



Annual Report 2022



FUNDO
DE GARANTIA
DE DEPÓSITOS

Annual Report

2022



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Contents

- 2022 Annual Report | **5**
- Management Committee | **7**
- Board of Auditors of the Banco de Portugal | **9**

I Activity Report in 2022 | **11**

- 1 Message from the Chairman of the Management Committee | **13**
- 2 The Fundo de Garantia de Depósitos in 2022: highlights | **15**
- 3 Member credit institutions | **17**
- 4 Eligible deposits | **18**
- 5 Fund's financial resources | **19**
- 6 Contributions of member credit institutions to the Fund | **22**
- 7 Financial management of the Fund | **23**
 - 7.1 Macroeconomic environment and financial market developments | **23**
 - 7.2 Fund's portfolio structure and risk control | **28**
 - 7.3 Profit or loss | **30**
- 8 Legislative and regulatory changes | **31**
- 9 Auditing of the Fundo de Garantia de Depósitos | **31**
- 10 Support provided by the Banco de Portugal and cooperation from member credit institutions | **32**

II Financial statements and notes | **33**

- 1 Financial Statements | **35**
- 2 Notes on the financial statements | **39**

III Opinion of the Board of Auditors of Banco de Portugal | **55**

IV Auditor's Report | **59**

V Annex | **65**

- List of member credit institutions of the Fundo de Garantia de Depósitos | **67**

2022 Annual Report

Within its own remit and under the terms of Article 171 of the Legal Framework of Credit Institutions and Financial Companies, approved by Decree-Law No 289/92 of 31 December 1992, the Board of Auditors submitted, within the prescribed deadline (by 31 March 2023), the Fund's Annual Report and Accounts for the 2022 fiscal year to the member of Government responsible for Finance, together with the opinion of the Board of Auditors of the Banco de Portugal (supervisory body).

The Annual Report and Accounts of the Fundo de Garantia de Depósitos were approved by Decision No 115/2023-SEFin, of 11 June 2023, drawn up by the Secretary of State for the Treasury.

Management Committee

The Fundo de Garantia de Depósitos (hereinafter the 'Fund') is operated by a Management Committee established in accordance with the provisions laid down in Article 158 of the Regime Geral das Instituições de Crédito e Sociedades Financeiras (Legal Framework of Credit Institutions and Financial Companies – hereinafter referred to as RGICSF), approved by Decree-Law No 298/92 of 31 December 1992.

Composition of the Management Committee as at 31 December 2022:

Chairman

Luís Augusto Máximo dos Santos¹

Members

Carlos Manuel Durães da Conceição²

Norberto Emílio Sequeira da Rosa³

The Management Committee is assisted by the Secretary-General.

Secretary-General

João Filipe Soares da Silva Freitas⁴

1. Appointed by the Board of Directors of the Banco de Portugal, he took up his post in July 2016 and is currently serving his third term, which began in July 2022.

2. Appointed by the Secretary of State for the Treasury and Finance, in the exercise of delegated powers. He took up his post in April 2008 and is currently serving his fourth term, which began in April 2017.

3. Appointed by the Associação Portuguesa de Bancos (Portuguese Banking Association), which is the Portuguese association representing member credit institutions that hold the largest volume of deposits covered by the guarantee. He took up his post in February 2022.

4. Appointed by the Fund's Management Committee in October 2010.

Board of Auditors of the Banco de Portugal

Under Article 171 of the RGICSF on the auditing of the Fundo de Garantia de Depósitos, the Board of Auditors of the Banco de Portugal oversees the Fund's activities and the observance of the applicable laws and regulations and issues its opinion on the Fund's annual accounts.

In accordance with Article 41(1) of the Statute of the Banco de Portugal, approved by Law No 5/98 of 31 January 1998, the Board of Auditors of the Banco de Portugal consists of three members, appointed by the Minister of Finance. The composition of the Board of Auditors of the Banco de Portugal as at 31 December 2022 was as follows:

Chairman

Nuno Gonçalves Gracias Fernandes

Members

Óscar Manuel Machado Figueiredo
Margarida Paula Calado Neca Vieira de Abreu



I Activity Report in 2022

- 1 Message from the Chairman of the Management Committee
- 2 The Fundo de Garantia de Depósitos in 2022: highlights
 - 3 Member credit institutions
 - 4 Eligible deposits
 - 5 Fund's financial resources
- 6 Contributions of member credit institutions to the Fund
- 7 Financial management of the Fund
- 8 Legislative and regulatory changes
 - 9 Auditing of the Fundo de Garantia de Depósitos
- 10 Support provided by the Banco de Portugal and cooperation from member credit institutions

1 Message from the Chairman of the Management Committee

The year to which this annual report refers – 2022 – was undoubtedly marked by the outbreak of war in Ukraine, following that country's invasion by military forces of the Russian Federation. The outbreak of the war itself did not directly impact the Fund's operations, but had far-reaching effects on economic activity in the European area, in various ways, contributing in particular to higher inflation and, in that context, to a material change in the conditions under which the resources of the Fundo de Garantia de Depósitos are managed.

To control and decrease inflation, in 2022 the Governing Council of the European Central Bank initiated a monetary policy normalisation process, which resulted in a rapid and sharp rise in interest rates. This ended the long period of very low and even negative interest rates, which in recent years, as far as the Fund is concerned, has resulted in losses, considering that the Fund invests its resources in assets of high credit quality and relatively short maturities.

The increase in interest rates means positive returns are forecasted for 2023, even if the immediate impact of such increase was to trigger the devaluation of debt securities in the portfolio. As discussed in Chapter 6.3 of the Report, in the case of the Fund, this effect was greatly mitigated by the concentration of the Fund's investments in assets with very short maturities.

By the end of the year, the Fund's own funds had increased by €7.85 million (+0.47%) compared with the end of 2021, reaching €1,679.98 million.

As detailed in Chapter 4, that positive change essentially resulted from an increase in the proceeds from fines imposed by the Banco de Portugal on credit institutions and in the contributions paid by member institutions, which more than offset the still negative returns on investments.

The ratio of the Fund's own funds to deposits covered by the guarantee stood at 0.94%, which represents a reduction (-0.04 p.p.) from the previous year, again as a result of the increase in 2022 in the amount of deposits covered by the guarantee.

Despite this reduction, the Fund's capitalisation level remains above that set out in Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 and in the Legal Framework of Credit Institutions and Financial Companies, i.e. 0.8%, to be reached by July 2024.

It should also be noted, as it evidences the soundness of the deposit guarantee in force in Portugal, that the guarantee provided by the Fund covers the full amount of deposits held by around 98% of eligible depositors, according to the information provided by member institutions.

As I have pointed out on several occasions, deposit protection is a key factor for generating confidence in banking and, as such, deposit guarantee schemes are a tool to preserve financial stability.

Quite recently, in fact, the collapse of some US banks and the crisis that hit Credit Suisse have once again highlighted the importance of the task entrusted to deposit guarantee schemes.

Indeed, those events reminded us that banking is based on depositors' confidence in the security of their funds and that the existence of a statutory guarantee for the repayment of deposits is an essential pillar of that confidence. The turmoil experienced by the US banking sector proved it, not only because the banks most affected were those in which the proportion of deposits protected

by the statutory guarantee was lower, but also because confidence was eventually restored by means of the deposit guarantee scheme (including by extending the guarantee provided).

The recognition of the role played by deposit guarantee schemes in preserving financial stability has also recently been reaffirmed in the European Commission's proposal on the reform of the bank crisis management and deposit insurance framework.

In its proposal of 18 April 2023, the European Commission puts forward, among other major changes, an extension of the mandate of deposit guarantee schemes to intervene in crisis situations. Should the European Commission's proposals be adopted, deposit guarantee schemes will have more extensive powers to act in case of struggling banks, always with a view to protecting depositors.

The coming years are therefore of great importance for deposit guarantee schemes, first and foremost due to the upcoming revision of their mandate and consequent contribution to the preservation of financial stability.

A final word is warranted, on behalf of the Management Committee, to thank all who, in various teams, have supported and continue to support the Fund's activities and to reaffirm the confidence that together we will continue to fulfil our mission.



Luís Máximo dos Santos
Chairman of the Management Committee
Vice-Governor of the Banco de Portugal

2 The Fundo de Garantia de Depósitos in 2022: highlights

The year 2022 was marked by the outbreak of the war in Ukraine, triggered by the invasion of that country by the Russian Federation. Although there were no direct implications for the Fundo de Garantia de Depósitos, the onset of the war had a very significant impact on economic activity in the European area, leading to a significant increase in uncertainty and to a decrease in the confidence of economic agents and contributing to higher inflation, in particular due to the difficulties created in energy supply.

The sharp rise in inflation in the euro area and its persistence led the Governing Council of the European Central Bank (ECB) to embark on a process of monetary policy normalisation, which has led to a rapid and sharp hike in interest rates, ending the (long) period of very low and even negative interest rates, which in recent years has resulted – with regard to the Fund – in a negative return on the Fund's investments and contributed decisively to the reduction (albeit small) in own funds.

As described in greater detail in Chapter 4, the Fund's own funds totalled €1,680 million at the end of the 2022 fiscal year, of which €444 million (26%) represent irrevocable payment commitments contractually agreed by member credit institutions and collateralised by government debt securities.

That amount of own funds represents a year-on-year increase of €7.85 million (+0.47%).

The rise in own funds recorded in 2022 marked the first year since 2015 in which such an increase had been observed, disregarding the exceptional and unrepeatable effect of receiving €133 million in 2020 as part of the transfer of the deposit guarantee function from the Fundo de Garantia do Crédito Agrícola Mútuo - FGCAM [Mutual Agricultural Credit Guarantee Fund] to the Fund.¹

The rise in own funds chiefly reflects the appropriation of profits for the year (+€5.14 million), the receipt of annual contributions paid by member institutions (+€2.61 million) and the receipt of a transfer from the Spanish deposit guarantee scheme (+€0.59 million). Impacting negatively on own funds, there was only a €0.49 million increase in costs for the repayment of deposits held with the Banco Privado Português, S. A., in liquidation since 2010.

The main factor contributing to the profits recorded in 2022 was the proceeds of fines levied by the Banco de Portugal on credit institutions, which constitute revenue for the Fund and amounted to €10.2 million.

In addition, revenue from contributions paid directly by member institutions also increased significantly: the overall amount of periodic contributions to the Fund amounted to €2.6 million, which represents an increase of €2.2 million (or around 550%) compared with 2021.

In turn, the Fund recorded losses on the investment of its resources totalling €4.98 million. The costs related to the operation of the Fund amounted to €106.6 thousand.

The Fund's return on investments, albeit negative, was protected from more adverse impacts resulting from the rapid and steep rise in interest rates recorded in 2022.

From that point of view, the year is likely to have marked a turning point in debt markets, with significant effects on the profitability of the Fund's portfolio.

1. Pursuant to the provisions of Decree-Law No 106/2019 of 12 August 2019. The transfer of funds from the FGCAM to the Fund was naturally accompanied by the transfer to the Fund of the responsibility to guarantee the deposits of former FGCAM member institutions.

Indeed, in recent years, the earnings of the Fund's investment activity have been negatively affected by the very low interest rate environment, in particular for instruments eligible for investment, which offered negative returns. In accordance with the principles of strict prudence and liquidity conservation that necessarily guide the Fund's activity, in view of its mission to guarantee deposits, the Fund invests its resources in assets of high credit quality and relatively short maturities, which, in the interest rate context experienced up to early 2022, inevitably led to losses.

In 2022, the swift and sharp increase in interest rates from the second half of the year onwards changed that context, although its immediate impact was to trigger the devaluation of the debt securities in the portfolio.

In fact, due to the interest rate hike, public debt markets had a very negative performance in 2022: the iBoxx Eurozone 1-3Y Sovereigns (Total Return), which consists of euro area government debt with 1 to 3-year investment maturity, recorded a -4.8% return in 2022, while investment in euro area government bonds with a 1-year constant maturity generated a return of -2.9%.

In the case of the Fund, the losses associated with the securities in the portfolio caused by rising interest rates were ultimately greatly mitigated by the concentration of investments in assets with very short maturities. Thus, the overall return on the portfolio for the year stood at -0.42% and from the last quarter of 2022 onwards, the Fund portfolio benefited from the higher interest rate environment and profitability recovered. In that last quarter the investments already posted a positive return (+0.27%), albeit insufficient to offset the losses recorded theretofore.

After the initial valuation adjustment shock on government debt securities, due to interest rate hikes, the expectation is that in 2023 the Fund will again show positive returns on its investments. In fact, as at 31 December 2022, the expected yield to maturity of the Fund's portfolio was +1.89% after taxes.

The ratio of own funds to deposits effectively covered by the guarantee decreased further in 2022, to stand at 0.94% (0.98% in 2021). This reduction was largely due to the marked increase in the ratio's denominator, as a result of the rise in deposits covered by the Fund's guarantee.

As regards the capitalisation of deposit guarantee schemes in the European Union, the target level established in Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (DGSD) is 0.8%, which is to be reached by July 2024.

The Fund's capitalisation level therefore remains above the level set out in the DGSD, and established in the RGICSF, before the date on which this level should be reached (2024).

Throughout 2022, the Fund carried on the regular activities inherent to a deposit guarantee fund with an ex ante contributory scheme, including:

- Collecting the periodic contribution due to the Fund from each member credit institution at the end of April;
- Managing the Fund's own funds, in observance of the criteria set by the Management Committee for financial investments, and according to the guidelines and management rules defined in the investment plan agreed between the Fund and the Banco de Portugal;
- Collaborating with the Banco de Portugal in determining the contribution levels applicable the following year;
- Complying with reporting requirements due to the Fund's integration in the general government sector;
- Reporting to resolution authorities, including the Single Resolution Board, the amounts of deposits covered by the Fund's guarantee, in order to determine the target level of the

resolution financing mechanisms and the annual base contribution of each institution to these mechanisms;

- Providing information and clarifications on how the deposit guarantee operates.

The Fund also continued to implement the measures required to comply with the various rules governing the Fund, namely in terms of personal data protection and the prevention of corruption risks and related offences.

In addition, the Fund launched in 2022 an English version of its website <https://www.fgd.pt/en>.

With regard to the composition of the Fund's Management Committee, in 2022 Norberto Emílio Sequeira da Rosa took up his post as member of the Management Committee appointed by the Associação Portuguesa de Bancos (APB – Portuguese Banking Association) and Luís Augusto Máximo dos Santos was reappointed Chairman of the Management Committee by the Board of Directors of the Banco de Portugal for a third term, beginning in July.

3 Member credit institutions

Participation in the Fund by credit institutions with their head office in Portugal and authorised to take deposits is mandatory, in compliance with Article 156 of the RGICSF.

The same article provides that credit institutions with their head office in non-EU Member States must also be members of the Fund, in relation to deposits taken by their branches in Portugal, unless those deposits are covered by a guarantee scheme of the home country under terms that the Banco de Portugal deems equivalent to those provided by the Fund.

Therefore, as at 31 December 2022, 107 credit institutions were members of the Fund, consisting of 26 banks, three caixas económicas (savings banks), five mutual agricultural credit banks not belonging to the Integrated Mutual Agricultural Credit Scheme (SICAM), 72 mutual agricultural credit banks belonging to SICAM including the Central Mutual Agricultural Credit Bank, and one credit institution with its head office in a non-EU Member State (Table 1).

In 2022, the following institutions ceased to be members of the Fund:

- Banco Madesant – Sociedade Unipessoal, S. A., due to the lapsing of the authorisation to pursue its activity as a result of its voluntary winding-up;
- Caixa de Crédito Agrícola Mútuo de São Bartolomeu de Messines e São Marcos da Serra, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Silves, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Terras do Arade, CRL;
- Caixa de Crédito Agrícola Mútuo de Arouca, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Vale de Cambra, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Terras de Santa Maria, CRL;
- Caixa de Crédito Agrícola Mútuo de Albergaria e Sever, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Oliveira do Bairro, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Oliveira do Bairro, Albergaria e Sever, CRL;

- Caixa de Crédito Agrícola Mútuo de Borba, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Elvas e Campo Maior, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Elvas, Campo Maior e Borba, CRL.

Table I.3.1 • Member credit institutions of the Fundo de Garantia de Depósitos

Member credit institutions	As at 31 Dec 2021	Changes in 2022		As at 31 Dec 2022
		New members	Outgoing members	
Banks	27	-	1	26
Savings banks	3	-	-	3
Mutual agricultural credit banks not belonging to SICAM	5	-	-	5
Central and mutual agricultural credit banks belonging to SICAM	76	-	4	72
Credit institutions headquartered in non-EU Member States	1	-	-	1
Total	112	-	5	107

Source: Fundo de Garantia de Depósitos.

In compliance with Article 22(c) of the Fundo de Garantia de Depósitos Regulation, approved by Executive Order No 285-B/95 (Series II) of 15 September 1995, the list of member credit institutions is published on the Fund's website (www.fgd.pt), where it is kept up-to-date.

A list of the 107 member credit institutions as at 31 December 2022 is included in an annex to this Activity Report.

4 Eligible deposits²

On the basis of information reported to the Fund by member credit institutions, as at 31 December 2022, the total amount of deposits covered³ by the Fund's repayment guarantee – i.e. deposits of eligible holders, only up to €100,000 – was approximately €178,483 million.

Table I.4.1 • Eligible deposits, amounts covered and coverage ratio

	Deposits (EUR millions)	Eligible deposits (thousands)
Eligible deposits	259,231	
Amounts covered	178,483	17,897
Coverage ratio	69%	

Source: Data reported by member credit institutions as at 31 December 2022.

2. In terms of eligible deposits, the analysis presented in this chapter does not include deposits that are excluded from the Fund's repayment guarantee in accordance with Article 165(1) of the RGICSF. The main categories of deposits excluded from the guarantee include those deposits held by and made on behalf of credit institutions, investment firms, financial institutions, insurance and reinsurance undertakings, collective investment undertakings, pension funds, entities in national and foreign administrative public sectors and supranational or international organisations.

3. The amount of covered deposits herein does not take into account temporary high balances, covered by the Fund's guarantee under Article 166(2) of the RGICSF.

The coverage ratio of deposits held by depositors eligible for the Fund's guarantee (i.e. the ratio of the value of deposits up to the coverage limit to their total value) was 69% (a decline of 1 p.p. from 31 December 2021). Therefore, the share of deposits that are not covered by the Fund as they exceed the coverage limit – despite being held by eligible depositors – was 31%.

Conversely, for 98% of depositors eligible for the purposes of the Fund's guarantee, the coverage provided by the Fund encompassed 100% of their deposits, given that their balances were below €100,000 (attributable to each depositor per institution) (see Table 3).

Table I.4.2 • Breakdown of eligible deposits by ranges of amounts deposited

Ranges in EUR according to the balance by depositor (D)	Depositors	Eligible deposits
D ≤ 10,000	76.3%	10.2%
10,000 < D ≤ 25,000	12.1%	13.3%
25,000 < D ≤ 50,000	6.2%	14.9%
50,000 < D ≤ 100,000	3.4%	16.0%
D > 100,000	2.1%	45.6%

Source: Data reported by member credit institutions as at 31 December 2022.

5 Fund's financial resources

As at 31 December 2022, the Fund's own funds⁴ totalled €1,679.98 million. Compared with the end of 2021, there was a €7.85 million increase in own funds (+0.47%), as shown in Table 4.

The observed change reflects:

- First, the net income for the period – +€5.14 million –, as well as €2.61 million in contributions paid by member credit institutions and €0.59 million received from the Spanish deposit guarantee scheme, the Fondo de Garantía de Depósitos de Entidades de Crédito⁵.
- Second, these positive effects were partially offset by the amounts payable as part of the process of repaying deposits held with Banco Privado Português, S. A., in liquidation since 2010, amounting to –€0.15 million, and by the increase in provisions for deposit guarantee to cover contingent liability arising from a court decision on ongoing legal proceedings amounting to –€0.34 million.

4. The Fund's "own funds" mainly consist of the single initial contribution of the Banco de Portugal, the initial and periodic contributions of its member credit institutions, income from investment of the Fund's resources and proceeds from fines imposed on credit institutions by the Banco de Portugal. Own funds also comprise the amount transferred by the FGCAM, which was wound-up, pursuant to the provisions of Decree-Law No 106/2019 of 12 August 2019.

5. The amount received from the Fondo de Garantía de Depósitos de Entidades de Crédito resulted from the merger by incorporation of Banco Finantia Spain, S. A. (with its head office in Spain) into Banco Finantia, S. A. (with its head office in Portugal). Following that operation, the activities of the former Banco Finantia Spain, S. A. started being carried out by a branch in Spain of Banco Finantia, S.A and the deposits made with that branch became eligible for the guarantee provided by the Fund, whereas theretofore they had benefited from the guarantee provided by the Spanish deposit guarantee scheme.

Table I.5.1 • Changes in the Fund's own funds and profit/loss | EUR thousands

Nature of the funds	Balance as at 31 Dec 2022	Balance as at 31 Dec 2021	Changes in balances
Contributions paid to the Fund	1,520,354	1,517,160	3,194
<i>of which:</i>			
Single initial contribution paid by the Banco de Portugal	97,824	97,824	-
Initial contributions paid by member credit institutions	98,700	98,700	-
Transfer of FGCAM's funds	132,998	132,998	-
Periodic (annual) contributions ^(a)	1,190,247	1,187,640	2,607
Transfers from/to other deposit guarantee schemes	585	-2	587
Triggering of the deposit guarantee	-105,009	-104,517	-492
Reserves ^(b)	259,485	261,686	-2,201
Profit/loss for the year	5,145	-2,201	7,346
Total own funds and profit/loss	1,679,975	1,672,129	7,846

Source: Fundo de Garantia de Depósitos | Notes: (a) Includes contributions paid in cash and the share corresponding to irrevocable payment commitments to the Fund assumed by member credit institutions. (b) Reserves are formed by the accumulation of annual profit obtained by the Fund.

Net earnings for the year totalled +€5.14 million, compared with €2.20 million and €1.09 million in 2021 and 2020 respectively.

The profit recorded in 2022 mostly stemmed from fines levied by the Banco de Portugal on credit institutions, constituting revenue for the Fund under Article 159(1)(e) of the RGICSF, which totalled €10.23 million. In turn, the Fund recorded losses on the investment of its resources totalling €4.98 million. The costs related to the operation of the Fund amounted to €106.6 thousand⁶.

Own funds increased by €7.85 million in 2022, marking the first time since 2015 in which a positive change in the Fund's own funds had been observed⁷.

In fact, in each of the six previous years there was a reduction in the amount of own funds⁸, essentially attributable to the negative return from the investment of the Fund's financial resources, due to the very low interest rate environment, in particular for instruments eligible for investment by the Fund, which, over much of that period, offered negative returns. Moreover, between 2016 and 2021, the Fund's sources of revenue – most notably the contributions from member credit institutions and the proceeds from the fines levied by the Banco de Portugal on credit institutions – were insufficient to offset the losses on investments.

In 2022, despite having again recorded losses on investments, the proceeds from fines levied by the Banco de Portugal and from contributions paid by member credit institutions (among other less expressive factors) exceeded the losses.

Thus, the Fund ended 2022 with €1,679.98 million, representing a new historical high.

Taking into account the material change in the interest rate environment during the course of 2022, this year's improvement in the Fund's own funds is expected to reoccur and the year will likely represent a turnaround in the negative trend observed since 2016.

6. Corresponding to Staff costs (€1.8 thousand), Supplies and services from third parties (€60.4 thousand) and Other expenses (€44.4 thousand).

7. Strictly speaking, in 2020, the Fund's own funds increased by €133 million but this was due to the receipt of assets from the Fundo de Garantia do Crédito Agrícola Mútuo (FGCAM) pursuant to the provisions of Decree-Law No 106/2019 of 12 August 2019 (and was naturally accompanied by the transfer to the Fund of the responsibility to guarantee the deposits of former FGCAM member institutions). As explained in the Fund's 2020 Annual Report, the change in the Fund's own funds attributable to its regular activities (i.e. disregarding that one-off receipt) was of -€0.7 million.

8. In this regard, see the previous footnote.

Indeed, the sharp rise in inflation in the euro area and its persistence led the Governing Council to initiate a process of monetary policy normalisation, which resulted in a significant increase in interest rates.

Reflecting this new context, and as explained in section 6.3 of this report, at the end of 2022 the expected yield to maturity of the Fund's portfolio, after taxes, was +1.89%, which forecasts a return to profitability in 2023.

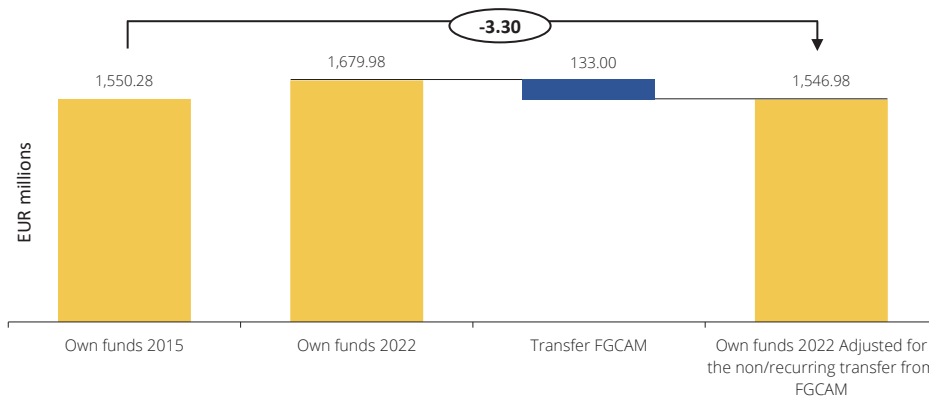
An analysis of the Fund's own funds over the period 2015 to 2022 is therefore relevant.

During the seven-year period, interest rates remained at historically low and even negative levels for the pool of financial instruments eligible for investment of the Fund's resources. Simultaneously, the Fund recorded a sharp reduction in contributions. In fact, the cumulative sum of contributions received by the Fund over that seven-year period amounted to €4.4 million, whereas in a single year, 2015, contributions totalled €8.2 million and in 2014 had reached €44.3 million.

Between 31 December 2015 and 31 December 2022, the Fund's own funds increased by €129.70 million (2015: €1,550.28 million; 2022: €1,679.98 million).

However, as mentioned above, this development was highly influenced by a transfer of €133 million from the FGCAM in 2020, pursuant to the provisions of Decree-Law No 106/2019 of 12 August 2019, which transferred the deposit guarantee function from the FGCAM to the Fund. Excluding this exceptional transfer that will not be repeated, the Fund's own funds over the last seven years have declined by €3.3 million in aggregate terms, despite the very adverse environment, that featured, as noted above, a significant reduction in contributions paid to the Fund and losses due to the interest rate environment.

Chart I.5.1 • FGD's own funds between 2015 and 2022



Source: Fondo de Garantía de Depósitos.

By the end of 2022, the ratio of the Fund's own funds to covered deposits⁹ stood at 0.94%, reflecting a 0.04 p.p. decrease from the previous year.

This change is also part of a downward trend in this ratio observed in recent years, reflecting the persistent growth of deposits benefiting from the guarantee provided by the Fund (which corresponds to the denominator of the ratio).

9. That is, deposits covered by the guarantee up to a limit of €100,000 per depositor and per credit institution. The calculation of covered deposits used to establish this ratio does not take into account temporary high balances, covered by the Fund's guarantee under Article 166(2) of the RGICSF.

Despite this reduction, the Fund's capitalisation level continues to exceed that set out in the DGSD, which establishes that such schemes must have own funds corresponding to 0.8% of the amount of covered deposits¹⁰. Under the Directive, transposed by Law No 23-A/2015 of 26 March 2015, this capitalisation level – already observed by the Fund – must be reached by July 2024.

6 Contributions of member credit institutions to the Fund

In 2022, all member credit institutions paid the respective periodic (annual) contribution, as laid down in Article 161(1) of the RGICSF.

Under Article 161(2) of the RGICSF, the amount of the periodic contribution of each credit institution is based on the deposits covered by the Fund, up to a limit of €100,000 per depositor and per credit institution (expressed as the average amount of monthly credit balances of deposits over the previous year) and on the credit institution's risk profile (expressed by its Common Equity Tier 1 – CET1 ratio).

The contribution rate applicable when calculating the value of contributions by each member credit institution is the result of an adjustment factor applied to a base contribution rate, set on an annual basis by an Instruction of the Banco de Portugal and determined by 15 December of the previous year, as described in paragraphs 3 and 8 of Notice of the Banco de Portugal No 11/94.

In accordance with Instruction of the Banco de Portugal No 21/2021, the base contribution rate for 2022 (after consulting the Fund's Management Committee and the APB) was set at 0.0018% (0.0015 p.p. higher than in 2021).

The adjustment factor, under paragraph 5 of Notice of the Banco de Portugal No 11/94, is the result of a ratio of 11.5% to the average value of the CET1 ratio of each member credit institution.

The minimum contribution to the Fund paid by member credit institutions for 2022 increased to €1,200, in accordance with Instruction of the Banco de Portugal No 21/2021.

As a result of the application of the parameters set by the Banco de Portugal, in 2022 the total amount of periodic contributions to the Fund amounted to €2,607.2 thousand, a €2,205.8 thousand increase (around 550%) compared to the amount received in 2021.

The amount of contributions was fully settled by member credit institutions, given that they were not allowed to replace the immediate payment of this amount with an irrevocable commitment to make the payment at a future date, as set out in Instruction of the Banco de Portugal No 21/2021.

Table I.1.5 presents a breakdown of total contributions in 2022 by type of member credit institution, with contributions paid by banks accounting for around 85% of total contributions. The share of contributions paid by the central and mutual agricultural credit banks belonging to SICAM totalled around 8%, while the share of contributions paid by savings banks and mutual agricultural credit banks not belonging to SICAM was close to 6% and 0.7% respectively. The share of contributions paid by credit institutions with their head office in non-EU Member States was 0.05%.

10. The capitalisation level may be lower than 0.8% but not lower than 0.5%, provided that certain conditions are met and upon approval from the European Commission.

The adjusted, or effective, contribution rate¹¹ ranged from 0.00144% to 0.00218%, given that the adjustment coefficient (to be applied to the 0.0018% base contribution rate) is subject to a floor of 0.8 and a ceiling of 2.0.

The minimum contribution was applied to 29 credit institutions.

Table I.6.1 • Contributions in 2022 by type of member credit institution | EUR thousands

	Contributions pertaining to 2022	Adjustments from the previous year	Contributions paid in 2022
Banks	2,213.4	1.8	2,215.2
Central and mutual agricultural credit banks belonging to SICAM	214.6	-	157.4
Mutual agricultural credit banks not belonging to SICAM	18.8	-	18.8
Savings banks	157.4	-	1.2
Credit institutions headquartered in non-EU Member States	1.2	-	214.6
Total	2,605.4	1.8	2,607.2

Source: Fundo de Garantia de Depósitos.

7 Financial management of the Fund

7.1 Macroeconomic environment and financial market developments

Background

2022 was marked by the military conflict in Ukraine, triggered by its invasion by the Russian Federation, which, among other factors, led to a sharp rise in uncertainty, surging energy prices, which compounded into a sharp deterioration in market sentiment.

As regards the evolution of the pandemic, progress in COVID-19 vaccination programmes contributed to containing the spread of the virus and reducing associated mortality, which allowed for a progressive lifting of restrictions on economic activity. However, over the course of the year, China saw an increase in the number of new cases, which made the authorities reinstate low tolerance containment measures that restricted economic activity.

11. The adjusted, or effective, contribution rate is obtained by applying a multiplying adjustment factor to the base contribution rate set by the Banco de Portugal, according to the Common Equity Tier 1 ratio corresponding to the average of ratios as at 30 June and 31 December of the year prior to that to which the contribution is related. The ratio to be used is that of the group to which each institution belongs, calculated on a consolidated basis, under part II of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, except for institutions that are not in a group relationship with any financial group subject to consolidated supervision by the Banco de Portugal (paragraphs 6 and 6-A of Notice of the Banco de Portugal No 11/94).

In this context, there was a marked rise in global inflation, a strong adjustment of central bank monetary policies, a pronounced rise in interest rates on public and private debt, and increased expectations of a number of economies entering recession.

Against this background, global debt markets in 2022 recorded their worst performance in decades.

Economic activity

According to the International Monetary Fund's estimate¹², the world economy grew by 3.4% in 2022, 2.8 p.p. less than in 2021. Gross domestic product (GDP) of the aggregate comprised of the most developed economies is estimated to have grown by 2.7% in 2022, compared with a rate of change of 5.4% in 2021, while the pace of growth in emerging and developing economies as a whole is estimated to have stood at 3.9% in 2022, compared with 6.7% in 2021.

According to that estimate, GDP growth for the euro area economy stood at 3.5% in 2022, following a 5.3% increase in the previous year. The US economy also grew in 2022, at an estimated pace of 2.0%, following a 5.9% increase in 2021, while the pace of growth in the United Kingdom fell from 7.6% in 2021 to 4.1% in 2022. China posted a significant slowdown of economic growth between 2021 and 2022, from 8.4% to 3.0% respectively (Table I.7.1).

Table I.7.1 • GDP growth rates

	2021	2022
World	6.2	3.4
Advanced economies	5.4	2.7
Euro area	5.3	3.5
USA	5.9	2.0
Japan	2.1	1.4
United Kingdom	7.6	4.1
Emerging and developing economies	6.7	3.9
Brazil	5.0	3.1
China	8.4	3.0
India	8.7	6.8
Russia	4.7	-2.2

Source: IMF – *World Economic Outlook*, January 2023. | Note: Growth rates, %.

According to the European Commission¹³, the GDP growth rate of the euro area economy is estimated to have stood at 3.5% in 2022 (Table I.7.2).

12. *World Economic Outlook*, January 2023.

13. Estimates published in the European Commission's *Winter 2023 Economic Forecast*, published in February 2023.

Table I.7.2 • GDP growth rates in the European Union

	2021	2022
European Union	5.4	3.5
Euro area	5.3	3.5
Germany	2.6	1.8
Spain	5.5	5.5
France	6.8	2.6
Italy	6.7	3.9
Portugal	5.5	6.7

Source: European Commission, *Winter 2023 Economic Forecast*. | Note: Growth rates, %.

In 2022, GDP grew by 6.7% in volume, according to Statistics Portugal¹⁴, after a 5.5% increase in 2021. In view of these developments, and despite the historical fall by 8.3% in 2020, due to the adverse effects of the COVID-19 pandemic, economic activity is already 3.3% above 2019 figures, the year before the outbreak of the pandemic.

Inflation

Throughout 2022 there was a sharp rise in the inflation rate in most economies. In the euro area, the average rates of change in the Harmonised Index of Consumer Prices (HICP) and the HICP excluding energy, alcohol and tobacco rose from 2.6% and 1.5% in 2021, to 8.4% and 3.9% in 2022, respectively. In the United States, the average rates of change in the consumer price index and consumer price index excluding energy and food rose from 4.7% and 3.6% in 2021, to 8.0% and 6.1% in 2022, respectively. In Portugal, the year-on-year average rate of change in the HICP and HICP excluding energy, alcohol and tobacco rose from 0.9% and 0.2% in 2021, to 8.1% and 5.0% in 2022 respectively.

The rising prospect of inflation persistence significantly above central banks' targets resulted in a progressive focus of monetary authorities on the need for a pronounced tightening of monetary policies in 2022.

In the first few months of 2022 the ECB signalled increased risks surrounding inflation projections, increasing the pace of reduction in net asset purchases under the asset purchase programme (APP) and announcing that these purchases would end in the third quarter of 2022. The ECB also indicated that it would start the upward adjustment of its key interest rates in July, against expectations that deemed the initiation of this process unlikely in 2022.

In order to prevent a persistent worsening of inflation expectations, the Governing Council had raised the key ECB interest rates by 250 b.p. by year-end: 50 b.p. in July, 75 b.p. in September, 75 b.p. in October and 50 b.p. in December. Following these decisions, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility stood at 2.00%, 2.50% and 2.75% respectively at the end of the year.

In September, the Governing Council also decided to remove the 0% interest rate ceiling for remuneration of government deposits with central banks until 30 April 2023, to prevent an abrupt

14. Data published on 28 February 2023 by Statistics Portugal, the latest information available at the time of publication of this report, as the March 2023 issue of the Banco de Portugal's Economic Bulletin is not yet available. In its December 2022 issue of the Economic Bulletin, the Banco de Portugal projected a 6.8% growth rate for 2022.

outflow of deposits into investment in debt securities with positive rates of return. At its October meeting the Governing Council adjusted the conditions of targeted longer-term refinancing operations (TLTROs) to make them less attractive for credit institutions. In December it was also announced that the ECB would start reducing the Eurosystem's balance sheet at a pace of €15 billion per month in March 2023 by not reinvesting all of the principal payments from maturing securities.

Against the background of increasing interest rate spreads between public debt of different euro area sovereign issuers, the ECB held an ad hoc meeting on 15 June, announcing it would apply flexibility in reinvesting maturing securities purchased under the pandemic emergency purchase programme (PEPP) and the decision to accelerate the completion of the design of a new anti-fragmentation instrument for monetary policy – the Transmission Protection Instrument (TPI). The TPI, approved by the Governing Council in July, can be activated to counter unwarranted, disorderly market dynamics that pose a threat to the transmission of monetary policy across the euro area. Asset purchases thereunder are not subject to prior restrictions. The Governing Council considered that the establishment of the Transmission Protection Instrument was necessary to ensure the singleness of the monetary policy and that this is a precondition for the ECB to be able to deliver on its price stability mandate.

The US Federal Reserve successively increased its 'Fed Funds' interest rate in the course of 2022 by a total of 425 b.p. to between 4.25% and 4.50%. These adjustments, which were significantly larger than the 75 b.p. anticipated by the members of the Federal Open Market Committee (FOMC), at the end of 2021, for 2022 as a whole, began in March with a 25 b.p. hike, followed by 50 b.p. at the May meeting, four consecutive increases of 75 b.p. at the June, July, September and November meetings and a 50 b.p. increase in December. The US Federal Reserve also decided to initiate the process of reducing its balance sheet in June by reinvesting the principal payments from maturing securities to the extent that they exceed monthly caps, initially set at USD 30 billion for treasury securities and at USD 17.5 billion for mortgage-backed securities, and in September decided to double the cap.

In the United Kingdom, the Bank of England raised benchmark rates throughout 2022, from 0.25% to 3.5%, suspended reinvestments of government securities on its balance sheet in March and started actively selling securities in September.

Among the major central banks in more developed economies, the Bank of Japan was the exception and preserved the accommodative nature of its monetary policy throughout the year, keeping its key interest rate at -0.1% and the 0% target for the yield on ten-year bonds issued by the Japanese Treasury. Nevertheless, in December the Bank of Japan decided to widen the target range for its 10-year government bond yield from 25 b.p. to 50 b.p.

Main political developments

Amid a war-driven sharp rise in energy prices, EU energy ministers agreed on a voluntary reduction of natural gas demand by 15%, and the European Commission presented a package of fiscal measures for the energy sector, on the basis of which it plans to raise €140 billion to finance reforms in the energy sector and mitigate the impacts of price escalation. Subsequently, the European Commission presented a new package of emergency measures to tackle high energy prices. The proposals put forward include the joint purchase of gas as a means to reduce the risk of competition between Member States on the world market, the establishment of a dynamic price cap mechanism and the establishment of solidarity mechanisms in case of supply shortages.

In Italy, Prime Minister Mario Draghi resigned following a lack of support from the Movimento 5 Stelle, in a vote on a package to help companies and households most affected by the increase in energy prices, and the President of the Republic called early elections. The coalition led by Fratelli d'Italia, including Lega and Forza Italia, won the parliamentary elections, and the new Prime Minister, Giorgia Meloni, signalled her intention to comply with EU rules and to work pragmatically with the other Member States.

In France, Emmanuel Macron was re-elected President of the Republic and the coalition of parties supporting him won the parliamentary elections, albeit without an absolute majority.

In the United Kingdom, Boris Johnson resigned from the position of Prime Minister and was succeeded by Liz Truss. However, the announcement of a fiscal expansion programme gave rise to strong risk aversion movements in the bond and foreign exchange markets, which even led to the intervention of the Bank of England, with the Prime Minister resigning only 45 days after taking office. Rishi Sunak was elected leader of the Conservative Party and took office as UK Prime Minister. Subsequently, the previously observed risk aversion movements were reversed.

In the United States, the Senate approved a package of measures to reduce inflation, totalling USD 430 billion. These included investment in measures to combat climate change and the adoption of mechanisms to negotiate price reductions for pharmaceuticals requiring a prescription.

Following the midterm elections, the Democratic Party kept control of the Senate and the Republican Party obtained the majority in the House of Representatives, albeit by a narrow margin.

Developments in government debt markets

Considering the Fund's investment profile and the principles and limits established in the investment plan agreed with the Banco de Portugal in accordance with the RGICSF, the government debt market is the Fund's main investment area.

Over the course of 2022, the rating/outlook for developments in the debt of several sovereigns was revised by the main rating agencies.

The rating agencies S&P and Fitch upgraded the credit rating of Portuguese government debt from "BBB" to "BBB+" with a stable outlook. DBRS upgraded the rating from "BBB (high)" to "A (low)" and maintained the stable outlook.

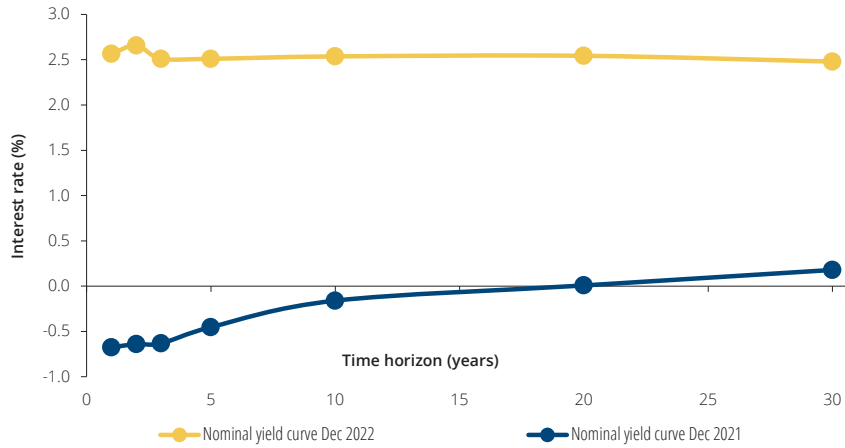
With regard to Italian government debt, Moody's and S&P reaffirmed their credit ratings of "Baa3" and "BBB" respectively but adjusted the outlook from stable to negative and from positive to stable respectively.

French government debt's credit rating by S&P remained at "AA" and its outlook changed from stable to negative.

Whereas for Spanish government debt, S&P maintained its "A" credit rating and revised its outlook from negative to stable.

In 2022 as a whole, nominal interest rates on euro area government debt experienced an unprecedented increase, as shown in Chart I.7.1 with reference to German government debt.

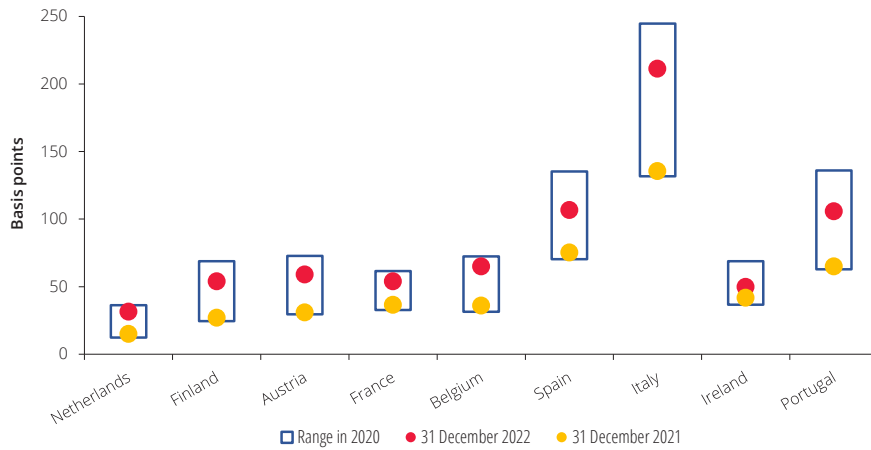
Chart I.7.1 • German government bond yield curve



Source: Bloomberg.

Euro area countries' sovereign bond yield spreads *vis-à-vis* their German counterparts also widened, more markedly in the case of Italian government bonds (Chart I.7.2).

Chart I.7.2 • Yield spreads on (ten-year) government bonds of euro area issuers and German counterparts



Source: Bloomberg.

7.2 Fund's portfolio structure and risk control

The Fund continued to follow a very prudent investment policy, embodied in the 'Investment plan for the Fund's financial resources' – agreed with the Banco de Portugal – which determines the structure of the benchmark portfolio selected by the Management Committee.

The investment strategy continued to be geared towards limiting portfolio exposure to credit, market and liquidity risks as a means of preserving the Fund's ability to act in the event of a call on the deposit guarantee.

As at 31 December 2022, the market value of the Fund's asset portfolio stood at €1,235.4 million, i.e. a 0.43% increase from 31 December 2021 (€1,230.1 million). This change reflects the combined effect of:

- a number of factors exogenous to asset management, which, when combined, had a positive net impact of 0.85%, namely the receipt of contributions paid by the Fund's member credit institutions (amounting to €3.19 million), the receipt of fines (amounting to €7.71 million), and the payments to depositors of Banco Privado Português, S. A. (BPP) – in liquidation (amounting to €0.1 million);
- return on assets, which had an impact of -0.42%.

As at 31 December 2022, the Fund's portfolio consisted of short-term treasury bonds from euro area countries, namely Spanish and Italian sovereign bonds.

As a means of mitigating market, credit and liquidity risks and taking into account the need to preserve the value of assets under management, the Fund also opened deposit accounts with the Banco de Portugal over the course of 2022, where remuneration rates corresponding to the maturities and issuers included under the investment policy produced results below the remuneration rate on these deposits¹⁵.

Table I.7.3 • Geographical breakdown of the portfolio structure as at 31 December 2022

	Amount in €	Share
Spain	228,959,340	18.5%
Italy	428,343,287	34.7%
Liquidity ^(a)	578,125,238	46.8%

Source: Fundo de Garantia de Depósitos | Note: (a) Consisting of demand deposits with the Banco de Portugal, the IGCP, and the Fund's custodian, plus interest receivable, less taxes payable. Values calculated on a settlement basis.

The high level of prudence of the investment policy, which is required of the Fund in view of its role in guaranteeing deposits, was strengthened in 2022 to take account of the context marked by high levels of uncertainty.

In the course of the year, the Fund therefore concentrated on particularly short-term investments. Thus, the interest rate risk of the Fund's portfolio remained very contained. At the end of 2022, the modified duration of the portfolio stood at 0.2. As such, the market risk of the Fund's portfolio, measured by the Value at Risk (VaR) over a one-year time horizon, with a 99% confidence level, remained low throughout the year and reached 0.23% at the end of 2022.

Credit risk was also kept at a very contained level. The Fund's¹⁶ six-month probability of default¹⁷ stood at 0.21% at the end of the year. The credit Value-at-Risk over a one-year time horizon, with a 99% confidence level, was 0.07% at the end of 2022.

15. Following the ECB's decisions of 20 February 2014 (ECB/2014/8), 5 June 2014 (ECB/2014/23), 9 April 2019 (ECB/2019/7) and 12 September 2022 (ECB/2022/30), the remuneration applicable to current accounts with the Banco de Portugal corresponded to:

– Up to 13 September 2022, the €STR for the total amount of government deposit accounts, which include deposits from the Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E. (hereinafter IGCP), the Resolution Fund and the Fundo de Garantia de Depósitos, up to €200 million. For the surplus balance, the lowest between the ECB's deposit facility rate and the €STR was applied;

– From 14 September 2022 onwards, the €STR was applied.

16. Excluding deposits with the Banco de Portugal.

17. Probability of default taken from credit default swap prices, with loss given default of the issuer/counterparty assumed to be 60%.

7.3 Profit or loss

The environment in which the Fund's asset management took place, marked by a surge in global inflation and the strong adjustment of central banks' monetary policies, was particularly adverse. As in other geographies, in the euro area, the rise in the ECB's key interest rates weighed on market yields for private and public debt, including in the short-term segments, which are commonly better protected, and which form the Fund's reference investment universe.

In this context of great adversity, and as a result of the effect of the significant increase in interest rates, debt investment yields were negatively correlated with maturity and limited upstream by the return on 'minimum risk' assets, corresponding to that resulting from the investment in one-month German debt, which stood at -0.25%.

The return on the portfolio held by the Fund was hampered, on the one hand, by persistent negative interest rates over the first four months of the year and consequent negative interest on investments.

On the other hand, the main initial implication of the significant increase in interest rates, which began in March, was to generate potential capital losses on the securities in the portfolio. The concentration of investments in very low maturities made it possible to mitigate this initial effect of the interest rate increases. Thus, the recording of capital losses due to the devaluation of the securities in the portfolio as a result of the increase in interest rates was outweighed in the last quarter of the year by gains from higher interest paid on investments.

From the last quarter of 2022 onwards, the Fund's portfolio benefited from the interest rate increase and yields recovered, albeit not enough to offset the losses recorded up to that point in the year.

Against this background, the Fund's portfolio recorded a total return of -0.42% in 2022.

While the return had stood at -0.69% as at September 2022 – firstly, due to the negative interest rates of the beginning of the year on securities held by the Fund and, afterwards, due to the devaluation of the securities in the portfolio as a result of the surge in interest rates – in the last quarter the return amounted to +0.27%.

Even though it remained in negative territory, the return on the Fund's portfolio was protected from the pronounced effect of rising interest rates, the initial effect of which, as mentioned above, is the devaluation of debt securities. Thus, the strengthening of the already high level of prudence of the investment policy led to a higher return than would have resulted from exposure to riskier assets.

For comparison, the most relevant indices for the Fund's investments recorded substantially worse performances in 2022: the iBoxx Eurozone 1-3Y Sovereigns (Total Return), which consists of euro area government debt with 1 to 3-year investment maturity, recorded a -4.8% return in 2022, and investment in euro area government bonds with a 1-year constant maturity generated a return of -2.9%.

The Fund's portfolio recorded a gross return of -0.37% and a return net of taxes and management costs of -0.42%.

Table I.7.4 • Rates of return by debt issuer

	Rate (T.w.r.r)	Modified duration 31 Dec 2022	Share 31 Dec 2022
Spain	-0.52%	0.3	18.5%
Italy	-1.04%	0.3	34.7%
Portugal ^(a)	0.06%	-	-
Liquidity ^(b)	-0.01%	-	46.8%
Total	-0.37%	0.2	100.0%
Impact of management costs	-0.01%		
Impact of taxes	-0.04%		
Net total of the portfolio	-0.42%		

Source: Fundo de Garantia de Depósitos | Notes: (a) Short-term special debt certificates issued by and deposits with the IGCP; (b) Consisting of demand deposits with the Banco de Portugal, the IGCP and the Fund's custodian, plus interest receivable, less taxes payable.

As at 31 December 2022, the expected yield to maturity of the Fund's portfolio was +1.89% after taxes.

After the initial valuation adjustment shock on government debt securities, due to interest rate hikes, and after an extended period in which profitability remained negative owing to the negative interest rate environment, positive returns are expected again in 2023.

8 Legislative and regulatory changes

In 2022 there were no major changes. The Banco de Portugal, through Instruction No 18/2022, set the base contribution rate for 2023 at 0.0018% (unchanged from 2022) and the minimum contribution at €1,200 (unchanged from 2022). This Instruction also determined that member institutions could not replace their annual contribution to the Fund relating to 2023 with irrevocable payment commitments to make such payment at any time as required by the Fund.

9 Auditing of the Fundo de Garantia de Depósitos

The Board of Auditors of the Banco de Portugal is the entity responsible for auditing the Fund's activities under Article 171 of the RGICSF and Article 25 of the Fundo de Garantia de Depósitos Regulation.

The Fund's financial statements for the 2022 fiscal year were also audited by BDO e Associados, SROC, Lda.

All the documentation pertaining to the Fund's asset position has been sent to the Court of Auditors within the legal deadlines.

10 Support provided by the Banco de Portugal and cooperation from member credit institutions

Under Article 168 of the RGICSF, the Banco de Portugal provides the technical and administrative services required for the Fund's smooth operation.

The support provided by the Banco de Portugal essentially involves providing the staff members who undertake the Fund's technical and administrative secretariat, the accounting treatment of operations and preparing financial statements, managing the Fund's financial resources, participating in the procedures for collecting the contributions and legal support whenever required, particularly with regard to litigation.

The Fund's Management Committee would again like to express its gratitude to all the teams of the Banco de Portugal that have provided continuous technical and administrative support to the Fund.

The Management Committee would like to reiterate its appreciation to the member credit institutions and to the Associação Portuguesa de Bancos for their excellent cooperation with the Fund.

Lisbon, 16 March 2023

Management Committee

Chairman

Luís Augusto Máximo dos Santos

Members

Carlos Manuel Durães da Conceição

Norberto Emílio Sequeira da Rosa

II Financial statements and notes

1 Financial Statements

2 Notes on the financial statements

1 Financial Statements

Table II.1.1 • Balance Sheet | EUR thousands

	Notes	31 Dec 2022	31 Dec 2021
ASSETS			
Current Assets			
Financial investments			
Financial assets held for trading	3	657,400.3	486,653.9
Cash and bank deposits	4	577,468.0	743,456.3
Other accounts receivable and deferrals	5	3,396.6	35.8
		1,238,264.8	1,230,146.1
Non-current liabilities			
Member institutions			
Contributions – irrevocable payment commitments	6	443,782.3	443,782.3
		443,782.3	443,782.3
Total assets		1,682,047.1	1,673,928.4
OWN FUNDS			
	8	1,679,975.0	1,672,128.5
LIABILITIES			
Current liabilities			
Claimants of deposits to be repaid	9	625.6	625.6
State and other public entities	10	6.6	6.4
Other account payables and deferrals	11	73.6	326.4
		705.8	958.4
Non-current liabilities			
Provisions	12	1,182.5	841.6
Deferred tax liabilities	13	183.9	–
		1,366.4	841.6
Total liabilities		2,072.2	1,799.9
Total own funds and liabilities		1,682,047.1	1,673,928.4

Certified accountant
José Pedro Pinheiro Lopes da Silva Ferreira

Table II.1.2 • Profit and loss account | EUR thousands

	Notes	31 Dec 2022	31 Dec 2021
Interest and similar income and expenses	14	138.5	-3417.3
Gains/losses on financial investments	15	-4,636.1	-561.1
Income tax	16	483.2	31.6
INCOME FROM THE ALLOCATION OF AVAILABLE RESOURCES		-4,980.8	-4,010.0
Staff costs	17	1.8	24.6
Supplies and services from third parties	18	60.4	52.0
Other income and gains	19	10,232.2	1,921.0
Other expenses	20	44.4	35.7
NET PROFIT/LOSS		5,144.8	-2,201.3

Certified accountant
José Pedro Pinheiro Lopes da Silva Ferreira

Table II.1.3 • Statement of Changes in Own Funds | EUR thousands

	Contributions		Deposits repaid	Reserves	Net profit/loss	Own funds	
	Initial	Periodic					
	Made	Irrevocable payment commitment					
At as 31 December 2020	196,473.9	876,454.6	443,782.3	-104,378.2	262,773.3	-1,087.0	1,674,018.8
Contributions							
Contributions from member institutions	50.0	401.4	-	-	-	-	451.4
Transfers to other deposit guarantee schemes	-	-2.0	-	-	-	-	-2.0
Triggering of deposit guarantee							
Recognition of the right to repayment of deposits	-	-	-138.5	-	-	-	-138.5
Profit distribution	-	-	-	-1,087.0	1,087.0	-	-
	50.0	399.5	-138.5	-1,087.0	1,087.0	-2,201.3	310.9
Net profit/loss for the year							-2,201.3
As at 31 December 2021	196,523.9	876,854.0	443,782.3	-104,516.7	261,686.3	-2,201.3	1,672,128.5
Contributions							
Contributions from member institutions	-	2,607.2	-	-	-	-	2,607.2
Transfers from other deposit guarantee schemes	-	586.8	-	-	-	-	586.8
Triggering of deposit guarantee							
Recognition of the right to repayment of deposits	-	-	-151.5	-	-	-	-151.5
Increase in the provision for deposit guaranteees	-	-	-340.9	-	-	-	-340.9
Profit distribution	-	-	-	-2,201.3	2,201.3	-	-
	-	3,194.0	-492.4	-2,201.3	2,201.3	5,144.8	2,701.7
Net profit/loss for the year							5,144.8
As at 31 December 2022	196,523.9	880,048.0	443,782.3	-105,009.1	259,485.0	5,144.8	1,679,975.0

Certified accountant

José Pedro Pinheiro Lopes da Silva Ferreira

Table II.1.4 • Cash flow statement | EUR thousands

	31 Dec 2022	21 Dec 2021
Cash flows from operating activities		
Contributions received	3,194.0	451.4
Fines imposed by the Banco de Portugal and paid to the Fund	7,709.8	5,939.6
Repayment of deposits covered by the guarantee	-100.0	-300.0
Income tax payment	-5.7	-72.4
Other receivables/payables	-95.3	-149.5
Cash flows from operating activities	10,702.8	5,869.2
Cash flows from investing activities		
Payables from:		
Purchase of securities for the trading portfolio	-1,289,656.4	-1,108,643.1
Negative interest on demand deposits	-2,454.1	-3,539.8
Receivables from:		
Maturity/sale of securities in the trading portfolio	1,114,268.3	1,107,071.7
Maturity/redemption of special short-term debt certificates	166,200.0	-
Interest and similar income		
Special short term debt certificates	69.7	106.5
Positive interest on demand deposits	1,057.8	27.4
Securities in the trading portfolio	23.5	-
Cash flows from investing activities	-10,491.1	-4,977.3
Change in cash and cash equivalents	211.6	891.9
Cash and cash equivalents at the start of the period	577,256.3	576,364.5
Cash and cash equivalents at the end of the period	577,468.0	577,256.3

Note: The aggregate cash and cash equivalents covers the amount of cash and demand deposits recorded in Note 4.

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2 Notes on the financial statements

(Amounts in eur thousands, unless otherwise indicated)

NOTE 1 • ACTIVITY OF THE FUND

The Fundo de Garantia de Depósitos (Deposit Guarantee Fund) (hereinafter referred to as 'the Fund') was established in 1992 by the Regime Geral das Instituições de Crédito e Sociedades Financeiras (Legal Framework of Credit Institutions and Financial Companies – hereinafter referred to as RGICSF), approved by Decree-Law No 298/92 of 31 December 1992. The Fund is a public-law legal person with administrative and financial autonomy and has its head office in Lisbon, at the premises of the Banco de Portugal (Article 154 of the RGICSF), which provides the technical and administrative services required for the Fund's smooth operation (Article 168 of the RGICSF).

The purpose of the Fund is to guarantee the repayment of deposits with its member credit institutions, up to a limit of €100,000 of the overall value of the cash credit balances of each deposit holder, per credit institution, except for the situations provided for in Article 166(2) of the RGICSF, to which such limits do not apply. The Fund may also intervene in the implementation of resolution action under the terms laid down in Article 167-B of the RGICSF.

Considering the very short periods provided for in law for repayments by the Fund, its investment of financial resources must be made under conditions that maintain a very high level of liquidity.

As of 1 January 2020 the Fundo de Garantia de Depósitos became the only deposit guarantee scheme in Portugal, pursuant to Decree-Law No 106/2019 of 12 August 2019. On that date the deposit guarantee function was transferred from the Fundo de Garantia do Crédito Agrícola Mútuo (Mutual Agricultural Credit Guarantee Fund) to the Fund, and the Caixa Central de Crédito Agrícola Mútuo (Central Mutual Agricultural Credit Bank – CCCAM) and its associates, the Caixas de Crédito Agrícola Mútuo (Mutual Agricultural Credit Banks), became members of the Fund for all legal and regulatory purposes.

NOTE 2 • BASES OF PRESENTATION AND MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The bases of presentation and the accounting principles followed while drawing up the Fund's financial statements are set out in its own Chart of Accounts (Article 170 of the RGICSF). This Chart establishes the financial statement models and the minimum content of disclosures in the Notes. The Chart of Accounts is based on the International Financial Reporting Standards (IFRS), approved by Regulation (EC) No 1606/2002, with the amendments introduced up to 1 January 2010, where these do not conflict with specific provisions expressly set out in the above Chart of Accounts. These specific provisions are duly explained in Note 2.2.

2.2 Summary of the main accounting policies

The main accounting policies and valuation criteria used in the preparation of the financial statements for 2022 are the following:

a) Accounting assumptions and qualitative characteristics of the financial statements

The Fund's financial statements reflect the economic reality of its assets and liabilities and are prepared in accordance with the accounting assumptions of an accrual basis (in relation to most financial statement items, namely with regard to interest income and interest expense, which are recognised in the accounting period in which they are generated and not according to the moment in time in which they are paid or received) and a going concern basis. The financial statements' qualitative characteristics are understandability, relevance, reliability and comparability.

b) Recognition of assets and liabilities

Assets are resources controlled by the Fund as a result of past events, from which future economic benefits are expected. Liabilities are obligations arising from past events and their settlement is expected to result in an outflow or allocation of resources embodying economic benefits. Assets and liabilities are usually recognised on the trade date.

c) Recognition of gains and losses

Realised gains and losses are recognised in the profit and loss account in the period in which they are earned or incurred.

Realised gains and losses in financial operations resulting from the sale of financial assets held for trading are recognised on their trade date in the Fund's profit and loss account, under Gains and losses on financial investments.

d) Measuring balance sheet items

Financial assets held for trading are valued at the end of the period at market prices as at the reporting date.

Assets related to contributions receivable, accounts receivable, third-party deposits and other claims are recognised at nominal value, net of impairment losses. Financing obtained, other accounts payable and other liabilities are recognised at nominal value.

e) Own funds: contributions and irrevocable payment commitments

The recognition in accounts of contributions of member institutions and irrevocable payment commitments is specifically provided for in the Fund's Chart of Accounts.

The contributions paid to the Fund are one of the components of its own funds, being recognised as such on the dates set out in Articles 160 and 161 of the RGICSF. Member institutions pay an initial contribution to the Fund upon registration for the commencement of their activity and subsequently, an annual contribution, the value of which is defined on the basis of the average amount of monthly credit balances of deposits over the previous year, covered by the Fund within the limit of the guarantee, and the risk profile of the credit institution.

Article 161(7) of the RGICSF sets forth that up to a limit of 30% of the periodic contributions set by the Banco de Portugal on an annual basis, member institutions may be partly exempt from making

the relative payment in cash provided they commit themselves to paying to the Fund irrevocably, in whole or in part, the amount of the contribution that was not paid in cash, backed by collateral of low-risk assets unencumbered by any third party rights, at the free disposal and earmarked for the exclusive use of the Fund, at any time as required by the latter. The share corresponding to irrevocable payment commitments is recognised against an asset item, measured at nominal cost less potential impairment losses.

In 2022 pursuant to Instruction of the Banco de Portugal No 21/2021, member institutions were not allowed to assume irrevocable payment commitments instead of paying the annual contribution, and therefore they paid this year's contributions in full. This rule will remain in force for contributions for the year 2023, in accordance with Instruction of the Banco de Portugal No 18/2022.

In exceptional cases, member institutions may also pay special contributions, as provided for in Article 162 of the RGICSF.

f) Financial assets held for trading

Financial assets are classified as held for trading on the acquisition date when they are acquired with the main purpose of being traded in the short term.

Acquisition and disposal of financial assets held for trading are recognised on their trade date, i.e. the date on which the Fund undertakes to purchase or sell the asset. These financial assets are recognised at fair value, and the transaction costs are directly recognised in profit/loss. After their initial recognition, changes to the fair value are recognised in profit/loss.

g) Repayment of deposits covered by the guarantee

The recognition in accounts of the repayment of deposits covered by the guarantee is specifically provided for in the Fund's Chart of Accounts.

In the course of its activity, the Fund may be called on to repay deposits made with a member institution. In this case, a liability is recognised against a decrease in the Fund's own funds. This liability item is measured at the nominal value of the amount to be repaid and it decreases as depositors are repaid. Where, under certain circumstances, there is no right to repayment or in the event of the Fund not being able to make repayments for reasons beyond the Fund's control, the remaining liabilities are offset against a corresponding increase in own funds.

Pursuant to Article 167 of the RGICSF, the Fund shall be subrogated to the rights of depositors for an amount equal to the repayments made. Should the Fund receive compensation for the repayment of deposits covered by the guarantee, this amount is recognised on the assets side of the balance sheet against an increase in own funds, but only when the Fund is given a legal guarantee that it will be repaid and the amount to be entered is known. This asset is valued at nominal value less impairment losses.

h) Provision for deposits covered by the guarantee, contingent liabilities and contingent assets

The accounting policy used regarding the provision for deposits covered by the guarantee is specifically provided for in the Fund's Chart of Accounts.

Triggering a deposit guarantee may lead to situations that raise legal doubts about the eligibility of deposit repayment rights. These situations are subject to an assessment to check whether (i) there is a current legal obligation derived from a past event, (ii) an outflow of funds will probably occur in

order to meet that obligation, and (iii) it is possible to make a reliable estimate of the amount in question. Where these conditions are cumulatively met, a provision is made for deposits covered by the guarantee, offset against a reduction in the Fund's own funds, in accordance with the accounting policy described in (g) above.

Where it is deemed that, as regards the second condition referred to above, the outflow of funds to meet the said obligation is possible (but not probable), a contingent liability is recognised to the detriment of making a provision.

Triggering a deposit guarantee grants the Fund the right of subrogation to the rights of the credit institution in question for an amount equal to the repayments made, pursuant to Article 167(16) of the RGICSF. Only where there is a legal guarantee that the Fund will be compensated for the repayment of deposits and the final amount to be received is known, will the corresponding asset be recognised in the balance sheet against own funds. However, where there is uncertainty as to the amount to be received and the moment of repayment, but the inflow of future economic benefits is probable, the existence of a contingent asset is disclosed.

i) Cash and cash equivalents

As regards cash flows, the aggregate Cash and cash equivalents covers short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to a negligible risk of changes in value. In this context, it includes cash and bank deposits.

j) Income tax

The Fund, as a public-law legal person, is exempt from Corporate Income Tax under Article 9 of the Corporate Income Tax Code (CIRC), apart from capital income as defined for the purposes of Personal Income Tax in Article 5 of the Personal Income Tax Code (CIRS) – Category E.

Pursuant to Article 3(1)(b) of the CIRC, corporate income tax on the total income, corresponding to the sum of incomes in the various categories considered for personal income tax purposes, as well as asset increases obtained free of charge shall be applied to taxable persons who do not primarily carry out an activity of a commercial, industrial or agricultural nature.

Pursuant to Article 87(5) of the CIRC, for the total income of entities with head office or place of effective management in Portuguese territory that do not primarily carry on activities of a commercial, industrial or agricultural nature, the corporate income tax rate is 21%.

Capital income earned in Portugal is subject to tax being withheld at source at the withholding rate in force. Tax withholding at source of income from debt securities issued by resident entities must be done in accordance with the provisions laid down in Decree-Law No 193/2005 of 7 November 2005.

Capital income earned abroad is taxed when the specific income tax statement (Form 22) is submitted to the Portuguese Tax and Customs Authority. Such income may be subject to tax being withheld at source in the country of origin of income and, where applicable, international double taxation will be eliminated if such a convention with Portugal is in place or by using the international double taxation credit mechanism. Income tax recognised in the Fund's profit/loss comprises current taxes and deferred taxes, which correspond to the amount of tax payable in future periods, stemming from temporary differences between the accounting values of assets and their tax base. The calculation of deferred taxes is based on the best estimate of the tax amount payable in the future.

The tax base specifically applicable to debt securities is calculated according to the provisions of Article 5(5) of the CIRS, which states that investment income includes the quantum of interest counted from the date of the last payment or issue, or of first placement or endorsement, if payment has not yet

been made, up to the date when transfer of some of the securities takes place, as well as the difference in the part that corresponds to those periods, between the amount of repayment and the issue price where the return on the securities consists, in whole or in part, of that difference.

k) Fines levied by the Banco de Portugal constituting revenue for the Fund

Fines on institutions that are members of the Fund as a result of administrative sanctioning proceedings imposed by the Banco de Portugal in the exercise of its supervisory functions, where they constitute revenue for the Fund, are recognised as Fund's profits. This recognition is deemed to only occur at the time the offender pays the respective payment note.

l) Post-balance-sheet events

In compliance with the IFRS, the Fund's assets, liabilities and earnings are adjusted for those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are approved, for which there is evidence as at the balance sheet date.

NOTE 3 • FINANCIAL ASSETS HELD FOR TRADING

The item Financial assets held for trading includes debt securities acquired by the Fund within the scope of its investment policy. Their accounting treatment is described in Note 2.2(f).

Financial assets held for trading	31 Dec 2022	31 Dec 2021
Government debt		
Treasury bonds (coupon)	102,976.7	301,447.3
Treasury bonds (zero coupon)	-	185,206.6
Treasury bills	554,423.5	-
	657,400.3	486,653.9

As at 31 December 2022 (similarly to 31 December 2021), the securities portfolio was composed of government debt securities issued by euro area countries. The Fund's Activity Report provides a detailed description of the portfolio structure and its risk management policy.

NOTE 4 • CASH AND BANK DEPOSITS

The item Cash and bank deposits is broken down as follows:

Cash and bank deposits	31 Dec 2022	31 Dec 2021
Cash	0.4	0.4
Bank deposits	577,467.6	577,255.9
Other deposits	-	166,200.0
	577,468.0	743,456.3

The Fund is subject to the application of the principle of using a treasury single account, in accordance with the Budget Execution Decree-Law in effect (Article 102 of Decree-Law No 53/2022, of 12 August 2022). The Fund has obtained a partial waiver from compliance with the principle of using a treasury single account in 2022 and 2023, under the terms of the Budget Execution Decree-Law.

As at 31 December 2022 bank deposits comprise demand deposits with: (i) the Banco de Portugal, to the amount of €577,322.4 thousand (31 December 2021: €577,063.1 thousand); (ii) the Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E. (IGCP), to the amount of €122.1 thousand (31 December 2021: €119.5 thousand); and (iii) the Bank of New York Mellon, to the amount of €23 thousand (31 December 2021: €73.3 thousand).

As at 31 December 2021, Other deposits corresponded to a short-term special debt certificate with the IGCP maturing on 20 December 2022.

In the Cash Flow Statement, Cash and cash equivalents details the entries recorded under cash and demand deposits.

NOTE 5 • OTHER ACCOUNTS RECEIVABLE AND DEFERRALS

The item Other accounts receivable and deferrals is broken down as follows:

Other accounts payable and deferrals	31 Dec 2022	31 Dec 2021
Fines paid to the Fund	2,564.1	44.4
Impairment losses	-10.0	-10.0
	2,554.1	34.4
Interest receivable on demand deposits	842.5	-
Prepaid expenses	-	1.4
	3,396.6	35.8

Fines paid to the Fund are recorded according to the accounting policy described in Note 2.2(k) and correspond to the amount receivable, as a result of the administrative sanctioning proceedings initiated by the Banco de Portugal against credit institutions, constituting revenue for the Fund pursuant to Article 159(e) of the RGICSF (Note 19). The total amount receivable as at 31 December 2022 and 2021 (€2,554.1 and €34.4 thousand respectively) corresponds to fines already paid by the offender via a payment to the State, but the amount of which has not yet been delivered to the Fund by the Tax and Customs Authority, the authority responsible for its collection and delivery for regular proceedings, or by the Institute for Financial and Estate Management of Judicial Services, when the amount of the fine is decided by a court of law. The impairment loss (€10 thousand) recorded is linked to a fine from an administrative sanctioning proceeding against a credit institution that is undergoing judicial liquidation, as the payment of such fine is unlikely.

As at 31 December 2022 the item Interest receivable on demand deposits refers to interest income accrual as at December on the balance of the current account with the Banco de Portugal, which is remunerated at the €STR rate up to a limit of €200 million (considering the aggregate balance together with other general government accounts), and from that threshold it is remunerated at the lowest of the following rates: deposit facility rate or €STR rate.

As at 31 December 2021 the item Prepaid expenses refers to the lease agreements of the Fund's head office, for the first month of the following year, which is paid in advance as per the lease agreement that ended on 31 December 2022 (€1.4 thousand). Note 18 provides additional information on the accounting treatment of the lease for the Fund's head office in 2022.

NOTE 6 • CONTRIBUTIONS – IRREVOCABLE PAYMENT COMMITMENTS

The item Contributions – irrevocable payment commitments, on the assets side of the balance sheet, recognises the nominal value of irrevocable payment commitments undertaken by member institutions in favour of the Fund regarding annual periodic contributions, in accordance with the accounting policy described in Note 2.2(e). In 2022 pursuant to Instruction of the Banco de Portugal No 21/2021, member institutions were not allowed to assume irrevocable payment commitments instead of paying the annual contribution.

NOTE 7 • TANGIBLE FIXED ASSETS

The item Tangible fixed assets is broken down as follows:

Tangible fixed assets	31 Dec 2022	31 Dec 2021
Gross assets		
Office equipment	5.7	5.7
Accumulated depreciation		
Office equipment	5.7	5.7
	-	-

Tangible fixed assets in the balance sheet are being used although they have been fully depreciated.

NOTE 8 • OWN FUNDS

The Fund's Own funds comprise the initial contributions of the Banco de Portugal, initial and periodic contributions as well as irrevocable payment commitments of member institutions, liabilities recognised for repayment of deposits, reserves and profit/loss for the period.

The €7,846.5 thousand increase recorded in 2022 incorporates the following:

- Annual periodic contributions paid in full in cash by the Fund's member institutions, according to Note 2.2(e) (+€2,607.2 thousand);
- The transfer received from the Spanish deposit guarantee scheme, following the transfer of rights and obligations from a member institution of that deposit guarantee scheme to a member institution of the Fund (+€586.8 thousand);
- The recognition of the right of a depositor with Banco Privado Português, S. A., which is currently under liquidation, to being repaid for deposits, following a court ruling on the repayment of the

deposit and arrears (-€150.6 thousand – Note 9), and also an adjustment relating to the counting of days of arrears on another deposit for which right to repayment had been recognised in 2021 (-€0.8 thousand);

- The increase in deposit guarantee provisions to cover contingent liabilities arising out of a court ruling on a proceeding currently in progress (-€340.9 thousand – Note 12);
- Net profit/loss for the year (+€5,144.8 thousand).

The composition and changes in this item are in the Statement of Changes in Own Funds.

With regard to the repayment of deposits, in April 2010 the guarantee on deposits placed with Banco Privado Português, S. A. (BPP) was activated because the Banco de Portugal withdrew this member's authorisation to operate, and the deposits made with this credit institution became unavailable. Between 2010 and 31 December 2022 the Fund recognised a decrease in its own funds given its responsibility to repay BPP's depositors a cumulative amount of €105,009.1 thousand, broken down into the following amounts:

- Payment orders in favour of BPP depositors (€103,209.1 thousand), including a share of €8.1 thousand that could not be settled for operational reasons not attributable to the Fund, recorded under Creditors of refundable deposits (Note 10);
- Deposits that can be repaid by the Fund, in respect of which no payment order has yet been made also for operational reasons not attributable to the Fund (€466.1 thousand), also recognised under Creditors of refundable deposits (Note 10);
- Deposits that, as at 31 December 2022, met the necessary conditions for payment (€151.4 thousand, including arrears on one deposit), of which €100.0 thousand is recorded under Creditors of refundable deposits (Note 10) and €50.6 thousand relating to arrears is recorded under Other payables and deferrals (Note 11);
- Provision for deposits covered by the guarantee (€1,182.5 thousand) set up to cover the right of third parties to the reimbursement of deposits which, although not covered by any other ground of exclusion or doubt, (i) were pledged, namely in favour of the BPP, to guarantee loans taken out with that bank, or (ii) correspond to deposits whose holders have debts fallen due and payable with the BPP, or (iii) have been the object of a court ruling on the repayment of deposits, even if that ruling can be reversed (Note 12).

NOTE 9 • CREDITORS OF REFUNDABLE DEPOSITS

This item records the amount of €625.6 thousand (31 December 2021: €625.6 thousand) relating to claims of BPP depositors, whose right to repayment was recognised by the Fund (Note 8), but whose payment was not made for operational reasons. These claims correspond to:

- Payment orders in favour of BPP depositors that could not be paid for operational reasons not attributable to the Fund (€8.1 thousand);
- Deposits that can be repaid by the Fund in respect of which no payment order has yet been made for operational reasons not attributable to the Fund (€466.1 thousand);
- Deposits that, as at 31 December 2022, met the conditions necessary for payment (€151.4 thousand).

NOTE 10 • STATE AND OTHER PUBLIC ENTITIES

The item State and other public entities, under liabilities, mainly comprises the estimated amount of taxes to be paid in 2022 on capital income obtained in the period under review associated with demand deposits (€4.9 thousand) and the trading securities portfolio (€1.7 thousand), in line with the accounting policy described in Note 2.2(j).

NOTE 11 • OTHER ACCOUNTS PAYABLE AND DEFERRALS

The item Other accounts payable and deferrals is broken down as follows:

Other accounts payable and deferrals	31 Dec 2022	31 Dec 2021
Interest payable	–	272.6
Arrears from legal proceedings	50.6	39.4
Suppliers and other accounts payable	23.0	14.5
	73.6	326.4

As at 31 December 2021, interest to be paid on the amounts placed with the Banco de Portugal pertained to December 2021 and was settled on 4 January 2022.

Arrears refers to the legal proceedings mentioned in Note 8 and accrues until 31 December 2022.

The amount for suppliers and other payables mainly relates to the accrual of the amount to be paid for external audit services for the 2021 and 2022 accounts (€16.6 thousand) and to fees related to the securities settlement system (€5.0 thousand).

NOTE 12 • PROVISIONS

The necessary arrangements were made to review the Fund's contingent liabilities arising solely from the repayment procedure for deposits made with Banco Privado Português, S. A. – under liquidation, as mentioned in Note 8.

In this context, not all the amounts included in the list supplied by the BPP, of deposits covered by the Fund's guarantee have been repaid, as the effective right to their repayment raised doubts or where, although it was considered that there was such a right, questions arose as to who should receive the said repayment.

As at 31 December 2022 the future payment of deposits covered by a pledge, which are not excluded from the guarantee for any other reason or doubt, was considered probable. These deposits have not yet been repaid because there are doubts as to the holder of the right to repayment by the Fund (i.e. if repayment should be to the depositor or the pledgor).

The payment of deposits whose holder also had debts to BPP fallen due and payable was also seen as probable, along with other situations not previously recognised regarding which operational doubts arose related to the information on the list of depositor claims supplied by the BPP to the Fund.

In June 2022 a judgment was delivered to the Fund ordering it to pay deposits that had not been repaid because the balances in question were not included, as deposits covered by the Fund's

guarantee, in the list of depositors notified to the Fund by the BPP, pursuant to the law. The Fund has appealed this judgment, which is currently pending. Irrespective of the Fund's position on the matter at hand, the provision for deposits under guarantee, initially set up in 2010, was increased by the amount determined by the court (€266.5 million), plus arrears up to 31 December 2022 (€74.4 million), totalling €340.9 million. In accordance with the accounting policy outlined in Note 2.2(h), the increase in the provision was offset by a decrease in Own funds (Note 8).

Provisions	31 Dec 2022	31 Dec 2021
Opening balance	841.6	841.6
Additional provisions	340.9	-
Final balance	1,182.5	841.6

NOTE 13 • DEFERRED TAX LIABILITIES

As at 31 December 2022 the item Deferred tax liabilities reflected the taxation of income already recognised in the Fund's accounts, relating to financial assets held for trading, whose tax only becomes due in 2023, in accordance with the accounting policy described in Note 2.2(j) – Note 16.

NOTE 14 • INTEREST AND SIMILAR INCOME AND EXPENSES

The item Interest and similar income and expenses is broken down as follows:

Interest and similar income and expenses	31 Dec 2022	31 Dec 2021
Interest received		
Demand deposits	2,171.5	-
Other deposits	88.3	134.8
Securities in the trading portfolio	20.9	15.8
Total interest received	2,280.7	150.6
Interest paid		
Demand deposits	2,142.2	3,567.9
Total interest paid	2,142.2	3,567.9
	138.5	-3,417.3

Interest earned is primarily explained by interest received on demand deposits held with the Banco de Portugal as of 14 September 2022, which are temporarily remunerated in accordance with Decision ECB/2022/30 of 12 September 2022. As of 14 September the rate of return on these current accounts corresponded to the euro unsecured overnight market rate, which followed the rise in the ECB's deposit facility rate. As of the date of the ECB Decision entered into force, these rates turned positive.

Interest paid is primarily explained by interest charges on demand deposits held with the Banco de Portugal, which were remunerated, up to 13 September, in accordance with Guideline ECB/2019/7 of 9 April 2019, i.e. based on the euro unsecured overnight market rate applied to the part of the daily balance deposited by the Fund with the Banco de Portugal, which is part of the total balance

of general government deposits (with certain exceptions) not exceeding €200 million, and by applying to the daily balance deposited by the Fund with the Banco de Portugal exceeding that amount the lower of the following rates: (i) the interest rate on the ECB's deposit facility, (ii) the euro unsecured overnight market rate and (iii) 0%.

The amount deposited during the year in the Fund's account with the Banco de Portugal fluctuated depending on investment opportunities in eligible government debt securities. The rise in interest rates during the year made it possible to improve Interest and similar income and expenses compared to the previous year.

NOTE 15 • GAINS/LOSSES ON FINANCIAL INVESTMENTS

The item Gains/losses on financial investments reflects fair value changes and gains realised from financial assets held for trading, in accordance with the accounting policy described in Note 2.2(c). This item is broken down as follows:

Gains/losses on financial investments	31 Dec 2022			31 Dec 2021		
	Realised	Potential	Total	Realised	Potential	Total
Government debt						
Treasury bonds	-3,905.2	-1,174.5	-5,079.7	220.8	-474.7	-253.9
Treasury bonds (Zero coupon)	-259.1	-	-259.1	19.3	-71.9	-52.6
Treasury bills	-301.9	1,004.6	702.7	-254.6	-	-254.6
	-4,466.2	-170.0	-4,636.1	-14.5	-546.6	-561.1

The negative result of this item is mainly explained by the adverse context in which the Fund's assets were managed, characterised by a low initial level of interest rates and a significant increase in the ECB's key interest rates, which strongly affected the profitability of debt markets in 2022. By opting for very short-term investments, the Fund's investments were considerably protected, and higher losses were avoided. The amounts invested in government debt securities fluctuated throughout the year, as a result of their relative profitability conditions, compared to the remuneration conditions of deposits held with the Banco de Portugal.

NOTE 16 • INCOME TAX

The income tax recognised in the Profit and Loss Account in 2022 and 2021 is broken down as follows:

Income tax	31 Dec 2022	31 Dec 2021
Current tax	299.3	34.1
Deferred tax	183.9	-2.4
	483.2	31.6

The current tax amount reflects the sum of taxes paid in 2022 (under the taxation regime set forth in Decree-Law No 193/2005 of 7 November 2005) with values payable in 2023 via an income tax statement (Form 22), both relating to capital income from financial assets held for trading, demand deposits and other financial investments, in accordance with the description presented in Note 10.

The amount recognised in 2022 in profit/loss regarding deferred taxes corresponds to the difference between the amounts calculated on 31 December 2022 and 31 December 2021 as deferred tax liabilities relating to portfolio securities (Note 13).

NOTE 17 • STAFF COSTS

The item Staff costs records payment of wages of one remunerated member of the Fund's Management Committee, who received the remuneration provided for by law until leaving office on 31 January 2022, as well as the corresponding Social Security costs.

NOTE 18 • SUPPLIES AND SERVICES FROM THIRD PARTIES

This item is broken down as follows:

Supplies and services from third parties	31 Dec 2022	31 Dec 2021
Securities settlement system fees	30.4	23.3
Renting and leasing	20.4	20.0
Specialised services	8.3	8.3
Communication	0.4	0.4
	60.4	52.0

The item on Renting and leasing exclusively refers to expenses with the lease of the real estate property corresponding to the Fund's head office, which expired on 31 December 2022. The Fund does not apply IFRS 16 – Leases, which entered into force on 1 January 2019, since the amounts in question are negligible in the context of the Fund's accounts, and the Management Committee believes the non-observance of this standard does not alter these financial statements.

The item Specialised services corresponds to the external audit services for each period.

NOTE 19 • OTHER INCOME AND GAINS

The item Other income and gains essentially includes the amount of €10,229.5 thousand (31 December 2021: €1,912.0 thousand) corresponding to fines, as a result of administrative sanctioning proceedings initiated by the Banco de Portugal against credit institutions, constituting revenue for the Fund. This amount is recorded in accordance with the accounting policy described in Note 2.2(k).

As at 31 December 2021 this item also includes arrears (€9.0 thousand) received by the Fund as part of the Banco Privado Português, S. A.'s judicial liquidation proceedings (BPP) – under liquidation, due for amounts settled in 2019 relating to the irrevocable payment commitments entered into between the Fund and that entity.

NOTE 20 • OTHER EXPENSES

As at 31 December 2022 the item Other expenses essentially consists of the Fund's annual contribution as member of the European Forum of Deposit Insurers (EFDI) in the amount of €8.0 thousand (31 December 2021: €8.0 thousand) and of the IADI – International Association of Deposit Issuers, in the amount of €36.1 thousand (31 December 2021: €22.1 thousand). As at 31 December 2021 this item also includes judicial fees arising from ongoing legal proceedings to the amount of €5.4 thousand.

NOTE 21 • LEGAL PROCEEDINGS

As at 31 December 2022 the Fund was a defendant in several legal proceedings. These proceedings, eight in particular (one of which is merely a judicial notice), essentially relate to the withdrawal of the authorisation given to Banco Privado Português, S. A. to exercise its activity – with the exception of two proceedings relating to Banco Espírito Santo, S. A.'s and BANIF – Banco Internacional do Funchal, S. A.'s resolutions. Therefore, it is not possible to anticipate any pending court decisions, or determine a reliable estimate of the contingent financial effect for the Fund. Nevertheless, the evolution of legal proceedings has been monitored by the Management Committee, which, duly grounded by the opinion of the lawyers representing the Fund in these proceedings and in view of the legal and procedural information available at present, there is no evidence to refute the belief that there is a higher probability of a decision in favour of the Fund.

From the point of view of the proceedings against the Fund and included in that calculation, in 2021 a judgment was delivered, dismissing the claim brought by one of the plaintiffs with the consequent partial acquittal of the Fund, and deciding in favour of the claim brought by another plaintiff, with the consequent partial conviction of the Fund; that judgment was confirmed, already in 2022, by the higher court, resulting in the payment of €100.0 thousand, plus arrears (Note 8). Furthermore, a conviction was delivered in 2022 and is currently pending an appeal brought by the Fund (Note 12). However, of note is that these are claims against the Fund for a guarantee of reimbursement in cases of a decision to exclude relating to very specific, factually controversial situations determining such an exclusion decision.

NOTE 22 • CONTINGENT ASSETS

As at 31 December 2022 the Fund's contingent assets were the rights emerging from the repayments made by the Fund following the triggering of the deposit guarantee with Banco Privado Português, S. A. (BPP), under liquidation since 2010. In accordance with the provisions laid down in Article 167(16) of the RGICSF, the Fund has the right of subrogation to the rights of credit institutions for an amount equal to the repayments made in favour of BPP depositors (minus the amounts returned to the Fund). Only when the Fund is given a legal guarantee that it will receive compensation for the repayment of deposits and is aware of the final amount to be received, will the corresponding amount be recognised on the assets side through an increase in own funds, as described in Note 2.2(g). Given the uncertainty, it is not possible to reliably estimate the value of this contingent asset.

NOTE 23 • CONTINGENT LIABILITIES

Within the repayment process of depositors of Banco Privado Português, S. A. (BPP) referred to in Note 8, certain amounts included in the list of deposits covered by the Fund's guarantee that was provided by the BPP were not repaid, as questions were raised regarding the right to repayment. Hence, based on the accounting policy set out in Note 2.2(g), contingent liabilities amounted to €36.5 thousand as at 31 December 2022 and 2021, considering that a potential contingent liability may arise in respect of deposits with the following characteristics, which are being analysed on a case-by-case basis:

- deposits to which new co-holders were added after the date on which the BPP made public its inability to meet payment obligations and on which the Banco de Portugal adopted extraordinary reorganisation measures (€36.4 thousand);
- deposits about which there are reasonable doubts as to the grounds for exclusion from the guarantee, as provided for by law, or whether they fall within the Fund's scope of coverage (€0.1 thousand).

NOTE 24 • SECURITIES PLEDGED AS COLLATERAL

As at 31 December 2022 the Fund recorded in off-balance-sheet accounts securities pledged as collateral received as a guarantee of the irrevocable payment commitments undertaken by member institutions in favour of the Fund (Notes 6 and 8) amounting to €460,358.3 thousand (31 December 2021: €460,627.3 thousand). The measurement of this entry is calculated as 90% of the minimum price for the securities pledged as collateral in the 30 days prior to the reference date of the financial statements. In accordance with the contractual terms, this represents an amount greater than the nominal amount presented in the balance sheet according to the accounting policy described in Note 2.2(e).

NOTE 25 • RELATED PARTIES

The RGICSF, which regulates the functioning of the Fund, states in Article 158 that the Fund is operated by a Management Committee, responsible for the management of the Fund's activity. This committee is comprised of three members: a member of the Board of Directors of the Banco de Portugal, appointed by the latter and who chairs the committee, another member being appointed by the Minister of Finance, and a third member appointed by the association representing in Portugal the member credit institutions which, on the whole, hold the largest volume of deposits covered by the guarantee.

Transactions and Balances with related parties in the Fund's ordinary course of business, the terms of which reflect normal market conditions, are as follows:

Transactions with related parties	31 Dec 2022	31 Dec 2021
Banco de Portugal – Interest received on deposits	1,031.4	-
Banco de Portugal – Interest paid on deposits	-2,383.9	-3,538.9
Banco de Portugal – Securities settlement systems fees	-	-5.6
<hr/>		
Balances with related parties	31 Dec 2022	31 Dec 2021
<hr/>		
Assets – Cash and bank deposits		
Banco de Portugal – Demand deposits	577,322.4	577,063.1
<hr/>		
Assets – Other accounts receivable and deferrals		
Banco de Portugal – Interest income on demand deposits	842.5	-
<hr/>		
Liabilities - Other accounts payable and deferrals		
Banco de Portugal – Interest income on demand deposits	-	272.6
Banco de Portugal – Securities settlement system fees	6.3	5.0
	<hr/>	<hr/>
	577,316.1	576,785.5
<hr/>		

Lisbon, 16 March 2023

The Management Committee

Chairman

Luís Augusto Máximo dos Santos

Members

Carlos Manuel Durães da Conceição

Norberto Emílio Sequeira da Rosa

III Opinion of the Board of Auditors of Banco de Portugal



BANCO DE PORTUGAL
EUROSISTEMA

FUNDO DE GARANTIA DE DEPÓSITOS

EXERCÍCIO DE 2022

PARECER DO CONSELHO DE AUDITORIA DO BANCO DE PORTUGAL

Nos termos do Artigos 171.º do Regime Geral das Instituições de Crédito e Sociedades Financeiras (RGICSF), aprovado pelo Decreto-Lei n.º 298/92, de 31 de dezembro, na sua redação atual, o Conselho de Auditoria do Banco de Portugal acompanha a atividade do Fundo de Garantia de Depósitos, zela pelo cumprimento das leis e regulamentos que lhe são aplicáveis e emite parecer acerca das suas contas anuais.

Durante o ano de 2022, o Conselho de Auditoria acompanhou as atividades e a gestão do Fundo através (i) de contactos regulares com o Presidente e o Secretário-Geral da Comissão Diretiva e com os serviços de apoio que funcionam junto do Banco de Portugal e (ii) da análise das atas e da informação financeira e de gestão que, nos termos do Protocolo celebrado, é regularmente disponibilizada ou solicitada.

Na referida atividade de acompanhamento regular, o Conselho de Auditoria deu especial atenção às políticas e processos de gestão das disponibilidades financeiras do FGD que têm vindo a ser sistematicamente negativas ao longo dos últimos anos. Com efeito, e por força dos princípios de prudência e de preservação de liquidez que orientam a atividade do FGD de forma a garantir a sua missão de garantia de depósitos, o Fundo aplica os seus recursos em ativos com elevada qualidade creditícia e maturidades relativamente curtas, o que, no contexto de taxas de juro vivido até ao início de 2022 inevitavelmente conduziu ao registo de resultados negativos. As acentuadas subidas das taxas de juro durante a

1/2



BANCO DE PORTUGAL
EUROSISTEMA

segunda metade do exercício de 2022 conduziram à recuperação progressiva da rentabilidade das aplicações financeiras do Fundo.

O Conselho de Auditoria acompanhou em especial o processo de preparação e divulgação da informação financeira contida no Relatório e Contas do exercício findo em 31 de dezembro de 2022, e aprovado pela Comissão Diretiva do Fundo em 16 de março de 2023, o qual compreende o Relatório de Atividades e as Demonstrações Financeiras e respetivas notas explicativas.

O Conselho analisou também o Relatório de Auditoria da BDO & Associados, SROC, Lda., cujo parecer, datado de 17 de março de 2023, não contém qualquer reserva ou ênfase.

Com base nos trabalhos efetuados, o Relatório de Auditoria emitido pelo Auditor Externo, o Conselho de Auditoria deliberou emitir parecer favorável à aprovação do Relatório e Contas do Fundo de Garantia de Depósitos, referentes ao exercício de 2022.

Lisboa, 24 de março de 2023

O Conselho de Auditoria

Nuno Gracias Fernandes

Óscar Figueiredo

Margarida Abreu

IV Auditor's Report

RELATÓRIO DE AUDITORIA

RELATO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas do Fundo de Garantia de Depósitos (o Fundo), que compreendem o balanço em 31 de dezembro de 2022 (que evidencia um total de 1 682 047 milhares de euros e um total de recursos próprios de 1 679 975 milhares de euros, incluindo um resultado líquido de 5 145 milhares de euros), a demonstração de resultados, a demonstração de alterações nos recursos próprios e a demonstração de fluxos de caixa relativas ao ano findo naquela data, e as notas explicativas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira do Fundo de Garantia de Depósitos em 31 de dezembro de 2022 e o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data de acordo com os princípios contabilísticos adotados no Plano de Contas do Fundo e detalhadamente descritos na nota explicativa 2 às demonstrações financeiras.

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção “Responsabilidades do auditor pela auditoria das demonstrações financeiras” abaixo. Somos independentes do Fundo nos termos da lei e cumprimos os demais requisitos éticos nos termos do código de ética da Ordem dos Revisores Oficiais de Contas.

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Responsabilidades do órgão de gestão e do órgão de fiscalização pelas demonstrações financeiras

A Comissão Diretiva do Fundo é responsável pela:

- preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa do Fundo de acordo com os princípios contabilísticos adotados no Plano de Contas do Fundo;
- elaboração do relatório de atividades;



- criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro;
- adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e
- avaliação da capacidade do Fundo de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades.

O Conselho de Auditoria do Banco de Portugal é responsável por acompanhar a atividade do Fundo, zelar pelo cumprimento das leis e regulamentos aplicáveis e emitir parecer sobre as suas contas anuais.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Fundo;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Fundo para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações

financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Fundo descontinue as suas atividades;

- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria.

A nossa responsabilidade inclui ainda a verificação da concordância da informação constante do relatório de gestão com as demonstrações financeiras.

RELATO SOBRE OUTROS REQUISITOS LEGAIS E REGULAMENTARES

Sobre o relatório de gestão

Dando cumprimento aos requisitos legais aplicáveis, somos de parecer que o Relatório de Atividades foi preparado de acordo com os requisitos legais e regulamentares aplicáveis em vigor e a informação nele constante é coerente com as demonstrações financeiras auditadas e, tendo em conta o conhecimento e a apreciação sobre o Fundo, não identificamos incorreções materiais.

Lisboa, 17 de março de 2023



Rui Carlos Lourenço Helena,
(ROC nº 923, inscrito na CMVM sob o nº 20160541)
em representação de BDO & Associados - SROC



V Annex

List of member credit institutions of the Fundo de Garantia de Depósitos¹

Banks

Banco Activobank, S. A.
Banco Atlântico Europa, S. A.
Banco BAI Europa, S. A.
Banco BIC Português, S. A.
Banco BPI, S. A.
Banco Comercial Português, S. A.
Banco Credibom, S. A.
Banco CTT, S. A.
Banco de Investimento Global, S. A.
Banco Efisa, S. A.
Banco Finantia, S. A.
Banco Invest, S. A.
Banco L. J. Carregosa, S. A.
Banco Português de Gestão, S. A.
Banco Primus, S. A.
Banco Santander Totta, S. A.
Best – Banco Electrónico de Serviço Total, S. A.
Bison Bank, S. A.
BNI – Banco de Negócios Internacional (Europa), S. A.
Caixa – Banco de Investimento, S. A.
Caixa Geral de Depósitos, S. A.
Haitong Bank, S. A.
Montepio Investimento, S. A.
Novo Banco dos Açores, S. A.
Novo Banco, S. A.
Itaú BBA Europe, S. A.

Caixas económicas (savings banks)

Caixa Económica da Misericórdia de Angra do Heroísmo, Caixa Económica Bancária, S. A.
Caixa Económica do Porto
Caixa Económica Montepio Geral, Caixa Económica Bancária, S. A.

Mutual agricultural credit banks belonging to SICAM

Caixa de Crédito Agrícola Mútuo da Chamusca, C.R.L.
Caixa de Crédito Agrícola Mútuo de Leiria, C.R.L.
Caixa de Crédito Agrícola Mútuo de Mafra, C.R.L.
Caixa de Crédito Agrícola Mútuo de Torres Vedras, C.R.L.
Caixa de Crédito Agrícola Mútuo do Bombarral, C.R.L.

1. As at 31 December 2022, according to the Banco de Portugal records.

Central and mutual agricultural credit banks belonging to SICAM

Caixa Central – Caixa Central de Crédito Agrícola Mútuo, C.R.L.
Caixa de Crédito Agrícola Mútuo Beira Centro, C.R.L.
Caixa de Crédito Agrícola Mútuo Beira Douro e Lafões, C.R.L.
Caixa de Crédito Agrícola Mútuo da Área Metropolitana do Porto, C.R.L.
Caixa de Crédito Agrícola Mútuo da Bairrada e Agueira, C.R.L.
Caixa de Crédito Agrícola Mútuo da Batalha, C.R.L.
Caixa de Crédito Agrícola Mútuo da Beira Baixa (Sul), C.R.L.
Caixa de Crédito Agrícola Mútuo da Costa Azul, C.R.L.
Caixa de Crédito Agrícola Mútuo da Costa Verde, C.R.L.
Caixa de Crédito Agrícola Mútuo da Região do Fundão e Sabugal, C.R.L.
Caixa de Crédito Agrícola Mútuo da Serra da Estrela, C.R.L.
Caixa de Crédito Agrícola Mútuo da Terra Quente, C.R.L.
Caixa de Crédito Agrícola Mútuo da Zona do Pinhal, C.R.L.
Caixa de Crédito Agrícola Mútuo das Serras de Ansião, C.R.L.
Caixa de Crédito Agrícola Mútuo de Albufeira, C.R.L.
Caixa de Crédito Agrícola Mútuo de Alcácer do Sal e Montemor-o-Novo, C.R.L.
Caixa de Crédito Agrícola Mútuo de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, C.R.L.
Caixa de Crédito Agrícola Mútuo de Alenquer, C.R.L.
Caixa de Crédito Agrícola Mútuo de Aljustrel e Almodôvar, C.R.L.
Caixa de Crédito Agrícola Mútuo de Arruda dos Vinhos, C.R.L.
Caixa de Crédito Agrícola Mútuo de Azambuja, C.R.L.
Caixa de Crédito Agrícola Mútuo de Borba, C.R.L.
Caixa de Crédito Agrícola Mútuo de Cadaval, C.R.L.
Caixa de Crédito Agrícola Mútuo de Caldas da Rainha, Óbidos e Peniche, C.R.L.
Caixa de Crédito Agrícola Mútuo de Cantanhede e Mira, C.R.L.
Caixa de Crédito Agrícola Mútuo de Coimbra, C.R.L.
Caixa de Crédito Agrícola Mútuo de Coruche, C.R.L.
Caixa de Crédito Agrícola Mútuo de Elvas, Campo Maior e Borba, C.R.L.
Caixa de Crédito Agrícola Mútuo de Entre Tejo e Sado, C.R.L.
Caixa de Crédito Agrícola Mútuo de Estremoz, Monforte e Arronches, C.R.L.
Caixa de Crédito Agrícola Mútuo de Loures, Sintra e Litoral, C.R.L.
Caixa de Crédito Agrícola Mútuo de Lourinhã, C.R.L.
Caixa de Crédito Agrícola Mútuo de Moravis, C.R.L.
Caixa de Crédito Agrícola Mútuo de Oliveira de Azeméis e Estarreja, C.R.L.
Caixa de Crédito Agrícola Mútuo de Oliveira do Bairro, Albergaria e Sever C.R.L.
Caixa de Crédito Agrícola Mútuo de Oliveira do Hospital, C.R.L.
Caixa de Crédito Agrícola Mútuo de Paredes, C.R.L.
Caixa de Crédito Agrícola Mútuo de Pernes e Alcanhões, C.R.L.
Caixa de Crédito Agrícola Mútuo de Pombal, C.R.L.
Caixa de Crédito Agrícola Mútuo de Porto de Mós, C.R.L.
Caixa de Crédito Agrícola Mútuo de Póvoa de Varzim, Vila do Conde e Esposende, C.R.L.
Caixa de Crédito Agrícola Mútuo de Salvaterra de Magos, C.R.L.
Caixa de Crédito Agrícola Mútuo de São Teotónio, C.R.L.

Caixa de Crédito Agrícola Mútuo de Terras do Arade, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Sobral de Monte Agraço, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Terras de Viriato, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Trás-os-Montes e Alto Douro, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Vagos, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Terras de Santa Maria, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Vila Franca de Xira, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Vila Verde e de Terras do Bouro, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Alentejo Central, C.R.L.
 Caixa de Crédito Agrícola Mútuo de Alentejo Sul, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Algarve, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Alto Cávado e Basto, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Alto Douro, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Baixo Mondego, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Baixo Vouga, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Douro e Côa, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Douro e Sabor, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Guadiana Interior, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Médio Ave, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Nordeste Alentejano, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Norte Alentejano, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Ribatejo Norte e Tramagal, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Ribatejo Sul, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Sotavento Algarvio, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Vale do Dão e Alto Vouga, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Vale do Sousa e Baixo Tâmega, C.R.L.
 Caixa de Crédito Agrícola Mútuo do Vale do Távora e Douro, C.R.L.
 Caixa de Crédito Agrícola Mútuo dos Açores, C.R.L.

Credit institutions headquartered in non-EU member states

FCE Bank, PLC

Note: In 2022, the following institutions ceased to be members of the Fund: (i) Banco Madesant – Sociedade Unipessoal, S. A., due to the lapsing of the authorisation to pursue its activity as a result of its voluntary winding-up; (ii) Caixa de Crédito Agrícola Mútuo de São Bartolomeu de Messines e São Marcos da Serra, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Silves, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Terras do Arade, CRL; (iii) Caixa de Crédito Agrícola Mútuo de Arouca, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Vale de Cambra, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Terras de Santa Maria, CRL; (iv) Caixa de Crédito Agrícola Mútuo de Albergaria e Sever, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Oliveira do Bairro, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Oliveira do Bairro, Albergaria e Sever, CRL; and (v) Caixa de Crédito Agrícola Mútuo de Borba, CRL, following a merger by incorporation into Caixa de Crédito Agrícola Mútuo de Elvas e Campo Maior, CRL, resulting in the change in the name of the latter to Caixa de Crédito Agrícola Mútuo de Elvas, Campo Maior e Borba, CRL.

