets	(2 200)	-
Balance at the end of the period	**19 009**	**-**

The Bank recognizes a credit written off from assets when it has no expectation of recovering an asset in full or in part. Credits written off from assets are recorded in off-balance sheet accounts (Note 37) and eventual recoveries in other operating income and expense (Note 14).

NOTE 25 – OTHER TANGIBLE ASSETS

As of December 31, 2024 and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Real estate		
Improvements in leasehold property	5 921	6 625
	5 921	**6 625**
Equipment		
IT equipment	7 590	9 800
Indoor installations	873	1 487
Furniture	1 904	1 960
Machinery and tools	504	558
Motor vehicles	79	147
Security equipment	150	149
Others	307	241
	11 407	**14 342**
	17 328	**20 967**
Right-of-use		
Buildings	20 157	17 373
Vehicles	297	278
IT equipment	128	102
	20 582	**17 753**
	37 910	**38 720**
Accumulated depreciations	(27 848)	(29 292)
Total	**10 062**	**9 428**

The movement in this heading was as follows:

(thousand euros)

	Real estate	Equipment	Right-of-use Buildings	Right-of-use IT equipment	Right-of-use Vehicles	Total
Acquisition cost						
Balance as of 31 December 2022	**6 283**	**17 561**	**17 032**	**85**	**354**	**41 315**
Acquisitions	46	427	-	-	-	473
Write-offs / sales	(41)	(3 124)	-	-	-	(3 165)
Transfers	337	(524)	-	-	-	(187)
Exchange differences and other movements	-	2	339	18	(75)	284
Balance as of 31 December 2023	**6 625**	**14 342**	**17 371**	**103**	**279**	**38 720**
Acquisitions	-	809	2 906	38	36	3 789
Write-offs / sales	(704)	(4 136)	(241)	(13)	(18)	(5 112)
Transfers	-	392	-	-	-	392
Exchange differences and other movements	-	-	121	-	-	121
Balance as of 31 December 2024	**5 921**	**11 407**	**20 157**	**128**	**297**	**37 910**
Balance as of 31 December 2022	**5 051**	**16 126**	**7 934**	**40**	**200**	**29 351**
Depreciations of period	256	551	2 457	24	69	3 357
Write-offs / sales	(14)	(3 113)	-	-	-	(3 127)
Transfers	342	(529)	-	-	-	(187)
Exchange differences and other movements	-	(5)	10	10	(117)	(102)
Balance as of 31 December 2023	**5 635**	**13 030**	**10 401**	**74**	**152**	**29 292**
Depreciations of period	191	845	2 538	22	71	3 667
Write-offs / sales	(704)	(4 135)	(243)	(12)	(17)	(5 111)
Balance as of 31 December 2024	**5 122**	**9 740**	**12 696**	**84**	**206**	**27 848**
Net book value as of 31 December 2024	**799**	**1 667**	**7 461**	**44**	**91**	**10 062**
Net book value as of 31 December 2023	**990**	**1 312**	**6 970**	**29**	**127**	**9 428**

NOTE 26 – INTANGIBLE ASSETS

As of December 31, 2024 and 2023, this heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Purchased from third parties		
Software	16 626	21 745
Others	-	74
	16 626	**21 819**
Work in progress	376	595
	17 002	**22 414**
Accumulated amortisations	(16 313)	(21 055)
	(16 313)	**(21 055)**
Total	**689**	**1 359**

The movement in this heading was as follows:

(thousand euros)

	Software	Other fixed assets	Work in progress	Total
Acquisition cost				
Balance as of 31 December 2022	**34 165**	**916**	**376**	**35 457**
Acquisitions				
Purchased from third parties	30	-	479	509
Write-offs / sales	(12 897)	(842)	-	(13 739)
Transfers	447	-	(260)	187
Balance as of 31 December 2023	**21 745**	**74**	**595**	**22 414**
Acquisitions				
Purchased from third parties	277	-	324	601
Write-offs / sales	(5 524)	(39)	-	(5 563)
Transfers	128	(35)	(485)	(392)
Exchange rate variation	-	-	(58)	(58)
Balance as of 31 December 2024	**16 626**	**-**	**376**	**17 002**
Amortizations				
Balance as of 31 December 2022	**32 436**	**916**	**-**	**33 352**
Amortisations of the financial year	1 248	-	-	1 248
Write-offs / sales	(12 890)	(841)	-	(13 731)
Transfers	187	-	-	187
Exchange rate variation	(1)	-	-	(1)
Balance as of 31 December 2023	**20 980**	**75**	**-**	**21 055**
Amortizations	806	-	-	806
Write-offs / sales	(5 508)	(40)	-	(5 548)
Transfers	35	(35)	-	-
Balance as of 31 December 2024	**16 313**	**-**	**-**	**16 313**
Net book value as of 31 December 2024	**313**	**-**	**376**	**689**
Net book value as of 31 December 2023	**765**	**(1)**	**595**	**1 359**

In 2023, a review of the intangible assets in use was carried out, which led to the write-off of 12,897 thousand euros from the acquisition cost and the write-off of depreciation of 12,890 thousand euros.

NOTE 27 – INVESTMENTS IN ASSOCIATED COMPANIES

Financial information regarding associated companies is presented in the following table:

(thousand euros)

	31.12.2024				31.12.2023			
	Number of shares	by the bank	Par Value (Euro)	Acquisition Cost	Number of shares	by the bank	Par Value (Euro)	Acquisition Cost
Subsidiaries								
HAITONG BANCO DE INVESTIMENTO DO BRASIL S.A.	101 870 930	80,00%	0,37	174 496	101 870 930	80,00%	0,35	174 497
HAITONG GLOBAL ASSET MANAGEMENT SGOIC S.A.	5 000 000	100,00%	5	21 750	5 000 000	100,00%	5	42 660
				196 246				217 157
Impairment losses				(73 171)				(66 846)
Tutal				123 075				150 311

During 2024 and 2023, the balance Investments in subsidiaries and associates presented the following changes:

- In May 2023, the Bank completed the liquidation process of Haitong Ancillary Sevices.
- In July 2024, Haitong Global Asset Management SGOIC S.A. distributed free reserves to its sole shareholder, Haitong Bank, S.A., in the amount of 28,000 thousand euros, of which 20,911 was recognised as a distribution of capital and 7,089 was recognised as remuneration of capital (Note 5).
- In December 2024, Haitong Banco de Investimento do Brasil, S.A. approved the payment of interest on its own capital in the amount of 20,300 thousand reais. Of this amount, 80% will be received by Haitong Bank S.A. (Note 5).

Investments in subsidiaries are periodically analyzed to identify signs of impairment. If there are any, impairment losses are determined based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Identified impairment losses are recorded against results, and are subsequently reversed through results if there is a reduction in the amount of the estimated loss in a later period. In the year 2024:

- the Bank recognized an impairment increase of 6 326 thousand euros (in 2023 an impairment reversal of 3,144 thousand euros was recognized) for the investment in Haitong Banco de Investimento do Brasil S.A..

NOTE 28 – OTHER ASSETS

As of December 31, 2024 and 2023, the Other Assets heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Debtors and other assets		
Deposited collateral under clearing agreements	19 611	18 349
Public sector	7 196	13 757
Deposited collateral under clearing accounts (futures contracts)	5 642	2 941
Other sundry debtors	3 371	9 891
Loans and derivatives receivables	9 891	9 135
	45 711	**54 073**
Impairment losses for debtors and other investments	(5 470)	(11 736)
	40 241	**42 337**
Other assets		
Other liquid assets	1 040	4 949
Other assets	5 176	5 174
	6 216	**10 123**
Income receivable	**95**	**116**
Prepayments and deferred costs	**1 384**	**1 217**
Other sundry assets		
Exchange transactions pending settlement	605	231
Market securities transactions pending settlement	-	-
Other transactions pending settlement	5 778	3 643
	6 383	**3 874**
Retirement Benefits	10 669	12 738
Total	**64 988**	**70 405**

As at 31st December 2024 Public sector includes (i) the value of the security deposit made to the Directorate-General for the Treasury and Finance under the tax credit (confirmed by the Portuguese Tax Authority) inherent to REAID in the amount of 192 thousand euros (under tax credit of 2020) and (ii) payments made to the Portuguese Tax Authority relating with tax proceedings that are currently in litigation in the amount of 6 989 thousand euros.

Regarding the security deposit under REAID, paragraph 8 of article 6 of Ordinance 2016 (in the wording resulting from Ordinance no. 272/2017, of September 13) establishes that "Within a maximum period of three months counting from the confirmation of the conversion of deferred tax assets into tax credit provided for in Ordinance no. 259/2016, of October 4, the taxpayer constitutes a deposit in favor of the State, in an entity to indicate by the member of the Government responsible for the area of finance, in the amount corresponding to the price of exercising the potential right to acquire all conversion rights, which is reduced, in the respective proportion, whenever there is delivery to the State of the price relating to the rights acquisition powers exercised or exercise by the State of conversion rights".

The heading - Other sundry debtors mainly includes commissions pending payment from customers for the provision of services by the Bank.

The heading Market securities transactions pending settlement, on December 31, 2024, and 2023, shows the balance of orders for the sale and purchase of securities awaiting their respective financial settlement.

NOTE 29 – RESOURCES OF CREDIT INSTITUTIONS

The resources of credit institutions heading is presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Resources of central banks		
Banco de Portugal	-	11 397
	-	**11 397**
Resources of other credit institutions		
Domestic		
Other resources	-	45 565
	-	**45 565**
Foreign		
Repurchase agreements	173 247	345 494
Other resources	225 855	226 117
	399 102	**571 611**
Total	**399 102**	**628 573**

As of December 31, 2023, only one TLTRO operation with a nominal value of 11,060 thousand euros, ended in the course of 2024.

The balance Repurchase agreements corresponds to repo operations carried out in the money market and is a tool for the Bank's treasury management. Other resources correspond to medium and long-term investments made by other credit institutions with the Bank.

As of December 31, 2023, and 2024, the analysis of resources of credit institutions by residual maturity period is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	86 789	256 537
From three months to one year	6 549	60 790
From one to five years	305 764	311 246
Total	**399 102**	**628 573**

As of December 31, 2023, and 2024, the reconciliation of the flows of this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**628 573**	**842 834**
Cash Flows	(225 228)	(219 927)
Other changes	(4 243)	5 666
Closing balance	**399 102**	**628 573**

The average interest rates recorded for the years ended December 31, 2023, and 2024, as well as the respective average balances and interest for the year are presented in Note 40.

NOTE 30 – RESOURCES OF CUSTOMERS

The balance of the resources of customers heading is composed, with regard to its nature, as follows:

(thousand euros)

	31.12.2024	31.12.2023
Repayable on demand		
Demand deposits	35 796	36 282
	35 796	**36 282**
Time deposits		
Fixed-term deposits	917 320	638 417
	917 320	**638 417**
Other resources		
Repurchase agreements	67 695	63 564
Other Deposits	2 184	1 296
	69 879	**64 860**
Total	**1 022 995**	**739 559**

The balance Repurchase agreements corresponds to operations carried out in market with non financial corporations counterparts.

As of December 31, 2024, and 2023, the analysis of due to customers by residual maturity period is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Demand deposits	**35 796**	**36 282**
Fixed-term deposits		
Up to 3 months	337 532	268 697
3 to 12 months	291 262	220 860
1 to 5 years	288 526	148 859
	917 320	**638 416**
Other resources		
Up to 3 months	15 616	11 977
3 to 12 months	11 309	17 522
1 to 5 years	42 954	35 362
	69 879	**64 861**
Total	**1 022 995**	**739 559**

As of December 31, 2024, and 2023, the reconciliation of the cash flows of this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**739 559**	**494 949**
Cash Flows	274 054	237 639
Others	9 382	6 971
Closing balance	**1 022 995**	**739 559**

The average interest rates recorded for the years ended December 31, 2024, and 2023, as well as the respective average balances and interest for the year are presented in Note 40.

NOTE 31 – DEBT SECURITIES ISSUED

As of December 31, 2024, and 2023, the debt securities issued presents the following:

(thousand euros)

	31.12.2024	31.12.2023
Debt securities issued		
Other Bonds	191 798	367 288
Total	**191 798**	**367 288**

The fair value of the debt securities issued is shown in Note 39.

During the year 2024, the Bank reacquired 173,971 thousand euros of securities.

The essential features of these resources break down as follows:

(thousand euros)

Issuer	Designation	Currency	31.12.2024			
			Issue Date	Book Value	Maturity	Interest Rate
HB_PT	HAITIB Float 02/08/25 Corp	EUR	2022	47 105	2025	EURIBOR 3M +1.45%
HB_PT	HAITIB 4 05/29/27 Corp	USD	2022	144 693	2027	4%
Total				**191 798**		

The residual duration of Liabilities represented by securities, on December 31, 2024, and 2023, is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to three months	47 105	-
From one to five years	144 693	367 288
Total	**191 798**	**367 288**

As of December 31, 2024, and 2023, the reconciliation of cash flows from this financing activity is as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**367 288**	**370 852**
Cash Flows	(173 971)	-
Other changes	(1 519)	(3 564)
Closing balance	**191 798**	**367 288**

NOTE 32 – PROVISIONS AND IMPAIRMENT

As of December 31, 2024, and 2023, the Provisions heading presents the following movements:

(thousand euros)

	Provisions for other risks and charges	Provisions for guarantees and other commitments	Total
Balance as of 31 December 2022	**1 445**	**2 190**	**3 635**
Net charge of the period	(797)	(1 627)	(2 424)
Amounts used	(96)	-	(96)
Foreign exchange differences and others	-	3	3
Balance as of 31 December 2023	**552**	**566**	**1 118**
Net charge of the period	598	(36)	562
Amounts used	(1 038)	-	(1 038)
Foreign exchange differences and others	-	(32)	(32)
Balance as of 31 December 2024	**112**	**498**	**610**

Provisions for guarantees and provisions for other commitments correspond to 793 thousand euros and 295 thousand euros respectively (2023: 392 thousand euros and 174 thousand euros).

These provisions are meant to cover possible contingencies related to the activity of the Group. The main ongoing contingencies are presented in Note 37.

The movements in impairment losses can be analysed as follows:

(thousand euros)

	31.12.2023	Net charge of the period	Amounts used	Stage 3	Exchange differences and others	31.12.2024
Cash and cash equivalents (Note 18)	1 865	390	-	-	123	2 378
Financial assets at fair value through other comprehensive income (Note 22)	577	393	(423)	-	10	557
Financial assets measured at amortised cost	-					
Loans and advances to banks (Note 23)	15 093	(7)	(15 077)	-	-	9
Loans and advances to customers (Note 24)	27 716	316	(22 979)	(1)	(343)	4 709
Securities (Note 22)	1 051	(173)	(142)	-	29	765
Investments in associated companies (Note 27)	66 845	6 326	-	-	-	73 171
Other assets (Note 28)	11 736	1 622	(7 921)	-	33	5 470
Total	**124 883**	**8 867**	**(46 542)**	**(1)**	**(148)**	**87 059**

In December 2024, The Group have written off from other assets an amount of 7 921 thousand euros of the accounts receivable (invoices issued to clients with 100 impairment) that were overdue. Of this, 1 068 thousand euros were recorded in off-balance sheet accounts (Note 37).

(thousand euros)

	31.12.2022	Net charge of the period	Amounts used	Stage 3	Exchange differences and others	31.12.2023
Cash and cash equivalents (Note 18)	939	997	-	-	(71)	1 865
Financial assets at fair value through other comprehensive income (Note 22)	704	(82)	(55)	-	10	577
Financial assets measured at amortised cost						
Loans and advances to banks (Note 23)	15 097	(4)	-		-	15 093
Loans and advances to customers (Note 24)	78 430	(2 292)	(48 548)	-	126	27 716
Securities (Note 22)	1 323	(147)	(106)	-	(19)	1 051
Investments in associated companies (Note 27)	63 134	3 949	(238)		-	66 845
Other assets (Note 28)	11 730	49	(25)	-	(18)	11 736
Total	**171 357**	**2 470**	**(48 972)**	**-**	**28**	**124 883**

NOTE 33 – INCOME TAXES

The Bank is subject to taxation in accordance with the corporate income tax code (CIT code) and to local taxes.

Income taxes (current or deferred) are recognised in the income statement except in cases where the underlying transactions have been reflected in equity items. In these situations, the corresponding tax is also charged to equity, not affecting the net result for the period.

The current tax of 2024 and 2023 were calculated based on a nominal corporate income nominal tax rate of 21% plus tax rate of 1.5% of Municipal Surcharge in accordance with Law no. 82-B/2014, of 31st of December, and Law no. 2/2007, of 15th of January. Additionally there is a State Surcharge which corresponds to an additional rate of 3% of the taxable profit between 1,500 and 7,500 thousand euros, 5% of the profit between 7,500 and 35,000 thousand euros, 9% of any profit which exceeds this amount (if applicable).

Deferred taxes are calculated based on tax rates anticipated to be in force at the temporary differences reversal date, which corresponds to the rates enacted or substantively enacted at the balance sheet date. Thus, for the year 2024 deferred tax was calculated at the rate of 25.24%.

Law No. 45-A/2024, of December 31st (State Budget for 2025) was published, which decreed the decrease in the nominal IRC rate from 21% to 20% with effect from January 1st, 2025. Therefore, the deferred tax rate was changed accordingly.

Regarding activity in Portugal, Law No. 98/2019 was published on 4 September 2019, which changed the tax regime applicable to the impairment of financial and credit institution. That law establishes in article 4 an adaptation period of 5 years beginning on or after 1 January 2019, pursuant to which the regime in force on the date of entry into force of this law remains applicable, unless there is communication addressed to the Director-General of the Portuguese Tax Authority of the option for the definitive regime.

Starting in 2024, the Bank has automatically joined the new regime, given that the adaptation period of 5 years ended in 2023.

Special Scheme Applicable to Deferred Tax Assets

In 2014, Haitong Bank joined the special scheme applicable to deferred tax assets (REAID) related to impairment losses in credits and post-employment or long-term employee benefits, established by Law no. 61/2014, of August 26th. For the purpose of this scheme, the conversion of the mentioned assets in tax credits is expected in the following situations:

- Determining net losses;
- Voluntary winding-up, court insolvency or, when applicable, with the withdrawal of the corresponding authorisation by the competent supervising authority.

It should be noted that, pursuant to Law No. 23/2016, of August 19, REAID is no longer applied to deferred tax assets relating to expenses and negative equity changes accounted for in tax periods beginning on or after 1 January 2016.

The tax credit as well as the respective special reserve recorded in the accounts with reference to 31st of December 2024 can be analysed in the table below, which also includes reimbursements already made by the Portuguese Tax Authority:

(thousand euros)

Year	Tax Credit	Special Reserve
2015	5 281	5 809
2016	20 529	22 582
2017	9 060	9 966
2018	233	255
2020	433	476
2021	(15 078)	-
2022	(5 414)	(16 585)
2023	(174)	(5 956)
Total	**14 870**	**16 547**

The tax credit and the respective special reserve were recorded during the year following that of the tax credit year, booked in a current tax asset and other reserves item, respectively.

In 2021, the Bank received amounts concerning tax credit from the Portuguese Tax Authority, with reference to the years 2015 and 2016, in the amount of 15,078 thousand euros.

In turn, during the 2022, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the 2017 and 2018, in the amount of 5,414 thousand euros.

In 2023, the Bank received a tax credit from the Portuguese Tax Authority, with reference to the year 2020, in the amount of 174 thousand euros.

In pursuance of the abovementioned scheme, such conversion rights correspond to securities that grant the Government the right to request Haitong Bank to issue and deliver ordinary shares at no charge, following the increase in share capital through the inclusion of the reserve value. However, Haitong Bank´s shareholder is granted the right to acquire those conversion rights to the Government in accordance with Ordinance no. 293-A/2016 of 18th of November.

In 2022, the shareholder exercised the rights under Special Regime of DTA with reference to the years 2015 and 2016 and the amount of special reserve decreased in 16,585 thousand euros.

In the 2023, the Bank's shareholder also exercised the right to acquire the conversion rights attributed to the State under the special regime of deferred tax assets relating to the years 2017 and 2018, and the amount of special reserve decreased in 5,956 thousand euros.

For the year 2020, if shareholder do not exercise the right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the year in which the State exercises these rights, it will require the Bank to increase its capital by incorporating the amount of the special reserve and consequent issue and free delivery of ordinary shares representing the capital stock of the Bank, and it may be necessary to adjust the amount of the reserve initially constituted.

According to legislation in force, Haitong Bank shareholder may exercise the rights to acquire conversion rights until three years from the conversion confirmation of the deferred tax assets into tax credit by the Tax Authority, which, in the case of the 2020, it will be until May 2026.

The amount of assets by deferred taxes converted into tax credit, the establishment of the special reserve and the issuing and granting of conversion rights to the Government shall be certified by the certified public accountant.

As Haitong Bank has determined, in its individual accounts, a positive net result with reference at 31 December 2024 there is no possible converts' part of the deferred taxes covered by this regime into a tax credit, with reference to this financial year.

In July 2019 and January 2020, the Bank was notified of the final Reports of the Tax Authority's inspection services, issued for 2015 and 2016, respectively, both issued by Tax Authorities. In these reports, certain procedures adopted by the Bank, namely in association with special regime of deferred tax assets (REAID) and costs accepted by Tax Authorities are being challenged.

In this sense, following the Bank disagreement with these corrections, in November 2019, an administrative complaint was submit regarding the 2015 Tax Inspection Report and in April 2020, an administrative complaint was submit regarding the 2016 inspection report. Currently, for the year 2015, the corrections in question are being challenged in a Judicial Court and for the year 2016 in a Hierarchical Appeal.

On January 2021, the Bank received the 2017 and 2018 tax inspection report issued by the Tax Authority's inspection services. In this report, similarly to what happened in the 2015 and 2016 tax inspection reports, some procedures adopted by the Bank with regard to the application of REAID are raised by Tax Authorities.

The Bank disagreeing with these corrections, so in 2021, submitted an administrative complaint for the Tax inspection report of 2017 and 2018. Currently, the corrections in question are being contested in a Hierarchical Appeal.

In May 2023, the Bank was notified of 2020 tax inspection report issued by the Portuguese Tax Authority. In this report, similar to what happened in the tax inspection reports from 2015 to 2018, some procedures adopted by the Bank with regard to the application of REAID are being challenge.

As the Bank did not agree with these corrections, in 2023, it submitted an administrative complaint to contest the 2020 inspection report. During the 2024 financial year, the Bank submitted a Hierarchical Appeal to contest the decision.

Finally, it is also noted that, within the scope of the tax inspection for the years 2015, 2016, 2017, 2018 and 2020, the tax authority made corrections to the tax credit of these years in the amount of 14,870 thousand euros (of a total amount of 35,536 thousand euros).

The Bank’s management considers that the procedures adopted in those years are compliant with the legislation in force, and therefore estimates that it is not likely that the Tax Authority’s position will prevail. Even so, if this correction occur, it would materialize in the recognition of deferred tax assets. In addition, the Board of Directors believes that any other corrections that may arise, related to the years inspected, will not have a material impact either on the Bank’s capital or on the Bank's results in fiscal year 2024, as essentially its affect tax losses that have not yet been used and for which deferred tax assets have not been recognised.

The activity of branches abroad is incorporated in the Bank’s accounts for determining the taxable profit. Although, the profit of those branches is subject to taxation in the countries where they are established. Local taxes are deductible to the taxes to be paid in Portugal, in accordance with art. 91º of CIT Code”, when applicable.

The branches’ profits are subject to local taxation at the following nominal rates:

Branch	Nominal income tax rate
London	19%
Madrid	30%
Warsaw	19%
Macao	12%

As of December 31, 2024, and 2023, current tax assets and liabilities can be analyzed as follows:

(thousand euros)

	Asset		Liability	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Corporate income tax	2 216	1 314	(8 060)	(7 123)
Tax Credit (Special Scheme for Deferred Taxes)	14 870	14 870	-	-
Current tax asset / (liability)	**17 086**	**16 184**	**(8 060)**	**(7 123)**

Deferred tax assets and liabilities recognized in the statement of financial position in 2024 and 2023 can be analyzed as follows:

(thousand euros)

	Asset		Liability		Net	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Securities	(187)	1 446	-	-	(187)	1 446
Loans and advances to customers	9 477	12 389	-	-	9 477	12 389
Provisions and other assets	29	145	-	-	29	145
Pension Fund and Long-term employee benefits	5 084	5 511	-	-	5 084	5 511
Depreciations (IFRS 16)	-	1 780	-	-	-	1 780
Other	5 708	5 893	(5 573)	(5 794)	135	99
Tax losses carried forward	30 057	31 560	-	-	30 057	31 560
Deferred tax asset/(liability)	**50 168**	**58 724**	**(5 573)**	**(5 794)**	**44 595**	**52 930**
Net deferred tax asset / (liability)	**50 168**	**58 724**	**(5 573)**	**(5 794)**	**44 595**	**52 930**

The tax amount mentioned in “Others” corresponds to branch tax credits (6,270 thousand euros) and deferred tax relating to fair value for profit and loss (- 562 thousand euros).

The Bank only recognizes deferred tax assets in relation to reportable tax losses when it considers that they are expected to be recovered in the near future.

The variation in tax losses relates to the publication of Law No. 45-A/2024, of December 31 (State Budget for 2025) which decreed the decrease the nominal Corporate Income Tax rate from 21% to 20% with effects from January 1, 2025. This change had an impact on the calculation of Haitong Bank's deferred taxes in Portugal.

It should be noted that the period of tax losses utilization takes into account the exceptional measures to the COVID-19 pandemic under the terms of Law No. 27-A / 2020 (Supplementary State Budget for 2020), as well as provided in Law No. 24-D/2022, of December 30which approved the State Budget for 2023, under which the time limitation for the deduction of tax losses calculated in a given tax period is eliminated. Changes to the reporting period apply to tax periods beginning on or after January 1, 2023, as well as to tax losses calculated in tax periods prior to January 1, 2023 whose deduction period is still in progress at that date. However, it should be noted that the new deadline does not apply to tax losses calculated in tax periods prior to January 1, 2023 in which one of the situations provided for in paragraph 1 of article 6 of the applicable special regime has occurred to deferred tax assets (namely, in the event of a negative net result).

Therefore, for Haitong Bank in Portugal, the tax loss for 2014 and 2019 does not expire date and the tax loss for 2015 and 2016 expires in 2029 and 2030, respectively.

In the circumstances of the merger, the Bank has reassessed its business plan for the years 2025 to 2029, using a set of assumptions agreed with its current ultimate shareholder, and the results of this exercise have confirmed the recoverability of the Bank's tax losses carried forward.

The amount of unrecognized deferred tax relating to the tax losses, by year of origin is presented in the following table:

(thousand euros)

Tax losses	31.12.2024	31.12.2023	Expiry date
2017	106 450	106 450	2 024
2018	7 738	7 738	2 025
2019	645	645	No expiry
Total	**114 833**	**114 833**	

The movements in deferred taxes, in the balance sheet, can be presented as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**52 929**	**59 468**
Recognised in profit or loss	(6 569)	(4 699)
Recognised in fair value reserves	(1 632)	(1 910)
Recognised in other reserves	(133)	70
Closing balance (Asset / (Liability))	**44 595**	**52 929**

Tax recognised in the income statement and reserves during 2024 and 2023 financial years had the following:

(thousand euros)

	31.12.2024		31.12.2023	
	Recognised in profit or loss	Recognised in reserves	Recognised in profit or loss	Recognised in reserves
Deferred Taxes				
Securities	-	1 632	-	1 910
Loans and advances to customers	2 912	-	8 588	-
Provisions and other assets	117	-	48	-
Pension Fund	293	133	(98)	(70)
Depreciations (IFRS 16)	1 780	-	(1 779)	-
Other	(36)	-	(2 060)	-
Tax losses carried forward	1 503	-	-	-
	6 569	**1 765**	**4 699**	**1 840**
Current Taxes	2 865	-	3 264	-
Total recognised tax	**9 434**	**1 765**	**7 963**	**1 840**

The current tax amount includes the additional Pillar 2 tax of 223 thousand euros, resulting from the application of the Global Minimum Tax Regime (RIMG) concerning a jurisdiction for which the transitional safe harbour rules provided by law were not met.

Reconciliation of the tax rate, concerning the recognised amount in the income statement, can be analysed as follows:

(thousand euros)

	31.12.2024		31.12.2023	
	%	Value	%	Value
Profit or loss before tax		**15 070**		**20 215**
Income tax rate of Haitong Bank	25.2		26.2	
Tax determined based on the income tax rate of Haitong Bank		3 804		5 305
Tax-exempt dividends	(11.9)	(1 789)	0.0	-
Impairment of subsidiaries	10.6	1 596	5.1	1 036
Bank Levy	3.0	450	2.4	489
Branches' income tax	15.8	2 378	10.5	2 125
Other movements according to the tax estimation	19.0	2 864	(5.6)	(1 130)
Autonomous taxation	0.9	132	0.7	138
Total	**62.6**	**9 435**	**39.3**	**7 963**

NOTE 34 – OTHER LIABILITIES

As of December 2024, and 2023, the Other liabilities heading is analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Creditors and other resources		
Public administrative sector	2 711	3 027
Deposited collateral under clearing agreements (Note 15)	6 750	7 453
Sundry creditors		
Leasing liabilities	8 284	7 486
Creditors from transactions with securities	907	1 548
Suppliers	1 121	1 811
Other sundry creditors	1 689	1 653
	21 462	**22 978**
Accrued expenses		
Career bonuses (Note 15)	486	485
Other accrued expenses	4 895	5 821
	5 381	**6 306**
Deferred income	344	507
Other sundry liabilities		
Foreign exchange transactions pending settlement	605	196
Other transactions pending settlement	15 157	5 699
	15 762	**5 895**
Total	**42 949**	**35 686**

As of December 31, 2024 and 2023, the headings regarding Stock exchange transactions pending settlement refer to transactions with securities pending settlement.

In the sub-heading Accrued expenses – Other accrued expenses corresponds to responsibilities relating to employees remuneration.

The headings Lease liability represents commitments with future rents corresponding to the adoption of IFRS 16, and presents the following movement during the years 2024 and 2023:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**7 486**	**9 449**
Increases/Reductions	3 261	327
Remeasures	(16)	53
Payments	(2 472)	(2 311)
Other variations	25	(32)
Final Balance	**8 284**	**7 486**

As of December 31, 2024, and 2023, the contractual cash flows are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Up to 3 months	6	3
3 to 12 months	62	647
1 to 2 years	26	131
2 to 5 years	8 804	6 833
Total	**8 898**	**7 614**

NOTE 35 – CAPITAL, SHARE PREMIUM AND OTHER CAPITAL INSTRUMENTS

Ordinary shares

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

On the 3rd of August 2014, the Bank of Portugal applied a resolution action to Banco Espírito Santo, S.A., shareholder of 100% of the capital of the Bank, and established Novo Banco, S.A., with the share capital of 4.9 billion euros, which incorporated assets of Banco Espírito Santo, S.A. selected by the Bank of Portugal. In this regard, the Bank, its branches and subsidiaries were transferred to Novo Banco, S.A.

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

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

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

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

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

On the 26th of June 2017, the Bank increased its capital in 160,000 thousand euros, through the issuance of 32,000 thousand shares with the nominal value of 5 euros each, resulted from a in the conversion of a shareholder loan in the amount of 80,000 thousand euros and the conversion of the Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments, amounting to 80,000 thousand euros, which was fully subscribed and paid-up by Haitong International Holdings Limited.

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

In 2022 two resolutions have been passed to increase the share capital of Haitong Bank S.A. by 2,630 thousand euros in the 1st of July 2022, and by 15,879 thousand euros in December 2022 to 863,279 thousand euros.

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

This share capital increase in 2023 and 2022, in the form of incorporation of a special reserve, resulted from the conversion of the rights attributed to the Portuguese State and which were acquired by Haitong International Holdings Limited, the Bank's sole voting shareholder. In the case of the 2023 capital increase relating to the 2016 and 2017 tax years and in the case of the 2022 capital increase relating to the 2015 tax year, issued under the Special Regime applicable to Deferred Tax Assets (REAID).

As of December 31, 2024 and 2023, the share capital of Haitong Bank amounts to 871,278 thousand euros (December 2023: 871,278 thousand euros) and is represented by 174,255,532 shares (December 2022: 172,255,532 shares) with the nominal value of 5 euros each, fully held by Haitong International Holdings Limited.

Share premiums

As of December 31, 2024 and 2023, share premiums are represented by 8,796 thousand euros, corresponding to the amount paid by shareholders in the increase of capital of previous years.

Other equity instruments

During October 2010 the Bank issued perpetual subordinated bonds with conditioned interest in the overall amount of 50 million euros. These bonds have a noncumulative conditioned interest, payable only if and when declared by the Board of Directors.

This conditioned interest, corresponding to the applicable annual rate of 8.5% on nominal value, is paid biannually. These securities may be fully, but not partially, reimbursed after the 15th of September 2015, relying solely on the choice of Haitong Bank, upon approval of the Bank of Portugal. These bonds are considered a capital instrument in accordance with the accounting policy described in Note 2.5 due to their characteristics.

During the year of 2011, 46,269 thousand euros in other capital instruments were cancelled due to a transaction regarding owned instruments.

As of 20th April 2022, the Bank have fully early repaid these Bonds, at the repayment price, corresponding to the nominal value of 3,731 thousand euros.

In March 2018, the Bank issued perpetual instruments eligible as additional own funds of level 1 (Additional Tier 1), in the overall amount of USD 130,000 thousand, corresponding to 105,042 thousand euros, identified as "Fixed Rate Perpetual Deeply Subordinated Additional Tier 1 Resettable Instruments". Such bonds have a non-cumulative conditional interest which is payable only if and when reported by the Board of Directors. Due to their features, such bonds are deemed to be capital instruments, in accordance with the accounting policy laid down in Note 2.5.

These bonds are subordinated in relation to any liability of Haitong Bank and *pari passu* regarding any identical subordinated bonds that may be issued by the Bank.

Since it was issued in 2018, the Group did not pay interest regarding any of these instruments.

NOTE 36 – FAIR-VALUE RESERVES, OTHER RESERVES AND RETAINED EARNINGS

Legal reserve, fair-value reserves and other reserves

The heading of other reserves includes the special reserve under REAID in the amount corresponding to 16,547 thousand euros in December 2023 and December 2024.

Since the Bank presents accumulated losses relating to previous years, the Legal Reserve was not reinforced in the year of 2023, with the profit relating to that year being completely taken to Other Reserves and Retained Earnings, in order to cover those losses.

Fair-value reserves represent the possible capital gains and losses in relation to the financial assets through other comprehensive income portfolio, net of impairment recognised in the income statement of the year and/or previous years. The value of this reserve is presented net of deferred tax.

The heading of other reserves includes the special reserve under REAID in the amount corresponding to 16,547 thousand euros on December 31, 2024 and 2023.

The movements of these headings, attributable to the Bank's shareholders, were the following:

(thousand euros)

	Fair Value reserves			Other reserves and retained earnings			
	Revaluation reserves	Income tax reserves	Total fair value reserve	Legal Reserve	Actuarial gains/losses (net of taxes)	Other reserves and retained earnings	Total Other reserves and retained earnings
Balance as of 31 December Saturday	**(12 788)**	**3 355**	**(9 433)**	**39 878**	**(16 287)**	**(388 019)**	**(364 428)**
Actuarial gains/losses	-	-	-	-	(4 722)	-	(4 722)
Changes in fair value	7 279	(1 910)	5 369	-	-	-	-
Transfer to reserves	-	-	-	-	-	19 215	19 215
Share capital increase	-	-	-	-	-	(7 999)	(7 999)
Balance as of 31 December Sunday	**(5 509)**	**1 445**	**(4 064)**	**39 878**	**(21 009)**	**(376 803)**	**(357 934)**
Actuarial gains/losses	-	-	-	-	(1 982)	-	(1 982)
Changes in fair value	6 250	(1 632)	4 618	-	-	-	-
Transfer to reserves	-	-	-	-	-	12 252	12 252
Balance as of 31 December Tuesday	**741**	**(187)**	**554**	**39 878**	**(22 991)**	**(364 551)**	**(347 664)**

The movement of the fair-value reserve, net of deferred taxes and attributable to the Bank's shareholders can be analysed as follows:

(thousand euros)

	31.12.2024	31.12.2023
Opening balance	**(4 064)**	**(9 433)**
Fair value changes	5 867	7 578
Fair value hedge	(10)	(217)
Impairment recognised in the period	393	(82)
Deferred taxes recognised in reserves during the period	(1 632)	(1 910)
Closing balance	**554**	**(4 064)**

NOTE 37 – CONTINGENT LIABILITIES, GUARANTEES AND COMMITMENTS

As of December 31, 2024 and 2023, off-balance elements are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Contingent liabilities		
Guarantees and stand by letters of credit	93 679	112 108
Assets pledged as collateral	545 823	702 565
Total	**639 502**	**814 673**
Commitments		
Irrevocable commitments	62 120	75 370
Revocable commitments	36 131	31 985
Total	**98 251**	**107 355**

The rendered guarantees and sureties are banking transactions that do not necessarily represent any outflow for the Bank.

As of December 31, 2024, and 2023, the heading of financial assets pledged as collateral includes:

- Securities pledged as collateral to the Bank of Portugal (i) within the scope of the Large-Value Payment System, amounting to 10,000 thousand euros as of December 31, 2024 (December 31, 2023: 10,000 thousand euros), (ii) within the scope of target long-term refinancing operations, amounting to 11,720 thousand euros as of December 31, 2023, (iii) within the scope of Interbank Clearing System [Sistema de Compensação Interbancária], amounting to 2,000 thousand euros (31st of December, 2023: 2,000 thousand euros); and (iv) 216,242 thousand euros of collaterals not discounted (December 31, 2023: 208,433 thousand euros), the values previously described refer to the value after haircut applied by Banco de Portugal, with the total fair value of securities eligible for rediscount with Banco de Portugal amounting to 260,574 thousand euros on December 31, 2024 (December 31, 2023: 253,702 thousand euros); and
- Securities pledged as collateral to the Portuguese Securities Market Commission within the Investor Compensation Scheme in the amount of 255 thousand euros (December 31, 2023: 207 thousand euros);
- Securities pledged as collaterals to Fundo de Garantia de Depósitos in the amount of 105 thousand as of December 31, 2023;
- Securities pledged as collateral within the scope of transactions with repurchase agreements: 285,049 thousand euros (31st of December 2023: 446,356 thousand euros);

The nominal value of the contracted derivative positions is presented in Notes 21 and 22. The assets written off are also presented in the respective Notes 22, 23, and 24.

Additionally, the off-balance elements related to banking services provided are as follows:

(thousand euros)

	31.12.2024	31.12.2023
Liabilities related to services provided		
Commercial paper programmes agency	43 700	25 400
Other responsibilities related with services provided	91 901	125 496
Total	**135 601**	**150 896**

Other responsibilities for service provision include values relating to client assets invested in Portfolio Management

Contingent liabilities

Banco Espírito Santo (BES), Novo Banco and Haitong Bank (and, in some cases, supervisory authorities, auditors and former directors from BES) have been sued in civil proceedings associated with facts of the former Grupo Espírito Santo (GES).

Within this framework, Haitong Bank is currently a defendant in a proceeding associated with the share capital increase of BES, which took place in June 2014.

As regards to this legal proceeding (case brought by several investment funds), after the decision of the trial court to declare that the case had been "abandoned", the Lisbon Court of Appeal revoked that decision and ordered the continuation of the proceeding. Two of the Defendants in this proceeding appealed to the Supreme Court of Justice that confirmed the decision of the Court of Appeal. Extraordinary review and Constitutional Court appeals were filed, all of them maintaining the previously decided by the Lisbon Court of Appeal. The legal procedure returned to the trial court (1st instance) for the continuation of said procedure, and now the appointment of the preliminary hearing is yet to be awaited.

Haitong Bank is also a Defendant in 8 lawsuits, all related to financial instruments issued by GES entities (Rioforte and ESI - Espírito Santo International).

Since the beginning of these legal proceedings in 2015, it is the opinion of Haitong Bank's Legal Department and of the external lawyers to whom the proceedings have been entrusted, that such proceedings do not have legal sustainability, wherefore it is considered unlikely that any judgment will be made against Haitong Bank in relation thereto. Such opinion is hereby reasserted.

Such opinion has been supported by several judicial decisions.

In fact, of the 78 cases filed against the Bank regarding the issue of commercial paper and other financial instruments by GES' entities, 49 cases have already been res judicata with the total acquittal of Haitong Bank and 21 cases having been withdrawn by the Claimants.

On July 2019, Haitong Bank has been notified of a new legal action brought against itself and several former board members of BES, regarding commercial paper issued by Espírito Santo International and Rioforte in 2013 and 2014.

Such legal action has been submitted by a credit recovery fund (Fundo de Recuperação de Créditos "FRC – INQ – Papel Comercial ESI e Rio Forte") to which have been allegedly assigned the claims submitted by certain holders of ESI and Rioforte commercial paper, which amounts up to € 517,500,099.71, plus interests. Haitong Bank presented its written defence on the 25th June 2020. The Bank is waiting for the preliminary hearing to be scheduled by the Court.

In the opinion of the external lawyers to whom this proceeding, brought by FRC, has been entrusted, such proceeding does not have a solid legal sustainability and therefore it is considered unlikely that any judgment will be made against Haitong Bank.

Following the above stated, Haitong Bank did not establish any provision related to such legal proceedings.

Without prejudice of the above mentioned regarding the successful outcome for Haitong Bank from such proceedings, and in order to comply with the applicable accounting rules, it is not possible to achieve an amount of expected losses which could eventually arise for Haitong Bank, individually considered, once such legal proceedings are brought against several entities and not only against Haitong Bank.

On June 2022, Haitong Bank was served of a civil legal action brought against itself, with a claim value of € 4,905,460.96, filled by REDITUS GESTÃO, S.A. and GREENDRY LDA, (Claimants), within Lisbon's first instance civil court of law. The Claimants argue that the Bank breached its obligations as an Escrow Agent.

The other defendant appealed against the judgement and the Court of Appeal upheld it, as it considered that there was an arbitration clause that excluded the civil court's jurisdiction in this matter. The Plaintiffs appealed this decision to the Supreme Court of Justice. With regard to Haitong Bank, the legal proceedings are continuing at first instance.

Resolution Fund

The Resolution Fund is a legal entity under public law with administrative and financial autonomy, created by Decree Law no. 31-A/2012, of 10 February, which is governed by the General Regime of Credit Institutions and Financial Companies (“RGICSF”) and by its regulations and whose mission is to provide financial support to the resolution measures applied by the Bank of Portugal, in the capacity of the national resolution authority, and to perform all the other functions granted by the law related with the execution of these measures.

Like most of the financial institutions operating in Portugal, the Bank is one of the participants in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal, which is based on the amount of its liabilities. In 2023, the Bank’s periodical contribution amounted to 350 thousand euros (31 December 2023: 557 thousand euros), based on a contribution rate of 0.026% calculated pursuant to Instruction 28/2023 of the Bank of Portugal.

As part of its responsibility as the authority of supervision and resolution of the Portuguese financial sector, on 3 August 2014, the Bank of Portugal decided to apply a resolution measure to Banco Espírito Santo, S.A. (“BES”), pursuant to article 145º-G(5) of the Regime Geral das Instituições de Crédito e Sociedades Financeiras (RGICSF), which consisted in the transfer of the majority of its activity to a transition bank, called Novo Banco, S.A. (“Novo Banco”), created especially for this purpose.

To make up the share capital of the Novo Banco, the Resolution Fund provided 4,900 million Euros, of which, 377 million euros corresponded to its own financial resources. A loan of 700 million euros was also granted by a bank syndicate to the Resolution Fund, the participation of each credit institution being weighted according to diverse factors, including the respective size. The remaining amount (3,823 million euros) was from a refundable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of assets and liabilities associated to the activity of Banif – Banco Internacional do Funchal, S.A. (“Banif”) to Banco Santander Totta, S.A. (“Santander Totta”), for 150 million euros, also in the context of the application of a resolution measure. This operation involved an estimated amount of 2,255 million euros in public funds which aimed to cover future contingencies, of which 489 million euros was financed by the Resolution Fund and 1,766 million euros directly by the Portuguese State. In the context of this resolution measure, Banif’s assets identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the emission of bonds representative of the debt of this vehicle, amounting to 746 million euros, with the guarantee of the Resolution Fund and counter-guarantee of the Portuguese State.

The resolution measures applied in 2014 to the BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif created uncertainties related with the risk of litigation involving the Resolution Fund, which is significant, and also with the risk of the possible shortage of funds to cover the liabilities, in particular the short term reimbursement of the financing taken out.

It was in this context that in the second semester of 2016 that the Portuguese Government reached an agreement with the European Commission, in order to alter the conditions of the financing granted by the Portuguese State and by the banks participating in the Resolution Fund in order to preserve financial stability, by means of fostering conditions that would grant predictability and stability to the contributory effort towards the Resolution Fund. For the purpose, a supplement to the loan contracts to the Resolution Fund was formalised, which introduced a series of alterations to the reimbursement plans, to the rates of remuneration and other terms and conditions associated to these loans in order to adjust them to the capacity of the Resolution Fund to fully meet its obligations based on its normal revenue, or rather, without the need to charge special contributions or any other type of extraordinary contribution from the banks participating in the Resolution Fund.

According to the statement of the Resolution Fund of 31 March 2017, the review of the conditions of the financing granted by the Portuguese State and by the participating banks aimed to ensure the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the responsibilities of the Resolution Fund is ensured, and also the respective remuneration, without the need for the banking sector to resort to special contributions or any other type of extraordinary contributions.

Additionally on 31 March 2017, the Bank of Portugal advised that it had selected the Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017. The Lone Star Fund became the owner of 75% of the share capital of Novo Banco and the Resolution Fund the remaining 25%. Furthermore, the conditions approved include a contingent funding mechanism, pursuant to which the Resolution Fund, as a shareholder, may be called on to make injections of capital if certain cumulative conditions arise.. The possible capital injections to be made pursuant to this contingent mechanism are subject to an absolute maximum limit of 3,890 million euros during a period of 8 years. On 18 October 2017, Bank of Portugal and the Resolution Fund announced the decision to conclude the sale of Novo Banco to Lone Star.

Given the renegotiation of the conditions of the loans granted to the Resolution Fund by the Portuguese State and by the bank syndicate, in which the Bank is not included, and the public statements made by the Resolution Fund and by the Office of the Minister for Finance which mention that this possibility will not be used, although this possibility is contemplated in the applicable legislation on the payment of special contributions, these financial statements do not reflect any eventual future requirement for the Bank to make special contributions or any extraordinary contributions to finance the resolution measures applied to BES and to Banif, and also the contingent funding mechanism mentioned in the previous paragraph.

NOTE 38 – RELATED PARTIES

The Bank's related parties transactions as of December 31, 2024, and 2023, as well as the respective expenses and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2024						
	Assets			Guarantees	Liabilities	Income	Expenses
	Credit	Others	Total				
Subsidiaries							
HAITONG BANCO DE INVESTIMENTO DO BRASIL SA	-	2 378	2 378	11 556	-	2 840	-
HAITONG GLOBAL ASSET MANAGEMENT, SGOIC	-	40	40	-	28 691	7 337	1 357
TOTAL	-	2 418	2 418	11 556	28 691	10 177	1 357

(thousand euros)

	31.12.2023						
	Assets			Guarantees	Liabilities	Income	Expenses
	Credit	Others	Total				
Subsidiaries							
HAITONG BANCO DE INVESTIMENTO DO BRASIL SA	-	275	275	13 848	-	342	-
HAITONG GLOBAL ASSET MANAGEMENT, SGOIC	-	-	-	-	57 035	235	1 476
TOTAL	-	275	275	13 848	57 035	577	1 476

The Bank's related parties transactions the group Haitong as of December 31, 2024, and 2023, as well as the respective expenses and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2024						
	Assets			Guarantees	Liabilities	Income	Expenses
	Credit	Others	Total				
Subsidiaries and associates of shareholders							
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	-	18
HAITONG INTERNATIONAL FINANCE HOLDINGS LIMITED	-	-	-	-	-	201	-
HAITONG INVESTMENT IRELAND PLC	36 645	-	36 645	-	7 257	2 858	30
HAITONG PRIVATE EQUITY FUND	-	-	-	-	421	6	13
HAITONG UT BRILLIANT LIMITED	-	-	-	-	-	1	-
TOTAL	36 645	-	36 645	-	7 678	3 066	61

(thousand euros)

	31.12.2023						
	Assets			Guarantees	Liabilities	Income	Expenses
	Credit	Others	Total				
Ultimate parent company and Shareholders							
HAITONG SECURITIES CO., LTD	-	-	-	-	-	14 983	-
Subsidiaries and associates of shareholders							
HAITONG INTERNATIONAL SECURITIES CO LTD	-	-	-	-	-	-	18
HAITONG INNOVATION SECURITIES INVESTMENT CO LTD	-	-	-	-	-	1 000	-
HAITONG INVESTMENT IRELAND PLC	36 810	-	36 810	-	3 444	3 157	4 903
HAITONG PRIVATE EQUITY FUND	-	-	-	-	648	317	94
HAITONG UT BRILLIANT LIMITED	-	-	-	-	-	-	-
TOTAL	36 810	-	36 810	-	4 092	19 457	5 015

As of December 31, 2024, the income regarding fees and commission included 940 thousand euros (December 31,2023: 17,115 thousand euros) concern Haitong Group related parties.

The value of Haitong Bank transactions with related entities in which the Administrator and/or family have significant influence, in the year ended December 31, 2024 and 2023, as well as the respective costs and income recognised in the year, are summarized as follows:

(thousand euros)

	31.12.2024						
	Assets				Liabilities	Income	Expenses
	Credit	Securities	Others	Total			
Entities with relevant influence							
Fundo de pensões Haitong Bank	-	-	53 447	53 447	-	1 608	-
CAMARA COMERCIO E INDUSTRIA LUSO-CHINESA	-	-	-	-	-	-	6
Members of the management and supervisory bodies	-	-	-	-	2 054	-	7
TOTAL	-	-	53 447	53 447	2 054	1 608	13

(thousand euros)

	31.12.2023						
	Assets				Liabilities	Income	Expenses
	Credit	Securities	Others	Total			
Entidades com influência relevante							
Mota Engil SGPS	861	14 357	-	15 218	4	1 308	178
Semapa - Sociedade de Investimento e Gestão SGPS SA	-	-	-	-	2	1 375	-
Fundo de pensões Haitong Bank	-	-	52 788	52 788	-	3 935	-
TOTAL	861	14 357	52 788	68 006	6	6 618	178

All transactions with Related Parties are carried out under normal market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Bank applies a comparability benchmark to assess market conditions.

NOTE 39 – FAIR-VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair-value of financial assets and liabilities

Haitong Bank estimates the fair value of its instruments based on prices quoted in active markets or, when such prices are not available, based on valuation techniques following standard valuation models such as discounted cash flows and option pricing models. The valuation models' parameter inputs are based on observable data, when available, derived from prices of financial instruments actively traded or based on indicative broker quotes.

The Bank performs valuation adjustments to reflect counterparty credit risk (CVA) for uncollateralized derivatives assets considering the current exposure, loss given default and the probability of default. This probability of default is based on the Bank's credit risk assessment model or market information where applicable.

Fair-value Hierarchy

The Bank's financial instruments are classified under the three levels defined in IFRS 13 according to the following:

Level 1 – Instruments valued using quoted prices observed in active and liquid markets. These include government bonds, credit bonds and exchange traded equities and derivatives.

Level 2 – Instruments valued using valuation techniques based on observable market inputs, quotes prices for similar instruments in active markets or for identical instruments in markets that are neither active nor liquid. These includes bonds, plain vanilla OTC derivatives, less liquid equities and funds valued at Net Asset Values (NAV) published daily by the fund manager and with possibility of daily redemption. The OTC derivatives includes financial instruments traded in OTC (over the counter), in which the counterparty has signed agreements of collateral (ISDA with CSA – Credit Support Annex), with very small Minimum Transfer Amount (MTA), which allows to mitigate the counterparty's Credit Risk while the CVA (Credit Value Adjustment) does not have a significant impact on the instrument valuation. Additionally, it also includes financial derivatives traded in OTC, without CSA, but the percentage of information not observed in market (e.g.: Internal Rating, Probability of Default determined by internal models, etc.) within the CVA valuation is not meaningful in what concerns the value of derivative as a whole. It is considered as significant when the value of CVA is higher than 5%.

Level 3 – Instruments measured using valuation techniques based on non-observable market inputs and that do not comply with the requirements to be classified under Level 1 nor Level 2. These include non-plain vanilla OTC derivatives valued based on non-observable market inputs or on indicative prices published by third parties, distressed and highly illiquid bonds, funds valued at Net Asset Values (NAV) published by the fund manager without possibility of daily redemption and private equity placements. In the Level 3 are included financial instruments traded in OTC market with counterparties which Haitong Bank does not have CSA signed and the percentage of unobservable data incorporated in CVA valuating is considered significant in the total value of the derivative (value of CVA has a weight higher than 5% of the value of derivate).

For the valuation of these instruments, unobservable inputs are the Credit Spread, in the case of bonds and the CVA in the case of derivatives. For the purposes of calculating the CVA, LGD, PD and Collateral Ratio are used, among others.

The fair-value of financial assets and liabilities for the Bank is analysed as follows:

(thousand euros)

	Amortised cost	Valued at Fair Value			Total book value	Fair Value
		Level 1	Level 2	Level 3		
Balance as of 31 December 2024						
Cash and cash equivalents	35 494	-	-	-	35 494	35 494
Financial assets held for trading						
Securities	-	39 938	330	24	40 292	40 292
Derivative financial assets	-	-	21 556	-	21 556	21 556
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	-	5 115	7 990	13 105	13 105
Loans and advances to customers	-	-	-	23	23	23
Financial assets at fair value through other comprehensive income	-	207 084	44 841	47 539	299 464	299 464
Financial assets measured at amortised cost						
Securities	481 470	-	-	-	481 470	478 079
Loans and advances to banks	495 105	-	-	-	495 105	495 105
Loans and advances to customers	684 607	-	-	-	684 607	681 744
Financial assets	**1 696 676**	**247 022**	**71 842**	**55 576**	**2 071 116**	**2 064 862**
Financial liabilities held for trading						
Securities	-	817	-	-	817	817
Derivative financial liabilities	-		21 640	-	21 640	21 640
Financial liabilities measured at amortised cost						
Resources of credit institutions	399 102	-	-	-	399 102	395 123
Resources of customers	1 022 995	-	-	-	1 022 995	1 018 894
Debt securities issued	191 798	-	-	-	191 798	187 239
Financial liabilities	**1 613 895**	**817**	**21 640**	**-**	**1 636 352**	**1 623 713**
Balance as of 31 December 2023						
Cash and cash equivalents	13 784	-	-	-	13 784	13 784
Financial assets held for trading						
Securities	-	41 505	11	1 390	42 906	42 906
Derivative financial assets		-	22 579	165	22 744	22 744
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities	-	18	5 092	4 454	9 564	9 564
Loans and advances to customers	-	-	-	24	24	24
Financial assets at fair value through other comprehensive income	-	119 194	5 693	41 515	166 402	166 402
Financial assets measured at amortised cost						
Securities	669 826	-	-	-	669 826	657 436
Loans and advances to banks	576 795	-	-	-	576 795	576 795
Loans and advances to customers	635 426	-	-	-	635 426	632 011
Financial assets	**1 895 831**	**160 717**	**33 375**	**47 548**	**2 137 471**	**2 121 666**
Financial liabilities held for trading						
Securities	-	846	-	-	846	846
Derivative financial liabilities	-	-	22 525	-	22 525	22 525
Financial liabilities measured at amortised cost						
Resources of credit institutions	628 573	-	-	-	628 573	628 573
Resources of customers	739 559	-	-	-	739 559	739 559
Debt securities issued	367 288	-	-	-	367 288	365 455
Financial liabilities	**1 735 420**	**846**	**22 525**	**-**	**1 758 791**	**1 756 958**

For financial instruments recorded in the balance sheet at fair value, the movement occurred between December 31, 2024 and December 31, 2023 in assets and liabilities classified in level 3 is as follows:

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as of 31 December 2023	**1 390**	**165**	**4 454**	**24**	**41 515**	**47 548**
Results recognised in Net Interest Margin	-	-	-		734	**734**
Net trading income and from other financial instruments at fair value through profit or loss	3	-	491	(1)	-	**493**
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	(104)	**(104)**
Other fair value changes	-	-	157	-	10	**167**
Fair value reserve changes	-	-	-	-	453	**453**
Acquisitions	-	-	2 888	-	29 726	**32 614**
Sales	-	-	-	-	(657)	**(657)**
Reimbursements	(1 393)	-	-	-	(3 000)	**(4 393)**
Transfers from other levels	24	-	-	-	9 311	**9 335**
Transfers to other levels	-	(165)	-	-	(30 449)	**(30 614)**
Balance as of 31 December 2024	**24**	**-**	**7 990**	**23**	**47 539**	**55 576**

In December 2024, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 30,449 thousand euros were transferred from Level 3 to Level 2 and of 9,311 thousand euros from Level 1 to Level 3.

Also, based on the assessment of the market liquidity of the securities, trading securities (Financial Assets HFT) of 24 thousand euros were transferred from Level 1 to Level 3.

Regarding the derivative instruments, between January and December 2024, 165 thousand euros were transferred from Level 3 to Level 2, resulting from changes in CVA's impact on the valuation of the derivative, which exceeded 5% in December 2023.

(thousand euros)

	Financial assets held for trading		Financial assets mandatory at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Securities	Derivative financial assets	Securities	Loans and advances		
Balance as of 31 December 2022	**-**	**312**	**4 610**	**20**	**61 917**	**66 859**
Results recognised in Net Interest Margin						**-**
Net trading income and from other financial instruments at fair value through profit or loss	-	-	-	-	2 181	**2 181**
Net gains/(losses) derecognition of financial assets measured at fair value through other comprehensive income	23	(133)	131	2	-	**23**
Impairment on other financial assets net of reversal and recoveries	-	-	-	-	-	**-**
Other fair value changes	-	-	-	-	203	**203**
Fair value reserve changes	-	383	(287)	2	849	**947**
Acquisitions	-	-	-	-	55	**55**
Sales	1 367	-	-	-	22 613	**23 980**
Reimbursements	-	-	-	-	-	**-**
Derivatives financial flows	-	-	-	-	(32 902)	**(32 902)**
Transfers from other levels	-	-	-	-	567	**567**
Transfers to other levels	-	-	-	-	(13 968)	**(13 968)**
Balance as of 31 December 2023	**1 390**	**165**	**4 454**	**24**	**41 515**	**47 548**

In 2023, based on the assessment of the market liquidity of the securities, Investment Securities (Financial Assets at FVTOCI) of 567 thousand euros were transferred from Level 2 to Level 3 and 1 175 thousand euros from Level 3 to Level 2.

Based on the assessment of the market liquidity of the securities trading assets (Financial Assets HFT) of 719 thousand euros were transferred from Level 1 to Level 2.

The main parameters used, during 2024, in the valuation models were the following:

Yield curves

The short-term rates set out below reflect indicative values of deposit interest rates and/or futures. Swap rates are used in the long-term tenors of the interest curve:

(%)

Tenor	31.12.2024			31.12.2023		
	EUR	USD	GBP	EUR	USD	GBP
Overnight	2.92	4.37	5.52	3.90	5.40	3.64
1 month	2.85	4.32	5.72	3.85	5.35	5.80
3 months	2.71	4.30	5.74	3.91	5.33	5.88
6 months	2.57	4.25	5.70	3.86	5.15	5.82
1 year	2.02	4.18	5.62	2.89	4.76	5.52
3 years	2.19	4.05	5.04	2.56	3.75	4.67
5 years	2.25	4.04	5.00	2.44	3.53	4.45
7 years	2.29	4.05	5.05	2.44	3.48	4.46
10 years	2.36	4.07	5.16	2.49	3.48	4.52
15 years	2.42	4.12	5.33	2.56	3.51	4.68
20 years	2.36	4.10	5.46	2.52	3.49	4.86

Credit spreads

Credit spreads curves and recovery rates used by the Bank are sourced, on a daily basis, from Markit. The table below reflects the evolution of the main CDS indices:

(basis points)

Index	3 years	5 years	7 years	10 years
31.12.2024				
CDX USD Main	29,85	49,84	70,45	90,23
iTraxx Eur Main	35,24	57,65	77,48	97,96
iTraxx Eur Senior Financial	-	63,78	-	101,40
31.12.2023				
CDX USD Main	33,60	56,70	78,70	98,20
iTraxx Eur Main	33,10	58,20	79,00	98,70
iTraxx Eur Senior Financial	-	67,00	-	103,70

Interest rate volatilities

The following figures reflect at-the-money implied volatilities:

(%)

	31.12.2024			31.12.2023		
	EUR	USD	GBP	EUR	USD	GBP
1 year	68.79	70.16	64.55	87.75	98.08	101.15
3 years	83.63	101.12	98.52	108.84	124.75	146.46
5 years	86.08	103.76	104.74	104.91	121.07	148.19
7 years	85.52	103.64	105.89	101.38	115.54	141.96
10 years	83.59	102.38	104.96	97.01	108.39	132.46
15 years	79.71	98.48	102.36	91.09	98.61	123.41

Foreign exchange rate and volatilities

The table below reflects ECB's (European Central Bank) foreign exchange rates fixings and at-the-money implied volatilities:

	Exchange rate		Volatiliy (%)				
	31.12.2024	31.12.2023	1 month	3 months	6 months	9 months	1 year
EUR/USD	1.0389	1.1050	8.1220	7.95	7.80	7.79	7.72
EUR/GBP	0.8292	0.8691	4.43	4.79	4.94	5.11	5.19
EUR/CHF	0.9412	0.9260	5.03	5.29	5.37	5.50	5.55
EUR/PLN	4.2750	4.3395	3.86	4.74	5.25	5.49	5.65
EUR/CNY	7.5833	7.8509	6.18	6.34	6.28	6.30	6.32
USD/BRL a)	6.1847	4.8523	15.87	15.52	15.21	15.13	15.11

a) Calculated based on the cross exchange rate between EUR/USD and EUR/BRL

The main methods and assumptions used in the abovementioned valuation of the fair-value of financial assets and liabilities are analysed as follows:

Cash and cash equivalents and Loans and advances to banks

The statement of financial position value of these financial instruments is considered a reasonable assumption of the corresponding fair-value due to their associated short timeframe.

Loans and advances to customers

The fair-value of loans and advances to customers is estimated based on the update of expected cash flows and interest, by taking into account market spreads for similar transactions (if they were entered into in the current moment) considering that the instalments are paid in compliance with the deadlines contractually agreed upon.

Resources of credit institutions

The fair value of these financial instruments is estimated based on the update of the expected cash flows of principal and interest, considering that the payments occur on the contractually defined dates.

Resources of customers

The fair-value of these financial instruments is determined based on the update of expected cash flows in capital and interest, considering that the payments are in compliance with the deadlines agreed upon contract.

Debt securities issued and Subordinated Liabilities

Generically, the fair-value of these instruments is based in market prices, when available. When unavailable, the fair-value it is estimated based on the update of expected cash flows in capital and interest regarding these instruments in the future.

NOTE 40 – RISK MANAGEMENT

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

Credit Risk

The Credit Risk results from the possibility of financial losses arising from the default of the customer or counterparty in relation to the contractual financial obligations established with the Bank in the scope of its credit activity. Credit risk is mainly present in traditional banking products - loans, guarantees and loan commitments given - and in derivative products - swaps, forwards and options (counterparty risk).

The Bank's credit portfolios are permanently monitored, with interaction between the business teams and risk management throughout the sequential stages of the credit cycle.

The Group's credit risk profile is regularly monitored, namely, in what concerns the evolution of credit exposure, delinquency ratios and provisioning, and concentration metrics.

The Bank also controls the approved credit limits and assures the proper functioning of mechanisms related with the credit approval process.

ECL calculation

The IFRS 9 standard outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition. According to Haitong Bank model, Expected Credit Loss (ECL) is determined as per the detailed information included in chapter 2.3.1., Impairment of Financial Assets and Financial Model.

- **Stage 1 – Performing**: Impairment assessment is carried out based 12-month expected credit loss (ECL). The ECL is measured by the present value of the exposure at default as at the reference date multiplied by the 12-month probability of default and the loss given default;
- **Stage 2 – Under Performing**: Impairment assessment will reflect the ECL lifetime resulting from a possible default event that may occur over the expected residual life of the instrument. The ECL considers the expected cash flows and the lifetime PD over the remaining life of the financial instrument. The Group considers the daily inter-period PD at the reference date for the ECL calculation.
- **Stage 3 – Non Performing**: Impairment assessment will reflect the ECL over the expected residual life of the instrument.

ECL measurement inputs

As a result of the characteristics of the Bank's portfolio (reduced number of transactions and high heterogeneity), the calculation of the ECL has as the main vector of measurement the individual analysis assessment. Under the collective model, which is applied to financial instruments classified in Stage 1 and to determine the minimum impairment rate applicable to financial instruments classified in Stage 2, the key inputs for ECL measurement are the following:

- Probability of Default (PD): describes the likelihood of default. Haitong Bank takes in account the PD provided by S&P, whereas the rating assigning process is performed internally based on the S&P methodology. This assures the alignment between the internal risk management and the impairment calculation process. Additionally, the Bank incorporates climate and environmental considerations 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 on the asset type.

Regarding undrawn loan commitments and financial guarantees, the amount considered in the calculation of impairment at each stage results from the exposure as of the reference date weighted by the credit conversion factor (according with CRR).

Forward-Looking Information

As part of the forward-looking exercise, the Bank adjusted the through-the-cycle probabilities of default ("TTC PD"), incorporating prospective macroeconomic information, and generated "point-in-time" probabilities of default ("PiT PD"),. The TTC PD are the default probabilities provided by S&P, having the Bank developed a methodology to estimate PiT PD, based on the Scalar Factor concept, i.e., a coefficient that enables the conversion of TTC PD into PiT PD.

The forward-looking information used by the Bank is grounded on a simplified approach, based on a proportionality concept, and due to size and profile of the Bank. Considering the characteristics of the Bank's portfolio, and in view of its worldwide presence, the 2024 forward-looking exercise involves a global macroanalysis.

The Scalar Factor was determined according to a scenario-based approach upon external information was implemented, which provides sufficient granularity to meet regulatory and accounting requirements. The scenario-based approach incorporates a base case and downside scenario, weighted by their probability of occurrence, respectively, 80% and 20%.

The table below systematizes the assumptions considered for each scenario, whereas the Bank took into consideration the existing projections of reputed entities.

	Global GDP		Global Inflation		EURIBOR 3-months rate	
	(% of change of constant prices)		(% change in average CPI)		(rate)	
Scenario / Year	Downside	Base	Downside	Base	Downside	Base
2025	2.50%	3.25%	4.00%	4.32%	3.50%	2.50%
2026	2.75%	3.27%	4.00%	3.63%	3.50%	2.20%
2027	2.75%	3.15%	5.00%	3.36%	3.50%	2.16%

The Bank's forward-looking exercise applies to the collective impairment model and covers exposures with a significant increase in credit risk, i.e., classified in Stage 2, namely whenever economic projections are available.

The annual update of the forward-looking exercise as of December 2024 led to a decrease of impairment of approximately 400 thousand euros. As of December 2023, the same exercise led to an increase of impairment of approximately 1 202 thousand euros.

Haitong Bank also carried out a sensitivity analysis, as of December 31st, 2024, based on the impact assessment of a 10% variation in external parameters considered in the collective model for the calculation of expected credit losses (PD and LGD). Finally, a +10% shock was applied to the PiT PD and the LGD parameters, verifying that the impact on expected credit losses would result in an increase of around 392 thousand euros and 469 thousand euros, respectively. Moreover, the Bank conducted a sensitivity analysis to disclose the impacts on impairment resulting from variations in the weighting of the scenarios used, adjusting the base case and downside scenario weights to 70% and 30%, respectively. This analysis verified that the impact on expected credit losses would result in an increase of approximately 121 thousand euros.

Additionally, the Bank has carried out the regular stress testing exercise covering its credit portfolios, which essentially relies on a sensitivity analysis to assess the potential impacts over its asset quality/risk profile main indicators, resulting from market wide, counterparty-specific and region-specific shock scenarios.

The financial instruments subject to standard IFRS 9 impairment requirements are presented below, detailed by stage, as of December 31st, 2024 and December 31st, 2023. It should be highlighted that throughout the presentation of the credit risk tables, the asset class of loan to customers included a loan measured at FVTPL in the amount of 23 thousand euros which, despite not being subject to impairment calculation, contribute at a prudential level to the Bank's banking book and are therefore presented in these tables.

(thousand euros)

Asset Type	31.12.2024									
	Stage 1			Total Stage 1	Stage 2		Total Stage 2	Stage 3 and POCI	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired		
Loans and advances to customers	73 377	592 649	-	**666 026**	19 927	-	**19 927**	3 387	**3 387**	**689 340**
Loan commitments	2 100	75 799	-	**77 899**	-	-	**-**	352	**352**	**78 251**
Guarantees	30 796	62 511	-	**93 307**	-	-	**-**	372	**372**	**93 679**
Securities	107 300	664 791	-	**772 091**	10 126	-	**10 126**	-	**-**	**782 217**
Loans and advances to banks	449 506	45 608	-	**495 114**	-	-	**-**	-	**-**	**495 114**
Cash equivalents	30 743	2 946	284	**33 973**	-	-	**-**	3 897	**3 897**	**37 870**
Debtors and other assets	-	-	439	**439**	-	-	**-**	12 823	**12 823**	**13 262**
Commitments to Third Parties	-	20 000	-	**20 000**	-	-	**-**	-	**-**	**20 000**
Total	**693 822**	**1 464 304**	**723**	**2 158 849**	**30 053**	**-**	**30 053**	**20 831**	**20 831**	**2 209 733**

(thousand euros)

Asset Type	31.12.2023									
	Stage 1			Total Stage 1	Stage 2		Total Stage 2	Stage 3 and POCI	Total Stage 3	Total
	Low to Fair risk [aaa+;a-]	Monitoring [bbb+;b-]	Not rated		Monitoring [bbb+;b-]	Substandard [ccc+;ccc]		Impaired		
Loans and advances to customers	744	631 348	-	**632 092**	4 484	-	**4 484**	26 590	**26 590**	**663 166**
Loan commitments	-	82 742	-	**82 742**	-	-	**-**	556	**556**	**83 298**
Guarantees	12 454	98 783	-	**111 237**	-	-	**-**	871	**871**	**112 108**
Securities	120 739	701 349	-	**822 088**	20 588	-	**20 588**	-	**-**	**842 676**
Loans and advances to banks	554 283	22 528	-	**576 811**	-	-	**-**	15 077	**15 077**	**591 888**
Cash equivalents	9 044	2 935	-	**11 979**	-	-	**-**	3 666	**3 666**	**15 645**
Debtors and other assets	-	1 345	7 789	**9 134**	-	-	**-**	9 892	**9 892**	**19 026**
Commitments to Third Parties	-	24 000	-	**24 000**	-	-	**-**	-	**-**	**24 000**
Total	697 264	1 565 030	7 789	2 270 083	25 072	-	25 072	56 652	56 652	2 351 807

The rating distribution presented above is based on the internal rating methodology of the Bank. As of December 31st, 2024, and December 2023, the majority of non-rated exposures relates to other debtors' transactions.

As of December 31st, 2024, the maximum exposure to credit risk of financial assets not subject to impairment requirements amounts to 28 198 thousands euros, corresponding to exposures to Central Banks recorded as Cash and Cash Equivalents. As of of December 31st, 2023, the amount was of 3 014 thousands of euros.

The table below compiles all financial instruments at amortised cost by industry, stage and days of delay as December 31st, 2024 and December 31st, 2023:

(thousand euros)

31.12.2024																						
Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3 and POCI						Total Stage 3 and POCI		Total	
	No overdue		1 - 29 days		30 - 89 days				No overdue				No overdue		90 - 180 days		More than 181 days(1)					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Agribusiness & Commodity Foods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural Cooperatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles & Components	45 570	113	-	-	-	-	45 570	113	-	-	-	-	-	-	-	-	-	-	-	-	45 570	113
Banks	571 038	315	-	-	-	-	571 038	315	-	-	-	-	3 897	2 379	-	-	-	-	3 897	2 379	574 935	2 694
Broker Dealers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Materials	30 782	61	-	-	-	-	30 782	61	-	-	-	-	-	-	-	-	189	189	189	189	30 971	250
Capital Goods	42 133	14	-	-	-	-	42 133	14	-	-	-	-	-	-	-	-	-	-	-	-	42 133	14
Chemicals	16 692	30	-	-	-	-	16 692	30	15 923	707	15 923	707	-	-	-	-	-	-	-	-	32 615	737
Commercial & Professional Services	34 848	530	-	-	-	-	34 848	530	-	-	-	-	4 089	1 257	5	5	-	-	4 094	1 262	38 942	1 792
Construction & Engineering	96 330	61	7	-	-	-	96 337	61	-	-	-	-	-	-	-	-	378	377	378	377	96 715	438
Consumer Durables & Apparel	18 050	85	-	-	-	-	18 050	85	-	-	-	-	-	-	-	-	-	-	-	-	18 050	85
Containers & Packaging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	16 420	40	-	-	-	-	16 420	40	-	-	-	-	-	-	-	-	-	-	-	-	16 420	40
Funds & Asset Managers	5 996	4	-	-	-	-	5 996	4	-	-	-	-	-	-	-	-	-	-	-	-	5 996	4
Governments	256 919	204	-	-	-	-	256 919	204	-	-	-	-	-	-	-	-	-	-	-	-	256 919	204
Health Care	9 362	-	97	1	-	-	9 459	1	-	-	-	-	-	-	-	-	-	-	-	-	9 459	1
Hotels & Gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Household & Personal Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Holdings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Media & Entertainment	-	-	62	1	-	-	62	1	-	-	-	-	-	-	-	-	-	-	-	-	62	1
Metals & Mining	30 930	45	-	-	-	-	30 930	45	-	-	-	-	-	-	-	-	-	-	-	-	30 930	45
Non Bank Financial Institutions	41 054	345	40	-	-	-	41 094	345	-	-	-	-	-	-	-	-	-	-	-	-	41 094	345
Oil & Gas	122 191	323	-	-	-	-	122 191	323	-	-	-	-	-	-	-	-	-	-	-	-	122 191	323
Paper & Forest Products	22 659	14	-	-	-	-	22 659	14	-	-	-	-	-	-	-	-	-	-	-	-	22 659	14
Power	153 018	556	-	-	-	-	153 018	556	-	-	-	-	-	-	-	-	-	-	-	-	153 018	556
Real estate	94 638	438	32	-	-	-	94 670	438	3 754	278	3 754	278	-	-	-	-	8	3	8	3	98 432	719
Rental & Leasing	12 061	113	-	-	-	-	12 061	113	-	-	-	-	-	-	-	-	-	-	-	-	12 061	113
Retailing	19 741	61	-	-	-	-	19 741	61	-	-	-	-	-	-	-	-	-	-	-	-	19 741	61
Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology Hardware & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecoms	94 099	226	20 554	30	29	-	114 682	256	-	-	-	-	-	-	-	-	-	-	-	-	114 682	256
Transportation	10 502	16	-	-	-	-	10 502	16	250	-	250	-	-	-	-	-	-	-	-	-	10 752	16
Transportation Infrastructure	96 258	105	7	-	-	-	96 265	105	-	-	-	-	-	-	-	-	9 891	4 139	9 891	4 139	106 156	4 244
Water Utilities	7 407	11	-	-	-	-	7 407	11	-	-	-	-	-	-	-	-	-	-	-	-	7 407	11
Others	3	-	23	-	131	1	157	1	-	-	-	-	-	-	634	63	1 719	687	2 353	750	2 510	751
Total	1 848 701	3 710	20 822	32	160	1	1 869 683	3 743	19 927	985	19 927	985	7 986	3 636	639	68	12 185	5 395	20 810	9 099	1 910 420	13 827

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

(thousand euros)

Financial instruments at Amortised cost (including financial guarantees) by industry, stage and past due status	31.12.2023																			
	Stage 1						Total Stage 1		Stage 2		Total Stage 2		Stage 3 and POCI				Total Stage 3 and POCI		Total	
	No overdue		1 - 29 days		More than 181 days(1)				No overdue				No overdue		More than 181 days(1)					
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Automobiles & Components	31 929	53	-	-	-	-	31 929	53	-	-	-	-	-	-	-	-	-	-	31 929	53
Banks	651 767	145	-	-	1 631	1 631	653 398	1 776	-	-	-	-	3 665	1 865	15 077	15 077	18 742	16 942	672 140	18 718
Building Materials	13	13	-	-	190	190	203	203	-	-	-	-	-	-	-	-	-	-	203	203
Capital Goods	39 032	147	-	-	40	40	39 072	187	-	-	-	-	-	-	2 200	2 200	2 200	2 200	41 272	2 387
Chemicals	46 503	108	-	-	-	-	46 503	108	-	-	-	-	-	-	-	-	-	-	46 503	108
Commercial & Professional Services	60 615	597	-	-	95	95	60 710	692	-	-	-	-	3 521	1 178	3 277	3 277	6 798	4 455	67 508	5 147
Construction & Engineering	107 772	186	17	-	407	407	108 196	593	-	-	-	-	569	216	1 596	1 591	2 165	1 807	110 361	2 400
Funds & Asset Managers	5 665	3	-	-	-	-	5 665	3	-	-	-	-	-	-	-	-	-	-	5 665	3
Governments	417 905	259	-	-	214	214	418 119	473	-	-	-	-	-	-	-	-	-	-	418 119	473
Health Care	20 114	103	-	-	-	-	20 114	103	-	-	-	-	-	-	-	-	-	-	20 114	103
Hotels & Gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 950	5 950	5 950	5 950	5 950	5 950
Household & Personal Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Media & Entertainment	-	-	-	-	94	94	94	94	-	-	-	-	-	-	-	-	-	-	94	94
Metals & Mining	37 733	56	-	-	-	-	37 733	56	-	-	-	-	-	-	-	-	-	-	37 733	56
Non Bank Financial Institutions	41 053	381	-	-	-	-	41 053	381	-	-	-	-	-	-	-	-	-	-	41 053	381
Oil & Gas	62 405	247	-	-	-	-	62 405	247	-	-	-	-	-	-	10 324	10 324	10 324	10 324	72 729	10 571
Paper & Forest Products	2 693	3	-	-	60	60	2 753	63	-	-	-	-	-	-	-	-	-	-	2 753	63
Power	129 698	589	-	-	57	57	129 755	646	-	-	-	-	-	-	-	-	-	-	129 755	646
Real estate	133 283	1 764	-	-	149	144	133 432	1 908	3 754	278	3 754	278	-	-	-	-	-	-	137 186	2 186
Rental & Leasing	13 483	69	-	-	-	-	13 483	69	-	-	-	-	-	-	-	-	-	-	13 483	69
Retailing	32 583	198	-	-	-	-	32 583	198	-	-	-	-	-	-	-	-	-	-	32 583	198
Telecoms	65 741	268	-	-	-	-	65 741	268	-	-	-	-	-	-	-	-	-	-	65 741	268
Transportation	-	-	-	-	-	-	-	-	731	5	731	5	-	-	-	-	-	-	731	5
Transportation Infrastructure	96 433	85	-	-	-	-	96 433	85	-	-	-	-	-	-	9 893	3 908	9 893	3 908	106 326	3 993
Water Utilities	-	-	-	-	-	-	-	-	8 415	33	8 415	33	-	-	-	-	-	-	8 415	33
Others	697	577	-	-	3 170	3 168	3 867	3 745	-	-	-	-	-	-	-	-	-	-	3 867	3 745
Total	1 997 117	5 851	17	-	6 107	6 100	2 003 241	11 951	12 900	316	12 900	316	7 755	3 259	48 317	42 327	56 072	45 586	2 072 213	57 853

(1) Resulting from the specific characteristics of the Receivables portfolio, a simplified approach based on the days past due (and therefore standardized in Stage 1) is applied.

In the following section is presented the gross exposure by asset type, impairment stage and internal rating bucket.

Loans and advances to customers

The table below presents a summary of the portfolio of loans and advances to customers of Haitong Bank as of December 31st, 2024, and December 31st, 2023:

(thousand euros)

Loans and advances to customers		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	73 378	-	-	-	**73 378**
Monitoring	[bbb+;b-]	592 648	19 927	-	-	**612 575**
Impaired	[d]	-	-	1 263	2 100	**3 363**
Gross carrying amount		**666 026**	**19 927**	**1 263**	**2 100**	**689 316**
Loss allowance (Note 32)		2 514	985	22	1 188	**4 709**
Carrying amount		**663 512**	**18 942**	**1 241**	**912**	**684 607**
Fair Value Through Profit and Loss		-	-	-	-	-
Impaired	[d]	-	-	24	-	**24**
Gross carrying amount		**-**	**-**	**24**	**-**	**24**
Revaluation		-	-	(1)	-	**(1)**
Carrying amount		**-**	**-**	**23**	**-**	**23**
Total gross carrying amount		**666 026**	**19 927**	**1 287**	**2 100**	**689 340**
Loss allowance (Note 32)		2 514	985	22	1 188	**4 709**
Total Carrying amount		**663 511**	**18 942**	**1 265**	**912**	**684 630**

(thousand euros)

Loans and advances to customers		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	744	-	-	-	**744**
Monitoring	[bbb+;b-]	631 348	4 484	-	-	**635 832**
Impaired	[d]	-	-	24 409	2 157	**26 566**
Gross carrying amount		**632 092**	**4 484**	**24 409**	**2 157**	**663 142**
Loss allowance (Note 32)		2 997	283	23 387	1 049	**27 716**
Carrying amount		**629 095**	**4 201**	**1 022**	**1 108**	**635 426**
Fair Value Through Profit and Loss						
Impaired	[d]	-	-	24	-	**24**
Gross carrying amount		**-**	**-**	**24**	**-**	**24**
Carrying amount		**-**	**-**	**24**	**-**	**24**
Total gross carrying amount		**632 092**	**4 484**	**24 433**	**2 157**	**663 166**
Loss allowance (Note 32)		2 997	283	23 387	1 049	**27 716**
Total Carrying amount		**629 095**	**4 201**	**1 046**	**1 108**	**635 450**

Loan commitments

The table below presents a summary of the portfolio of loan commitments of Haitong Bank as of December 31st, 2024:

(thousand euros)

Loan commitments		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	2 100	-	-	-	**2 100**
Monitoring	[bbb+;b-]	75 799	-	-	-	**75 799**
Impaired	[d]	-	-	352	-	**352**
Total gross carrying amount		**77 899**	**-**	**352**	**-**	**78 251**
Loss allowance (Note 32)		143	-	6	-	**149**
Total Carrying amount		**77 756**	**-**	**346**	**-**	**78 102**

(thousand euros)

Loan commitments		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Monitoring	[bbb+;b-]	82 742	-	-	-	**82 742**
Impaired	[d]	-	-	556	-	**556**
Total gross carrying amount		**82 742**	**-**	**556**	**-**	**83 298**
Loss allowance (Note 32)		114	-	23	-	**137**
Total Carrying amount		**82 628**	**-**	**533**	**-**	**83 161**

Guarantees

The table below presents a summary of the portfolio of guarantees granted to clients of Haitong Bank as of December 31st, 2023 and December 31st, 2022:

(thousand euros)

Guarantees		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	30 796	-	-	-	**30 796**
Monitoring	[bbb+;b-]	62 511	-	-	-	**62 511**
Impaired	[d]	-	-	372	-	**372**
Total gross carrying amount		**93 307**	**-**	**372**	**-**	**93 679**
Loss allowance (Note 32)		297	-	39	-	**336**
Total Carrying amount		**93 010**	**-**	**333**	**-**	**93 343**

(thousand euros)

Guarantees		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Low to fair risk	[aaa+;a-]	12 454	-	-	-	**12 454**
Monitoring	[bbb+;b-]	98 783	-	-	-	**98 783**
Impaired	[d]	-	-	871	-	**871**
Total gross carrying amount		**111 237**	**-**	**871**	**-**	**112 108**
Loss allowance (Note 32)		92	-	300	-	**392**
Total Carrying amount		**111 145**	**-**	**571**	**-**	**111 716**

Debt securities

The table below presents a summary of the portfolio of loans and advances debt securities at amortised cost and at fair value through other comprehensive income of Haitong Bank, as of December 31st, 2024 and December 31st, 2023:

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	74 982	-	-	-	74 982
Monitoring	[bbb+;b-]	407 944	-	-	-	407 944
Gross carrying amount		**482 926**	**-**	**-**	**-**	**482 926**
Loss allowance (Note 32)		765	-	-	-	765
Fair value hedge		(691)	-	-	-	(691)
Carrying amount (Note 17)		**481 470**	**-**	**-**	**-**	**481 470**
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	32 318	-	-	-	32 318
Monitoring	[bbb+;b-]	256 847	10 126	-	-	266 973
Gross carrying amount		**289 165**	**10 126**	**-**	**-**	**299 291**
Loss allowance (Note 32)		510	47	-	-	557
Revaluation		1 171	(431)	-	-	740
Fair value hedge		(10)	-	-	-	(10)
Carrying amount		**289 816**	**9 648**	**-**	**-**	**299 464**
Total gross carrying amount		**772 091**	**10 126**	**-**	**-**	**782 217**
Loss allowance		1 275	47	-	-	1 322
Revaluation		1 173	(432)	-	-	741
Fair value hedge		(702)	-	-	-	(702)
Total Carrying amount		**771 287**	**9 647**	**-**	**-**	**780 934**

(thousand euros)

FVOCI and Amortised cost debt Securities		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	103 564	-	-	-	103 564
Monitoring	[bbb+;b-]	558 424	8 416	-	-	566 840
Gross carrying amount		661 988	8 416	-	-	670 404
Loss allowance (Note 32)		1 018	33	-	-	1 051
Fair value hedge		473	-	-	-	473
Carrying amount (Note 17)		661 443	8 383	-	-	669 826
Fair Value through Other Comprehensive Income						
Low to fair risk	[aaa+;a-]	17 176	-	-	-	17 176
Monitoring	[bbb+;b-]	142 924	12 172	-	-	155 096
Gross carrying amount		160 100	12 172	-	-	172 272
Loss allowance (Note 32)		391	186			577
Revaluation		(4 725)	(785)	-	-	(5 510)
Fair value hedge		217	-	-	-	217
Carrying amount		154 416	11 986	-	-	166 402
Total gross carrying amount		822 088	20 588	-	-	842 676
Loss allowance		1 409	219	-	-	1 628
Revaluation		(4 725)	(785)	-	-	(5 510)
Fair value hedge		690	-	-	-	690
Total Carrying amount		816 644	19 584	-	-	836 228

Cash equivalents

The table below presents a summary of the cash equivalents portfolio of Haitong Bank, as of December 31st, 2024 and December 31st, 2023:

(thousand euros)

Cash equivalents		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	30 743	-	-	-	30 743
Monitoring	[bbb+;b-]	2 946	-	-	-	2 946
Impaired	[d]	-	-	3 897	-	3 897
Not rated		284	-	-	-	284
Total gross carrying amount		33 973	-	3 897	-	37 870
Loss allowance (Note 32)		-	-	2 378	-	2 378
Total Carrying amount		33 973	-	1 519	-	35 492

(thousand euros)

Cash equivalents		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	9 044	-	-	-	9 044
Monitoring	[bbb+;b-]	2 935	-	-	-	2 935
Impaired	[d]	-	-	3 666	-	3 666
Total gross carrying amount		11 979	-	3 666	-	15 645
Loss allowance (Note 32)		-	-	1 865	-	1 865
Total Carrying amount		11 979	-	1 801	-	13 780

Loans and advances to banks

The table below presents a summary of the portfolio of loans and advances to banks of Haitong Bank, as of December 31st, 2024 and December 31st, 2023:

(thousand euros)

Loans and advances to banks		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	449 506	-	-	-	449 506
Monitoring	[bbb+;b-]	45 608	-	-	-	45 608
Total gross carrying amount		495 114	-	-	-	495 114
Loss allowance (Note 32)		9	-	-	-	9
Total Carrying amount		495 105	-	-	-	495 105

(thousand euros)

Loans and advances to banks		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Low to fair risk	[aaa+;a-]	554 283	-	-	-	554 283
Monitoring	[bbb+;b-]	22 528	-	-	-	22 528
Impaired	[d]	-	-	15 077	-	15 077
Total gross carrying amount		576 811	-	15 077	-	591 888
Loss allowance (Note 32)		16	-	15 077	-	15 093
Total Carrying amount		576 795	-	-	-	576 795

Debtors and other assets

The table below presents a summary of the debtors and other assets portfolio of Haitong Bank, as of December 31st, 2024 and December 31st, 2023:

(thousand euros)

Debtors and other assets		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Impaired	[d]	-	-	-	9 891	**9 891**
Not rated		439	-	2 932	-	**3 371**
Total gross carrying amount		**439**	**-**	**2 932**	**9 891**	**13 262**
Loss allowance (Note 32)		4	-	1 326	4 140	**5 470**
Total Carrying amount		**435**	**-**	**1 606**	**5 751**	**7 792**

(thousand euros)

Debtors and other assets		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	1 345	-	-	-	**1 345**
Impaired	[d]	-	-	-	9 892	**9 892**
Not rated		7 789	-	-	-	**7 789**
Total gross carrying amount		**9 134**	**-**	**-**	**9 892**	**19 026**
Loss allowance (Note 32)		7 829	-	-	3 907	**11 736**
Total Carrying amount		**1 305**	**-**	**-**	**5 985**	**7 290**

Commitments to Third Parties

The table below presents a summary of the portfolio of debtors and other assets portfolio of Haitong Bank Group, as of December 31st, 2024:

(thousand euros)

Commitments to Third Parties		31.12.2024				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	20 000	-	-	-	**20 000**
Total gross carrying amount		**20 000**	**-**	**-**	**-**	**20 000**
Loss allowance (Note 32)		11	-	-	-	**11**
Total Carrying amount		**19 989**	**-**	**-**	**-**	**19 989**

(thousand euros)

Commitments to Third Parties		31.12.2023				
		Stage 1	Stage 2	Stage 3	POCI	Total
Amortized cost						
Monitoring	[bbb+;b-]	24 000	-	-	-	**24 000**
Total gross carrying amount		**24 000**	**-**	**-**	**-**	**24 000**
Loss allowance (Note 32)		36	-	-	-	**36**
Total Carrying amount		**23 964**	**-**	**-**	**-**	**23 964**

During the year of 2024 and 2023, the following moves occurred:

(thousand euros)

	Of which:			Total
	Stage 1	Stage 2	Stage 3	
Balance on 31 December 2023	**2 266 048**	**24 287**	**56 652**	**2 346 987**
Exposure increases/decreases	61 638	(10 589)	(26 262)	**24 787**
Transfers	-	-	-	-
from stage 1	(15 923)	15 923	-	-
from stage 2	-	-	-	-
from stage 3	-	-	-	-
Write-off	-	-	(9 559)	**(9 559)**
Sales	(152 443)	-	-	**(152 443)**
Balance on 31 December 2024	**2 159 320**	**29 621**	**20 831**	**2 209 772**

(thousand euros)

	Of which:			Total
	Stage 1	Stage 2	Stage 3	
Balance on 31 December 2022	**2 320 922**	**8 736**	**113 321**	**2 442 979**
Exposure increases/decreases	71 449	(1 372)	(60 334)	**9 743**
Transfers				-
from stage 1	(20 588)	20 588	-	-
from stage 2	-	(3 665)	3 665	-
from stage 3	-	-	-	-
Write-off	-	-	-	-
Sales	(105 735)	-	-	**(105 735)**
Balance on 31 December 2023	**2 266 048**	**24 287**	**56 652**	**2 346 987**

During 2024, an exposure totalling 15 922 million euros was transferred from Stage 1 to Stage 2. During 2023, an exposure totalling 20 588 thousands euros was transferred from Stage 1 to Stage 2, and another one totalling 3 665 thousands euros was transferred from Stage 2 to Stage 3.

The use of credit protection is a key element of the risk policy and credit decision process, influencing the acceptance criteria, the decision levels, and the pricing.

The main risk mitigation techniques used by the Group are financial pledges (funded credit protection – financial collateral in the form of securities and cash) and personal guarantees (unfunded credit protection with risk substitution effect).

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

Frequency and methods of collateral valuation depends on the nature of the collateral. For listed equity securities and debt securities, valuation occurs on a daily basis using market prices.

As approved by the Executive Committee during 2024, the pledge of bank accounts valuation update takes place on a semi-annual basis, after the reference dates 30/6 and 31/12 or whenever there is a significant change that implies the update of the values, according to the information provided by the depositary bank.

Regarding pledges over non-listed equity securities, pledges over equipment and mortgage valuation, it is done at least on an annual basis and it is based on financial information of the borrower or on valuation reports of external entities (e.g. real estate).

As of December 31st, 2024, the number of financial instruments with no losses identified, due to credit risk's mitigation techniques (i.e. whenever the exposure at default net of collateral is equal to zero), was 5 466 thousand euros accounted under guarantees (December 31st, 2023: 11 896 thousand euros).

The table below disaggregates the financial instrument and financial guarantees' gross exposure, and exposure at default (EAD) separately for each stage and POCI.

(thousand euros)

31.12.2024									
Rating bucket		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	693 822	666 443	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 464 304	1 304 562	30 053	29 990	-	-	-	-
Substandard	[ccc+;ccc]	-	-	-	-	-	-	-	-
Doubtful	[lccc]	-	-	-	-	-	-	-	-
Impaired	[d]	-	-	-	-	5 908	5 441	11 991	11 991
Not rated		723	723	-	-	2 932	2 932	-	-
Total		**2 158 849**	**1 971 728**	**30 053**	**29 990**	**8 840**	**8 373**	**11 991**	**11 991**

(thousand euros)

31.12.2023									
Rating bucket		Stage 1		Stage 2		Stage 3		POCI	
		Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD	Gross Exposure	EAD
Low to fair risk	[aaa+;a-]	697 264	687 302	-	-	-	-	-	-
Monitoring	[bbb+;b-]	1 482 288	1 353 650	25 072	24 990	-	-	-	-
Substandard	[ccc+;ccc]	-	-	-	-	-	-	-	-
Doubtful	[lccc]	-	-	-	-	-	-	-	-
Impaired	[d]	-	-	-	-	44 046	43 680	12 048	12 048
Not rated		7 789	7 789	-	-	-	-	-	-
Total		**2 187 341**	**2 048 741**	**25 072**	**24 990**	**44 046**	**43 680**	**12 048**	**12 048**

Breakdown of Non-Performing and Forborne Exposures

In accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting, the Bank discloses the non-performing exposures and the forborne exposures.

The definitions of non-performing and forborne exposures are provided under section 2.3.1.

In this sense, as of December 31st, 2024 and December 31st, 2023, the breakdown of performing and non-performing exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated		
	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 188 941**	**5 285**	**0.2%**	**2 281 350**	**5 167**	**0.2%**
Non-Performing exposures (NPE)	**20 831**	**9 099**	**43.7%**	**65 638**	**53 435**	**81.4%**
Loans and advances to customers	3 387	1 210	35.7%	26 590	24 436	91.9%
Loans and advances to banks	-	-	0.0%	15 077	15 077	100.0%
Cash & Cash Equivalents	3 897	2 378	61.0%	3 665	1 865	50.9%
Guarantees	372	39	10.5%	872	300	34.4%
Loan commitments	352	6	1.7%	556	23	4.1%
Other assets	9 891	4 140	41.9%	9 891	3 907	39.5%
Receivables	2 932	1 326	45.2%	8 987	7 827	87.1%
Total	**2 209 772**	**14 384**	**0.7%**	**2 346 988**	**58 602**	**2.5%**
NPE ratio	**0.9%**			**2.8%**		
NPL ratio	**0.5%**			**4.0%**		

(1) Amortized cost, comprising accrued interest, discontinued hedges, adjustments for active hedges, and revaluation amounts of securities measured at fair value through other comprehensive income.

As of December 31st, 2024 and December 31st, 2023, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated		
	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations (1)	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 169 264**	**4 301**	**0,2%**	**2 277 595**	**4 888**	**0,2%**
Performing Forborne exposures	**19 677**	**984**	**5,0%**	**3 754**	**278**	**7,4%**
Loans and advances to customers	19 677	984	5,0%	3 754	278	7,4%
Non-Performing Forborne exposures	**3 716**	**1 216**	**32,7%**	**27 122**	**24 459**	**90,2%**
Loans and advances to customers	3 364	1 210	36,0%	26 566	24 436	92,0%
Loan commitments	352	6	1,7%	556	23	4,1%
Non-Performing exposures	**17 115**	**7 883**	**46,1%**	**38 517**	**28 976**	**75,2%**
Loans and advances to customers	23	-	0,0%	24	-	0,0%
Loans and advances to banks	-	-	0,0%	15 077	15 077	100,0%
Cash & Cash Equivalents	3 897	2 378	61,0%	3 665	1 865	50,9%
Guarantees	372	39	10,5%	872	300	34,4%
Other assets	9 891	4 140	41,9%	9 892	3 907	39,5%
Receivables	2 932	1 326	45,2%	8 987	7 827	87,1%
Total	**2 209 772**	**14 384**	**0,7%**	**2 346 988**	**58 601**	**2,5%**

(1) Amortized cost, comprising accrued interest, discontinued hedges, adjustments for active hedges, and revaluation amounts of securities measured at fair value through other comprehensive income.

The tables below present the type of forbearance measures applied, detailing the number of deals, gross amount and revaluations, and loss allowance across different stages as of December 31st, 2024, and December 31st, 2023.

(thousand euros)

31.12.2024												
Forbearance Measure	Stage 2			Stage 3			POCI			Total		
	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance
Rescheduled Payments	1	15 923	706	-	-	-	-	-	-	1	15 923	706
Other Forbearance	1	3 754	278	1	1 616	28	1	2 100	1 188	3	7 471	1 495
Total	**2**	**19 677**	**984**	**1**	**1 616**	**28**	**1**	**2 100**	**1 188**	**4**	**23 394**	**2 201**

(thousand euros)

31.12.2023												
Forbearance Measure	Stage 2			Stage 3			POCI			Total		
	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance	No. of Deals	Gross Exposure	Loss Allowance
Maturity Extension	1	3 754	278	-	-	-	-	-	-	1	3 754	278
Other Forbearance	-	-	-	6	24 965	23 410	2	2 157	1 049	8	27 122	24 459
Total	**1**	**3 754**	**278**	**6**	**24 965**	**23 410**	**2**	**2 157**	**1 049**	**9**	**30 876**	**24 737**

During 2024 and 2023, the following movements in forborne exposures, by gross amount and revaluations, occurred:

(thousand euros)

	31.12.2024	31.12.2023
Balance at the beginning of the period	**30 876**	**81 982**
Forborne exposures during the	15 921	-
Derecognition	-	-
Repayments	(57)	-
Write-off	(23 347)	(51 387)
Other	-	281
Balance at the end of the period	**23 393**	**30 876**

Concentration risk

Concerning the concentration risk - that is, the risk arising from the possibility of exposure or from a group of exposures sharing common or interrelated risk factors that produce losses large enough to affect the Bank's solvency - Haitong Bank has internal limits established for the largest single name exposures. Regular monitoring of these limits, together with regulatory limits, strengthens the bank's monitoring framework for the concentration of credit risk.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by sector of activity, as of December 31st, 2024 and December 31st, 2023, is as follows:

(thousand euros)

Industry	31.12.2024								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Automobiles & Components	33 841	-	95	-	-	2 237	-	55 403	101
Banks	-	-	-	-	-	9 173	2 459	64 080	54
Broker Dealers	-	-	-	-	-	-	158	-	-
Building Materials	30 782	-	61	-	-	1 914	-	-	-
Capital Goods	-	-	-	-	-	2 547	-	11 337	12
Chemicals	15 923	-	706	-	-	3 646	-	19 794	44
Commercial & Professional Services	38 214	-	1 739	-	-	3 841	-	-	-
Construction & Engineering	-	23	-	-	-	592	-	42 030	105
Consumer Durables & Apparel	18 050	-	85	-	-	-	-	5 230	3
Food, Beverage & Tobacco	16 420	-	40	-	-	-	-	22 758	13
Funds & Asset Managers	-	-	-	-	-	986	1	14 054	4
Governments	123	-	-	-	-	691	-	273 140	208
Health Care	-	-	-	-	-	156	-	17 915	84
Hotels & Gaming	-	-	-	-	-	953	-	7 870	1
Investment Holdings	-	-	-	-	-	603	-	-	-
Media & Entertainment	-	-	-	-	-	1 048	-	-	-
Metals & Mining	30 930	-	45	-	-	986	-	7 903	40
Non Bank Financial Institutions	36 645	-	343	-	-	3 611	998	24 102	56
Oil & Gas	113 382	-	305	-	-	-	205	9 794	10
Paper & Forest Products	-	-	-	-	-	-	2 950	2 659	3
Pharmaceuticals	-	-	-	-	-	-	-	7 151	5
Power	120 082	-	434	-	-	1 157	217	34 563	189
Real estate	50 470	-	465	-	-	1 410	-	91 238	205
Rental & Leasing	12 061	-	113	-	-	-	-	-	-
Retailing	-	-	-	-	-	1 593	-	19 741	61
Technology Hardware & Equipment	-	-	-	-	-	622	-	-	-
Telecoms	87 496	560	221	1	-	2 085	5	25 940	40
Transportation	250	-	-	-	-	195	-	21 130	24
Transportation Infrastructure	84 088	-	56	-	-	106	14 563	10 122	48
Water Utilities	-	-	-	-	-	140	-	7 407	12
TOTAL	688 757	583	4 708	1	-	40 292	21 556	795 361	1 322

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

(thousand euros)

Industry	31.12.2023								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Agribusiness & Commodity Foods	-	-	-	-	-	23	-	-	-
Automobiles & Components	20 240	-	33	-	-	514	-	17 752	38
Banks	-	-	-	-	-	15 782	1 924	76 765	103
Broker Dealers	-	-	-	-	-	-	46	-	-
Capital Goods	16 158	1 132	1 200	1 132	-	1 667	2	11 489	14
Chemicals	30 298	-	82	-	-	3 108	-	26 082	52
Commercial & Professional Services	63 637	3 277	1 685	3 277	-	-	-	-	-
Construction & Engineering	17 246	1 596	88	1 591	-	1 926	-	35 907	146
Containers & Packaging	-	-	-	-	-	-	-	-	-
Food, Beverage & Tobacco	-	-	-	-	-	-	-	10 808	8
Funds & Asset Managers	-	-	-	-	-	-	-	10 756	3
Governments	744	-	-	-	-	888	-	423 677	263
Health Care	20 112	-	103	-	-	11	-	1 181	6
Hotels & Gaming	-	5 950	-	5 950	-	1 305	-	7 549	2
Media & Entertainment	-	-	-	-	-	3 085	-	-	-
Metals & Mining	29 047	-	46	-	-	-	-	16 410	52
Non Bank Financial Institutions	36 810	-	378	-	-	2 186	3 412	11 059	7
Oil & Gas	48 874	10 324	215	10 324	-	568	430	13 531	32
Paper & Forest Products	-	-	-	-	-	520	81	2 693	3
Power	100 404	-	512	-	-	1 336	191	25 910	101
Real estate	79 507	-	580	-	-	1 733	-	90 211	379
Rental & Leasing	13 483	-	69	-	-	-	-	-	-
Retailing	18 216	-	181	-	-	1 048	-	14 365	17
Software	-	-	-	-	-	-	-	18	-
Technology Hardware & Equipment	-	-	-	-	-	3 181	-	5 481	26
Telecoms	48 951	-	179	-	-	2 740	11	25 975	159
Transportation	731	-	5	-	-	510	-	-	-
Transportation Infrastructure	96 426	-	86	-	-	-	16 647	-	-
Water Utilities	-	-	-	-	-	775	-	19 803	217
TOTAL	640 884	22 279	5 442	22 274	-	42 906	22 744	847 422	1 628

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

The breakdown of loans and advances to customers, financial assets held for trading and securities, by country risk, as of December 31st, 2024 and December 31st, 2023, is as follows:

(thousand euros)

Country	31.12.2024								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Australia	30 930	-	45	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-	10 068	11
Brazil	35 682	-	68	-	-	-	-	5 277	13
Bulgaria	-	-	-	-	-	-	-	11 289	17
Colombia	-	-	-	-	-	-	-	9 653	13
Cyprus	-	-	-	-	-	-	-	9 023	3
Czech Republic	20 504	-	21	-	-	-	-	9 918	11
China	18 716	-	32	-	-	5 579	-	75 934	256
Finland	-	-	-	-	-	-	-	2 659	3
France	33 341	-	159	-	-	-	129	94 041	129
Germany	20 197	-	30	-	-	4 136	2 177	57 118	74
Greece	-	-	-	-	-	-	-	20 395	20
Hong-Kong	-	-	-	-	-	5 719	-	8 584	3
Hungary	-	-	-	-	-	1 242	-	20 337	21
Ireland	36 645	-	343	-	-	-	-	-	-
Italy	19 980	-	14	-	-	1 605	-	127 127	108
Japan	-	-	-	-	-	2 435	-	-	-
Korea (Republic Of)	-	-	-	-	-	983	-	-	-
Luxembourg	-	-	-	-	-	649	-	5 115	-
Macao	-	-	-	-	-	473	-	10 118	1
Mexico	9 642	-	6	-	-	-	-	7 893	6
Netherlands	46 901	-	99	-	-	3 159	-	33 386	20
Poland	102 411	23	1 012	-	-	715	205	47 568	118
Portugal	126 620	-	569	-	-	2 127	17 736	86 233	266
Romania	-	-	-	-	-	-	-	32 311	31
Spain	80 243	-	1 886	-	-	5 381	311	79 812	128
Sweden	-	-	-	-	-	101	-	12 911	11
Turkey	-	-	-	-	-	-	-	10 582	45
United Kingdom	87 749	560	396	1	-	1 562	998	5 067	12
India	-	-	-	-	-	196	-	-	-
Indonesia	-	-	-	-	-	1 157	-	-	-
Peru	19 196	-	28	-	-	-	-	-	-
Estonia	-	-	-	-	-	1 022	-	-	-
United States	-	-	-	-	-	2 051	-	2 942	2
TOTAL	688 757	583	4 708	1	-	40 292	21 556	795 361	1 322

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

(thousand euros)

Country	31.12.2023								
	Loans and advances to customers				Financial assets held-for-trading			Securities (1)	
	Gross amount		Impairment		Revaluation	Securities	Derivative financial assets	Gross amount	Impairment
	Outstanding loans	Overdue loans	Outstanding loans	Overdue loans	Overdue loans				
Australia	29 047	-	46	-	-	-	-	-	-
Austria	-	-	-	-	-	1 527	-	5 481	26
Bermuda	-	-	-	-	-	776	-	-	-
Brazil	-	3 277	-	3 277	-	-	-	19 036	65
Bulgaria	-	-	-	-	-	-	-	11 190	19
China	-	-	-	-	-	6 210	-	87 791	611
Cyprus	-	-	-	-	-	-	-	9 130	7
Czech Republic	-	-	-	-	-	-	-	23 199	33
Finland	-	-	-	-	-	-	-	2 693	3
France	39 733	-	204	-	-	6	180	55 888	43
Germany	20 240	-	33	-	-	5 871	782	23 446	26
Greece	-	-	-	-	-	-	-	22 816	26
Guatemala	-	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	5 943	-	8 127	3
Hungary	-	-	-	-	-	-	-	10 311	12
Ireland	36 810	-	378	-	-	-	-	-	-
Italy	-	-	-	-	-	1 863	-	178 809	266
Luxembourg	99 610	-	450	-	-	2 582	-	18 669	11
Macao	-	-	-	-	-	2 484	-	-	-
Netherlands	18 584	-	94	-	-	719	-	10 808	8
Poland	86 084	1 596	226	1 591	-	368	430	32 237	46
Portugal	166 830	-	892	-	-	7 885	16 932	184 816	285
Romania	-	-	-	-	-	-	-	23 574	27
Singapore	-	-	-	-	-	23	-	-	-
Spain	94 472	17 406	2 905	17 406	-	3 384	858	93 713	53
Sweden	-	-	-	-	-	-	-	7 732	9
Switzerland	-	-	-	-	-	2 000	-	-	-
United Kingdom	49 474	-	214	-	-	-	3 562	8 078	23
United States	-	-	-	-	-	1 265	-	9 878	26
Total	**640 884**	**22 279**	**5 442**	**22 274**	**-**	**42 906**	**22 744**	**847 422**	**1 628**

(1) Including: A) Financial assets measured at amortised cost; B) Financial assets at fair value through other comprehensive income; C) Non-trading financial assets mandatorily at fair value through profit or loss.

Pension Fund Monitoring

The Pension Fund portfolio management is ensured by GNB Fundo de Pensões, responsible for ensuring the implementation and monitoring of the funds' investment strategy, while respecting the limits defined in the Investment Policy. Haitong Bank delegates to Mercer Portugal the responsibility to conduct an independent assessment of the actuarial assumptions, as well as for defining the methodology for actuarial valuation.

These entities also bear the responsibility to provide the requisite information to the various Bank's governing bodies, namely the Executive Committee, the Independent Monitoring Committee, and the Risk Committee, enabling them to effectively oversee the risk associated with the pension funds.

Pension Fund Risk

The Fund's asset portfolio is primarily comprised of stocks, bonds, and investment units (investment funds and ETFs). The risks inherent in the Fund's assets are specific to various types of investments (credit risk, market risk, liquidity risk, etc.). As for the Fund's liabilities, consisting of pension payment obligations, which entail several actuarial risks that could have a negative impact on the value of the Fund's liabilities: inflation rate, growth of wages and pensions, evolution of mortality tables, corresponding increase in life expectancy, and discount rate.

The Pension Fund Risk is integrated into the Bank's Risk Appetite Framework (RAF), being monitored on a monthly basis the asset, liabilities, and discount rate evolution. The Pension Fund Risk is quantified for internal capital purposes within the scope of the Haitong Bank's ICAAP exercise.

Market risk

Market risk is the possibility of losses resulting from adverse movements in market prices, such as equity, interest rates, foreign exchange rates and credit spreads. In the development of its activities, Haitong Bank is exposed to market risk in both its trading and banking books.

The Bank estimates the potential losses in its trading book and for the overall commodity and foreign currency positions using the historical Value at Risk (VaR) methodology, calculated considering a 99% confidence level, an investment period of 10 business days and 1 year of historical observation.

(thousand euros)

	31.12.2024				31.12.2023			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Foreign Exchange Risk	4 044	4 039	4 831	3 638	4 800	9 424	12 695	4 547
Interest Rate Risk	188	232	489	94	923	670	1 625	219
Shares	2	4	7	2	6	6	8	5
Credit spread	250	208	344	81	268	358	512	218
Covariance	(390)	(493)	(862)	(232)	(1 329)	(1 219)	(2 351)	(574)
Global VaR	**4 094**	**3 990**	**4 809**	**3 583**	**4 668**	**9 239**	**12 489**	**4 415**

Unaudited Information

Considering that, the foreign exchange open risk position is the main source of market risk, Haitong Bank closely manages the exposures by currency. As of December 2024, and December 2023, the exposure of assets and liabilities by currency was as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Average balance of the period	Interest of the period	Average interest rate	Average balance of the period	Interest of the period	Average interest rate
Monetary assets (1)	639 695	27 495	4.29%	350 151	12 143	3.47%
Loans and advances to customers	689 932	51 567	7.45%	734 325	49 842	6.79%
Investment in securities	970 033	29 076	2.99%	1 282 853	27 409	2.14%
Deposited collateral under clearing agreements	22 396	1 270	5.66%	26,006	1833	7.05%
Financial assets	**2 322 056**	**109 408**	**4.70%**	**2 393 334**	**91 227**	**4.70%**
Monetary resources	502 616	24 134	4.79%	614 380	24 835	4.04%
Resources of customers	918 466	35 360	3.84%	637 020	17 137	2.69%
Liabilities represented by securities	312 290	15 794	5.04%	367 482	16 892	4.60%
Other resources (2)	8 593	618	7.18%	10 390	3 238	31.17%
Financial liabilities	**1 741 965**	**75 906**	**4.35%**	**1 629 271**	**62 102**	**4.35%**
Financial Result		**33 502**			**29 125**	

Includes: (1) Cash and cash equivalents and Loans and advances to banks; (2) Financial liabilities held for trading and Other liabilities (Deposited collateral under clearing agreements + Leasing liabilities)

Considering that, the foreign exchange open risk position is the main source of market risk, Haitong Bank closely manages the exposures by currency. As of December 2024, and December 2023, the exposure of assets and liabilities by currency was as follows:

(thousand euros)

	31.12.2024			31.12.2023		
	Spot	Forward	Net Exposure	Spot	Forward	Net Exposure
AOA	2	-	2	3	-	3
AUD	13	-	13	14	-	14
BRL	103 422	-	103 422	107 869	(0)	107 869
CAD	35	-	35	36	-	36
CHF	(55)	-	(55)	(112)	-	(112)
CNY	5 632	-	5 632	6 465	-	6 465
DKK	(5)	-	(5)	199	-	199
GBP	13 859	(13 130)	729	35 592	(36 592)	(1 000)
HKD	(2 525)	-	(2 525)	(313)	0	(313)
JPY	36	-	36	37	-	37
MOP	9 431	-	9 431	4 788	-	4 788
MXN	10	-	10	11	(0)	11
NOK	3	-	3	10	-	10
PLN	(16 305)	57 310	41 005	(30 986)	56 919	25 933
SEK	35	-	35	36	-	36
TRY	-	-	-	-	-	-
USD	79 316	(69 695)	9 621	1 088	2 715	3 803
Total	**192 904**	**(25 515)**	**167 389**	**124 737**	**23 042**	**147 780**

Note: asset (liability)

The main source of FX risk of Haitong Bank comes from the foreign subsidiary Haitong Banco de Investimento do Brasil S.A.

Non-trading market risk arises primarily from activities outside of our trading units, in the banking book, and from certain off balance sheet items, embedding considerations of different accounting treatments of transactions. The most significant risks in the banking book are the changes in the interest rate risk (IRRBB) and the changes in credit spread risk (CSRBB).

In what regards to IRRBB, Haitong Bank aims to capture all material sources of interest rate risk and assess the effect of market changes on the scope of its activities and manage IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a given time horizon.

To measure the economic value, the Bank uses a run-off balance sheet, where existing assets and liabilities are not replaced as they mature, whether for net interest income metric, the Bank follows a stable balance sheet model, where maturing contracts are replaced like for like, but with rates equal to be forward rates at the time of maturing.

As of December 2024, and December 2023, the repricing profile of the Bank for interest rate risk sensitive positions was the following:

(thousand euros)

Tenor	31.12.2024			31.12.2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Up to 3 months	1 098 098	(646 060)	452 038	1 209 819	(936 592)	273 227
3 to 6 months	340 950	(388 528)	(47 579)	402 430	(349 611)	52 819
6 to 12 months	151 342	(141 976)	9 367	89 461	(173 565)	(84 104)
From 1 to 5 years	458 853	(420 302)	38 551	461 293	(267 480)	193 813
More than 5 years	128 921	(36 092)	92 828	12 423	(5 300)	7 123
Total	**2 178 164**	**(1 632 958)**	**545 206**	**2 175 426**	**(1 732 547)**	**442 879**

Hence, the Bank calculates impacts of different shocks in the yield curves, measured by the economic value of equity (EVE) and the net interest income (NII). In addition, the regulatory add-ons for automatic options and basis risk, defined in the Commission Delegated Regulation (EU) 2024/857, are added to EVE and to NII, generating the final impacts on the banking book economic value and net interest margin. The results were:

(thousand euros)

Scenarios	31.12.2024		31.12.2023	
	Delta EVE	Delta NII	Delta EVE	Delta NII
Final worst impact	**(17 045)**	**(3 089)**	**(11 591)**	**(2 039)**
Regulatory Add-ons	**(592)**	**(53)**	**n.a.**	**n.a.**
Worst impact (without regulatory Add ons)	**(16 453)**	**(3 036)**	**(11 591)**	**(2 039)**
Parallel up	(16 453)	3 036	(11 591)	2 039
Parallel down	6 540	(3 036)	1 297	(2 039)
Steepener	(2 478)	n.a.	1 126	n.a.
Flattener	(666)	n.a.	(3 686)	n.a.
Short rates up	(5 392)	n.a.	(6 579)	n.a.
Short rates down	572	n.a.	916	n.a.
% Total Capital	**2.86%**	**0.52%**	**1.99%**	**0.35%**
% Tier 1 Capital	**2.86%**	**0.52%**	**1.99%**	**0.35%**

Unaudited Information

In what regards to CSRBB, Haitong Bank aims to capture changes in market perception about the credit quality of individual credit-risky instruments, either because of the changes to expected default levels or because of changes to market liquidity. Changes to underlying credit quality perceptions can amplify the risks already arising from yield curve risk, being this risk also defined as any kind of asset and/or liability spread risk of credit-risky instruments which is not explained by IRRBB, nor by the expected credit/jump-to-default risk.

To monthly measure the CSRBB, the Haitong Bank considers a historical VaR simulation approach with one year holding period, five years observation period and 99,9% confidence level.

(thousand euros)

	31.12.2024		31.12.2023	
	CSR Requirement	HTCS Exposures	CSR Requirement	HTCS Exposures
Global	**14 308**	**299 464**	**9 905**	**166 402**
of which: Sovereign	240	16 844	205	6 511
of which: Corporate	14 068	282 620	9 701	159 891
Average Duration (years)	**-**	**2,47**	**-**	**2,3**

Unaudited Information

Reference interest rate reforms

Regulation (EU) 2016/1011 of the European Parliament and of the Council (known as the EU Benchmark Regulation or BMR) established a common framework to ensure that benchmark interest rates meet certain requirements that guarantee their reliability and efficiency as well as protect the consumer and investor, which implied a set of reforms, currently underway, of the reference interest rates with different implications for the activities of financial institutions.

The Bank holds fallback provisions in its contracts in accordance with market practice to respond to a discontinuity in rates.

As of December 31, 2024, in Warsaw Branch, there are no financing contracts nor derivatives whose contract rate is associated with discontinued Libor rates.

As of December 31, 2024, in Warsaw Branch there're financing contracts as well as derivatives related to WIBOR index that is planned to be discontinued. The benchmark reform in Poland is aimed at replacement of the WIBOR index with the new index. From December 2022, banks were able to use new index - the WIRON index. However, due to the fact that there is noticed highest volatility of the WIRON index in relation to other analyzed indices and it may result in lowest probability of creating a liquid derivatives market so National Working Group on Benchmark Reform Steering Committee (Ministry of Finance, NBP, UKNF, BFG, GPW Benchmark, BondSpot and the banking community) declared the need for further in-depth discussion to work on the new index and ultimately, in the future, such an index could be used as an alternative index that will replace the WIBOR benchmark. At the end of 2024, the works of National Working Group on Benchmark Reform Steering Committee are focused on the index called WIRF. At the end of 2024 the planned conversion date of financial sector to new index - reference rates are set at the end of 2027.

Liquidity risk

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

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

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

Haitong Bank's liquidity and funding management is under the direct responsibility of the Executive Committee, advised by the Assets and Liabilities Committee (ALCO). Local treasury teams ensure liquidity daily management in each of the Bank's liquidity hubs (Lisbon and Warsaw), under the global coordination of Haitong Bank's CEO.

The Bank manages its liquidity by establishing a liquidity risk policy, monitoring a set of liquidity risk metrics, including prudential liquidity ratios, stress testing and liquidity contingency plans, and by setting limits consistent with the Bank's liquidity risk appetite and regulatory requirements.

As of 31 December 2024, the Bank held 674 million Euros of High Quality Liquid Assets (736 million Euros in 31 December 2023), of which 466 million were available deposits in Central Banks (541 million Euros in 31 December 2023). The remainder of the High Quality Liquid Assets (HQLA) comprised primarily sovereign debt of European Union countries. On December 31, 2024, Haitong Bank reported a surplus of 380 million Euros of its 30 days stressed net outflows, resulting in an LCR of 230% (350% on 31 December 2023) exceeding both regulatory and internal thresholds.

(million euros)

Liquidity Coverage Ratio	31.12.2024	31.12.2023
High Quality Liquid Assets	674	736
Surplus over stressed net outflows	380	526
Liquidity Coverage Ratio	**230%**	**350%**

Unaudited Information

In 2024, Haitong Bank's primary funding sources included long-term facilities provided by banks, debt securities, sales under repurchase agreements (repos) and deposits from clients (households, corporate and institutional clients).

In stressed market conditions, significant changes in the value of derivatives may necessitate additional collateral postings under master netting agreements (e.g. ISDA) and margin agreements (e.g. Credit Support Annex) primarily with financial institutions. Details on derivatives positions and collateral received and posted are provided in notes 21 and 28, respectively.

As of December 31, 2024, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2024						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	35 494	-	-	-	-	-	35 494
Financial assets held-for-trading (Securities)	-	7 098	9 615	22 864	7 855	-	47 432
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	13 105	13 105
Financial assets at fair value through other comprehensive income	-	3 986	38 321	205 852	93 204	-	341 363
Financial assets at amortised cost	-	62 544	53 785	326 017	89 297	-	531 643
Loans and advances to banks	83	474 856	20 707	-	-	-	495 646
Loans and advances to customers	5	46 397	85 735	606 467	80 142	-	818 746
Derivatives Instruments	-	209 065	206 845	43 480	7 492	18 580	485 462
Total	**35 582**	**803 946**	**415 008**	**1 204 680**	**277 990**	**31 685**	**2 768 891**
Liabilities							
Resources of other credit institutions	-	86 822	16 046	313 689	-	-	416 557
Resources of customers	37 980	352 141	308 290	351 350	-	-	1 049 761
Debt securities issued	-	47 644	5 775	153 355	-	-	206 774
Financial liabilities held-for-trading (Securities)	817	-	-	-	-	-	817
Derivatives Instruments	-	209 216	207 115	43 268	7 492	714	467 805
Total	**38 797**	**695 823**	**537 226**	**861 662**	**7 492**	**714**	**2 141 714**

The following table presents the cash flows associated to guarantees and commitments according to the contracts maturity dates.

(thousand euros)

	31.12.2024					
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial guarantees	-	15 022	14 065	43 264	21 328	93 679
Undrawn commitments	-	340	36 131	59 680	2 100	98 251
Total commitments and guarantees	**-**	**15 362**	**50 196**	**102 944**	**23 428**	**191 930**

As of December 31, 2023, contractual undiscounted cash flows of financial assets and liabilities present the following structure:

(thousand euros)

	31.12.2023						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assets							
Cash and cash equivalents	13 784	-	-	-	-	-	13 784
Financial assets held-for-trading (Securities)	-	5 028	13 564	23 223	6 985	-	48 800
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	9 564	9 564
Financial assets at fair value through other comprehensive income	-	4 763	11 196	153 292	16 838	-	186 089
Financial assets at amortised cost	-	116 583	76 931	447 670	60 882	-	702 066
Loans and advances to banks	547 946	641	28 587	-	-	-	577 174
Loans and advances to customers	6	11 347	80 890	628 077	59 579	-	779 899
Derivatives Instruments	-	252 055	47 247	37 374	8 673	16 780	362 129
Total	**561 736**	**390 417**	**258 415**	**1 289 636**	**152 957**	**26 344**	**2 679 505**
Liabilities							
Resources of other credit institutions	265 834	1 502	68 779	346 229	-	-	682 344
Resources of customers	63 164	245 087	242 513	195 248	-	-	746 012
Debt securities issued	-	3 178	14 066	378 575	-	-	395 819
Financial liabilities held-for-trading (Securities)	846	-	-	-	-	-	846
Derivatives Instruments	-	255 733	48 311	32 063	4 145	3 467	343 719
Total	**329 844**	**505 500**	**373 669**	**952 115**	**4 145**	**3 467**	**2 168 740**

The following table presents the cash flows associated to guarantees and commitments according to the contracts maturity dates.

(thousand euros)

	31.12.2023					
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Financial guarantees	-	15 426	41 680	28 541	26 461	112 108
Undrawn commitments	-	8 129	57 350	39 719	2 100	107 298
Total commitments and guarantees	**-**	**23 555**	**99 030**	**68 260**	**28 561**	**219 406**

The derivatives undiscounted cash flows are calculated as gross cash flows of each side of the deal, not considering any net positions.

Operational risk

Operational Risk corresponds to the possible loss resulting from inadequate internal procedures or its negligent application, inadequacy or failure of information systems, staff behavior or external events. Legal risks are included in this definition. Legal and IT risks are included in this definition. Operational risk is therefore considered as the sum of operational, information systems and compliance risks.

The Bank has in place a framework to ensure the standardization and systematization of the regular activities regarding the identification, assessment, response/ mitigation, monitoring, and control and report of operational risk. A team within the Risk Management Department is exclusively dedicated to the management of this framework.

Capital Management and Solvency Ratio

The main purposes of capital management in the Bank are (i) to promote sustainable growth of activity by creating enough capital to withstand the increase of assets, (ii) meet the minimum requirements established by the supervising entities in relation to capital adequacy and (iii) ensure the achievement of the strategic goals set by Bank in relation to capital adequacy.

In prudential terms, the Bank is subject to supervision by the Bank of Portugal, under the regulatory framework established in the European Union: CRR (Regulation EU nº 575/2013) and CRD (Directive EU nº 2013/36/EU). These regulations set the minimum capital requirements taking into consideration the level of risk to which the Bank is exposed.

At the moment and for reporting purposes related to prudential effects before the supervising authorities, the Group uses the Standard method for handling credit risk and operational risk ("The Standardized Approach" - TSA method).

The following table summarises the capital adequacy of the Haitong Bank S.A. as at 31st of December 2024 and 2023:

	31.12.2024	31.12.2023
CET1 ratio	25.00%	24.60%
Tier 1 ratio	30.30%	30.00%
Total Capital ratio	30.30%	30.00%

Unaudited Information

Source: Haitong Bank

NOTE 41 - COMPARABILITY OF INFORMATION

The Bank discloses the non-performing exposures and the forborne exposures in accordance with the definitions set out in Annex V to Commission Implementing Regulation (EU) 2018/1627 of 8 October 2018, amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting.

The definitions of non-performing and forborne exposures are provided under section 2.4.1.

In accordance with the criteria outlined in Note 2, the Bank now classifies as non-performing exposures (NPE) 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. Consequently, the Bank has restated the comparative figures as of December 31, 2023, with the adjustments presented below:

(thousand euros)

	31.12.2024			31.12.2023 Restated			31.12.2023		
	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 188 941**	**5 285**	**0,2%**	**2 281 350**	**5 167**	**0,2%**	**2 281 202**	**5 165**	**0,2%**
Banking Book Debt Securities	782 256	1 322	0,2%	837 857	1 628	0,2%	837 857	1 628	0,2%
Loans and advances to customers	685 953	3 499	0,5%	636 576	3 280	0,5%	636 576	3 280	0,5%
Loans and advances to banks	495 114	9	0,0%	576 811	15	0,0%	576 811	15	0,0%
Cash & Cash Equivalents	33 973	-	0,0%	11 979	-	0,0%	11 979	-	0,0%
Guarantees	93 307	297	0,3%	111 237	92	0,1%	111 237	92	0,1%
Loan commitments	77 899	143	0,2%	82 742	114	0,1%	82 742	114	0,1%
Other commitments	20 000	11	0,1%	24 000	36	0,2%	24 000	36	0,2%
Receivables	439	4	0,9%	148	2	1,4%			
Non-Performing exposures (NPE)	**20 831**	**9 099**	**43,7%**	**65 638**	**53 435**	**81,4%**	**46 760**	**41 701**	**89,2%**
Banking Book Debt Securities	-	-	0,0%	-	-	0,0%	-	-	0,0%
Loans and advances to customers	3 387	1 210	35,7%	26 590	24 436	91,9%	26 590	24 436	91,9%
Loans and advances to banks	-	-	0,0%	15 077	15 077	100,0%	15 077	15 077	100,0%
Cash & Cash Equivalents	3 897	2 378	61,0%	3 665	1 865	50,9%	3 665	1 865	50,9%
Guarantees	372	39	10,5%	872	300	34,4%	872	300	34,4%
Loan commitments	352	6	1,7%	556	23	4,1%	556	23	4,1%
Other assets	9 891	4 140	41,9%	9 891	3 907	39,5%			
Receivables	2 932	1 326	45,2%	8 987	7 827	87,1%			
Total	**2 209 772**	**14 384**	**0,7%**	**2 346 988**	**58 602**	**2,5%**	**2 327 962**	**46 866**	**2,0%**
NPE ratio	**0,9%**			**2,8%**			**2,0%**		
NPL ratio	**0,5%**			**4,0%**			**4,0%**		

As of December 31st, 2024, and December 31st, 2023, restated, the breakdown of performing and non-performing forborne exposures was as follows:

(thousand euros)

	31.12.2024			31.12.2023 Restated			31.12.2023		
	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage	Gross amount and revaluations	Impairment, Negative revaluations and Provisions	Coverage
Performing exposures	**2 169 264**	**4 301**	**0,2%**	**2 277 595**	**4 888**	**0,2%**	**2 277 447**	**4 887**	**0,2%**
Banking Book Debt Securities	782 256	1 322	0,2%	837 857	1 628	0,2%	837 857	1 628	0,2%
Loans and advances to customers	666 276	2 515	0,4%	632 822	3 002	0,5%	632 822	3 002	0,5%
Loans and advances to banks	495 114	9	0,0%	576 811	15	0,0%	576 811	15	0,0%
Cash & Cash Equivalents	33 973	-	0,0%	11 979	-	0,0%	11 979	-	0,0%
Guarantees	93 307	297	0,3%	111 236	92	0,1%	111 236	92	0,1%
Loan commitments	77 899	143	0,2%	82 742	114	0,1%	82 742	114	0,1%
Other commitments	20 000	11	0,1%	24 000	36	0,2%	24 000	36	0,2%
Receivables	439	4	0,9%	148	1	0,7%			
Performing Forborne exposures	**19 677**	**984**	**5,0%**	**3 754**	**278**	**7,4%**	**3 754**	**278**	**7,4%**
Loans and advances to customers	19 677	984	5,0%	3 754	278	7,4%	3 754	278	7,4%
Non-Performing Forborne exposures	**3 716**	**1 216**	**32,7%**	**27 122**	**24 459**	**90,2%**	**27 122**	**24 459**	**90,2%**
Loans and advances to customers	3 364	1 210	36,0%	26 566	24 436	92,0%	26 566	24 436	92,0%
Loan commitments	352	6	1,7%	556	23	4,1%	556	23	4,1%
Non-Performing exposures	**17 115**	**7 883**	**46,1%**	**38 517**	**28 976**	**75,2%**	**19 638**	**17 242**	**87,8%**
Loans and advances to customers	23	-	0,0%	24	-	0,0%	24	-	0,0%
Loans and advances to banks	-	-	0,0%	15 077	15 077	100,0%	15 077	15 077	100,0%
Cash & Cash Equivalents	3 897	2 378	61,0%	3 665	1 865	50,9%	3 665	1 865	50,9%
Guarantees	372	39	10,5%	872	300	34,4%	872	300	34,4%
Other assets	9 891	4 140	41,9%	9 892	3 907	39,5%			
Receivables	2 932	1 326	45,2%	8 987	7 827	87,1%			
Total	**2 209 772**	**14 384**	**0,7%**	**2 346 988**	**58 601**	**2,5%**	**2 327 961**	**46 866**	**2,0%**

NOTE 42 – SUBSEQUENT EVENTS

Between December 31, 2024 and the date of approval of these financial statements by the Bank's Board of Directors, there was no subsequent event that required adjustments or modifications to them.

NOTE 43 – ACCOUNTINGS STANDARDS AND RECENT INTERPRETATIONS

Standards, interpretations, amendments and revisions that came into force in this year

Up to the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions have been endorsed by the European Union, with mandatory application for the financial period beginning on January 1, 2024:

Description	Change	Effective date
IAS 1 – Classification of liabilities as non-current and current and non-current liabilities with covenants	Classification of a liability as current or non-current, depending on an entity's right to defer its settlement for at least 12 months after the reporting date, when subject to covenants.	January 01, 2024
IAS 7 and IFRS 7 – Supplier finance arrangements	Requirement to provide additional disclosures about supplier finance arrangements, the impact in liabilities and cash flows, as well as the impact in liquidity risk analysis, and how the entity would be impacted if these arrangements were no longer available.	January 01, 2024
IFRS 16 – Lease liability in a sale and leaseback	Criteria to account for sale and leaseback transactions after the date of the transaction, when some or all the lease payments are variable.	January 01, 2024

There were no significant effects on the Bank's financial statements for the year ended December 31, 2024, as a result of the adoption of the aforementioned standards, interpretations, amendments and revisions.

Standards, interpretations, amendments and revisions that will take effect in future years

The following accounting standards and interpretations, with mandatory application in future financial years, were, until the date of approval of these financial statements, approved ("endorsed") by the European Union:

Description	Change	Effective date
IAS 21 – Effects of changes in exchange rates: Lack of interchangeability	Requirements for determining whether a currency is capable of being exchanged for another currency and when exchange is not possible for a long period of time, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation on the entity's liquidity, financial performance and equity situation, as well as the spot exchange rate used on the reporting date.	January 1, 2025

These standards, although endorsed by the European Union, were not adopted by the Bank in 2024, as their application is not yet mandatory. As a result of the application of the aforementioned standards, no relevant impacts are expected.

Standards, interpretations, amendments and revisions not yet adopted by the European Union

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Description	Change	Effective date
IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	Introduction of a New Exception to the Definition of Derecognition Date When the Settlement of Financial Liabilities Is Carried Out Through an Electronic Payment System. Additional guidance for assessing whether the contractual cash flows of a financial asset consist solely of payments of principal and interest. Requirement for new disclosures regarding certain instruments with contractual terms that may alter cash flows. New disclosures on fair value gains or losses recognized in equity concerning equity instruments designated at fair value through other comprehensive income.	January 1, 2026
IFRS 9 and IFRS 7 – Contracts Negotiated with Reference to Electricity Generated from a Renewable Source	Regarding the Accounting for Power Purchase Agreements (PPAs) for Electricity Generated from a Renewable Source, Specifically in Relation to: i) Clarification of the application of the ‘own use’ requirements; ii) Allowing hedge accounting if renewable energy contracts are designated as hedging instruments; and iii) The addition of new disclosure requirements on the entity’s financial performance and cash flows.	January 1, 2026
Annual Improvements – Volume 11	Various Clarifications to the Standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7	January 1, 2026
IFRS 18 – Presentation and Disclosures in Financial Statements	Presentation and Disclosure Requirements in Financial Statements, Focusing on the Statement of Profit or Loss, through the specification of a model structure, categorizing expenses and income into operating, investing, and financing activities, and the introduction of relevant subtotals. Improvements in the disclosure of management performance measures and additional guidance on applying the principles of aggregation and disaggregation of information.	January 1, 2027
IFRS 19 – Subsidiaries Not Subject to Public Financial Reporting: Disclosures	A Standard That Only Addresses Disclosures, with Reduced Disclosure Requirements, Applied in Conjunction with Other IFRS Accounting Standards for Recognition, Measurement, and Presentation Requirements. It can only be adopted by "Eligible" subsidiaries that are not subject to the obligation of public financial reporting and have a parent company that prepares consolidated financial statements available for public use and in compliance with IFRS.	January 1, 2027

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in the year ended December 31, 2024.

Regarding these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, it is not estimated that their future adoption will have significant impacts on the attached financial statements.

CORPORATE GOVERNANCE REPORT

This report constitutes an integral part of Haitong Bank's 2024 Annual Report and intends to disclose the corporate governance structure and practices adopted by Haitong Bank, S.A.. This report was prepared in accordance with Article 70/2 of the Portuguese Companies Code and Article 29-H/5 of the Portuguese Securities Code.

PART I - Shareholder Structure and Corporate Practices

1. Capital Structure

As at December 31, 2024, the share capital of the Bank was EUR 871,277,660.00 (eight hundred and seventy-one million, two hundred and seventy-seven thousand, and six hundred and sixty euros), fully subscribed and paid up. The share capital is divided into 174,255,532 (one hundred and seventy-four million, two hundred and fifty-five thousand and five hundred and thirty-two) book-entry shares with a nominal value of EUR 5.00 (five euros) each.

Haitong International Holdings Limited, a Hong Kong based subsidiary of Haitong Securities Co., Ltd., holds 100% of the Bank's share capital with voting rights, corresponding to 174,255,528 (one hundred and seventy-four million, two hundred and fifty-five thousand and five hundred and twenty-eight) shares. The remaining 4 (four) shares are held by Haitong International Global Strategic Investment Limited (incorporated in the Cayman Islands); Haitong Capital International Investment Co., Ltd (incorporated in Hong Kong); Haitong Innovation International Capital Management Co., Ltd (incorporated in the Cayman Islands); and Haitong Capital International Investment Fund L.P. (incorporated in the Cayman Islands).

The Bank's share capital is entirely represented by ordinary shares.

2. Restrictions on the transfer of shares

The Articles of Association of the Bank do not provide for restrictions on the transferability of shares.

3. Possible restrictions on voting rights, such as limitations on the voting rights dependent on holding a certain number or percentage of shares, deadlines imposed on the right to vote, or key rights of patrimonial content

Pursuant to the Bank's Articles of Association, Shareholders or groups of shareholders who hold a minimum of one hundred shares are entitled to participate in the Shareholder's General Meetings of the Bank. Each group of one hundred ordinary shares corresponds to one vote.

4. Rules governing the appointment and replacement of members of the management body and the amendment of the Articles of Association

The members of the Board of Directors are appointed and replaced by the General Meeting in accordance with the terms set out in the Portuguese Companies Code. The same occurs with any amendment to the Articles of Association.

5. Powers of the management body, particularly with regard to resolutions on capital increases

The Board of Directors does not hold any powers with regard to resolutions on capital increases.

6. Agreements between the Bank and members of the management body or senior staff which foresee indemnity payments in case of unilateral termination of the employment contract by the employee or dismissal with no cause

The Bank did not enter into any agreement of this type.

7. Shares and Bonds held by members of the Board of Directors and Audit Committee

Annex referred to in paragraph 5 of Article 447 of the Portuguese Companies Code

Shareholders / Bondholders	Securities	Securities held as of 31/Dec/2023	Transactions in 2024			Securities held as of 31/Dec/2024
			Date	Acquisitions	Disposals	
Pan Guangtao	-	-	-	-	-	-
Wu Min	-	-	-	-	-	-
Alan Fernandes	-	-	-	-	-	-
Nuno Carvalho	-	-	-	-	-	-
Vasco Câmara Martins	-	-	-	-	-	-
Miguel Guiomar	-	-	-	-	-	-
Lu Xiaoli (Nick Lu)	-	-	-	-	-	-
Zhang Xinjun (Jeff Zhang)	Haitong International Securities Group Limited - Ordinary Shares	956,762	09/01/2024		956,762 (Note 1)	-
	Haitong International Securities Group Limited - Share Options	978,473	09/01/2024		978,473 (Note 2)	-
	Haitong International Securities Group Limited - Awarded Shares (unvested)	-				-
António Domingues	-	-	-	-	-	-
Maria do Rosário Ventura	-	-	-	-	-	-
Martina García	-	-	-	-	-	-
Chen Xuemei (Michelle Chen)	-	-	-	-	-	-

Note 1: Ordinary Shares bought back by Haitong International Holdings Limited (Hong Kong) on 2024/1/9 due to the privatization of Haitong International Securities Group Limited

Note 2: Share Options lapsed on 2024/1/9 due to the privatization of Haitong International Securities Group Limited

PART II - Corporate Bodies and Committees

From January 01, 2024, to December 31, 2024

General Meeting Board

Chair Mª João Ricou
Secretary David Ramalhete

Audit Committee

Chair
M.ª do Rosário Ventura
Members
Martina García
Chen Xuemei (Michelle Chen)

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PWC SROC") represented by Cláudia Sofia Gonçalves Parente de Palma

Board of Directors

Chair
Pan Guangtao
Members
Wu Min
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)
Zhang Xinjun (Jeff Zhang)
António Domingues
M.ª do Rosário Ventura
Martina García
Chen Xuemei (Michelle Chen)

Company Secretary

Pedro Costa
Alternate: António Pacheco

Remuneration Committee

Chair
Martina García
Members
António Domingues
M.ª do Rosário Ventura
Pan Guangtao

Corporate Governance Committee

Chair
Chen Xuemei (Michelle Chen)
Members
Zhang Xinjun (Jeff Zhang)
António Domingues

Risk Committee

Chair
António Domingues
Members
Pan Guangtao
Martina García

Board Credit Review Committee

Chair
Pan Guangtao
Members
António Domingues
Zhang Xinjun (Jeff Zhang)

Executive Committee

CEO
Wu Min
Members
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)

Senior Managers with a Seat on the Executive Committee
António Pacheco
Pedro Costa

New Business Committee

Chair: Executive Board Member responsible for Risk Management
Members: Deputy Head of the CEO Office; Head of Finance; Head of Legal; Head of the CISO Office; Head of Operations; Head of IT Infrastructure; Head of IT Development and Application Support; Head of the Risk Management Function; Head of the Compliance Function; Data Protection Officer

IBK Global Adoption Committee

Chair: Executive Board Member responsible for Investment Banking
Members: Seven Members including the Head of the Risk Management Function and the Head of the Compliance Function

Credit Committee[1]

Members: Eight Voting Members, including the Moderator, and the Head of the Risk Management Function

Impairment Committee

Chair and Members: One Chair and Three Members

Assets and Liabilities Committee

Chair and Members: One Chair and Seven Members

**On June 12, 2024, the Executive Committee reviewed the Bank´s Credit Decision framework aiming to ensure full alignment with the Bank´s credit strategy and thus extinguished the Credit Committee.*

8. Shareholder's General Meeting

Composition of the General Meeting Board

Under the terms of Article 14 of the Bank's Articles of Association, the General Meeting Board is composed of one Chair and one Secretary appointed by the General Meeting for a period of three years and can always be re-elected, provided that all due legal requirements are met.

The General Meeting Board for the three-year term of office period of 2023-2025 is composed as follows:

Chair	Maria João Ricou
Secretary	David Luís Marques Ramalhete

Voting Rights

Under the terms of the Bank's Articles of Association, the General Meeting is composed of all shareholders who hold at least one hundred ordinary shares and provide evidence of registration in their name in a securities' registry account with a financial intermediary.

Also, under the terms of the Bank's Articles of Association, resolutions of the General Meeting shall require an absolute majority of the votes cast at each meeting, except where the law or the Articles of Association require a qualified majority. Abstentions are not counted.

The Bank has a single voting Shareholder and in 2024, all Shareholder resolutions were taken via written resolution.

The General Meeting deliberates on matters specially assigned by law or the Articles of Association – including the election of corporate bodies, the approval of the annual report and accounts for the year, distribution of profits and capital increases – as well as, if so requested by the Board of Directors, matters related to the management of the Bank.

During 2024, 3 (three) written resolutions were taken by the sole voting Shareholder.

9. Management and Supervision

9.1. Governance Model

The Bank currently has in place a governance model that includes a General Meeting, a Board of Directors (with powers delegated to an Executive Committee), an Audit Committee, and a Statutory Auditor. This is the so-called Anglo-Saxon Model of corporate governance, foreseen in Article 278(1)(b) of the Portuguese Companies Code and considered the most suitable model for the Bank.

9.2. Board of Directors

Under the terms of Article 17 of the Bank's Articles of Association, the Board of Directors is composed of a minimum number of three and a maximum number of fifteen members appointed by the General Meeting. The General Meeting will also appoint the Chair of the Board of Directors from among those members, and, if so decided, one or more Vice-Chairs. The Bank's Articles of Association do not contain any rules governing procedural or material requirements related to the appointment or replacement of members of the Board of Directors. Article 30 (3) of the RGICSF (*Regime Geral das Instituições de Crédito e Sociedades Financeiras* – Legal Framework of Credit Institutions and Financial Companies) lays down the suitability requisites (integrity, professional qualifications, independence and availability) that the members of the Management and Audit Committee must possess to exercise the respective functions.

Pursuant to the provisions of Article 30-A(2) of the RGICSF, the most updated version of the "Policy on the Selection and Assessment of Members of the Management and Supervisory bodies and Key Function Holders", which contains the legal requirements and requisites applicable to the members of the Board of Directors, was approved by the General Meeting on December 28, 2023.

The composition of the Board of Directors and its Committees until December 31, 2024, is presented in the organizational chart included at the beginning of Part II of this report.

The date of the first term of office and qualification of each of the Non-Executive Members is identified in the following table, with December 31, 2024, as the reference date:

Composition of the Board of Directors (Non-Executive Members)	First Term of Office Starting Date	Qualification
Pan Guangtao	Nov-15	Non-Independent
Zhang Xinjun (Jeff Zhang)	Jan-18	Non-Independent
Maria do Rosário Ventura	Jan-18	Independent*
Martina García	Jul-20	Independent*
Chen Xuemei (Michelle Chen)	Dec-23	Independent*
António Domingues	Jan-18	Independent*
% of Non-independent Members		**33.33%**
% of Independent Members		**66.67%**

** Without prejudice to the other criteria for assessing the quality of "Independent", particularly those arising from joint recommendations of the ESMA (European Securities and Markets Authority) (ESMA35-36-2319) and EBA (European Banking Authority) (EBA/GL/2021/06) on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU and those resulting from the "Guide to fit and proper assessments" published by the ECB (European Central Bank) in December 2021, the qualification indicated in the table reflects the internal judgment of the Board of Directors of Haitong Bank, S.A..*

Pursuant to Annex I (18.1) of the CMVM Regulation 4/2013, a member of the Board of Directors is considered to be independent if he or she is not associated with any specific interest group and is not in any circumstance likely to affect his or her exemption from analysis or decision, particularly by virtue of:
a) Having been an employee of the company or of a company controlled by it or with which there has been a group relationship in the preceding three years;
b) Having, in the preceding three years, rendered services or established a significant commercial relationship with the company or a company controlled by it or with which there has been a group relationship, whether directly or as member, administrator, director or officer of a corporate entity;
c) Being a beneficiary of remuneration paid by the company or by a company controlled by it or with which there has been a group relationship, besides the remuneration derived from the exercise of directorship functions;
d) Living under a common law union or being the spouse, relative or direct relative up to the 3rd degree of lineage, inclusive, of directors or natural persons who are the direct or indirect holders of a qualified holding;
e) Being the holder of a qualified holding or the representative of a shareholder with a qualified holding.

The Directors concerned are not covered by any of the situations referred to in sub-paragraphs a) to e) which constitute the norm in question.

The professional qualifications and other curricular details of each member of the Board of Directors are presented in Annex I to this Corporate Governance Report.

There is no family relationship between the members of the Board of Directors.

As of December 31, 2024, the Board of Directors was composed as follows:

Board of Directors		2024 Attendance
Chair	Pan Guangtao	14/14
Executive Members		
	Wu Min	14/14
	Alan Fernandes	14/14
	Lu Xiaoli (Nick Lu)	14/14
	Miguel Guiomar	09/14
	Nuno Carvalho	14/14
	Vasco Câmara Martins	14/14
Non-Executive Members		
	António Domingues	14/14
	Chen Xuemei (Michel Chen)	14/14
	Maria do Rosário Ventura	14/14
	Martina García	14/14
	Zhang Xinjun (Jeff Zhang)	14/14

The Board of Directors met 14 (fourteen) times in 2024, including 9 (nine) electronic meetings. Attendance includes the use of the meeting representation mechanism, as foreseen in the Board of Directors' internal regulations.

The organizational chart at the beginning of Part II of this report presents the current composition of the Board of Directors.

9.3 Executive Committee

On January 17, 2024, a new Executive Committee was set up and its composition was approved by the Board of Directors.

The organizational chart at the beginning of Part II of this report indicates the members who make up the Executive Committee within the current composition of the Board of Directors.

The distribution of responsibilities among the members of the Executive Committee is as follows.

Executive Committee		Main areas of responsibility
Chair		
	Wu Min	Subsidiary and Branch Management CEO Office Human Resources Finance Cross Border Business
Members		
	Alan Fernandes	Haitong Banco de Investimento do Brasil, S.A.
	Lu Xiaoli (Nick Lu)	Macau Branch Headquarter Business Coordination
	Miguel Guiomar	Portugal Branch* Fixed Income Treasury
	Nuno Carvalho	Compliance & AML-FT CISO Special Portfolio Management IT Development and Application Support and IT Infrastructure Online Banking Legal
	Vasco Câmara Martins	Risk Management Rating Operations

*Does not correspond formally to a legal entity and it was stablished for internal organization purposes only

The members of the Executive Committee play an active role in the day-to-day management of the Bank's business, having under their stewardship one or more specific business areas, in accordance with the respective profile and with individual expertise, and corresponding to the distribution of responsibilities that at any moment best contributes to that body's effective balanced functioning.

The Executive Committee normally meets every week to deal with matters of general interest relating to the Bank and its subsidiaries.

The Executive Committee met a total of 88 (eighty-eight) times in 2024, including 46 (forty-six) electronic meetings.

As of December 31, 2024, the Executive Committee was composed as follows:

Executive Committee		2024 Attendance
CEO		
	Wu Min	88/88
Members		
	Alan Fernandes	77/88
	Lu Xiaoli (Nick Lu)	85/88
	Miguel Guiomar	64/88
	Nuno Carvalho	87/88
	Vasco Câmara Martins	88/88

The individual and collective ongoing assessment of the management and audit committee of the Bank is carried out by the Corporate Governance Committee.

The professional qualifications and other curricular details of each member of the Executive Committee and the list of positions occupied in other companies and other important functions is presented in the Annex I of this Corporate Governance Report.

9.4 Committees of the Board of Directors

Risk Committee

The purpose of the Risk Committee is to continuously monitor the development and implementation of the Bank's risk strategy and appetite and verify whether these are compatible with a sustainable strategy in the medium and long term, while advising the Executive Committee in these areas.

Among the competences of the Risk Committee, the following should be noted:

- Advising the Board of Directors on the Bank's risk appetite and strategy, both current and future, taking into account all categories of risk, as well as ensuring its alignment with the business strategy, objectives, corporate culture and values;
- Assisting the Board of Directors in supervising the execution of the risk strategy of the Bank and in the fulfilment of its respective limits;
- Periodically reviewing the risk profile, policies, and strategies of the Bank;
- Assessing the consistency between the business model, strategy, recovery plan, remuneration policies, and budget, as well as the efficiency and effectiveness of the structure, procedures and instruments associated with the implementation and execution of the strategies regarding risk;
- Issuing recommendations or adjustments to the risk strategy resulting from changes in the business model, market developments or business context where the Bank operates;
- Analysing and evaluating the methodology and its results to support the process of risk identification, evaluation and measurement;

- Examining scenarios, including stress tests, in order to determine their impact on the Bank's risk profile and to assess the resilience of the changes within the institution caused by idiosyncratic, systemic or mixed factors;
- Analysing whether the conditions of the products offered and services provided to clients take into consideration the Bank's transaction model and risk strategy, and, if necessary, submitting a correction plan to the Board of Directors whenever, as a result of such analysis, it is established that said conditions do not appropriately reflect the risks;
- Establishing if the incentives set forth in the remuneration policy of the Bank take into consideration risk, capital, liquidity and the expectations regarding results, including revenue dates;
- Establishing the framework for reporting on risk matters to the Board of Directors;
- Ensuring the existence of effective procedures for monitoring risk and internal control deficiencies related to the risk management framework;
- Specifying and reviewing the conditions of authority and independence to support the exercise of responsibilities for risk management, including the adoption of the work plan of the risk management function;
- Reviewing and periodically monitoring the scope and nature of the activities carried out by the Haitong Bank Group, related to risk management; and
- Ensuring that the risk management function has adequate resources for the adequate performance of its duties.

The Risk Committee is composed of 3 (three) non-executive members of the Board of Directors who are appointed by the Board of Directors. The majority of these members is independent.

During 2024, the Risk Committee met a total of 9 (nine) times, including 2 (two) electronic meetings, having received logistical and technical support from the CEO Office with secretarial services being administered by this office.

During 2024, the Risk Committee was composed as follows:

Risk Committee		2024 Attendance
Chair		
	António Domingues	9/9
Members		
	Martina García	9/9
	Pan Guangtao	9/9

Remuneration Committee

The purpose of the Remuneration Committee is (i) to provide informed and independent judgements concerning the remuneration policy and practices of the Bank and its affiliates, as well as the incentives created for risk, capital and liquidity management purposes; and (ii) to prepare decisions pertaining to remuneration, including those with implications in terms of the Bank's risks and risk management in which must be approved by the Shareholders' General Meeting Board and by the Board of Directors. Among the competences of the Remuneration Committee, the following should be noted:

- Drawing up proposals and recommendations to the Shareholders' General Meeting on the setting of the remuneration of the members of the Management and Audit Committee and of the officers with the highest total remuneration in the Bank, in addition to overseeing directly the remuneration of the senior officers heading the independent control functions (Internal Audit, Risk Management, and Compliance);

- Assessing the compliance of members of the Board of Directors who perform executive functions with the criteria set out in the Remuneration Policy, such as approved by the Shareholder's General Meeting Board;
- Providing all necessary assistance and issuing recommendations to support the approval process by the Board of Directors of the general remuneration policy of the Bank and its affiliates, promoting its revision whenever needed;
- Assessing the mechanisms adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall Remuneration Policy is in line with the business strategy, objectives, corporate culture and values, and the long-term interest of the Bank;
- Testing the capacity of the remuneration system implemented to react to external and internal events, using various possible scenarios and back-testing the model used for such purpose;
- Carrying out an annual assessment of the impact of the remuneration practices of branches and offshore establishments (subsidiaries), with the support of the Risk and Compliance functions, in particular regarding risk management issues, with special emphasis on the Bank's capital and liquidity risks;
- Ensuring that a revision of the Remuneration Policy of the Bank and its subsidiaries is conducted at least once a year, with the support of the Bank's Human Resources, Legal, and Control Functions Teams, to guarantee that: (i) the policy is effectively implemented; (ii) the remuneration payments are adequate and consistent with the Bank's risk profile and long-term objectives; and (iii) the policy complies with the legislation and regulations in force as well as with the relevant national and international principles and recommendations;
- Issuing an annual report on the Remuneration Policy, including all the measures needed to correct eventual deficiencies detected whose implementation responsibility lies on the Management and Audit Committee. This report must be submitted to the Board of Directors, to the Audit Committee, and to the Shareholders' General Meeting;
- Reporting to the Shareholders' General Meeting Board concerning the exercise of its functions once a year, including the delivery of a reasoned opinion on the adequacy of the Remuneration Policy and any amendments thereto which it may deem necessary; and
- Attending the Shareholders' General Meetings in which the Remuneration Policy is on the agenda, and providing any information requested by the General Meeting Board.

In 2024, the Remuneration Committee was composed of 4 (four) non-executive members of the Board of Directors and were appointed by the Board of Directors. The majority of these members is independent.

During 2024, the Remuneration Committee met a total of 5 (five) times, including 2 (two) electronic meetings, having received logistical and technical support from the CEO Office, with secretarial services being administered by this office.

During 2024, the Remuneration Committee was composed as follows:

Remuneration Committee		2024 Attendance
Chair		
	Martina García	5/5
Members		
	António Domingues	3/3*
	Maria do Rosário Ventura	5/5
	Pan Guangtao	5/5

**Mr. António Domingues was appointed as member of the Remuneration Committee at the Board of Directors´ meeting on March 28, 2024.*

Corporate Governance Committee

The purpose of the Corporate Governance Committee is to follow up on the application and ensure the full enforcement of: (i) the Policy on the Selection and Assessment of Members of the Management and Supervisory Bodies and Key Function Holders, the "Selection and Assessment Policy"; (ii) the Internal Succession Policy for Members of the Management and Supervisory Bodies and Key Function Holders, the "Succession Policy"; (iii) the Conflicts of Interest Prevention and Management Regulation; (iv) the Related Parties Regulation; and (v) the Governance System and the Bank's Internal Controls.

Among the competences of the Corporate Governance Committee, the following are highlighted and summarized:

- Within the scope of the Selection and Assessment Policy, the Corporate Governance Committee is particularly responsible for:

  a) Identifying and recommending the candidates for officers in the Bank's Management and Audit Committee, evaluating the composition of the Board of Directors in terms of reputation, knowledge, expertise, diversity and experience, preparing a description of the functions and qualifications for the offices under consideration and evaluating the time to be dedicated to the exercise of the relevant functions;

  b) Making the initial assessment of the suitability of the candidates for members of the Bank's Management and Audit Committee, of the candidates for Branch Managers and of the candidates for key function holders, taking into account the following criteria: reputation, professional skills, independence and availability;

  c) Preparing the initial assessment report on the suitability of the respective candidate, designated the "Initial Assessment Report", with the minimum content set out in the Selection and Assessment Policy;

  d) Annually, and whenever new facts or events determining the need for a suitability reassessment come to the knowledge of the Corporate Governance Committee or of the Board of Directors, carrying out an ongoing assessment of the individual suitability of the members of the Board of Directors, as provided in the Selection and Assessment Policy;

  e) Annually carrying out an ongoing assessment of the collective suitability of the members of the Board of Directors, as provided in the Selection and Assessment Policy;

  f) Reviewing and endorsing the report on the individual and the collective suitability of the members of the Board of Directors, which is prepared by an external consultant;

h) Regularly updating the Selection and Assessment Policy and submitting recommendations for its improvement – in particular, reviewing the rules with respect to the diversity in the management functions and submitting a proposal to the Bank's General Meeting Board for the maintenance, modification or elimination of such rules;

i) Identifying and recommending, in its Initial Assessment Report on the management staff, the candidates for management positions and assessing the composition of said staff, namely in terms of diversity.

- Within the scope of the Succession Policy, the Corporate Governance Committee appraises and reviews:

  a) the execution of the Bank's Succession Plan;

  b) the report on the individual evaluation of each of the candidates to successors to key function holders identified within the Succession Plan.

- Within the scope of the Conflicts of Interest Regulation, the Corporate Governance Committee is responsible for regularly assessing the Regulation and monitoring its implementation, as well as for proposing any updates thereto;

- Within the scope of the Related Parties Regulation, the Corporate Governance Committee is particularly responsible for:

  a) Receiving a report at least every quarter for review of all Transactions involving Related Parties;

  b) Assessing the Related Parties List before approval from the Board of Directors;

  c) Preparing an annual report on its activity of prevention and remedying of conflicts of interest, containing at least the information provided for in the Related Parties Regulation.

- Within the scope of the Conflicts of Interest Regulation, the Corporate Governance Committee is responsible for regularly assessing the Regulation and monitoring its implementation, as well as for proposing any updates thereto.

- Within the exercise of its functions regarding the corporate governance and internal control systems, the Corporate Governance Committee should, on an annual basis:

  a) Assess the suitability of the Bank's Corporate Governance to develop the defined business strategy and to support the implementation of an efficient internal control system;

  b) Propose measures to improve the Bank's Corporate Governance to the Board of Directors, namely, its structures, distribution of competences among the executive board members, reporting lines and functioning of the corporate bodies, taking into account the relevant laws and regulations, as well as the relevant guidelines and best practices in the banking industry.

- Within the exercise of its functions, the Corporate Governance Committee seeks to prevent the collective composition of the Management and Audit Committee from leading to the decision-making process being controlled by these bodies, to the detriment of the interests of the Bank as a whole.

During 2024, the Corporate Governance Committee met a total of 6 (six) times, including 1 (one) electronic meeting. The committee received logistical and technical support from the CEO Office, with secretarial services being administered by this office.

During 2024, the Corporate Governance Committee was composed as follows:

Corporate Governance Committee		2024 Attendance
Chair		
	Chen Xuemei (Michelle Chen)	6/6
Members		
	António Domingues	6/6
	Zhang Xinjun (Jeff Zhang)	6/6

Board Credit Review Committee

The purpose of the Board Credit Review Committee is to review and approve certain credit transactions that fall outside the Risk Appetite Framework (“RAF”), as approved by the Board of Directors. These transactions are only submitted to the Board Credit Review Committee after having been approved by the Bank’s Executive Committee. Nevertheless, any credit transactions that fall under Article 19.2(g) of the Articles of Association of the Bank shall be submitted directly to the Board of Directors for approval after the endorsement by the Executive Committee.

During 2024, the Board Credit Review Committee held a total of 6 (six) electronic meetings and received logistical and technical support from the CEO Office, with secretarial services being administered by the Company Secretary.

During 2024, the Board Credit Review Committee was composed as follows:

Board Credit Review Committee		2024 Attendance
Chair		
	Pan Guangtao	6/6
Members		
	António Domingues	6/6
	Zhang Xinjun (Jeff Zhang)	6/6

9.5 Other Committees (at the Executive Committee level)

Credit Committee

The Credit Committee was established by the Executive Committee with the authorization of the Board of Directors. This Committee was responsible for assessing and issuing recommendations to the Executive Committee on transactions involving credit or counterparty risk.

This Committee had advisory powers according to the Credit Committee’s Decision Framework approved by the Executive Committee.

The Credit Committee was composed of voting members (including the Moderator), as well as the Head of the Risk Management Function ("HRMF"), and a Secretary, supported by a Support Assistant. The members were nominated by the Chief Executive Officer ("CEO") and appointed by the Executive Committee.

On June 12, 2024, the Executive Committee reviewed the Bank's Credit Decision Framework aiming to ensure full alignment with the Bank's credit strategy and extinguished the Credit Committee. Approvals on transactions have, since the referred date, been made by the Executive Committee and the Board Credit Review Committee, as applicable. The new credit process was approved with the necessary checks and balances to mitigate operational risks and relies on the involvement of multiple uncorrelated areas in a sequence of several decision-making stages, and uses systems and controls that render the process multi-layered levels of scrutiny from various lines of defence of the Bank.

Until June 12, 2024, the Credit Committee held 21 (twenty-one) meetings, with an addition of 4 (four) electronic decisions, with secretarial services being administered by the Legal Department.

Impairment Committee

The Impairment Committee was established by the Executive Committee with the authorization of the Board of Directors and is responsible for analysing the individual impairment of financial instruments and other assets subject to individual impairment, accounted at the amortized costs and/ or the Fair Value through Other Comprehensive Income ("FVOCI") and with impairment triggers (i.e., Under Performing and Non-Performing exposures). In addition, the Impairment Committee shall analyse the adequacy of the impairment of the most significant exposures of the Bank.

This Committee is also responsible for analysing cashflow scenarios to be used on financial instruments valuation accounted at Fair Value through P/L when the cashflows are not certain according to its contractual terms.

This Committee has consultative powers and issues, in relation to the above-mentioned analysis, recommendations for consideration and approval by the Executive Committee. The duties of the Impairment Committee cover all entities of the Haitong Bank Group.

The Impairment Committee is composed of voting members (including the Chair), all of them appointed by the Executive Committee, and non-voting members to be designated by the Chair of the Committee.

During 2024, the Impairment Committee held 11 (eleven) meetings, with secretarial services being administered by the Legal Department.

Investment Banking Global Adoption Committee

The purpose of the Investment Banking Global Adoption Committee ("IBK Global Adoption Committee") is to approve all prospective Investment Banking mandates in relation to proposed transactions or new clients that do not involve credit or market risks.

The IBK Global Adoption Committee was established by the Executive Committee with the authorization of the Board of Directors.

Among the competences of the IBK Global Adoption Committee, the following should be noted:

- Serving as a discussion forum on the overall direction of the investment banking business, cross-border matters and prospective transactions;

- Approving all prospective Investment Banking mandates in relation to proposed transactions or new clients that do not involve credit nor market risks but can involve settlement risks. This includes all Merger & Acquisitions ("M&A"), Equity Capital Markets ("ECM"), Debt Capital Markets ("DCM"), and Corporate Derivatives transactions in which the Bank is involved. Some exceptions are made when the Chair of the Committee may consider that the transaction is not suitable for this forum, such as mandates involving Privileged Information (e.g. Public Takeover Bids);
- Approving other advisory mandates and agency agreements such as part of Corporate and Project Financing;
- Approving proposals where the Bank has reputational risk or settlement risk for the areas and desks identified above;
- Approval of Capital Markets (ECM and DCM) transactions in which the Bank may be liable in case of default by the other managers involved in the transaction; and
- Identifying restrictions to be implemented throughout the Bank and its subsidiaries.

The IBK Global Adoption Committee is composed of: the Executive Board Member with the responsibility for Investment Banking, who chairs the Committee (the "Chair"); the Executive Board Member with the responsibility for the Brazilian subsidiary; the Manager of the Spain Branch; the Head of Capital Markets; the Manager of the Warsaw Branch; a Haitong Banco de Investimento do Brasil, S.A. representative with the responsibility of China Business Development; the Head of the Risk Management Function; the Head of the Compliance Function; and a Secretary.

During 2024, the IBK Global Adoption Committee held 19 (nineteen) meetings with an additional 39 (thirty-nine) electronic approvals, with secretarial services being administered by the Legal Department.

New Business Committee

The purpose of the New Business Committee ("NBC") is to be a forum where different people from the organization can contribute ideas to innovate processes, new business lines, products, markets and clients. The NBC aims to promote the discussion of new ideas that will be collectively evaluated, planned and implemented by the Bank. This committee also aims to contribute to developing a more collaborative environment within the Bank with a "can-do" attitude, where contributions and new initiatives are properly considered and valued.

Amongst the competencies of the New Business Committee, which was established by the Executive Committee with the authorization of the Board of Directors, the following should be noted:

- Encouraging, promoting and analysing new ideas, new business or support initiatives and new products, providing the necessary means and support for the development of such ideas and initiatives; and
- Advising the Bank's Executive Committee on any proposals or matters brought to the New Business Committee, as per the New Product Approval Policy and Procedure.

The New Business Committee is chaired by the Board Member responsible for Risk Management. Other members include the Deputy Head of the CEO Office, the Head of Finance, the Head of Legal, the Head of the CISO Office, the Head of Operations, the Head of IT Infrastructure, the Head of the IT Development and Application Support, the Head of the Risk Management Function, the Head of the Compliance Function, and the Data Protection Officer. External persons can be called to attend the meetings if deemed necessary and suitable.

During 2024, the New Business Committee held 1 (one) meeting, with secretarial services being administered by the Legal Department.

Assets and Liabilities Committee

The purpose of the Assets and Liabilities Committee ("ALCO") 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 ("RAF"), following the respective limits. 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, which was established by the Executive Committee with the authorization of the Board of Directors, has the following responsibilities:

- 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 an 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 3 (three) meetings, with secretarial services being administered by the CEO Office.

9.6 Supervisory Body

Audit Committee

Under the terms of Article 26 of the Bank's Articles of Association, section 4(b)(1) of the Regulation of the Audit Committee, and Article 423-F of the Portuguese Commercial Companies Code, the Audit Committee is responsible for:

- Supervising the management of the Bank;
- Ensuring that the law and the Bank's Articles of Association are complied with:
- Monitoring the correctness of the accounting books and records and their supporting documentation;
- Monitoring, whenever it may deem convenient and as it may deem appropriate, the size of cash and stocks of goods or valuables of any description belonging to the Bank or received by the latter by way of security, deposit or otherwise;
- Verifying whether the accounting policies and valuation criteria adopted by the Bank lead to an accurate valuation of its assets and results;
- Convening the General Meeting when the chair of the Board is under an obligation to convene it, but fails to do so;
- Supervising the process of preparation and disclosure of financial information and submitting recommendations or proposals to ensure its integrity;
- Drawing up an annual report on its supervisory activities and issuing an opinion on the report, accounts and proposals submitted by the Board of Directors;
- Informing the Board of Directors of the outcome of the legal review of the accounts and explaining how it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role performed by the Audit Committee in this process;
- Supervising the effectiveness of the internal control system, risk management system, and internal audit system, notably with regard to the process of preparation and disclosure of financial information, without breaching its independence, to which end it shall:
    i. assess the operational procedures with a view to ascertaining whether the respective activities are efficiently managed through appropriate risk management and comprehensive accounting and financial information;
    ii. assess the annual activity plans (herein included training) and monitor the activity reports of the internal control functions, conveying to the Board of Directors any recommendations it may deem appropriate on the matters concerned by these reports;
    iii. hold periodic meetings with the internal control functions, as well as with the Board of Directors; and
    iv. request, at any time, any document or information, written or oral, which it may consider relevant without having to submit any request to the Board of Directors and such body may not prevent the direct access to the information or relevant document by the Audit Committee;
- Receiving and analyzing communications of wrongdoings submitted by shareholders, employees or other persons with the support of the Compliance Department, in accordance with current internal rules;
- Retaining the services of any experts to assist one or several of its members in performing their duties, provided that the retaining and remuneration of these experts must take into account the significance of the matters entrusted to them and the economic condition of the Bank;

- In respect of the Statutory Auditor:
  i. proposing the appointment of a Statutory Auditor or firm of Statutory Auditors to the General Meeting, duly substantiating its proposal;
  ii. supervising the audit of the Bank's financial statements;
  iii. assessing the opinion of the Statutory Auditor on the adequacy and effectiveness of internal controls underlying the process of preparation and disclosure of financial information; and
  iv. supervising the independence of the Statutory Auditor or the firm of Statutory Auditors in accordance with the law and, in particular, in respect of the provision of other additional services;
- Issuing an annual opinion on the effectiveness, adequacy, and consistency of the compliance, risk management, and audit systems, as well as on the anti-money laundering and terrorist financing internal control system;
- Issuing opinions, in particular prior opinions, and the consent required by law, notably the prior opinion in relation to the Code of Conduct of the Bank;
- Promoting periodic and independent assessments, to be performed by an external entity regarding the conduct and values of the Board of Directors;
- Identifying and assessing the respective needs regarding its composition and organization;
- Implementing supporting committees required for the efficient performance of its competencies, if needed;
- Participating in the assessment process of the performance of internal control functions and its representatives according to the law;
- Within the scope of its competencies, ensuring reliability, integrity, consistency, completeness, validity, timeliness, accessibility, and granularity of all information produced by the Bank;
- Executing monitoring actions within its competencies by maintaining a multiannual plan of activities, approved and updated, which includes a description of material, technical, and human means required to assist the members of the Audit Committee in the exercise of its functions;
- Issuing all reports and assessments/opinions which are included in the self-assessment reports under Notice 3/2020 of Banco de Portugal;
- Requesting any information from the Bank whenever it so deems necessary;
- Assessing the Internal Audit Function's Annual Plan, Training and Budget proposals for the function to be submitted to the Board of Directors for approval;
- Taking any decision necessary for the full implementation of the budget and training plan of the Internal Audit Function;
- Requesting and assessing the results of quality reviews to the Internal Audit Function;
- Convening meetings with the Head of the Internal Audit Function in order to discuss and monitor the Audit Plan and its respective conclusions; and
- Performing any other duties assigned to it under the law and the Bank's internal regulations and Articles of Association.

The Audit Committee is composed of 3 (three) members of the Board of Directors with non-executive functions. The members of the Audit Committee are appointed by the General Meeting, at the same time as the other members of the Board of Directors.

During 2024, the Audit Committee met a total of 35 (thirty-five) times and received secretarial support from the Legal Department.

During 2024, the Audit Committee was composed as follows:

Audit Committee		2024 Attendance
Chair		
	Maria do Rosário Ventura	35/35
Members		
	Martina García	35/35
	Chen Xuemei (Michelle Chen)	35/35

The following table identifies the Audit Committee members who, not being associated with any group of specific interests of the company as of December 31, 2024, comply or do not comply with the independence criteria of Article 414(5) of the Portuguese Commercial Companies Code, whereby independent within the meaning of a company means a person who is not associated with any group of specific interests of the company, nor are there any circumstances capable of affecting his / her impartiality of analysis or decision, namely by virtue of:

a) Being the holder or acting in the name or on behalf of the holders of qualified holdings of 2% or more of the company's capital; or
b) Having been re-elected for more than two terms of office, continuous or interspersed.

Satisfaction of independence criteria of the members of the Audit Committee		(a)	(b)
Chair			
	Maria do Rosário Ventura	Complies	Complies
Members			
	Martina García	Complies	Complies
	Chen Xuemei (Michelle Chen)	Complies	Complies

9.7 Statutory Auditor and External Auditor

The entity responsible for auditing the accounts is appointed pursuant to the Policy on the Selection and Appointment of the Statutory Auditor. Pricewaterhousecoopers & Associados – Sociedade de Revisores Oficiais de Contas, LDA. ("PWC SROC" or "PwC"), registered at the CMVM under no. 183, was appointed as the Bank's Statutory Auditor via Resolution by the Bank's Shareholder on May 18, 2023, for the 2023-2025 period. PWC SROC is represented by Ms. Cláudia Sofia Gonçalves Parente de Palma.

- **Consolidated**

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2024 and 2023 financial years are as follows:

(thousand euros)

	31.12.2024	31.12.2023
PwC SROC	**463**	**444**
Audit	253	240
Other assurance services	201	195
Other non-reliability assurance services	9	9
Companies in the PwC network [1]	**545**	**357**
Audit	440	339
Other assurance services	53	-
Other non-reliability assurance services	52	18
Total value of agreed services	**1008**	**801**

[1] In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

- **Individual**

The details of the remunerations attributed to PwC auditors and their network, according to the nature and company through which the services were provided, during the 2024 and 2023 financial years are as follows:

(thousand euros)

	31.12.2024	31.12.2023
PwC SROC	**463**	**444**
Audit	253	240
Other assurance services	201	195
Other non-reliability assurance services	9	9
Companies in the PwC network [1]	**192**	**149**
Audit	142	134
Other non-reliability assurance services	50	15
Total value of agreed services	**655**	**593**

[1] In accordance with the definition of "network" established by the European Commission in its Recommendation nº C(2002) 1873, of May 16, 2002

Values shown do not take into consideration the value-added tax (VAT). The fees related to the statutory audit of annual accounts correspond to those agreed for the years 2024 and 2023. The fees presented for the remaining services relate to amounts agreed during the 2024 and 2023 financial years.

PART III - Internal Organisation

10. Articles of Association

The Articles of Association of Haitong Bank, S.A. were approved by the Shareholder on December 29, 2023.

11. Reporting of Irregularities

The Audit Committee is responsible, according to the terms of Article 420(1)(j) of the Portuguese Companies Code, for receiving the communications of irregularities presented by employees, customers, shareholders and any other entities.

The latest version of the Whistleblowing Regulation of the Bank was approved by the Board of Directors on December 17, 2024.

According to the regulation, employees shall report wilful or negligent events or behaviours which may indicate that any legal obligation impending upon themselves and/or the Bank itself have been breached. The irregularity can be reported including identification of the whistleblower or anonymously. Employees may also inform their line manager of any wrongdoing or irregular behaviour which might come to their knowledge.

The communication of an irregularity shall be made orally (in which case, a written report shall be prepared and signed by those who are physically present) or in writing and, in either case, be treated with confidentiality. The report must contain the maximum extent possible of details and information that the employee has available, including the identification of the individual(s) accused or involved; the wrongdoing(s) observed; a description of the event(s) or indication(s) subject to reporting; whether it is possible to obtain evidence or not; and the date of the report.

The communications of irregularities are received and processed by the Compliance Department, which conducts the relevant analysis (including, if necessary, via external assistance) with all the support of the Audit Committee.

12. Internal control

The Bank has in place an effective internal control system that is populated with the relevant control areas as set out in the Banco de Portugal Notice 3/2020.

The Bank's internal control system is based on the objectives and guidelines defined by the Board of Directors and underpinned in a structure that includes a Risk Management Function (including Operational Risk and a Rating Department), an Internal Audit Function, and a Compliance Function.

The Head of the Internal Audit Function is directly dependent on the Board of Directors, reporting functionally to the Board of Directors and to the Audit Committee, and operationally to the Executive Board Member responsible for the Function. All the Internal Audit Function activities carried out by the entities constituting the Haitong Bank Group were coordinated and supervised by the Internal Audit Function of Haitong Bank, so as to guarantee the consistency of the internal audit practices and supporting norms, compliance with the professional and regulatory requirements of the Function and a consolidated and global evaluation of the Internal Control system of the Haitong Bank Group. The only structure of the Haitong Bank Group outside Portugal with its own internal audit team is Haitong Banco de Investimento do Brasil, S.A. ("Haitong Brazil"). This team, which is based in São Paulo, serves the conglomerate of Haitong Brazil and reports functionally and directly to the Head of the Internal Audit Function in Lisbon, notwithstanding any reporting to the local Board of Directors and Internal Controls Committee.

The reporting line of the Risk Management Function is the Board of Directors and the Audit Committee. The Head of the Risk Management Function and the Head of the Rating Department report hierarchically and functionally to the Executive Director responsible for risk control. The Risk team in Lisbon has direct risk management responsibilities in the branches in Spain, the UK, and Macau, while the Branch in Poland has a local risk management team acting with Lisbon oversight. Haitong Brazil also has a local risk management team that is overseen by Lisbon.

The Compliance Function reports hierarchically to the Executive Director with this responsibility and functionally to the Board of Directors of the Bank, as well as to the Audit Committee. Local heads of branches and subsidiaries of the respective units located in the geographies where the Bank is present report functionally to the Head of the Compliance Function. As at the date of this report, there are compliance officers in the branches in Spain, the UK, Poland, and Macau, and in the affiliate in Brazil.

The Bank's Supervisory Body is the Audit Committee (*vide* section 9.6), which, *inter alia*, supervises and evaluates the effectiveness of the internal control system, the risk management system, and the internal audit systems, notably with regard to the process of preparation and disclosure of financial information, without breaching its independence, to which end it shall: (i) assess the operational procedures with a view to ascertaining whether the respective activities are efficiently managed through appropriate risk management and comprehensive accounting and financial information; (ii) assess the annual activity plans (herein included training) and monitor the activity reports of the internal control functions, conveying to the Board of Directors any recommendations it may deem appropriate on the matters concerned by these reports; (iii) hold periodic meetings with the bodies referred to in point (ii); (iv) request, at any time, any document or information, written or orally, which it may consider relevant without having to submit any request to the Board of Directors and such body may not prevent the direct access to the information or relevant document by the Audit Committee.

The CEO Office and the Finance Department are responsible for preparing the Bank's semi-annual and annual financial reports and accounts. The process takes place in a continuous dialogue with the Executive Committee and persons with leading responsibilities in the departments involved. The documents to be disclosed and their timing – depending on the specific document – require the express approval of: the Board of Directors, in case of the semi-annual report and accounts; and the Board of Directors and the Shareholder, in case of the annual report and accounts. The Representative for Investor Relations is responsible for the release of the financial information.

13. Risk Control

The Board of Directors is ultimately responsible for the Bank's Risk Management Framework.

The Risk Committee (*vide* section 9.4) is responsible for monitoring the development and implementation of the risk strategy and the risk appetite of the Bank and verifying whether they are compatible with a sustainable strategy in the medium and long term.

As an independent control function, the Risk Management Department supports the Bank in making informed decisions. It ensures the implementation of and compliance with the risk policies approved by the management body.

14. Investor relations

The main functions of the Representative for Investor Relations are assuring authorities and the market that the Bank is compliant with legal and regulatory reporting obligations and responding to requests for information from investors, bondholders, financial analysts, and other agents.

The Bank's Representative for Investor Relations has been Mr. Pedro Alexandre Martins Costa since 2018.

Within the scope of regulatory reporting obligations, the dissemination of information within the framework of "privileged information" and the preparation of annual and semi-annual financial reports and accounts should be emphasised.

All public information about the Bank can be requested from the Representative for Investor Relations through the contact indicated on the Bank's website.

15. Website

The Bank's website is as follows: www.haitongib.com

The information about the firm, its status as a public limited company, the registered office and the other details referred to in Article 171 of the Portuguese Commercial Companies Code is provided in the following website section: http://www.haitongib.com/en/about-haitong/legal-information

The information on the identity of members of the corporate bodies and the representative for investor relations is provided in the following website sections:

http://www.haitongib.com/en/about-haitong/corporate-information

http://www.haitongib.com/en/contacts/

The financial statements of at least the previous five years are made available on:

https://www.haitongib.com/en/investor-relations/financial-reports/

PART IV - Remuneration

The following information is provided in order to ensure compliance with the provisions of Article 47 of the Banco de Portugal Notice 3/2020.

The full version of the Bank's Remuneration Policy may be consulted on Haitong Bank's website, under the "Remuneration Policy" section. The Bank's Remuneration Policy was approved by the Bank's Shareholder on April 29, 2024.

a) Aggregate quantitative information on remuneration paid in 2024 to senior management and members of staff whose functions have a material impact on the Bank's risk profile:

(euros)

	Total	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	75	6	6	16	29	18
Fixed Remuneration	10,556,406	390,000	2,030,776	2,736,140	3,677,048	1,722,442
Variable Remuneration	2,385,263	0	962,138	407,593	728,411	287,121
Total Remuneration	12,941,669	390,000	2,992,914	3,143,733	4,405,459	2,009,563

b) Amounts of variable remuneration paid in 2024, separated by upfront payments and deferred parts:

(euros)

	Total	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	75	6	6	16	29	18
Variable Remuneration paid in 2024 - Upfront	1,551,938	0	540,118	242,271	509,384	260,165
Variable Remuneration paid in 2024 - Deferred Parts	833,325	0	422,020	165,322	219,027	26,956

c) Amounts of outstanding deferred remuneration, separated by "due to vest in the current (2025) financial year" and "due to vest in future financial years":

(euros)

	Total	Non-Executive	Executive	Business Areas	Support Functions	Control Functions
Number of members	75	6	6	16	29	18
Due to vest in current financial year (1)	757,135	0	409,792	141,689	190,697	14,957
Due to vest in future financial years (1)	1,063,666	0	633,750	176,303	253,613	0

(1) The payment of deferred parts of variable remuneration is not vested and might be subject to post-risk adjustments i.e. malus and/or clawback, as per the Bank's Remuneration Policy.

d) Amounts of deferred remuneration paid during the 2024 financial year, reduced through performance adjustments:

There was no reduction in the amounts of deferred remuneration paid during the 2024 financial year through performance adjustments.

e) Paid guaranteed variable remuneration during the 2024 financial year, and the number of beneficiaries of those awards:

No guaranteed variable remuneration was paid during the 2024 financial year.

f) Amounts of severance payments awarded during the 2024 financial year, number of beneficiaries and highest such award to a single person:

The total amount of severance payments made in 2024 was EUR 1,526,141, for a total of 27 beneficiaries. The highest amount awarded to a single person was EUR 360,000.

g) Number of Employees remunerated with EUR 1 million or more in the 2024 financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million:

In 2024, there was one employee with a total remuneration between EUR 1 million and EUR 1.5 million.

PART V - Transactions with Related Parties

The Related Parties Regulation of Haitong Bank, S.A. lays down the internal procedures and limitations for approval of transactions between the Bank or/and companies in a parent-subsidiary or/and group relationship with the Bank and a related party.

In line with Article 33 of the Banco de Portugal Notice 3/2020, the Bank set out a Related Parties List that is submitted to the Corporate Governance Committee for quarterly review and for the Board of Director's approval.

For this purpose, according to the Bank's Related Parties Regulation, as well as in line with the above mentioned legislation and with IAS 24, "related parties" means any person or entity that is identified as follows: (i) Qualified participants of the institution and other persons or entities covered by the regime provided for in Article 109 of the RGICSF; (ii) Members of the Management and Audit Committee; (iii) Relatives of members of the Management and Audit Committee, such as: spouse, civil partner, parents, step-parents; parents-in-law; children; stepchildren; and children-in-law; (iv) Companies in which a member of the Board of Directors and Audit Committee, and/or the Relatives of members of the Board of Directors and Audit Committee: a) holds a qualified participation equal to or greater than 10% of the capital or voting rights; or in which, b) these people have significant influence; or/and c) hold management positions and or/and supervisory functions; (v) Entities having an economic interdependence relationship with the Bank, due to cross-linked relationship of stakes or due to a close connection that would cause contamination in case of one entity facing financial problems; (vi) Persons and/or entities (including depositors, debtors, creditors, group entities, staff of the Bank or of other group entities) having the ability to influence the Bank's management and engage in transactions or commercial relationships in favourable conditions and/or in any way different from the market standards; and, (vii) Pension funds of the Bank's staff.

The latest version of the Bank's Related Parties Regulation was approved by the Board of Directors on June 25, 2024.

Transactions involving Related Parties should be processed as per the procedure applicable to the given type of transaction, by the internal units responsible for its review, approval, control and execution, with the following additional requirements:

a) Save for the exceptions listed in line b) below, any transaction with a Related Party shall be subject to:

- Endorsement of the applicable Committee based on the opinion from the Risk Function and from the Compliance Function (that will be provided in the course of the ordinary internal process, as per the transaction type and applicable procedures, namely given in the form of Advice in the approval documents);
- Opinion by the Audit Committee;
- Approval by a majority of 2/3 of the Members of the Board of Directors;
- Reporting and minimum quarterly review by the Corporate Governance Committee (CGC).
  - The Board of Directors' approval must always be the last sign-off for a Related Party Transaction and will take into consideration the endorsement of the above-mentioned Corporate Bodies and Control Functions' Opinions.

b) Transactions with Related Parties that do not involve credit granting, nor the assumption of any credit or market risks and are:

- Financial advisory services, not strictly of a banking nature; or
- The provision of advisory services regarding benchmarking information on specific sectors/activities, such as insightful market research, industry trends, business strategies, financial forecasts, comparable case studies and others; or
- The provision of advisory services on alternative investment opportunities and investment portfolio diversification; or
- Investment Banking (M&A and ECM / DCM) transactions in which the Bank provides sector analysis, reviews of assets located outside mainland China, supervises and coordinates teams of experts on due diligence covering specific areas such as accounting, tax, legal and personnel matters; or
- Transactions regarding fundraising in international markets.
    - These transactions follow the procedure referred to in a) above except that they (i) are exempt from Opinion by the Audit Committee and (ii) are approved by the Executive Committee (rather than being approved by the Board of Directors), by a majority of 2/3 of its Members.

All transactions with Related Parties must be carried out under market conditions. When it is not possible to determine the market conditions applicable to a given transaction with a Related Party, the Bank will apply a comparability benchmark (as defined in an internal procedure for that purpose) to assess market conditions. The goal is to ensure that the Bank does not apply more favourable conditions to Related Parties than those that would be granted to Non-Related Party customers or counterparties in similar transactions.

These rules ensure stringent control over compliance with the legal rules set out in the RGICSF, including the arm's-length rule and prevention of conflicts of interest.

The related party transactions concluded in 2024 consisted of financial advisory services and other transactions without credit or market risk for the Bank, to the amount of close to EUR 203.5 thousand and corresponding to 3 (three) transactions. These transactions observed the rules set out in the Related Parties' Regulation as they fell within the above-mentioned requirements (namely, line b).

No Related Party Transactions bearing market or credit risk were analysed nor approved during 2024.

ANNEX I

Board of Directors

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Pan Guangtao** Chair	Mr. Pan Guangtao has 31 years of experience in the securities industry, including 4 years in information system development and management and 27 years in equity and derivatives investment. Mr. Pan Guangtao was appointed Deputy CEO of Haitong Securities in June 2023. He originally joined the company in 2002 and has had management roles in the Equity Investment Department and Asset Management Department. Mr. Pan Guangtao is a Non-Executive Board Member of Haitong Bank and became Chairman on December 29, 2023.	Mr. Pan Guangtao graduated in 1994 with a degree in Mechatronics and Engineering from the Shanghai University of Engineering Science and obtained an MBA in China Commerce from the Macau University of Science and Technology.	• Deputy CEO of Haitong Securities Co. Ltd. • Board Member of the Haitong Innovation Securities Investment Company Limited. • Chair of Proprietary Investment and FICC Committees of Haitong Securities Co. Ltd. • Chair of Haitong Banco de Investimento do Brasil, S.A.	• Member of the Trading Committee of CFFEX (China Financial Futures Exchange) • Member of the OTC Market and Derivatives Committee of SAC (Securities Association of China)
 **Wu Min** Chief Executive Officer (CEO)	Mr. Wu Min has substantial experience in management functions in the financial services industry, having started his career as an equity analyst, followed by a fixed income investment manager role. He was a founding member of Haitong Securities' DCM Department in 2005 which under his leadership became one of the most competitive teams in the sector and a core strategic business line for the Haitong Securities Group in terms of revenue contribution, through innovation such as the "tenor-extendable bonds", a Chinese version of perpetual bonds. As a result of his Chinese and English educational background and consistent good performance, Mr. Wu Min was appointed the CEO of Haitong Bank, S.A. in 2017. As the CEO, he implemented the successful and comprehensive turnaround of the Haitong Bank Group. Under his leadership, the Bank achieved positive operational performance in 2018, the first year of his mandate, and has since embarked on the journey of sustainable development.	Mr. Wu Min has a strong European academic background, with degrees from top-tier UK universities. He obtained his bachelor's degree in International Trade & Finance from Sichuan University in 2000. Subsequently, he completed a master's degree in Investment & Finance from Middlesex University in 2001, followed by another master's degree in Mathematical Trading & Finance from the London City University in 2003.	• Non-Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. • Chair of Haitong Investment Ireland p.l.c.	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Alan Fernandes** Executive Director	Mr. Alan Fernandes has over 32 years of professional experience in the financial sector, namely in Structured Finance involving all infrastructure sectors, and has had an active role in the privatisation of companies in the electricity, telecommunications, mining, and natural gas distribution sectors in Brazil, including the privatization process of natural gas services in the State of São Paulo. Mr. Alan Fernandes also has deep experience in M&A and Capital Markets covering different sectors in Brazil and abroad. Mr. Alan Fernandes has been an Executive Board Member of Haitong Bank since March 2013 and an Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. since March 2014. He has also been the Chief Executive Officer of Haitong Brazil since April 2016. Previously, Mr. Alan Fernandes worked for Banco Itaú S.A., Banco Itaú BBA S.A., Unibanco S.A., Algar Telecom S.A., Deloitte & Touche Tohmatsu and the BNDES.	Mr. Alan Fernandes obtained a degree in mechanical engineering from the Federal University of Rio de Janeiro and Aeronautical Engineering from ITA, the Technological Institute of Aeronautics, with a specialization in finance from IBMEC.	• CEO of Haitong Banco de Investimento do Brasil S.A. • Executive Board Member of Haitong do Brasil DTVM, S.A. • Executive Board Member of Haitong Securities do Brasil, S.A. • Executive Board Member of Haitong Negócios, S.A.	• Executive Director of ABBI (Brazilian Association of International Branks)
 **Nuno Carvalho** Executive Director	Mr. Nuno Carvalho has over 25 years of professional experience in the Legal and Financial sectors, particularly in Investment Banking, as a Lawyer, MLRO and Head of Compliance, having also held several other relevant corporate roles such as Investor Relations and Representative with CMVM. Mr. Nuno Carvalho re-joined the Bank in 2017, from Barclays Capital Investment Banking, and has been an Executive Board Member of Haitong Bank since 2018.	Mr. Nuno Carvalho has a law degree from the University of Lisbon, Faculty of Law and a Post-Graduate degree in Accounting and Finance from ISCTE Business School, Lisbon, and recently obtained from EC Council the CCISO - Certified Chief Information Security Officer certification.	• Non-Executive Board Member of Haitong Banco de Investimento do Brasil, S.A. • Executive Board Member of Haitong Investment Ireland p.l.c	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 Vasco Câmara Martins Executive Director	Mr. Vasco Câmara Martins has over 25 years of experience working in Financial Institutions. A significant part of the roles held (from the past 15 years) were senior managerial positions in Risk Management with leading functions. Mr. Vasco Câmara Martins has served as an Executive Board Member and Group Chief Risk Officer at Haitong Bank since 2018.	Mr. Vasco Câmara Martins holds an Inter-Alpha Banking Program degree from INSEAD, a Master of Science in Finance from Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE), a Post-Graduate qualification in Financial Institutions from Centro de Investigação de Activos e Mercados Financeiros (CEMAF) and a degree in Management, from Lusíada University.	n.a.	n.a.
 Miguel Guiomar Executive Director	Mr. Miguel Guiomar has over 34 years of experience in the investment banking industry and has been an Executive Board Member of Haitong Bank since 2020. Mr. Miguel Guiomar was previously responsible for implementing Haitong Bank's Capital Markets strategy for Portugal, Spain, Poland, Brazil, and China Cross-Border. Between 2010 and 2017, he was based in Brazil and responsible for implementing Haitong Bank's Debt and Equity Capital Markets strategy for Brazil and the Americas (New York), in addition to being a member of the Executive Committee of Haitong Banco de Investimento do Brasil, S.A. Before joining Haitong Bank in 2008, Mr. Miguel Guiomar was Managing Director at Banco Finantia, where he headed the bank's Debt Capital Markets operations for Emerging Markets (LatAm and CIS), performing various roles throughout his 17 years at Finantia, ranging from Fixed Income Sales, Emerging Markets Trading and Syndication to Head of the bank's Private Banking Division.	Mr. Miguel Guiomar holds a Business Administration Degree from the Catholic University of Portugal (Lisbon) and a Post-Graduate Program (IEP) from INSEAD (Fontainebleau).	n.a.	• Board Member of the Portugal - China Chamber of Commerce • Board Member of the Proteger Grândola Association • Manager of Dunas Campestres Lda.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Lu Xiaoli (Nick Lu)** Executive Director	Mr. Lu Xiaoli is General Manager of Haitong Bank's Macau Branch since 2021. He joined Haitong Securities in 2008 and worked as the Assistant General Manager of the Institutional & International Business Dept. since 2015. He was responsible for the overall management of Haitong's international institutional business development, helping to advance the firm's strategy to grow the institutional business in the global market. He worked earlier at Accenture Consulting as a consultant before he joined Haitong Securities. Mr. Lu Xiaoli was appointed to the Board of Directors of Haitong Bank as an Executive Board Member in December 2023.	Mr. Lu Xiaoli has a bachelor's degree in Electrical Engineering from the University of Toronto and an MBA from Shanghai Advanced Institute of Finance of the Jiaotong University.	Non-Executive Board Member of Haitong Global Asset Management, SGOIC, S.A.	n.a.
 **Zhang Xinjun (Jeff Zhang)** Non-Executive Director	Mr. Zhang Xinjun is currently the Vice General Manager and Chief Financial Officer of Haitong Securities Co. Ltd. and has 23 years of experience in the Financial, Treasury and Risk departments of Haitong Group. He joined Haitong Securities Co. Ltd. in 2001 and he moved first to Haitong International Holdings Limited as CFO in 2007 and then to Haitong International Securities Group Limited in 2010. He was the Deputy CEO of Haitong International Holdings Limited from 2015 until he moved back to Haitong Securities in 2018. Mr. Zhang Xinjun is a Non-Executive Board Member of Haitong Bank since 2018.	Mr. Zhang Xinjun has a degree in Economics (Accounting) and a Master's in Management (Accounting) from Nankai University, in China.	• Vice General Manager and CFO of Haitong Securities Company Limited (P.R. China) • Non-Executive Board Member of Haitong International Limited • Board Member of Haitong International Holdings Limited (Hong Kong) • Chairman of the Board of Haitong UT Capital Group Co. Limited • Non-Executive Board Member of Haitong Unitrust International Finance Leasing Co., Ltd. • Non-Executive Board Member of Haitong Investment Ireland p.l.c.	n.a.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **António Domingues** Non-Executive Director	Mr. António Domingues has extensive experience in the banking sector. Over the past 31 years, he has held Senior Management roles in different institutions such as CGD (Chairman of the Board of Directors and the Executive Committee), BPI (Deputy CEO and CFO), and Companhia de Seguros Allianz Portugal, S.A. (Board Member). Mr. António Domingues was also Vice-Chairman of BFA - Banco de Fomento de Angola and of BCI - Banco Comercial e de Investimentos, S.A., Deputy General Director of the BPA - Banco Português do Atlântico in France, Adviser in the Department of Foreign Affairs of Banco de Portugal, Economist at the Ministry of Industry and Energy, and a member of the Board of Directors of NOS, S.A.. Currently, Mr. António Domingues is a Non-Executive Board Member of Banco Ctt and of UniCredit S.p.A.. Mr. António Domingues is a Non-Executive Board Member of Haitong Bank since 2018.	Mr. António Domingues has a degree in Economics from the Instituto Superior de Economia in Lisbon.	n.a.	• Non-Executive Board Member of Banco Ctt • Consulting Board of Fortitude Capital SCR, SA. • Non-Executive Board-Member of UniCredit S.p.A. (Italy)
 **Maria do Rosário Ventura** Non-Executive Director	Ms. Maria do Rosário Ventura has extensive experience in the financial sector, having worked at Banco Mello and later Millennium BCP from 1982 to 2002. From 2002 to 2004, she was a Senior member of the Portuguese Government – Secretary of State for Commerce, Services, and Industry. From 2004 to 2005, Ms. Ventura was Chairman of the Board of EMPORDEF Group, State Owned Defense Contractor, held several CFO and Board of Directors' positions in large Portuguese companies between 2005 to 2016, namely in EFACEC Group and EPAL. Ms. Maria do Rosário Ventura joined the Haitong Bank as Member and Chair of the former Supervisory Board, and in December 2023 was appointed a Non-Executive Board Member of Haitong Bank.	Ms. Maria do Rosário Ventura obtained her degree in Management from the Universidade Católica in 1982 and her AMP – Advanced Management Program from IESE in 2006.	n.a.	• Chair of the Supervisory Board of Bondalti Capital, S.A.

Board of Directors of Haitong Bank, S.A.	Professional Experience	Academic Background	Positions in Haitong Group companies	Positions in companies outside the Haitong Group
 **Martina García** Non-Executive Director	Ms. Martina García has over 25 years of experience in international economic policy. Ms. Martina García was CEO of CSFI, a London-based think tank for financial services innovation. Before this post, she was heading the international markets strategy team at the London Stock Exchange Group (LSEG) where she developed, jointly with the Shanghai Stock Exchange, the Shanghai-London Stock Connect launched in 2019. Before joining LSEG, she was Deputy Director for Banking and Financial Sector Analysis at Her Majesty's Treasury, the UK finance minister, where she led the negotiation and implementation of the post-crisis banking regulatory framework. In June 2024, she joined the Cost Benefit Analyses Panel at the Bank of England. Ms. Martina García is a Non-Executive Board Member of Haitong Bank since 2020.	Ms. Martina García has a PhD in agricultural economics from Imperial College (formerly Wye College). Her first degree in Economics was obtained at the Universitat Autònoma de Barcelona.	n.a.	• Member of the Cost Benefit Analyses Panel of the Prudential Regulation Authority of the Bank of England • Member of the Independent Monitoring Board for London Short-Term Holding Facilities of UK Ministry of Justice and Home Office
 **Chen Xuemei (Michelle Chen)** Non-Executive Director	Dr. Chen Xuemei is a dual PR China and UK qualified lawyer with over 30 years of professional experience including advising financial sector clients on cross-border regulatory compliance matters and debt and equity market-related matters. Dr. Chen Xuemei has been a partner of numerous top global law firms based in London before joining Haitong Bank as a Non-Executive Board Member in December 2023.	Dr.. Chen Xuemei holds a Bachelor's, a Master's Degree and a PhD in Law from Peking University, a Bachelor of Arts with Honours in Law, a Master's in Law, and a Master's in Business Administration degree from the University of Cambridge.	n.a.	• Partner of Gunnercooke llp • Director (Executive) of MC Cambridge Limited • Director (Non-Executive) of Cambridge MK Limited • Director of MC Alpine Limited

ANNEXES

Non-Financial and Diversity Information

Haitong Bank's Statement

Haitong Bank is committed to supporting the transition for a sustainable and more resilient world, by encouraging the maintenance of a cleaner and healthier environment, contributing to sustainable economic growth and a cohesive, equal, diverse, and high-quality social environment.

The Bank has been progressively incorporating Environment, Social and Governance (ESG) principles in its daily business activities and Governance, not only in terms of supporting Client activities that promote sustainable solutions, but also in assessing how sustainability risks can affect the financial performance of the Bank.

Haitong Bank embraces diversity and inclusion, working together to support the communities in the various regions where it operates. With the support of its shareholder, the Bank promotes the best standards of Governance, supported by robust risk management and controls, alongside a culture of checks and balances and independence among corporate bodies.

On a Global Scale

In 2015, the Paris Agreement was adopted by 196 parties at the UN Climate Change Conference (COP21), entering into force in November 2016. This legally binding international treaty aimed to tackle climate change and its negative impacts and established the following goals:

- Substantially reducing global greenhouse gas emissions to hold global temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C;
- Enhancing resilience to climate impacts; and
- Aligning global financial flows with these goals.

The Paris Agreement works on a five-year cycle of increasingly ambitious climate action carried out by countries. Since 2020, national climate action plans, also known as nationally determined contributions (NDCs), have been submitted, representing higher degrees of ambition.

Another example of a step taken on a global scale was the adoption of the 2030 Agenda for Sustainable Development. This Agenda was adopted by all United Nations Member States in 2015 and provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the 17 Sustainable Development Goals (SDGs), which represent an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forest. Haitong Bank is deeply inspired by these Goals and aims to incorporate them more avidly in its daily activities.

Source: United Nations

On a European level, the main growth strategy is defined in the Green Deal, which establishes the plan of action for the transition to a sustainable European economic model. The EU Green Deal was presented in December 2019 and aims to make the EU the world's first "climate-neutral bloc" by 2050, as well as make economic growth decouple from resource use. In terms of financing, the European Commission has pledged to mobilize at least EUR 1 trillion in sustainable investments over the next decade, with 30% of the EU's multiannual budget (2021-2028) being allocated for green investments.

Environment

Despite Haitong Bank's limited environmental footprint, it is committed to operating based on sustainable and environmentally friendly practices, both internally and within its business activity, in alignment with Sustainable Development Goal 13, on Climate Action.

Minimizing its environmental footprint is of utmost importance for the Bank, both in terms of reducing the environmental impact and costs. It is with this purpose that the Bank continuously seeks to implement new measures related to the reduction of energy, water, and materials consumption, such as:

- Recycling paper, thereby reducing its ecological footprint while safely and confidentially disposing of documents (2 tons were recycled in 2024);
- Replacing the fossil fuel car fleet with hybrid or electric cars (currently, the Bank has 5 charging stations on its premises);

- Replacing plastic cups and stirrers with paper cups and wooden stirrers;
- Relying more on renewable energy sources;
- Replacing common lighting with LED lamps.

In addition to these measures, the Bank is also committed to participate in several initiatives, in cooperation with local entities. In Macau, Haitong Bank's Branch approved the participation in several "green" activities, at the invitation of the Macau Association of Banks (ABM) and some with the involvement of Macau's Environmental Protection Bureau (DSPA):

- Since in China, it is customary to give gifts on special occasions in red envelopes, Haitong Bank in Macau joined the "CNY Red Pocket Recycle" campaign from February 15 to March 4, 2024, by setting up a recycling point at the Bank's premises to collect used red envelopes;
- Participation in the "Earth Hour 2024" event, which consisted of turning off all non-essential lighting in the Bank's facilities for one hour to save energy on June 5, 2024, from 8:30 PM to 9:30 PM;
- Joining the "Summer Casual Wear, Energy Saving 2024" initiative, where employees were encouraged to opt for lighter business-casual styles or forgo jackets and ties to support environmental protection and energy saving from June 3 to August 31, 2024; and
- Participation in the "Easy to Recycle Mooncake Boxes" campaign to encourage recycling: between September 17 and 29, the Bank set up a collection point for used mooncake boxes from employees to be recycled.

The Bank assesses climate and environmental impacts when conducting business activities, particularly in the Corporate and Project Financing and DCM activities. Haitong Bank has assessed the emerging climate and environmental risks by performing a comprehensive analysis of the potential transmission channels between climate and environmental risk factors and the main categories of prudential risk borne by the banking sector in the short, medium- and long-term, concluding that the ESG Risk is strongly linked with credit risk.

Haitong Bank's approach to addressing ESG risk identification, business environment assessment and strategy rests in four steps: 1) ESG risk identification; 2) Assessment of ESG risk relevance on the Bank's business environment; 3) Definition of a management strategy, accordingly; and 4) Evaluation of potential gaps.

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 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, Haitong Bank ensures that sustainability considerations are embedded in the Bank's risk management framework. By integrating ESG risk into credit assessments, the Bank fully factors in the transition and physical risks, while capturing the business opportunities provided by viable business models. Additionally, on the monitoring front, the overall exposure to "High ESG" clients is regularly monitored and reported to the management bodies of the Bank.

It's also noteworthy that on the Corporate and Project Financing activity, renewable energy is one of the most representative sectors targeted by the Bank and in which it has a long historical experience. Moreover, on the DCM business activities, Haitong Bank actively participated in the structuring and organisation of several sustainability-linked bond issues to its clients, which represented a significant part of the Bank's total issuance activity.

Social

Haitong Bank develops its activity in accordance with international principles and best practices in the field of Social Responsibility, respecting and fulfilling management commitments regarding the contribution to more sustainable development – from an ESG point of view. The Bank is committed to respecting internationally recognized human rights in the development of its relationships with its Clients, suppliers, partners and communities where it operates, seeking to avoid or mitigate the direct or indirect adverse impacts of its activity.

Haitong Bank is strongly committed to complying with social and environmental regulations and best practices for the industry. The Bank also supports and encourages all Employees to become involved with charitable work; however, charitable contributions shall not be awarded in cases where they could influence a business decision.

In 2024, Haitong Bank remained committed to its social responsibilities and continued to participate in such types of initiatives and encourage its Employees and other Stakeholders to be active and fully engaged, as part of its commitment to incorporate ESG principles in all of its activities.

In Portugal, and in alignment with Sustainable Development Goal 3, on Good Health and Well-Being, Haitong Bank continued to support the Portuguese League Against Cancer (LPCC) by encouraging participation in the Oral Cavity Cancer Early Detection Initiative through internal promotion, therefore contributing to awareness for the prevention of such disease. Haitong Bank made a donation to LPCC, contributing to the support of its valuable social mission. Additionally, the Bank organised a fundraising campaign for LPCC, encouraging employees to join efforts supporting this cause. The Bank also made a donation to the social solidarity institution Comunidade Vida e Paz, in alignment with Sustainable Development Goal 10, on Reduced Inequalities, to support the Christmas Party for homeless individuals, further reinforcing its commitment to social inclusion and caring for the most vulnerable.

In Poland, Haitong Bank awarded a prize to the winner of the 8th edition of the "Best Thesis Competition in the Field of Contemporary Economic Cooperation between the Republic of Poland and the People's Republic of China", organized by the Sino-Polish Business Council.

In Brazil, the Bank also demonstrated its commitment to Social Responsibility through actions that mobilize resources and people in support of meaningful causes. The partnership with the Ayrton Senna Institute enabled the acquisition of vouchers to support organizations working with underprivileged communities and in the treatment of childhood cancer, strengthening initiatives in education and health. Furthermore, in response to natural disasters caused by heavy rains in Rio Grande do Sul, the Bank launched a solidarity campaign with employees to collect basic food baskets and daily essential supplies, demonstrating agility, empathy, and unity in critical moments.

Governance

In managing its workplace environment, Haitong Bank promotes mutual respect and equal treatment and opportunities among all Employees, valuing diversity within the organization. The Bank implements internal policies, regulations and procedures to prevent and combat harassment in the workplace. No type of discrimination, based on criteria such as ethnicity, gender identity, sexual orientation, religion, creed, culture, nationality, disability, political or ideological orientation, education, marital status or others is accepted, and all Employees are encouraged to accept and respect the right to difference.

The Bank's Employees must act with the highest ethical standards and refrain from any behaviour that may be considered offensive to others, as per the Bank's Code of Conduct. They must reject any abusive behaviour whose purpose or effect is to disturb or embarrass a person, thereby affecting their dignity or creating an intimidating, hostile, degrading, humiliating or destabilizing environment. Employees must also reject any unwanted sexual behaviour, whether verbal, non-verbal or physical, with the purpose or effect referred to above.

Moreover, all Employees are encouraged to report any wrongdoings of which they may become aware and/or have a well-founded suspicion. The reception and treatment of any wrongdoing reports are made in accordance with the Bank's internal policies, regulations, and procedures.

The Bank has in place an Anti-Bribery Policy aimed at establishing specific internal guidance for the prevention of bribery. This is based on national and international legal provisions including, but not limited to, the Portuguese Laws on bribery prevention and the Organisation for Economic Cooperation and Development's (OECD) Convention on Bribery of Foreign Public Officials in International Business Transactions.

Given the Bank's presence and/or operations in different geographies, this Anti-Bribery Policy also encompasses a set of anti-bribery rules and principles in force in the jurisdictions in which the Bank is present, notwithstanding the obligation of each Employee to acknowledge the anti-bribery laws applicable in each case and take the necessary steps to comply with such laws.

Haitong Bank is committed to ensuring diversity in skills, geography, and age in the composition of its corporate bodies. The Bank prioritizes gender diversity in its management bodies composition in order to promote equal opportunities and socially responsible behaviour within the Bank. Diversity in general fosters efficiency and a climate of constructive challenge and discussion among senior management.

In Haitong Bank's "Policy on the Selection and Assessment of Members of the Management and Supervisory Bodies and Key Function Holders" (abbr. Selection and Assessment Policy), the Bank establishes as its objective the increase of the number of people from the sub-represented gender group.

Currently, the Board of Directors comprises twelve members, with an equal representation of Executive and Non-Executive Directors, including three women, two of which took office in 2024. By the end of 2024, around 25% of the Bank's management bodies and key function positions were held by women. On this date, women represented 39% of the total workforce (see detailed information in the "People" chapter of the Management Report) and there was also a considerable number of female employees in senior leadership roles at the Bank.

Overall Assessment

Haitong Bank recognizes that a firm commitment to environmental, social and governance (ESG) matters is crucial to its success and is thus striving to incorporate them into its overall business strategy. In 2024, the Bank fully implemented various initiatives to achieve these goals, in line with its size, exposure and limited footprint. The Bank's commitment to sustainable growth will remain a priority, as it integrates it into its internal policies, principles, and processes.

Earnings Distribution Proposal

Considering that, as of 31 December 2024, the Bank showed a consolidated net profit of EUR 5,077,630.53 (five million, seventy-seven thousand, six hundred and thirty euros and fifty-three cents) and an individual net profit of EUR 5,635,478.89 (five million, six hundred and thirty-five thousand, four hundred and seventy-eight euros and eighty-nine cents), the Board of Directors proposes to the Annual General Meeting that the net profit showed in the individual accounts be allocated to:

- **Other Reserves and Retained Earnings:** EUR 5,635,478.89 (five million, six hundred and thirty-five thousand, four hundred and seventy-eight euros and eighty-nine cents);
- **Total:** EUR 5,635,478.89 (five million, six hundred and thirty-five thousand, four hundred and seventy-eight euros and eighty-nine cents).

Declaration of Conformity

In accordance with Article 29 - G (1-c) of the Portuguese Securities Code, the Members of the Board of Directors of Haitong Bank, S.A. hereby declare that, to the best of their knowledge:

a) The consolidated financial statements of Haitong Bank, S.A. for the year ended on 31 December 2024 were prepared in accordance with the legally applicable accounting standards and with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of July 19th, as set forth in Article 29 - G (3) of the Portuguese Securities Code;

b) The financial statements referred to in paragraph a) above give a true and fair view of Haitong Bank, S.A. and consolidated companies' assets, liabilities, equity and earnings;

c) The Management Report describes faithfully Haitong Bank, S.A. and consolidated companies' business evolution, performance and financial position for the year of 2024, and includes a description of the main risks and uncertainties that could affect the business.

Lisbon, March 13, 2025

Pan Guangtao (Chairman of the Board of Directors)	Wu Min (Chief Executive Officer)
Alan do Amaral Fernandes (Executive Board Member)	Nuno Miguel Sousa Figueiredo Carvalho (Executive Board Member)
José Miguel Aleixo Nunes Guiomar (Executive Board Member)	Vasco Câmara Pires dos Santos Martins (Executive Board Member)
Xiaoli Lu (Executive Board Member)	António Domingues (Non-Executive Board Member)
Ana Martina Garcia Raoul-Jourde (Non-Executive Board Member)	Chen Xuemei (Non-Executive Board Member)
Maria do Rosário Mayoral Robles Machado Simões Ventura (Non-Executive Board Member)	Xinjun Zhang (Non-Executive Board Member)

Audit Committee of Haitong Bank, S.A.

Summary of the Self-Assessment Report

Pursuant to Notice of Banco de Portugal no. 3/2020, of 15 July 2020 (the "Notice"), the Supervisory Body (Audit Committee) must prepare a summary of the annual self-assessment report (the "Report"), which is disclosed as an annex to the annual financial statements of Haitong Bank, S.A. (the “Bank”). As required by the Notice, the report assesses the adequacy and effectiveness of the Bank's organisational culture and governance, and of the internal control systems, between 1 December 2023 and 30 November 2024 (the "**Reference Period**"). This assessment was carried out to the Bank on a standalone basis and at group level, including the Bank's Branches in Poland, Spain, United Kingdom and Macau and as well as its affiliate Haitong Banco de Investimento do Brasil S.A..

In its assessment, as described in its Report, the Supervisory Body adopted the following methodology and carried out the following tasks:

a) Regular participation of the Supervisory Body in meetings of the Bank's corporate bodies and internal committees, such as the Risk Committee and the Corporate Governance Committee. In total and during the Reference Period, the Supervisory Body held 43 (forty-three) meetings, of which 17 (seventeen) were electronic meetings (via e-mail). Of the aforementioned meetings, 5 (five) were held with the person responsible for the Internal Audit function, 9 (nine) with the person responsible for the Compliance function, 4 (four) with the person responsible for the Risk Control function, 4 (four) with the person responsible for the Financial Department and 8 (eight) with representatives of the External Auditor. In addition, the Supervisory Body also participated in 5 (five) meetings of the Corporate Governance Committee and 8 (eight) meetings of the Risk Committee.
Therefore, the majority of Supervisory Body meetings during the Reference Period were held with Bank representatives and Committees, who are directly involved in promoting an organizational culture and implementing governance and internal control systems, which demonstrates the significant involvement of the Supervisory Body in the matters covered by the Notice.
b) Consultation of the Bank's internal control procedures manual, to the extent necessary to carry out the assessment under the terms of the Notice;
c) Meetings with the heads of the Compliance, Internal Audit and Risk Control Functions, as well as with representatives from Haitong Banco de Investimento do Brasil, S.A.;

d) Review of the reports issued by the internal control functions concerning the Bank and Haitong Banco de Investimento do Brasil, S.A., and discussion of the conclusions with the persons responsible for these reports;
e) Identification and monitoring of the status of deficiencies identified in previous control reports and respective corrective measures;
f) Review of the External Auditor's assessment of the internal control system and discussion of its conclusions with the representatives of the external auditor;
g) At the request of the Supervisory Body, analysis and discussion of the External Auditor's assessment of the processes of preparation of the prudential and financial reports, the processes of preparation of information disclosed to the public and of the adequacy of compliance with the duties of disclosing information to the public;
h) Review of the Report on the Individual and Collective Assessment of the Board of Directors, Audit Committee, Internal Controls and Committees of Haitong Bank, S.A. and the Evaluation Report on Conduct and Values of Haitong Bank, S.A., prepared by Andersen Tax & Legal Iberia S.L.P. – Sucursal em Portugal.

Regarding the Bank's internal control system, the Supervisory Body considered aspects related to each control function, such as responsibilities, organisational chart, resources, independence, and other matters that have been raised internally and externally.

As to the Bank's organisational culture, the Supervisory Body draws attention to the work developed by the internal control functions in order to promote a solid and transparent organisational culture, accessible to all the Bank employees, adequate to the size of the Bank's structure and successful in increasing the robustness and effectiveness of controls in risk mitigation, as well as in the identification of potential opportunities for improvement.

During the Reference Period, the Supervisory Body stresses the proactive approach to risk assessment, to the planning of activities with a view to finding the best corrective measures for the situations identified as deficiencies or opportunities for improvement, such approach being a common feature in the actions developed by the internal control functions.

The Supervisory Body issued its Report, dated 30 December 2024, relative to the Reference Period, having issued a clear, detailed and substantiated opinion on the adequacy and effectiveness of the Bank's organisational culture and governance and internal control systems, in accordance with Notice of Banco de Portugal no. 3/2020, of 15 July.

In its Report, the Supervisory Body came to a satisfactory assessment of the adequacy and effectiveness of the Bank's internal control and governance systems and of its organisational culture. The situations detected, although naturally requiring regular monitoring by the internal control functions, do not, in general, call into question the adequacy and effectiveness of the Bank's corporate governance and internal control systems or its organisational culture.

In the Bank's assessment reports, the Board of Directors concluded that the internal control functions have the resources, authority and skills required to perform their duties independently and effectively. In relation to the heads of the control functions, the Board of Directors noted that they participate in the various internal committees, such as the Risk Committee and the Corporate Governance Committee, which allows for regular dialogue with the Bank's non-executive directors.

Regarding the Remuneration Policies, the Board of Directors concluded that these are consistent across the Haitong Bank, S.A. group.

In what concerns the organisational culture of the Bank, the Board of Directors highlighted the support provided to the internal activities with a view to promoting an organisational culture of compliance with the applicable regulatory requirements. In particular, the Board of Directors drew attention to the Code of Conduct approved by the Bank, as well as to the existence of internal regulations that promote a culture of professionalism, transparency and integrity.

Lisbon, 7 of March 2025

AUDIT COMMITTEE

Maria do Rosário Ventura

(Chair)

Martina García

(Member)

Chen Xuemei (Michelle Chen)

(Member)

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Report and Opinion of the Audit Committee

Haitong Bank, S.A.

for financial year 2024

To the Shareholder of Haitong Bank, S.A.,

In accordance with the applicable legislation, we hereby present our report on the audit performed by the Supervisory Body (Audit Committee) to the Management Report, the individual and the consolidated financial statements and the proposal for the distribution of the year's results presented by the Board of Directors of Haitong Bank, S.A. (hereinafter, "Haitong" and / or "Bank") for the year ended 31 December 2024.

Haitong's Supervisory Body, as part of its designated functions, monitored, in accordance with the law and the company's articles of association, the development of Haitong's management and business activity, namely:

(i) assessed the adequacy and effectiveness of the risk management, internal control and internal audit systems, as well as the Bank's organisational culture;

(ii) attended Board of Directors meetings, of which the members of the Audit Committee are also part, as non-executive Directors;

(iii) took part in the meetings of the Risk and Corporate Governance Committees;

(iv) reviewed management information documents submitted by the Bank;

(v) monitored the verification of the accounting records and underlying support documents to the extent considered necessary;

(vi) assessed the accounting policies and valuation criteria adopted by Haitong; and

(vii) held meetings with the Statutory Auditor, whenever necessary, on the assessment of the accounting policies and valuation criteria adopted by Haitong, which always provided the information required.

In accordance with the applicable legislation, the Supervisory Body also assessed the Auditor's Report and Statutory Audit Certification ("*Certificação Legal de Contas*") prepared by the Statutory Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.) on the individual and consolidated financial statements for financial year 2024 and took note of the Additional Report on said financial statements submitted by the Statutory Auditor to the Supervisory Body, with which the Supervisory Body agrees. The Supervisory Body also analysed the Management Report submitted by the Board of Directors, and considers that the report complies with the applicable legal and statutory requirements and duly mentions the main aspects of Haitong's activity in 2024, both in individual and in consolidated terms.

The Supervisory Body highlights the following:

- On September 5, 2024, a cooperation agreement was signed between Guotai Junan Securities Co., Ltd. and Haitong Securities Co. Ltd. in relation to a proposed merger by way of absorption and participation by exchange of securities. The merger between the ultimate parent company of Haitong Bank S.A., Haitong Securities Co. Ltd. (HTS), and Guotai Junan Securities Co. Ltd. (GTJA) is being completed. As part of the merger, where GTJA will absorb HTS and issue new GTJA shares, HTS will be dissolved and GTJA will incorporate the assets and liabilities of HTS. The post-merger entity will assume the position of HTS, obtaining effective indirect control of Haitong Bank, S.A. Applications have been submitted to Haitong Bank Group's relevant regulators, including the Bank of Portugal, the Securities Market Commission (CMVM), the Central Bank of Brazil and the Cayman Islands Monetary Authority. To date, CMVM has approved the merger, and approvals from other regulatory entities are pending;

- The disclosures made by the Bank in Note 32 to the consolidated financial statements concerning the impacts arising from the tax policy, and the interactions with the Tax and Customs Authority;

- On 30 December 2024 the Supervisory Body issued its Report, including a clear, detailed and reasoned opinion on the adequacy and effectiveness of the organisational culture and the governance and internal control systems of Haitong in the period of 01 December 2023 to 30 November 2024, in accordance with the Bank of Portugal Notice no. 3/2020, of 15 July. A summary of this report is attached to Haitong's 2024 Annual Report.

- Among the corporate events occurred in 2024 and described in the Management Report, the Supervisory Body highlights: (i) in January 2024, Bank of Portugal informed Haitong of its non-opposition to the change in the Macau Branch's business plan, particularly the expansion of activities; in May, the Macau Regulatory Authority, AMCM, issued a letter of no objection to the development of deposit-taking activities at the Macau Branch; and (ii) in July 2024, Haitong Global Asset Management, SGOIC, S.A. distributed 28 million euros in free reserves to its sole shareholder, Haitong Bank, S.A.;

- The description of relevant audit issues and other issues at both individual and consolidated level that are reported in the Statutory Audit Certification and Audit Report.

In light of the above, it is the opinion of the Supervisory Body that the following should be approved:

- The Management Report and remaining individual and consolidated reporting documents relative to the financial year ended on 31 December 2024;

- The proposal submitted by the Board of Directors on the allocation of the net profit for the year 2024, in the amount of 5,635,478.89 euros (five million, six hundred and thirty-five thousand, four hundred and seventy-eight euros and eighty-nine cents).

Lisbon, 14 March 2025

THE AUDIT COMMITTEE

Maria do Rosário Ventura

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

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Declaration of Conformity with the Financial Information Reported

The present declaration is submitted under the terms of subparagraph c) of no. 1 and no. 3 of Article 29-G of the Portuguese Securities Code (*Código dos Valores Mobiliários*, “CVM”)

The Audit Committee hereby declares that, to the best of its knowledge:

- The information referred to in subparagraph a) of no. 1 and no. 3 of Article 29-G of the CVM as at 31 December 2024 was prepared in accordance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial situation and the results of Haitong and the companies included within its consolidated scope; and

- The management report faithfully details the evolution of the business and the performance and position of Haitong and the companies included within its consolidation scope, and contains a description of the main risks and uncertainties faced within the framework of ongoing activities.

Lisbon, 14 March 2025

THE AUDIT COMMITTEE

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

Annual report on the activity of the Supervisory Body in 2024

Pursuant to the provisions of subparagraph g) of no. 1 of Article 423-F of the Portuguese Commercial Companies Code (*Código das Sociedades Comerciais*, "CSC") and subparagraph h) of no. 1 B of point 4 of the Regulations of the Supervisory Body of Haitong, the Audit Committee hereby presents its report on the supervisory works carried out in 2024.

1. Introduction

The following are the main powers and responsibilities of the Supervisory Body, in accordance with its Regulations:

i. Monitoring the activity of Haitong, watching over compliance with the Law and the company's Articles of Association, and supervising the management of the company;

ii. Supervising compliance with accounting policies and with the process of preparing and disclosing financial information, as well as reviewing Haitong's accounting books and records;

iii. Monitoring and supervising the effectiveness of the governance and internal control and risk management systems, as well as the organisational culture;

iv. Proposing the appointment of a Statutory Auditor or firm of Statutory Auditors to the General Meeting; and

v. Supervising the independence of the Statutory Auditor, namely regarding the provision of non-audit services.

2. Activities carried out by the Supervisory Body in 2024

i. Monitoring Haitong's activity, ensuring compliance with the law and the company's Articles of Association, and supervising the company's management.

In 2024 the Supervisory Body held 35 (thirty-five) meetings, of which 12 (twelve) were electronic meetings (via e-mail). Of these meetings, 5 (five) were held with the head and team members of the Internal Audit function, 10 (ten) with the head and team members of the Compliance function, 3 (three) with the head and team members of the Risk Control function, 4 (four) with the head and team members of the Finance Department, 1 (one) with the head of Treasury, 1 (one) with the Management of Haitong Brazil and 6 (six) with representatives of the statutory auditor, PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA. In addition, the members of the Supervisory Body also participated in 6 (six) meetings of the Corporate Governance Committee and 7 (seven) meetings of the Risk Committee.

The Supervisory Body had access to all the information requested and obtained all the documents and clarifications from all the persons from which this was requested.

ii. Supervising compliance with accounting policies and with the process of preparing and disclosing financial information and the statutory audit

The Supervisory Body monitored compliance with accounting policies and the reliability of financial information via the financial information provided by the Finance Division and by the Statutory Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, LDA.). Several meetings were held with the auditors, in which the reports were analysed and the audit procedures and conclusions were assessed.

The Supervisory Body analysed the accounting documents and the statutory audit certification for financial year 2024, having issued a favourable opinion on these documents.

iii. Monitoring and supervising the effectiveness of the internal control and risk management systems

The Supervisory Body monitored and assessed the adequacy of the internal control, risk management, internal audit and compliance systems, within the scope of its responsibilities, via meetings and information reporting by the heads of said functions in Haitong. The Supervisory Body also monitored and assessed the work carried out by the Bank's Statutory Auditor (PRICEWATERHOUSECOOPERS & ASSOCIADOS - SOCIEDADE DE

REVISORES OFICIAIS DE CONTAS, LDA.) within the assessment of the Governance and Internal Control Systems, and organisational culture, and on 30 December 2024 issued its opinion on the adequacy of the internal control system, based on the terms of Article 56 of the Bank of Portugal Notice 3/2020, of 15 July.

iv. Monitoring the activity of the Internal Audit Function

Throughout 2023, the Supervisory Body supervised the activity of the Internal Audit Function, which reports functionally to the Supervisory Body and hierarchically to the Executive Director responsible for the Function. The Supervisory Body approved the budget and activity plan and regularly monitored the execution of the Internal Audit Function activity plan, having received the information deemed necessary for carrying out its duties.

v. Monitoring the activity of Haitong's Statutory Auditor

The Supervisory Body regularly monitored throughout 2024 the activities developed by the Statutory Auditor, via the critical assessment of the documents drafted within the scope of its functions. The Statutory Auditor confirmed its independence to the Supervisory Body and that it had found no irregularities concerning the performance of its duties and that it had no obstacles in pursuing those duties.

During financial year 2024 the Supervisory Body assessed the provision of non-audit services and confirmed that the independence of the Statutory Auditor had been safeguarded.

vi. Monitoring of Haitong's business with related parties

The Supervisory Body monitored the enforcement of the related-party transactions policy during 2024.

vii. Whistleblowing

The Supervisory Body is responsible for receiving wrongdoing reports submitted by employees, clients, shareholders, or any other entity, as provided for in the Law. In December

2024 the Reporting of Wrongdoings (Whistleblowing) Regulation was updated. During the financial year 2024 the Supervisory Body did not receive any wrongdoing reports.

To conclude, the Supervisory Body expresses its recognition to all the employees of Haitong and to its Statutory Auditor for the cooperation provided throughout the performance of its functions.

Lisbon, 14 March 2025

THE AUDIT COMMITTEE

Maria do Rosário Mayoral Robles Machado Simões Ventura
(Chair)

Ana Martina Garcia Raoul-Jourde
(Member)

Xuemei Chen (Michelle Chen)
(Member)

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Statutory Audit Report and Auditors' Report

[Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail]

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Haitong Bank, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2024 (which shows total assets of Euros 3.303.284 thousand and total equity of Euros 638.237 thousand including a net profit attributable to shareholders of the parent company of Euros 5.078 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Haitong Bank, S.A. as at 31 December 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on financial assets at amortised cost – loans and advances to customers and securities portfolios – and on securities at fair value through other comprehensive income *Measurement and disclosures related to impairment losses on loans and advances to customers and securities portfolios at amortised cost and on securities at fair value through other comprehensive income presented in notes 2.4.1, 3.1, 22, 24, 31 and 39 attached to the consolidated financial statements of the Group*	
The significant expression of the financial assets at amortised cost (loans and advances to customers and securities portfolios), the securities at fair value through other comprehensive income as well as the corresponding impairment losses, justify that these constituted a key audit matter for the purpose of our audit. This process requires the processing of a significant volume of data, a set of complex assumptions and judgements from the management, on the identification of customers with a significant increase in credit risk or in default, as well to the measurement of impairment losses amount. As at 31 December 2024, the gross balances and the corresponding impairment losses for these financial assets are as follow: (i) Gross balance of loans and advances to customers amounts to Euros 724.309 thousand with corresponding impairment losses of Euros 5.551 thousand; (ii) Gross balance of guarantees and other commitments Euros 209.741 thousand with corresponding impairment losses of Euros 889 thousand; (iii) Gross balance of securities amounts to Euros 982.381 thousand (of which Euros 619.451 thousand for securities at amortised cost and Euros 362.930 thousand for securities at fair value through other comprehensive income) with corresponding impairment losses of Euros 1.887 thousand.	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Group for the loans and advances to customers and securities at amortised cost and for the securities at fair value through other comprehensive income impairment losses measurement process, as well of the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. We have analysed a sample of customers included by the Group in the individual analysis perimeter. We have considered for this analysis the criteria defined by the Group in its internal procedures in order to: (i) review the conclusions and results obtained in the staging individual analysis and individual impairment quantification; (ii) perform our own assessment over the existence of significant increase in credit risk or default situations; and (iii) assess how the management has identified, measured and recognised the impairment losses on a timely manner. In this process, we have also confirmed that the individual analysis perimeter included all customers that met the criteria defined by the Group in its internal procedures. For a sample of exposures classified in stage 3 and subject to individual impairment analysis by the Group as at 31 December 2024, the procedures we have developed consisted of: (i) reviewing the available documentation on the credit and securities processes; (ii) verifying the correspondence of the credit financial plans used to determine impairment losses based on

Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on those financial assets are determined by management on an individual basis, through a case-by-case analysis of a significant proportion of the loans and securities portfolios, and for the remaining portfolio those losses are determined through a collective analysis. For the most significant exposures, evaluated in terms of the total amount of responsibilities within the Group and the possible existence of triggers of default, the Group performs (i) an individual staging analysis in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3); and (ii) an individual impairment quantification. For exposures subject to individual impairment analysis by the Group, the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as consideration (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation of the collateral received in the scope of the loans granted, whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual impairment analysis, the Group developed collective models to determine expected impairment losses, considering the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models use mostly information made available by external providers such as rating agencies, and/or market information from data providers. In order to be representative of the current economic context and to incorporate simultaneously a perspective of future economic evolution, these models use available forward looking prospective information. Considering these macroeconomic data, potential scenarios are developed in order to estimate the expected loss for each segment/rating grade of the loans and advances to customers and securities at amortised cost and the securities at fair value through other	the respective contracts; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the Group; (iv) analysing the most recent collaterals appraisals, when available; (v) reviewing the incorporation of forward looking information; (vi) analysing the discounted cash flows underlying the impairment measurement; (vii) analysing the exposures evolution; and (viii) understanding the views of the Group's responsible regarding the economic and financial situation of the customers, as to the predictability of expected cash flows from their businesses, as well as the expectation of recovery. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Group, in order to assess the existence of possible significant divergences. For the portfolio whose impairment is determined through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables. We have performed namely the following: (i) review of the methodological documentation of the models; (ii) analysis of the risk parameters backtesting documentation and its results; (iii) review and test of the loans and securities portfolios segmentation/risk grades, on a sample basis; (iv) analysis of the Group's default definition; (v) analysis of classification and staging regarding the existence of significant increase in credit risk triggers or objective evidence of impairment (default), on a sample basis; (vi) review and test, when deemed necessary, of the risk parameters, as well as the available forward looking information and its update through the estimated economic effects; (vii) critical analysis of the main assumptions and sources of information used in the risk parameters calculation; and (viii) reperformance of expected credit Loss ("ECL") as at 31 December 2024. Our audit procedures also included the review of the disclosures regarding loans and advances to customers and securities at amortised cost and securities at fair value through other comprehensive income, as well the corresponding impairment losses,

Key Audit Matter	*Summary of the Audit Approach*
comprehensive income based on a probability of occurrence. In this context, changes in the assumptions or methodologies used by the Group in the analysis and in the quantification of impairment losses of loans and advances to customers and securities at amortised cost and of securities at fair value through other comprehensive income portfolios, as well as different recovering strategies, may have an effect on the recovery flows estimation and on the timing of their receipt and may have a material impact on the impairment losses amount recognised in each moment.	presented on the Bank's accompanying notes to the consolidated financial statements, considering the applicable accounting standards.
Recoverability of deferred tax assets *Measurement and disclosures related to deferred tax assets presented in notes 2.12, 3.2, and 32 attached to the consolidated financial statements of the Group* As at 31 December 2024, the consolidated deferred tax assets amount to Euros 99.200 thousand, of which: (i) Euros 29.770 thousand related to the temporary differences; and (ii) Euros 69.430 thousand related to reportable tax losses carried forward of the activity of Haitong Bank and its subsidiary Haitong Banco de Investimento do Brasil. According to IAS 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the future recoverability of the deferred tax assets based on the projections of the Group's business plan, already considering the potential entry of the new shareholder under the terms of the merger publicly announced during the last quarter of 2024 between Haitong Securities Co., Ltd and Guotai Junan Securities Co., estimated to be completed during 2025. This estimate required the application by management of a set of judgments, namely: (i)	The audit procedures developed included the identification and understanding of key controls established by the Group in the process of estimating the recoverability of deferred tax assets, regarding: (i) the identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in its consolidated financial statements and (iii) the identification of the main assumptions considered by the management to estimate the future tax profits that allow the recovery of deferred tax assets recognised in the consolidated balance sheet. We also performed an understanding and analysis of the main assumptions considered relevant to estimate the future evolution of pre-tax profits, including the analysis of their consistency with the projections of the Group's business plan and a review of the interpretation of tax legislation with the involvement of experts in tax matters. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Group's consolidated financial statements, considering the applicable and current accounting standards.

Key Audit Matter	Summary of the Audit Approach
estimation of future taxable income, depending on the Group's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic context; (ii) long-term growth rates; (iii) investments' rates of return; (iv) interest rates, etc., as well as management's interpretation of the tax legislation, including what concerns deferred tax assets in the scope of the Special Regime Applicable to Deferred Tax Assets and the tax deductibility of certain costs. Any deviations in the assumptions used by management in the estimation of future tax profits or possible changes in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognised in the Bank's consolidated financial statements as at 31 December 2024. As a result, for the purposes of our audit this was considered as a key matter.	

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

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

b) the preparation of the Management Report and the corporate governance report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

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

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

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

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

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

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

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

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

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

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

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

f) plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion;

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

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

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

Our responsibility also includes verifying that the information included in the Management Report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Management Report

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

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Haitong Bank, S.A. in the Shareholders' General Meeting of 18 May 2023 for the period from 2023 to 2025;

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

c)	We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group’s supervisory board on 13 March 2025;

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

13 March 2025

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

[Original in Portuguese signed by]

Cláudia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

[This is a translation, not to be signed]

Statutory Audit Report and Auditors’ Report

[Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail]

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Haitong Bank, S.A. (the Bank), which comprise the statement of financial position as at 31 December 2024 (which shows total assets of Euros 2.337.184 thousand and total shareholders' equity of Euros 643.640 thousand including a net profit of Euros 5.634 thousand), the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Haitong Bank, S.A. as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on financial assets at amortised cost – loans and advances to customers and securities portfolios – and on securities at fair value through other comprehensive income *Measurement and disclosures related to impairment losses on loans and advances to customers and securities portfolios at amortised cost and on securities at fair value through other comprehensive income presented in notes 2.3.1, 3.1, 22, 24, 32 and 40 attached to the financial statements of the Bank*	
The significant expression of the financial assets at amortised cost (loans and advances to customers and securities portfolios), the securities at fair value through other comprehensive income as well as the corresponding impairment losses, justify that these constituted a key audit matter for the purpose of our audit. This process requires the processing of a significant volume of data, a set of complex assumptions and judgements from the management on the identification of customers with a significant increase in credit risk or in default, as well to the measurement of impairment losses amount. As at 31 December 2024, the gross balances and the corresponding impairment losses for these financial assets are as follow: (i) Gross balance of loans and advances to customers amounts to Euros 689.316 thousand with corresponding impairment losses of Euros 4.709 thousand; (ii) Gross balance of guarantees and other commitments Euros 191.930 thousand with corresponding impairment losses of Euros 498 thousand; (iii) Gross balance of securities amounts to Euros 782.217 thousand (of which Euros 482.926 thousand for securities at amortised cost and Euros 299.291 thousand for securities at fair value through other comprehensive income) with corresponding impairment losses of Euros 1.322 thousand. Impairment losses on those financial assets are determined by management on an individual basis, through a case-by-case analysis of a significant proportion of the loans and securities portfolios, and	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Bank for the loans and advances to customers and securities at amortised cost and for the securities at fair value through other comprehensive income impairment losses measurement process, as well of the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. We have analysed a sample of customers included by the Bank in the individual analysis perimeter. We have considered for this analysis the criteria defined by the Bank in its internal procedures in order to: (i) review the conclusions and results obtained in the staging individual analysis and individual impairment quantification; (ii) perform our own assessment over the existence of significant increase in credit risk or default situations; and (iii) assess how the management has identified, measured and recognised the impairment losses on a timely manner. In this process, we have also confirmed that the individual analysis perimeter included all customers that met the criteria defined by the Bank in its internal procedures. For a sample of exposures classified in stage 3 and subject to individual impairment analysis by the Bank as at 31 December 2024, the procedures we have developed consisted of: (i) reviewing the available documentation on the credit and securities processes; (ii) verifying the correspondence of the credit financial plans used to determine impairment losses based on the respective contracts; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the Bank; (iv) analysing the most recent collaterals

Key Audit Matter	*Summary of the Audit Approach*
for the remaining portfolio those losses are determined through a collective analysis. For the most significant exposures, evaluated in terms of the total amount of responsibilities within the Bank and the possible existence of triggers of default, the Bank performs (i) an individual staging analysis in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3); and (ii) an individual impairment quantification. For exposures subject to individual impairment analysis by the Bank, the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as consideration (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation of the collateral received in the scope of the loans granted, whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual impairment analysis, the Bank developed collective models to determine expected impairment losses, considering the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models use mostly information made available by external providers such as rating agencies, and/or market information from data providers. In order to be representative of the current economic context and to incorporate simultaneously a perspective of future economic evolution, these models use available forward looking prospective. Considering these macroeconomic data, potential scenarios are developed in order to estimate the expected loss for each segment/rating grade of the loans and advances to customers and securities at amortised cost and the securities at fair value through other comprehensive income based on a probability of occurrence. In this context, changes in the assumptions or methodologies used by the Bank in the analysis and in the quantification of impairment losses of loans and advances to customers and securities at amortised	appraisals, when available; (v) reviewing the incorporation of forward looking information; (vi) analysing the discounted cash flows underlying the impairment measurement; (vii) analysing the exposures evolution; and (viii) understanding the views of the Bank's responsible regarding the economic and financial situation of the customers, as to the predictability of expected cash flows from their businesses, as well as the expectation of recovery. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Bank, in order to assess the existence of possible significant divergences. For the portfolio whose impairment is determined through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables. We have performed namely the following: (i) review of the methodological documentation of the models; (ii) analysis of the risk parameters backtesting documentation and its results; (iii) review and test of the loans and securities portfolios segmentation/risk grades, on a sample basis; (iv) analysis of the Bank's default definition; (v) analysis of classification and staging regarding the existence of significant increase in credit risk triggers or objective evidence of impairment (default), on a sample basis; (vi) review and test, when deemed necessary, of the risk parameters, as well as the available forward looking information and its update through the estimated economic effects; (vii) critical analysis of the main assumptions and sources of information used in the risk parameters calculation; and (viii) reperformance of expected credit Loss ("ECL") as at 31 December 2024. Our audit procedures also included the review of the disclosures regarding loans and advances to customers and securities at amortised cost and securities at fair value through other comprehensive income, as well the corresponding impairment losses, presented on the Bank's accompanying notes to the financial statements, considering the applicable accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
cost and of securities at fair value through other comprehensive income portfolios, as well as different recovering strategies, may have an effect on the recovery flows estimation and on the timing of their receipt and may have a material impact on the impairment losses amount recognised in each moment.	
Recoverability of deferred tax assets *<u>Measurement and disclosures related to deferred tax assets presented in notes 2.11, 3.2, and 33 attached to the financial statements of the Bank</u>* As at 31 December 2024, the deferred tax assets amount to Euros 50.168 thousand, of which: (i) Euros 20.211 thousand related to the temporary differences; and (ii) Euros 30.057 thousand related to reportable tax losses carried forward of the activity of Haitong Bank. According to IAS 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the future recoverability of the deferred tax assets based on the projections of the Bank's business plan, already considering the potential entry of the new shareholder under the terms of the merger publicly announced during the last quarter of 2024 between Haitong Securities Co., Ltd and Guotai Junan Securities Co., estimated to be completed during 2025. This estimate required the application by management of a set of judgments, namely: (i) estimation of future taxable income, depending on the Bank's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic context; (ii) long-term growth rates; (iii) investments' rates of return; (iv) interest rates, etc., as well as management's interpretation of the tax legislation, including what concerns deferred tax assets in the scope of the Special Regime Applicable to Deferred Tax Assets and the tax deductibility of certain costs.	The audit procedures developed included the identification and understanding of key controls established by the Bank in the process of estimating the recoverability of deferred tax assets, regarding: (i) the identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in its consolidated financial statements and (iii) the identification of the main assumptions considered by the management to estimate the future tax profits that allow the recovery of deferred tax assets recognised in the consolidated balance sheet. We also performed an understanding and analysis of the main assumptions considered relevant to estimate the future evolution of pre-tax profits, including the analysis of their consistency with the projections of the Bank's business plan and a review of the interpretation of tax legislation with the involvement of experts in tax matters. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Bank's financial statements, considering the applicable and current accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Any deviations in the assumptions used by management in the estimation of future tax profits or possible changes in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognised in the Bank's financial statements as at 31 December 2024. As a result, for the purposes of our audit this was considered as a key matter.	

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

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

b) the preparation of the Management Report and the corporate governance report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

Our responsibility also includes verifying that the information included in the Management Report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Management Report

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

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Haitong Bank, S.A. in the Shareholders' General Meeting of 18 May 2023 for the period from 2023 to 2025;

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

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's supervisory board on 13 March 2025;

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

13 March 2025

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

[Original in Portuguese signed by]

Cláudia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

[This is a translation, not to be signed]