2015

Annual Report

MANAGEMENT REPORT

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders,

Following a long process to obtain the banking license and the start of operations on 16th July, 2014, 2015 was the first full year of activity of Banco BNI Europa in the Portuguese finance system.

During the course of 2015, the Bank made significant progress in developing its business, the main actions having been aimed at strengthening the Bank's processes, qualifying its resources and diversifying the offer of products and services and redefining the business strategy.

The current and future challenges facing us are strongly influenced by a vision of the future with a strong investment in electronic banking and in the offer of products and services that fit market needs and the latest demands of the customers, as well as in creating the right conditions for profitability in order to obtain a return for the shareholders.

Banco BNI Europa has conducted its activity with the objective of helping to extend the alternatives that exist in the Portuguese finance market, innovating and adding value in search of a new way of relating with customers and of promoting and doing business. At the same time, and taking into account the relevant regulatory changes that have occurred over the last few years, as well as those predicted to occur in the short and medium term, we shall continue with the process that is underway for making the internal control system more robust and of reinforcing the risk control and monitoring procedures already established at the Bank.

The Bank's activity has been developed following a strategy for differentiation and pioneering, which aims to be the cornerstone of the banking market. It is therefore with satisfaction, optimism and dedication that we feel we are taking solid steps towards a future that enables Banco BNI Europa to take a firm and acknowledged stand.

In response to our challenges, in 2016 Banco BNI Europa will continue to reinforce its human and technical skills and its growth and investment processes, aiming to provide its customers, shareholders and other stakeholders with the levels of excellence they deserve.

Mário A. Palhares

I. GOVERNING BODIES

BOARD OF DIRECTORS

Mário Abílio Pinheiro Rodrigues Moreira Palhares	(Chairman)
José Teodoro Garcia Boyol	(Deputy Chairman)
Sandro da Cunha Pereira Africano	(Member)
Pedro Nuno Munhão Pinto Coelho	(Member)
António Miguel Maurício Rola Costa	(Member)
Nuno Luís do Rosário Martins	(Member)
Paulo Alexandre Jacob dos Santos Santana	(Member)

EXECUTIVE COMMITTEE

Pedro Nuno Munhão Pinto Coelho	(Chairman)
António Miguel Maurício Rola Costa	(Deputy Chairman)
Nuno Luís do Rosário Martins	(Member)
Paulo Alexandre Jacob dos Santos Santana	(Member)

AUDIT COMMITTEE

Pedro Manuel Travassos de Carvalho	(Chairman)
Carlos Alberto Garcia Poço (*)	(Member)
Ana Gomes & Cristina Doutor – SROC Lda.	(Member)
(Represented by Ana Cláudia Gonçalves Lourenço Gomes)	
Rui António da Cruz	(Substitute Member)

(*) resignation from office registered with the Bank of Portugal on 23rd December, 2015

STATUTORY AUDITOR

PricewaterhouseCoopers & Associados – SROC, Lda.	(Statutory Auditor)

(Represented by Aurélio Adriano Rangel Amado - ROC no. 1074 or by António Alberto Henriques Assis - ROC no. 815)

Mr. Carlos Manuel Sim Sim Maia - ROC n.º 1138	(Substitute auditor)

PRESIDING BOARD OF THE SHAREHOLDERS' MEETING

Carlos Manuel Teixeira Osório de Castro	(Chairman)
Eduardo Verde Pinho	(Secretary)

COMPANY SECRETARY

Eduardo Rui Duarte Moreira Paulino	(Permanent)
Maria Margarida Gonçalo Torres Gama	(Substitute)

II. MACRO-ECONOMIC ENVIRONMENT

2015 was marked by a general slow-down in the global economy with GDP sliding from 3.4% in 2014 to 3.1% This trend was especially due to the drop in the price of oil, which has pulled down the economies that most depend on the export of this kind of commodity, as well as the fall in the Chinese economy which is showing clear signs of inverting the growth trend of over 7% in the last few years. The successive interventions by the Central Banks, also marked this year, with a special emphasis on the inputs by the ECB and the increase by the FED of the interest rates in the USA (for the first time since 2006).

THE NORTH AMERICAN ECONOMY

After losing its title as the largest economy in the world to China, 2015 was a historic year for the USA. Since 2006, the federal reserve had maintained interest rates at between 0% and 0.25%, having increased them in December to values between 0.25% and 0.50%, marking the start of the inversion of the American economy, which since the real estate bubble of 2008, has not been able to grow in a sustainable manner. This increase in interest rates is mostly justified by the confidence that the body led by Janet Yellen deposits in the economic recovery and the return to inflation rates close to 2%.

In 2015, the USA was one of the major drivers of the world economy, having grown in the first, second and third quarters of 2015 by 0.6%, 3.9% and 1.5% respectively. The overall growth in the GDP of the American economy is estimated to be 2.2% in 2015, and 2.4% in 2016.

Between 2014 and 2015, the unemployment rate of the active population decreased by 5.6% to 5.3%, after a year of major expansion, private consumption grew only 0.1% maintaining practically the same levels recorded in 2014 and the real estate market continues to grow, having increased by around 11.1% in 2015.

The main North American stock market indexes, namely the Dow Jones and the S&P500 fell by 2.2% and 0.7% respectively in 2015, while the NASDAQ continued rising and increased its value by 5.7%. The sharp drop in the main stock market index is due to the instability in the world economy, the marking reacting negatively to the forecasts for the evolution of the world economy, with particular concern about the Chinese economy.

The general improvement to the American economy, the rise in interest rates by the FED and the lower than forecast growth in the euro zone, led to an increase in the value of the dollar against the euro of 16%, which proves the sustainable strengthening of the American currency. It should be noted that in 2014 the EUR/USD exchange rate was at an average value of 1.3285 while the average value in 2015 was around 1.1096, with a maximum of 1.2104 and a minimum of 1.0496, almost equal.

THE ECONOMY IN THE EURO ZONE

In 2015, the euro zone was marked by various social and economic factors, the European project having been severely threatened by the risk of Greece's default and its consequent exit from the euro. Such a scenario would be devastating for the ambitions of a cohesive and united Europe. While Greece's instability was a key topic, the European Union and Russia's mutual sanctions caused some sectors of the European economy to collapse.

At the same time, the ECB provided further stimulation to the economy of the euro zone by buying public debt and assets. We also witnessed, for the first time, a negative Euribor in the shortest terms, as well as various public debt securities being traded with negative rates, reflecting the instability of the European financial system and investors' fears.

The European Economy, which imports a large part of its energy consumption, has been benefiting from the decrease in the prices of oil and the stimuli from the ECB, which has been a unique opportunity to accelerate economic recovery and reduce the indebtedness of various member states in the short term. The public debt of the countries in the European Union decreased from 94.5% to 94%, in terms of percentage of GDP.

2015 continued with the same growth trend as 2014, European GDP having moved forward 1.6%, inflation decreasing from 0.4% to 0.2% and unemployment dropped from 11.6% to 11%.

Despite the disruption that affected the European project in 2015, the above-mentioned data reflect a positive evolution of the European economy. The forecast for the next two years is for a similar growth to that recorded in 2015, the quantification of which will largely depend on the evolution of the price of oil, and the Chinese and North American economies.

THE PORTUGUESE ECONOMY

After returning to the capital markets in 2014, for the Portuguese economy, 2015 was marked by a positive growth in the economy, as well as by historic financing at short-term negative rates.

Within the macroeconomic environment, of particular note are the problems with Portuguese banks, with BANIF and Novo Banco upfront, as well as the political crisis experienced at the end of 2015, which culminated in a change in the governing political side.

After the “clean” exit, in 2014, from the economic assistance programme and the return to the markets, for the first time in its history, Portugal managed to finance itself in the short term with negative interest rates (-0.017%) on a two-year issue . The reduction in the cost of the debt has been proving to be a generalized trend which has contributed towards alleviating the burden of the Portuguese state's debt, as in 2012 Portuguese bonds were transacted in the secondary market at a yield of 18.289% for a 10-year maturity.

For the Portuguese economy in 2015, the Bank of Portugal predicts a budgetary balance of -4,2% of GDP and public debt exceeding 129.4% of GDP, values which are still a long way from the objectives demanded by the European community.

The evolution of GDP in 2015 was positive, recording an increase of 1.5%, which is close to the average for the euro zone. Following the same trend, the current account improved 2.1% of GDP and posted quite a positive evolution, with unemployment dropping from 13.9% to 12.1%.

The consumer index remained above 2% throughout practically the whole of 2015, having fallen to 1.7% in December. The average inflation in Portugal during 2015 was 0.5%, which even so, was far from the ECB's goal of 2%.

Another factor that should be highlighted in the performance of the Portuguese economy was the rise in exports from 3.3% to 4.6% of GDP and the decrease in imports from 6.4% to 5.1% of GDP. The trade balance continued to be negative, although the forecast for 2016 is that this trend will change and might start to reach positive ground after the increase of 9.8% in revenue and a decrease of 2.4% in expenditure.

Following the positive trend of the Portuguese economy, the PSI20, the main stock market index in Portugal ended 2015 with an overall growth of 10.7%.

A factor to be included in the forecasts for the Portuguese economy will be the extent of the impact that the crisis in Angola will have on Portuguese companies. If the excess offer of oil is maintained and envisaging that the price will continue to drop, the risk for Portuguese export companies and service providers to the Angolan market will increase and could significantly condition their activities and have a negative effect on the evolution of the Portuguese economy.

THE ANGOLAN ECONOMY

The Angolan economy is still ingrained with characteristics linked to emerging countries, as it is intrinsically dependent on its natural resources, especially oil. Between 2011 and 2013, oil was responsible for 95% of exports, 80% of tax revenue and 45% of Angola's GDP.

The drop of over 65% in the price of oil since July 2014 is currently the greatest threat to the Angolan economy. The price per barrel fell from approximately 103 dollars in July 2014, to approximately 36 dollars at the end of 2015. In view of these facts and taking into account the above mentioned importance, it is to be expected that there will be a trade balance deficit and that international reserves decrease.

Another aspect to take into consideration is the devaluation of the Kwanza and the consequences that it might bring. The scarcity of dollars in the country led the Angolan government to take exceptional measures to maintain the sustainability of the economy. The currency scarcity and the increase in the value of the dollar contributed towards the devaluation of the Kwanza, which in the long term, apart from encouraging a parallel economy, could also have serious consequences for the cost of imports, namely consumer goods.

It should be noted that in November 2015, the Angolan State obtained 1.5 billion dollars (1.3 billion euros) in its first issue of eurobonds, with a ten-year maturity and an interest of 9.5%. The transaction was considered to be the biggest first-time issue in a single tranche carried out by a sub-Saharan African sovereign state classified with the category "non-investment grade"-

III. CONTEXT OF THE PORTUGUESE BANKING SECTOR

In 2015, the Portuguese banking system was marked by the resolution of BANIF, and the non-completion of the sale of Novo Banco. The end of 2015 was also marked by the start of a new reality in the European finance sector, with the new rules for bank resolution coming into force, the Single Resolution Mechanism (SRM).

The new European rules require banks to have a minimum capital ratio of 10.5% and the Single Resolution Mechanism (SRM) requires shareholders and depositors with sums of over 100 thousand euros to participate in the bail-out of the banks. A single resolution fund (SRF) will also be created, which aims to reach an endowment of 55 billion euros in 2024 and will act as an alternative resource in assisting the banks.

About one year after the collapse of BES, BANIF was the target of a resolution measure. This decision proved to be quite burdensome for Portuguese taxpayers, taking into account the size of BANIF's market share (3%). The injection of capital brought the Portuguese state a burden of over 2.255 million euros and essentially aimed to ensure the financial sustainability of the autonomous regions where BANIF had a major presence with a 40% market share.

The Portuguese government had defined the sale of Novo Banco as one of the objectives for 2015; however, it ended up not taking place and after the stress tests performed by the Bank of Portugal, it was concluded that it would be necessary to inject further capital in order to comply with the ratio limits and contribute towards a sale in the future. Within this context and with the approach of the date for the new rules to come into force, 1st January, 2016, the Bank of Portugal decided to go ahead with the decision to inject around 2 billion euros into Novo Banco based on 5 lines of senior bonds that were no longer reimbursed, thereby raising the bank's capital ratio to 13%.

These two events therefore marked the end of the troubled year in the Portuguese finance sector, with consequences both on public deficit and in the case of BANIF on the confidence of the investors in the Portuguese market. The new European rules and the confidence penalty could prove to be decisive in the future of Portuguese banking, as some of the largest worldwide investment funds underwent huge losses and with confidence shaken, could jeopardize the future recapitalization of the banks operating in the Portuguese market

On the other hand, according to data from the Bank of Portugal, credit default stands at around 9.26%, which makes Portugal the 3rd county in the European Union with the worst performance, only behind Greece and Ireland. Default is highest regarding Non Performing Loans (NPL) with the corporate segment reaching 16.26% and the private segment with 4.43%. 2015 was also noted for an increase in default, strongly influenced by the increase in the weight of the corporate segment, which went from 4.33% in 2014 to 14.33% in 2015. In terms of housing loans, there was a reduction in the volumes in the portfolio by around 3% and an increase of 1.3% in consumer credit.

The total deposits in the banking system increased from 154,294 billion euros to 168,452 billion euros, which represents a growth of 2.53%. The growth can be explained basically by the increase in customer deposits (+2.93%).

IV. BNI EUROPA CONTEXT

ACTIVITY

The second half of 2014 marked the start of the Bank's activity, which between the date of opening to the public on 16th July and the end of 2014, was concentrated essentially on internal organization activities, reinforcing the team and preparing the means to extend the offer of products and services.

In 2015, apart from continuing with the activities that took place in 2014, the Bank heightened its commercial activity with a view to enlarging the customer and business base, having redefined its business strategy in October.

The approved business strategy is based on maintaining the guiding principle it had been following, namely in the objectives of capturing business, target segments and reinforcing the commercial synergies of the Angola-Portugal platform, plus a firmer investment in Electronic Banking and in niche and scale products enabling clear differentiation from the competition and obtaining interesting levels of profitability/risk.

Over the course of 2015, a significant set of initiatives were implemented for reinforcing the Bank's capacity and offer of products/services, of which the following are of particular note:

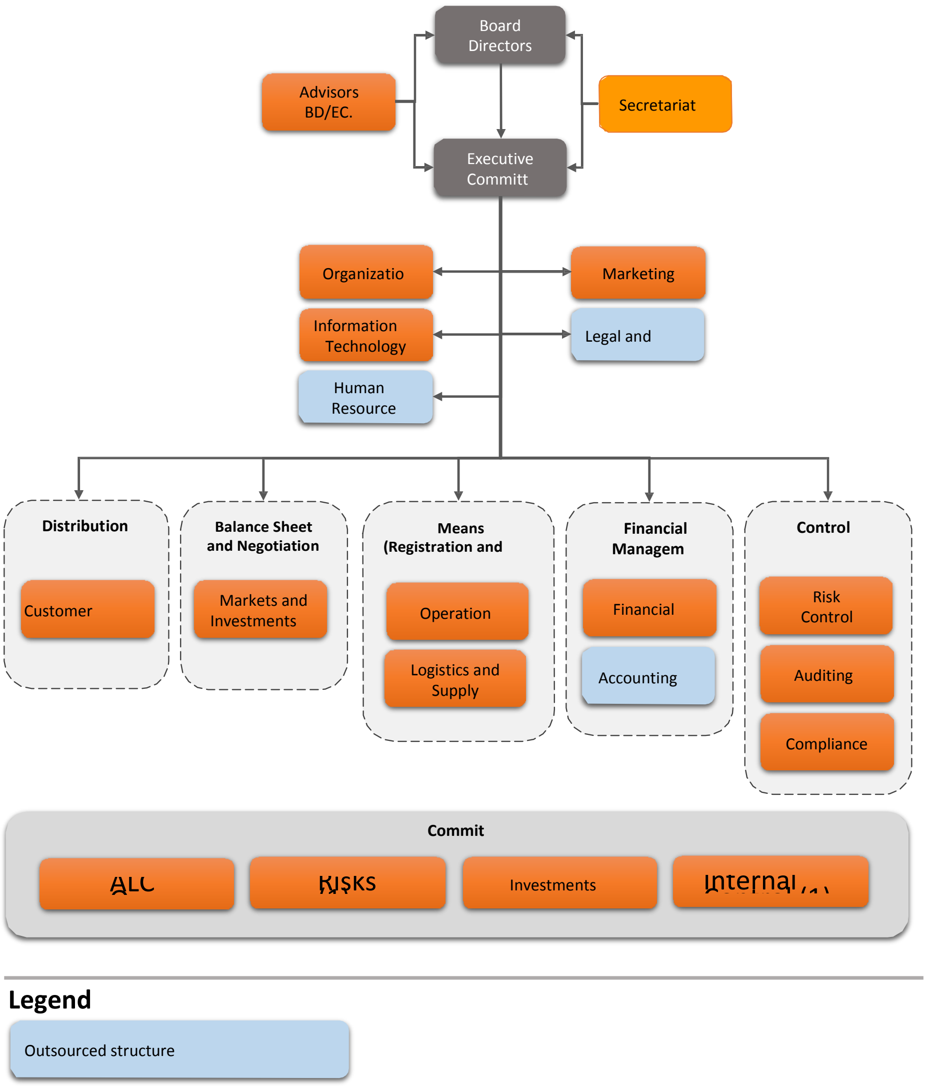
- Acquisition of a new Anti-Money Laundering ("AML") solution;
- Development of credit products within the scope of commercial initiatives on the Portugal-Angola platform;
- Start of production of the services via SEPA CT;
- Putting into operation procedures to use liquidity via Bank of Portugal pool;
- Launch of the Kwanza salary account;
- Boost of promotions on products for attraction and pricing;
- Launch of the MB Only Card for private individuals and businesses and development of the MB Visa Electron Card;
- Start-up of the Homebanking Project and the functionality for opening accounts on-line;
- Direct participation in the Multibanco Compensation Subsystem;
- Contract of credit operations with customers;
- Participation in an operation for placing 10-year Portuguese public debt and placing Portuguese companies' debt, namely José de Mello Saúde SGPS, SA and NOS SGPS, SA;
- Confirmation of documentary credits, within the scope of the agreement established with Banco BNI;
- Opening of an account with new correspondents and diversification of the financial offsets;

- Direct participation in TARGET 2;
- Acceptance of the Bank as a qualified member for performing monetary policy operations within the scope of the ECB;
- Joining COLMS (Asset Liability Management and Operations System) - the ECB's platform for Monetary Policy operations and asset collateralization);
- Making cheques available and joining as a direct participant in the SICOI Cheque Compensation sub-system.
- Completion of an increase in the share capital in the amount of 9.25 million Euros;
- Approval by the Bank of Portugal for the subordinated loan of up to 12.5M€, to be taken out by various entities, and for concurrence of the calculation of equity;
- Protocol signed with IAPMEI regarding the 500M€ credit line to support Portuguese companies in an internationalization process in Angola; and
- Launch of the Daily Markets Bulletin;
- Setting up of own portfolio in euros and American dollars with the objective of increasing the Bank's financial margin;
- Entry into operation of the Bank's new core application; and
- Adoption of the Bank's new organic and functional model, implemented on 1st January 2015.

The outlook for 2016 includes consolidating the credit activities on the Portugal-Angola platform, increasing the capture of resident and non-resident customers, boosting the trade finance operations, continuing to invest in our own portfolio with the objective of reinforcing the financial margin, implementing new business areas and making the electronic banking channel available to widen the transactional offer to customers.

ORGANISATIONAL AND HUMAN RESOURCES STRUCTURE

The current organic structure of Banco BNI Europa can be seen in the table below, while it should be noted that not all the Committees have been implemented, but will be activated by the Bank as the volume of activity and the relevance of the risks so requires.



(1) Committees not yet activated

The organizational structure shown was implemented on 1st January, 2015, and the changes that took place aimed to provide greater flexibility and capacity, as well as to bring the structure in line with the needs and provide greater means rationalization, taking into account the business objectives.

Legal and Judicial activities, Human Resources and Accounting are outsourced as the estimated dimension of the activity and business model do not yet justify them being in-house.

The Bank's human resources staff was 17 employees as at 31 December, 2015 (18 at 31 December, 2014), with the following professional categories:

	2015	2014
• Executive director	4	3
• People responsible for business areas and support	4	5
• People responsible for control areas (*)	2	2
• Technicians	6	7
• Secretariat	1	1

(*) Auditing, Compliance and Risk Control, this last position taken on by an executive director

During 2015, the Bank also had the cooperation of two part-time resources, who provided secretarial support and helped with activities related to internal control, risk and regulatory reporting, respectively.

FINANCIAL INFORMATION

2015 is already proof that there is a higher volume of banking activity than in 2014, even though during this year the Bank continued to put its business into operation, namely through a series of investment and set-up expenses, investment in physical and material means, reinforcement of the staff and contracting of essential services in order to develop its business.

During the current year the Bank made relevant accounting choices which had a significant impact on the 2015 and 2014 financial statements, namely through the following:

- Recognition of deferred tax assets regarding tax losses reported for 2013 to 2015 amounting to a sum of 1,505 thousand euros; and
- Capitalization of costs linked to investment projects recognized in intangible assets and relevant for the Bank to pursue its business and for its return, with a gross effect totaling 577 thousand euros (499 thousand euros relating to staff costs and 78 thousand euros related to external supplies and services).

Taking into account the capitalization of costs linked to investment projects recognized in intangible assets, and as the deployed accounting policy had not been coherently adopted during the year ended 31 December, 2014, the 2014 financial statements were restated in order to be totally comparable. The accounting effect of the restatement of the 2014 financial statements is the equivalent of an increase in the net Intangible Assets in the amount of 229 thousand euros offsetting a reduction in the Losses for the Year, from 2,887 thousand euros to 2,658 thousand euros.

Of the **balance sheet indicators** shown in the table below, of particular note is the growth in net assets (48,906 thousand euros), essentially based on the capital injection (9,250 thousand euros) from the shareholder Banco BNI and on the funds channeled to the Bank, which enabled it to be allocated and invested in other credit institutions (29,745 thousand euros), investments made in the own portfolio of available items for sale (11,636 thousand euros) and those held until maturity (2,202 thousand euros), in credit operations (1,734 thousand euros) and in intangible investments of importance for the ongoing development of the Bank and its capacity to offer products and services.

BancoBNI Europa

BALANCE SHEET INDICATORS

Euros

	Dec2015	Dec2014 (Restated)	Absolute Variation	Variation %
Total Net Assets	**99,602,072**	**50,695,694**	**48,906,378**	**96%**
Asset				
Cash and cash equivalents	30,799,378	30,125,285	674,092	102%
Treasury Investments	50,392,191	18,445,424	31,946,767	273%
Lending facilities	48,189,928	18,445,424	29,744,504	261%
Commercial Paper and Deposit Certificates	2,202,263	-	2,202,263	100%
Own portfolio	11,639,062	3.489	11,635,572	333546%
Loans and advances to customers	1,733,760	-	1,733,760	100%
Liabilities				
Resources from customers	4,955,696	751.960	4,203,736	100%
Resources from Credit Institutions	65,279,257	28,347,123	36,932,134	100%
Sight balances	23,020,945	325.182	22,695,763	100%
Term balances	14,045,653	3,299,669	10,745,984	100%
Borrowings	28,212,658	24,722,272	3,490,386	100%
Off Balance sheet				
Irrevocable commitments	871,153	-	871,153	100%
CDI confirmation	871,153	-	871,153	100%
Credit lines	- -	-	100%	
Irrevocable Commitments - CDI line	13,142,950	-	13,142,950	100%
Investments	**2,807,541**	**2,037,072**	**770,469**	**38%**
Tangible assets in use	455,883	550,297	(94,414)	-17%
Intangible assets in use	1,737,797	1,109,182	628,616	100%
Intangible assets under construction	613.861	377.594	236,267	63%
Liquidity	**78,989,305**	**48,570,709**	**30,418,596**	**163%**
Immediate liquidity	**30,799,378**	**30,125,285**	**674.092**	**102%**
Net position	**28,362,156**	**20,899,581**	**7,462,575**	**136%**
Share capital	34,250,000	25,000,000	9,250,000	137%
Retained earnings	(4,100,473)	(1,442,197)	(2,658,277)	284%
Revaluation reserves	(295,516)	54	(295,570)	100%
Net profit/loss for the year	(1,491,854)	(2,658,277)	(1,166,422)	-44%
Equity	24,826,411	19,410,348		
Margin on Equity	**7,326,411**	**1,910,348**		
RWA	33,478,104	n.d		
Equity Buffer (8%)	22,148,163	n.d		
Equity Buffer (10.5%)	21,311,211	n.d		
Internal limit for IF's (75% OF Buffer - 10,5%)	**15,983,408**	**n.d**		
Concentration limit (25% ROF)	**6,206,603**	**4,852,587**		
Concentration limit (25% OF Buffer - 10,5%)	**5,327,803**	**n.d**		
OF / RWA	74.16%	n.d		
Maximum RWA (Tier I 8%)	310,330,143	242,629,353		
Maximum RWA (Tier I 10.5%)	236,442,014	194,103,482		

Among the **income indicators**, which are shown in the table below, of particular note is the increase in the operating income, which reached around 107.2 thousand euros (+ 19.5% compared to 2014), as well as the increase in the costs of the structure (YOY 247.5 thousand euros) justified by the Bank's activity and the constitution of impairments and provisions in the amount of 195.8 thousand euros.

INCOME INDICATORS

				Euros
	Dec2015	Dec2014 (Restated)	Absolute Variation	Variation %
Operating Income	**658,428**	**551,201**	**107,226**	**19%**
Financial margin	403,402	339,843	63,559	119%
Commissions	228,985	23,091	205,894	-1092%
Gains and losses in Financial operations	21,434	(28,546)	49,980	-75%
Other income	4,606	216,814	(212,207)	2%
Structural Costs	**(3,411,892)**	**(3,164,374)**	**(247,518)**	**108%**
Staff Costs	(1,434,289)	(1,513,477)	79,189	95%
General administrative expenses	(1,689,781)	(1,450,405)	(239,375)	117%
Amortizations	(287,823)	(200,491)	(87,332)	144%
Operating Income / Structural Costs	19.30%	17.42%	1.88%	
Impairments and provisions	**(195,824)**	**-**	**(195,824)**	**-100%**
Average number of employees	17.1	16.3	0.8	5%
Directors	3.3	2.6	0.8	29%
Employees	13.8	13.8	-	0%
Profit before tax	**(2,949,282)**	**(2,613,172)**	**(336,109)**	**13%**
Net profit for the year	**(1,491,854)**	**(2,658,277)**	**1,166,422**	**-44%**

OTHER INFORMATION

During the course of 2015, the following events arising from the activity are of particular note:

- Change in the composition of the Audit Committee, due to the resignation on 18th December, 2015 of one of its members and his replacement by the substitute member;
- Change to the regulations of the Board of Directors and the Executive Committee decided upon at the meetings of the Board of Directors of 26th October, 2015;

- Change to the composition of the Board of Directors with the nomination of a new resident director upon the decision of the Shareholders' Meeting that took place on 10th August, 2015;
- Resignation of the Statutory Auditor and Substitute and nomination of a new Statutory Auditor and respective substitute upon the decision of the Shareholders' Meeting that took place on 10th August , 2015;
- Decision, on 2nd June, 2015, on the policy for the selection and assessment of the suitability of the members of the board and supervisory bodies and holders of essential offices; and
- Amendment to the Bank's articles of association upon the decision of the Shareholders' Meeting of 30th March, 2015.

V. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Bank is responsible for defining, implementing and periodically reviewing the internal control system, in order to ensure that it is appropriate with regard to the nature, dimension and complexity of its activity and that it is duly in line with the Bank's risk profile, with the objective of safeguarding:

- the business continuity through efficient allocation of resources and execution of operations, effective monitoring and control of risks, prudent assessment of assets and liabilities and security and control of access in the information and communication systems;
- existence of complete, reliable and timely accounting and management information, of a financial and non-financial nature, which supports decision-making and the control processes; and
- compliance with the legal provisions, internal directives and ethical rules and standards of conduct in the relationship with customers, counterparties to the operations, shareholders and supervisors/regulators.

The relevant functions of the internal control system – risk management, compliance and internal audit have sufficient human and material means to carry out their mission, with the necessary independence, status and effectiveness for the activity to be correctly executed.

The Risk Analysis and Control Department represents the Bank's risk management function, and is responsible for identifying, evaluating, monitoring, controlling and reporting on the various risk categories that are relevant for the activity carried out, with the objective of obtaining a grounded understanding of their nature and magnitude. This Department reports directly to the board, and its function is carried out independently from the risk-taking areas. Its scope of activity encompasses active participation in the management of limits and in the decisions that significantly change the Bank's risk profile.

It has the assurance of full access to all the activities, documents, information and control considered relevant for it to perform its duties. In the current context of the bank's activity, the risk function is taken on by one of the executive directors.

The Bank has internal rules regulating the management and risk control of the business, substantiated in Handbooks and Policies which duly fall under the attributions of the management and control bodies. Whenever necessary the management body encourages the policies and procedures to be reviewed and ensures that they are communicated by the structure's bodies.

Besides the systematic management of the risks and implemented controls, and according to the regulations in force, the Bank performs stress tests and tests on the main risks to the Balance Sheet, and also quantifies the economic capital for the most relevant risks.

The Risk Committee and the Internal Control Committee have not yet been implemented, although this will change as soon as the Bank's activity and risks so justify.

Currently, the Bank's activity and the risks to which it is exposed are still restricted, although more than a year has already passed since it began its banking activity. Nevertheless, the Board of Directors identifies the main risks to be the following:

CREDIT RISK

Credit risk results from all transactions that substantiate effective or potential rights over a certain counterparty. Generally, it is the most representative kind of risk for commercial banks and is related to the probability of negative impacts occurring on the income of capital, due to the inability of a counterparty to comply with their financial commitments before the institution, including possible restriction to the transfer of payments from abroad. Credit risk exists, mainly, in credit exposure (including through securities), credit lines, guarantees and derivatives.

The evaluation of credit follows the principles and standards set out in the Credit Handbook and Internal Circulars which consider the procedures inherent to the life cycle management of the operations, delegation of authorities and approved service levels.

As of the reference date, the Bank does not have any credit risk admission statistic models or behavioral models for their management and maintenance, which is justified both by the very low importance of this risk for the Balance Sheet and by the absence of historic patterns.

The Bank only began granting credit at the end of the first half of 2015, recording in the heading **loans and advances to customers**, as at 31 December, 2014 the net amount of 1,734 thousand euros, with a maximum residual term up to 2020, and does not include any operation that has been restructured or in default. Equally, the Bank does not have any amount in its portfolio classified as credit at risk in accordance with Instruction 22/2011 from the Bank of Portugal.

The Bank has defined its policy, methodology and procedures for evaluating impairment losses which are formally set out in the Credit Impairment and Receivables Handbook. Due to the size of the credit portfolio, all credit is assessed individually, in compliance with the reference criteria of the Circular Letter no. 2/2014 from the Bank of Portugal.

In its accounts, the Bank presents **balances and investments in credit institutions**, namely in Portugal, Germany and the United States of America, whose value amounts to
63.103 thousand euros

The Bank regularly assesses the quality of its credit portfolio and its investments in Credit Institutions, seeking to diversify the risk, respect the limits of concentration risk and to evaluate the profitability indicators of its operations.

There is also direct exposure to credit risks linked to the portfolio of securities held as Investments in the Own Portfolio. Within this context the credit risk linked to counterparties issuing transferable securities is assessed in liaison with the daily management and control of the market risks, namely following the rating of the issues and the evolution of the credit spread since the date of acquisition.

The portfolio of **assets held for sale** at the reference date amounts to 11,766 thousand Euros (revaluation value), with the following characteristics:

Breakdown of Assets Available for Sale

Rating		Countries		Currency	
AA	462,269	AO	1,161,556	EUR	8,352,275
B+	1,404,532	BR	1,206,981	USD	3,414,090
BB	198,823	EU	462,269		
BB+	3,829,195	GR	724,087		**11,766,364**
BBB	1,518,515	LU	198,823		
BBB-	1,346,762	NE	1,726,038		
NR	3,006,268	PT	6,286,610		
	11,766,364		**11,766,364**		

It should be mentioned that the portfolio has a proportion of 14% subordinated debt and 86% senior debt.

The securities without rating refer to NOS, SGPS, S.A. and José de Mello Saúde, SGPS, S.A. issues.

At the reference date, the **portfolio of investments held until maturity** amounts to 2,202 thousand euros and only includes benchmark Portuguese companies in their respective business sectors and has an average duration of 30 days.

The Board of Directors considers that the credit risk on these assets is appropriate and that the implemented monitoring tools enable it to be efficiently safeguarded, no objective evidence of impairment being identified as of this date.

COUNTRY RISK

Country risk is linked to specific changes or disturbances of a political, economic, or financial nature, in the places where the counterparties operate, which might compromise the complete compliance of their contractual obligations, regardless of their will to comply.

Taking into account its relationship with the majority shareholder, the Bank has some exposure to Angola, whose external rating (S&P and Fitch) is at level "B+", to the total value of 1,605 thousand Euros, which is linked to a provision for country risk of 160.5 thousand Euros. This provision was set up due to the Bank holding international debt (Eurobonds in USD) issued by the Angolan state, as well as due to the fact that it acquired Angolan debt invoices.

The remaining risk exposure has zero country risk.

CONCENTRATION RISK

Concentration risk results from the potential capacity of a certain exposure or group of exposures to cause significant losses that jeopardize the Bank's solvency. Concentration risk may be linked to credit, liquidity, market or operational risk. This risk may arise from inappropriate diversification policies and practices.

As this is a Bank whose business is recent, the levels of diversification of the main asset headings still show some level of concentration. During 2015, the Bank diversified its investments, both regarding Financial Institutions, and by granting loans to customers and investing in an investment portfolio. As far as liabilities are concerned, various steps are being taken to diversify the sources of financing and to promote the capture of resources by extending the customer base.

LIQUIDITY RISK

Liquidity risk results from the potential incapacity of the Bank to finance its assets, to fulfill its responsibilities on the due dates, from potential difficulties in settling positions in the portfolio and inability to access financing in market conditions (spreads).

The Bank has internal processes for managing liquidity risk that enable it to be identified, evaluated and controlled, including specific procedures for monitoring the maturity of contracted commitments.

During 2015, the Bank boosted its market positioning with regard to diversifying its sources of financing, through:

- Accessibility to the ECB's pool through asset-backed collateral;
- Access to intraday credit from the Bank of Portugal;
- Opening of Monetary Market lines with new counterparts; and
- *Opening of Repos lines through Global Master Repurchase Agreements (GMRA) and Credit Support Annex (CSA) agreements for Interest Rate Swaps.*

These measures are guaranteed; however, in view of the Bank's comfortable liquidity at the reference date, they are not being used.

In the Bank's current phase, these procedures are essentially guaranteed by the Markets and Investments Department and the Operations Department, as the majority of the current commitments are limited to these areas of activity.

The Assets and Liabilities Committee (ALCO) has not yet been implemented, although this will change as soon as the Bank's activity and risks so justify.

MARKET RISK

Market risk is noted for the probability of the occurrence of negative impacts on the income or capital, due to unfavorable movements in the market price of the instruments in the trading portfolio, caused by fluctuations in share prices, goods prices, interest rates, exchange rates. Market risk is mainly linked to holding short-term positions in debt and capital, in currencies, goods and derivatives.

At the reference date of this report the Bank did not hold financial assets for trading.

EXCHANGE RATE RISK

Exchange rate risk consists of the probability of negative impacts on income or capital occurring, due to adverse movements in the exchange rates, caused by changes to the price of instruments that represent open positions in foreign currency or to a change in the competitive position of the Institution due to significant variations in exchange rates.

As at 31 December, 2015, apart from the operations expressed in euros, the only representative currency was the American dollar (USD), and in that currency the difference between the assets and liabilities was the equivalent of 548 thousand dollars (positive value).

The Bank does not have any shareholdings that might devalue with the effect of exchange variation. On the other hand, the Bank's policy is to not maintain open materially relevant exchange positions but to hedge the operations or positions whenever the internally established level of risk is exceeded.

INTEREST RATE RISK

The interest rate risk of the banking portfolio is characterized by the probability of the occurrence of negative impacts on the income or capital, due to adverse movements in interest rates, through lags in maturities or terms for resetting interest rates, lack of perfect correlation between rates received and paid in the different instruments, or the existence of options within financial instruments of the balance sheet or off-balance sheet items.

The Bank's strategy aims for a Balance Sheet approach with a balanced mismatch between the liabilities and the assets and in the most representative currencies, seeking for the assets that are sensitive to interest rate to have the equivalent offsets in liabilities.

The duration of the portfolio of financial assets available for sale, in Euros, stood at 3.65 years and in American Dollars at 4.67 years. The exposure to parallel movement of 1 b.p. in the yield curve is the result of an economic loss of 3.0 thousand Euros and 1.2 thousand Dollars.

The average yield linked to this portfolio has a value of 2.96% in Euros and 6.09% in USD, while 47% of it has a variable rate and 54% a fixed rate.

RISK OF BREACHING LAWS, STANDARDS AND REGULATIONS

This risk is related to the need for the Bank to act according to the laws, rules, standards, regulations, and national and international agreements that govern its activity and so safeguarding it is relevant so that no sanctions of a legal or regulatory nature are incurred nor financial losses or reputation damage, arising from the breach of laws, regulations, codes of conducts, standards of best practice, or others.

The Bank is structured from an organic and functional point of view and has implemented policies and internal standards which address this risk, both regarding the areas responsible for complying with obligations and regarding the Compliance Department, which is responsible for monitoring and safeguarding this risk.

The Board of Directors believes that the Bank has the necessary and sufficient means to properly manage this risk.

INTERNAL CONTROL

During 2015, the Bank compiled its first Internal Control report within the scope of *Aviso* no. 5/2008 of the Bank of Portugal.

In this field, procedures have been set up and formalized in the Internal Control Handbook which lays down the principles and responsibilities for ensuring an appropriate control environment. All structures of the organization are involved in identifying internal control deficiencies or aspects to be improved which contribute towards the efficiency of its operation and to limiting the operational risks.

At the same time, the control functions are also responsible for carrying out self-assessment questionnaires in compliance with the requirements demanded for these functions by *Aviso* no. 5/2008 of the Bank of Portugal.

Regular status reports are compiled on remedial activities for mitigating the deficiencies or identified points for improvement, both by the internal bodies or by the supervisory body.

VI. CORPORATE GOVERNANCE

In accordance with the Bank's articles of association the governing bodies are the Presiding Board of the Shareholders' Meeting, the Board of Directors, the Audit Committee and the Statutory Auditor.

SHAREHOLDERS' MEETING

The shareholders decide at the Shareholders' Meeting upon matters that are allocated to them by law or through the articles of association and upon all those that are not included in the duties of other bodies.

The powers of the Shareholders' Meeting are those that arise from the law and those envisaged in the Articles of Association, of which the following are highlighted:

- To elect
  - The Presiding Board of the Shareholders' Meeting;
  - The Members of the Board of Directors;
  - The Members of the Audit Committee; and
  - The Statutory Auditor
- To assess the report of the Board of Directors, discuss and vote on the balance sheet, the accounts and other legally required documentation;
- Decide upon the distribution of earnings for the year;
- Decide upon any changes to the articles of association and increases in capital; and
- Handle any other matter for which it has been convened or regarding which it has been legally allocated the authority.

Voting Rights

The Bank's capital is represented by 6,850,000 ordinary shares, with a nominal value of five euros each.

Within the terms of the articles of association, a voting right is attributed in the proportion of one vote per two hundred shares held, while the shareholders holding fewer shares than the requirement in order to vote may group together, in order to complete the minimum required, thereby being represented by any of the groups. There are no established restrictions to the voting rights.

ADMINISTRATION OF THE COMPANY

Administration and representation are carried out by the Board of Directors, composed of a minimum of five members, elected at the Shareholders' Meeting for periods of four years and re-eligible.

The decisions of the Board of Directors are taken by a majority of votes, the Chairman having the casting vote.

It is the responsibility of the Board of Directors to exercise the Company's management and representation powers and carry out all necessary acts for pursuing the activities included in its business purpose, namely:

- Defining the general policies of BNI - Banco de Negócios Internacional (Europa), S.A.;
- Approving the strategic plan and plans and budgets, both annual and multi-annual, and their changes, and to periodically monitor their execution;
- Preparing the accounts documents and the proposal for the distribution of earnings, to be presented to the Shareholders' Meeting.
- Taking the initiative to propose any changes to the articles of association and increases in capital, and also to the issue of bonds that are not within its remit, presenting the corresponding proposals to the Shareholders' Meeting,
- Approving the Code of Conduct and Business Ethics of BNI Europa;
- Preparing the proposal for the remunerations of the members of the governing bodies should there not be a remunerations committee, and submitting it for approval by the Shareholders' Meeting;

- It is also the responsibility of the Board of Directors to perform all other necessary or appropriate acts for pursuing the activities included in the business purpose and, namely:
  - Actively and passively representing the company in and out of the law, instigating and contesting any judicial or arbitrary procedures, acknowledging, waiving or settling any lawsuits and engaging in arbitration;
  - Deciding, to the maximum extent permitted by law and by the articles of association, on the acquisition, disposal or encumbrance of any property or rights;
  - Deciding on the company holding a shareholding in or on the set-up of other companies, in companies governed by special laws or on joint ventures complementary groups of companies and European groups of economic interest, regardless of the respective business purpose; and
  - Establishing proxies for performing certain acts, or categories of acts, defining the extent of the respective mandates.
- Performing the other duties which are allocated to it by law or by the Shareholders' Meeting.

In order to ensure that it operates correctly, the Board of Directors delegates the day-to-day management of the company, with the limits set within the decision that granted that delegation, to an Executive Committee, composed of a minimum of three members.

SUPERVISION OF THE COMPANY

The supervision of the company is attributed to the Audit Committee and the Statutory Auditor.

Audit Committee

The supervision of the company's business is performed, within the terms of the law, by an Audit Committee, composed of three permanent members and there must be a substitute. The members of the Audit committee, including its Chairman, are elected by the Shareholders' Meeting, for a period of four years, and may be re-elected. The following duties of the Audit Committee are highlighted:

- Overseeing the process of preparing and disclosing the financial information;
- Overseeing the effectiveness of the internal control, internal audit and risk management systems;
- Receiving communications of irregularities presented by shareholders, company employees or others;
- Overseeing the statutory review of the accounts; and
- Assessing and overseeing the independence of the statutory auditor, namely when the latter provides additional services to the company.

Statutory Auditor

Examining the company's accounts is the responsibility of the Statutory Auditor, which may be an individual or a company with the status of statutory auditor, designated by the Shareholders' Meeting, on the proposal of the Audit Committee, for a period of four years, and may be re-elected. The Statutory Auditor must make every examination and verification necessary for reviewing and certifying the accounts.

COMPANY SECRETARY

The company has a secretary designated by the Board of Directors and the duration of his duties coincides with the mandate of the Board of Directors that designates him.

The duties of the Secretary are provided for in the law.

RELATIONS BETWEEN THE COMPANY AND THE BOARD

During 2015, no business took place between the company and its directors.

VII. REMUNERATIONS POLICY

In order to comply with the legal and regulatory requirements, the Board of Directors proposed to the Shareholders' Meeting the approval of the remunerations policy and subsequent amendments that are included in the support documentation to the agenda of the meetings of 30th March, 2015, 2nd July, 2015 and 10th August, 2015.

The amount of fixed remunerations attributed to the Board and Supervisory Bodies, in 2015, amounted to 711,017 euros (2014: 523,574 euros) and 39,734 euros (2014: 27.792 euros), respectively, and these generated contributions to Social Security in the amount of Euros 169,391 (2014: Euros 116,474). The number of remunerated members of the Board was the equivalent of an average of 3.33 in 2015 (2.5 in 2014), while the number of members of the supervisory body was the equivalent of an average of 3 in 2015 (3 in 2014).

In 2015, no sums for variable remuneration were attributed to the Board and Supervisory Bodies. This year, there were also no unpaid deferred remunerations, nor paid deferred remunerations or those subject to reductions resulting from adjustments introduced depending on the individual performance of the Board and Supervisory Bodies.

The aggregate remuneration of the employees per area of activity is shown in the following table:

Area of activity	2015
Retail Banking	103,625
Markets and Investments	108,454
Operations, Logistics and Supplies	183,478
Control (auditing, risk and compliance)	190,693
Information Technology	100,865
Organization and Marketing	88,654
	775,769

In 2015, no employees were hired that fit within the scope of paragraph 2 of article 1 of *Aviso* no.10/2011 of the Bank of Portugal (control functions).

VIII. SUBSEQUENT EVENTS

No relevant subsequent facts occurred that should be considered for the purpose of preparing the financial statements for the period ended on 31 December, 2015.

In compliance with article 2 of *Aviso* no. 5/2015 of the Bank of Portugal, dated 7th December, as from 1st January, 2016 the entities subject to the supervision of the Bank of Portugal must compile individual financial statements, in accordance with the International Accounting Standards (IAS), as adopted, at any given moment, by Regulation of the European Union and respecting the conceptual structure for preparing and presenting financial statements that fits those standards, as previously required for the consolidated financial statements, when applicable.

The Board of the Bank considers that adopting the IAS for its individual financial statements on 1st January, 2016 will not have any significant impact.

IX. OUTLOOK

The social and economic scenario for 2016 encompasses a series of significant uncertainties, as relevant risks continue to persist with regard to the behaviour of the global, European and in particular, the Angolan and Portuguese economies. The effects of the depreciation of the market value of the price of oil on some economies, namely in Angola, will continue to be a conditioning factor and will consequently have an impact on the Portuguese economy.

With regard to the outlook for Banco BNI Europa, and taking into account the actions and processes currently underway, it is the firm belief of the Board of Directors that the Bank will continue its development and growth process, putting particular focus on:

- extending its customer and operations base, both with resident and non-resident customers and on the segments of private individuals and small and medium-sized businesses;

- diversifying the offer of products/services to customers;
- launching new business lines;
- investing in Electronic Banking and in the efficiency of processes in customer relations;
- reinforcing relations and increasing business on the Angola-Portugal platform; and
- establishing partnerships that provide differentiating arguments and bring added value to the customers and the Bank.

Within this context, it is predicted that 2016 will still be a year for investing and consolidating the activity, although in view of the recent start to the activity and the adjustment of the business strategy, the financial profitability will still not be fully achieved during this period.

X. PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes to the Shareholders Meeting that the negative net profit ascertained for the year ended 31 December, 2015, in the amount of 1,491,854.30 euros (one million four hundred and ninety one thousand and eight hundred and fifty four euros and thirty cents), be transferred to retained earnings.

XI. THANKS

The Board of Directors would like to show its thanks to all those who cooperated with the Bank during 2015, namely its employees, suppliers, service providers and other corporate bodies.

Lisbon, February 15th, 2016

Mário Palhares

(Chairman)

José Boyol

(Deputy Chairman)

Sandro Africano

(Member)

Pedro Pinto Coelho

(Voting Member)

Miguel Rola Costa

(Member)

Nuno Martins

(Voting Member)

Paulo Santana

(Member)

FINANCIAL STATEMENTS

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.
Reconciliation of the balance sheet as at 31 December 2015 and 2014

	Notes	2015 Euros	(Restated) 2014 Euros
Assets			
Cash and balances at central banks	18	15 886 249	163 311
Balances at other credit institutions	19	14 913 128	29 961 974
Available-for-sale financial assets	20	11 639 062	3 489
Loans and advances to credit institutions	21	48 189 928	18 445 424
Loans and advances to costumers	22	1 733 760	-
Finantial assets held-to-maturity	23	2 202 263	-
Other tangible assets	24	455 883	550 297
Intangible assets	25	2 351 659	1 486 776
Current tax assets	26	5 327	4 650
Differed asset taxes	27	1 590 371	–
Other assets	28	634 443	308 552
Total Assets		**99 602 072**	**50 924 474**
Liabilities			
Resources of other credit institutions	29	65 279 257	28 347 123
Resources of Customers and other debts	30	4 955 696	751 960
Provisions	31	35.305	–
Current tax liabilities	26	47 430	35 654
Other liabilities	32	922 228	890 156
Total Liabilities		**71 239 916**	**30 024 893**
Shareholders' Equity			
Subscribed share capital	33	34 250 000	25 000 000
Revaluation reserves	34	(295 516)	54
Other reserves and retained earnings	35	(4 100 473)	(1 442 197)
Net Income for the year	-	(1 491 854)	(2 658 277)
Total Equity		**28 362 156**	**20 899 581**
Total liabilities and equity		**99 602 072**	**50 924 474**

BancoBNI Europa

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.
Statement of Income for the years ended December 31 2015 and 2014

	Notes	2015 Euros	(Restated) 2014 Euros
Interest and similar income	5	600.025	405.862
Interest and similar charges	5	196.623	66.019
Net Interest Income		**403 402**	**339 843**
Income from services and commissions	6	259 886	32 715
Expenses with services and commissions	6	30 901	9 625
Gain and loss on assets available for sale	7	(1 409)	-
Results of foreign exchange revaluation (net)	8	22 851	(28 546)
Other operating income	9	4 606	216 813
Bank Operating Income		**658 435**	**551 201**
Staff costs	10	1 434 289	1 513 477
General administrative expenses	11	1 689 781	1 450 405
Depreciation in the year	12	287 823	200 491
Operating Expenses		**3 411 892**	**3 164 374**
Provisions net of reinstatement and annulments	13	35 305	-
Correction of value associated with loans to customers and receivables from other debtors (net of reinstatement and annulments)	14	31 458	
Impairment of other financial assets net of reversals and recoveries	15	129 062	-
Impairments and Provisions		**195 824**	**-**
Net income before income tax		**(2 949 282)**	**(2 613 173)**
Current taxes	16	47 148	45 108
Deferred taxes	16	(1 504 576)	-
Income Taxes		**(1 457 428)**	**(45 104)**
Net Income for the year		**(1 491 854)**	**(2 658 277)**
Basic Earnings per share	17	(0.24)	(0.53)
Diluted Earnings per share	17	(0.24)	(0.53)

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.
Cash flow statement for the years ended December 31 2015 and 2014

	Notes	2015 Euros	(Restated) 2014 Euros
Operating cash flow			
Interest, commissions and other revenues	-	733 035	467 867
Interest, commissions and other paid expenses	-	(215 665)	(49 003)
Payments to suppliers and employees	-	(2 797 430)	(2 624 427)
Other payables and receivables	-	(169 308)	1 051 923
		(2 449 368)	**(1 153 640)**
Change in Operating Assets and Liabilities			
Loans to customers	-	(1 872 619)	-
Resources from credit institutions	-	36 923 064	28 329 465
Resources from customers	-	4 200 947	742 976
		39 251 392	**29 072 442**
Net cash flow from operating activities before tax on profits		**36 802 025**	**27 918 802**
Paid taxes on profits		(36 049)	(40 557)
		36 765 976	27 878 245
Cash flow from investing activities			
Investments in credit institutions	-	(29 703 868)	(936 532)
Sale of tangible and intangible assets	-	-	2 031 236
Available-for-sale financial assets	-	(12 147 409)	(3 435)
Acquisition of tangible and intangible assets	-	(1 290 607)	(1 704 385)
Held-to-maturity investments	-	(2 200 000)	-
Net cash flow from investing activities		**(45 341 883)**	**(613 116)**
Cash flow from financing activities			
Share capital increase	-	9 250 000	2 000 000
Net Cash flow from financing activities		**9 250 000**	**2 000 000**
Net change in cash and cash equivalents	-	674 092	29 265 128
Cash and equivalents at the beginning of the year	-	30 125 285	860 157
Cash and equivalents at the end of the year		30 799 378	30 125 285
Cash and equivalents includes:			
Cash and balances atcentral banks	18	15 886 249	163 311
Balances atother credit institutions	19	14 913 128	29 961 974
Total		30 799 378	30 125 285

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.
Statement of changes in equity for the years ended December 31 2015 and 2014

(Amount expressed in Euro)

	Total equity	Equity	Legal reserve	Fair value reserves	Other reserves	Retained earnings	Net income for the year
Balance at 31 December 2013	**21 557 803**	**25 000 000**	**-**	**-**	**-**	**(-1 099 462)**	**(2 342 735)**
Appropriation of net income	-	-	-	-	-	(2 342 735)	2 342 735
Revaluation *reserves based on the fair value valuation*	54	-	-	54	-	-	-
Capital increase to cover losses	2 000 000	-	-	-	-	2 000 000	-
Net income for the year	(2 658 277)	-	-	-	-	-	(2 658 277)
Balance at 31 December 2014	**20 899 581**	**25 000 000**	-	**54**	**-**	**(1 442 197)**	**(2 658 277)**
Appropriation of net income	-	-	-	-	-	(2 658 277)	2 658 277
Revaluation *reserves based on fair value valuation*	(381 365)	-	-	(381 365)	-	-	-
Reserves from deferred taxes *based on fair value valuation*	85 795	-	-	85 795	-	-	-
Capital increase to cover losses	9 250 000	9 250 000	-	-	-	_	-
Net income for the year	(1 491 854)	-	-	-	-	_	(1 491 854)
Balance at 31 December 2015	**28 362 156**	**34 250 000**	**-**	**(295 516)**	**-**	**(4 100 473)**	**(1 491 854)**

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.
Statement of comprehensive income for the years ended December 31 2015 and 2014

	2015 Euros	(Restated) 2014 Euros
Items that shall be reclassified to the statement of income		
Fair value reserve	(381 311)	54
Tax effect	85 795	-
Other comprehensive income for the year after taxes	(295 516)	54
Net income for the year	(1 491 854)	(2 658 277)
Total comprehensive income for the year	**(1 787 370)**	**(2 658 222)**

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

BNI – Banco de Negócios Internacional (Europa), S.A. ("Banco" or "Banco BNI Europa") is a public company, with its head office in Portugal at Praça Marquês de Pombal, 16 - 3rd Floor, set up by public deed on 2nd June, 2009. The Bank resulted from the change in business name and business purpose of BIT – TITANIUM, Consultoria de Banca e Seguros, S.A., having been transformed into a Bank by public deed on 9th April, 2012. When the company was initially set up, its main activity consisted of providing strategic and economic consulting services to banks and insurance companies, providing accounting services, business consultancy and management, technical consultancy support for creating, developing, expanding and modernizing financial and non-financial businesses, carrying out promotions, marketing and financial market prospection, and the company could also participate in setting up or acquiring shareholdings in companies with a different business purpose than that mentioned above, in companies regulated by special laws and in complementary business groups.

Nowadays the business purpose of Banco BNI Europa is restricted to banking, including all ancillary, related or similar operations, compatible with that activity and permitted by law. The Bank began its banking activity on 16th July, 2014.

NOTE 1

BASISFOR PRESENTATION

Within the scope of the provisions of Regulation (EC) no. 1606/2002 of the European Parliament and the Council, of 19 July 2002, in its transposition to Portuguese legislation through Decree-Law no. 35/2005 of 17 February and *Aviso* no. 1/2005 of the Bank of Portugal, the Bank's financial statements are prepared according to the Normas de Contabilidade Ajustadas (NCA), as defined by the Bank of Portugal.

The NCA reflect the application of the IFRS (International Financial Reporting Standards), as adopted by the European Union, to the individual financial statements, except for some matters regulated by the Bank of Portugal, such as impairment of loans and advances to customers and accounting with regard to recognizing adjustments of retirement and survivor's pensions in retained earnings.

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

The Bank's financial statements presented herewith, refer to the year ended 31 December, 2015 and were prepared in accordance with the NCA, which include the IFRS in force as adopted by the European Union up to 31 December, 2015. The accounting policies used by the Bank to prepare its financial statements as at 31 December, 2015 are consistent with those used in preparing the annual financial statements as at 31 December, 2014.

The financial statements are expressed in Euros and were prepared in accordance with the principle of historic cost, except for the assets and liabilities recorded at their fair value. The sum totals presented in the financial statements and respective notes may present small discrepancies as a result of rounding up to a unit.

The preparation of the financial statements in accordance with the NCA require the Bank to make judgments and estimates and use assumptions that affect the application of the accounting policies and the amounts in income, expenses, assets and liabilities. Changes to such assumptions or differences in them compared to reality could have an impact on the current estimates and judgments. The areas involving greater judgment or complexity, where significant assumptions and estimates are made in preparing the financial statements, are analyzed in **note 3**.

These financial statements were approved at the meeting of the Board of Directors on 15th February, 2016.

NOTE 2

MAIN ACCOUNTING POLICIES

The most significant accounting policies used in preparing the financial statements were the following:

2.1 FINANCIAL ASSETS

2.1.1 Financial assets available for sale

The financial assets available for sale held with the objective of being maintained by the Bank, namely, bonds, treasury bonds or shares, are classified as available for sale, except if they are classified in another category of financial assets.

The financial assets available for sale are recognized initially at fair value, including the costs or income linked to transactions. The financial assets available for sale are later measured at fair value. Changes to fair value are recorded to offset fair value reserves up to the time when they are sold or up to impairment losses being recognized, in which case they are then recognized in the profit/loss.

When disposing of financial assets available for sale, the accrued gains or losses recognized in fair value reserves are recognized in the heading "Profit/loss from financial assets available for sale" in the income statement.

Interest from debt instruments is recognized based on the effective interest rate in financial margin, including a premium or discount, when applicable. Dividends are recognized in earnings when the right to receipt has been attributed.

At each balance sheet date, an assessment of the objective evidence of impairment is performed. A financial asset or group of financial assets is found to be impaired whenever there is objective evidence of impairment resulting from one or more events that occur after its initial recognition, such as: (i) for listed securities, a continuous devaluation or significant devaluation in their price; and (ii) for unlisted securities, when that event (or events) has an impact on the estimated value of the future cash flows from the financial asset or group of financial assets, that can be reasonably estimated.

Provisions, according to *Aviso* no. 3/95 of the Bank of Portugal are set up for these financial assets.

2.1.2 Investments held until maturity

In this category, non-derivative financial assets are recognized that have fixed or determinable payments and fixed maturity, for which the Bank has the intention and capacity to maintain until maturity and which were not designated for any other category of financial assets.

Financial assets classified in this category are initially recognized at their fair value plus the transaction costs, and then later measured at amortized cost, based on the effective interest method, less impairment losses.

At each balance sheet date, an assessment of the objective evidence of impairment is performed. A financial asset or group of financial assets is found to be impaired whenever there is objective evidence of impairment resulting from one or more events that occur after its initial recognition, such as: (i) for listed securities, a continuous devaluation or significant devaluation in their price; and (ii) for unlisted securities, when that event (or events) has an impact on the estimated value of the future cash flows from the financial asset or group of financial assets, that can be reasonably estimated.

Provisions for country risk, according to *Aviso* no. 3/95 of the Bank of Portugal are set up for these financial assets.

2.1.3 Loans and advances to customers

Loans and advances to customers includes the loans originated by the Bank, without the intention of short-term sale, and are recorded on the date on which the amount of the loan is made available to the customer, at its nominal value, according to *Aviso* no.1/2005 by the Bank of Portugal, plus the transaction costs, and are subsequently valued at the amortized cost, based on the effective interest method, less impairment costs.

Loans and advances to customers are only derecognized from the balance sheet when: (i) the Bank's contractual rights regarding the respective cash flows expire, (ii) the Bank substantially transferred all the risks and benefits associated to holding them, or (iii) notwithstanding the Bank having retained part, but not substantially all, of the risks and benefits linked to holding them, control over the assets was transferred.

The existence of objective evidence of impairment in the credit portfolio must be regularly assessed. Identified impairment losses are offset through profit and loss, and are subsequently reversed through profit and loss if, in a later period, the amount of the estimated loss decreases.

After the initial recognition, a customer loan or portfolio of customer loans, defined as a set of loans of similar risk characteristics, may be classified with impairment when there is objective evidence of impairment resulting from one or more events and when these have an impact on the estimated value of the future cash flows from the customer loan or portfolio of customer loans, whose measurement may be reasonably estimated.

According to IAS 39, a loan granted to customers that has been individually assessed as to its impairment and having concluded that it is impaired, must not be included in a portfolio of granted loans that is collectively assessed as to its impairment.

A loan granted to customers that have been individually assessed as to impairment and having concluded that it is not individually impaired must be included in a collective impairment assessment.

When performing the collective impairment assessment, loans are grouped together based on similar credit risk characteristics, depending on the risk assessment defined by the Bank. Future cash flows to a loan portfolio, whose impairment is assessed collectively, are estimated based on contractual cash flows and on the historic loss experience. The methodology and assumptions used to estimate future cash flows will be revised regularly by the Bank in order to monitor differences between the estimated losses and the actual losses.

According to the NCA, the value of loans must undergo correction, according to strict and prudent criteria so that it reflects their realizable value, at any given time. This value correction (impairment) cannot be less than the value determined in accordance with *Aviso* no. 3/95 of the Bank of Portugal, which establishes the minimum reference framework for setting up specific and generic provisions.

Provisions, according to *Aviso* no. 3/95 of the Bank of Portugal are set up for the loan portfolio, namely for:

- Specific credit risks (overdue and doubtful debt);
- General credit risks; and
- Country risk.

Provisions for overdue credit and interest are for overcoming the risk of the irrecoverability of credit with overdue and unsettled capital installments or interest, depending on any existing guarantees, and their amount increases in line with the time elapsed since their default.

Provisions for other doubtful debts are for overcoming the risks of not collecting the installments falling due, with regard to outstanding loans of that kind.

When the Bank considers that a certain loan is irrecoverable and a 100% impairment loss has been recognized, it is written off.

2.2 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or groups for disposal (group of assets to be disposed of in conjunction in a single transaction, and directly linked liabilities which include at least one non-current asset) are classified as held for sale when their balance sheet value is recovered mainly through a sale transaction (including those acquired exclusively with the objective of being sold), the assets or groups for disposal are available for immediate sale and it is highly likely they will be sold.

Assets received in kind for credit recovery, which correspond to real estate, equipment and other property received in lieu of payment, are recorded, at their initial recognition, for the lowest of their fair value less the expected costs of sale and the balance sheet value of the credit granted that is the object of recovery. Unrealized losses with the thus ascertained assets are recorded in profit and loss. Regular evaluations are made, which give rise to impairment losses whenever the value arising from such evaluations is lower than the carrying value. The potential capital gains on assets received in kind for recovery of credit are not recognized in the balance sheet.

2.3 FINANCIAL LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation to settle through the exchange of money or another financial asset, regardless of its legal means.

Non-derivative financial assets include resources from credit institutions, borrowings, responsibilities represented by securities and other underlying liabilities.

These financial assets are recorded (i) initially at their fair value less incurred transaction costs and (ii) subsequently at amortized cost, based on the effective interest method.

2.4 DERIVATIVE FINANCIAL INSTRUMENTS

The Bank designates derivatives and other financial instruments to hedge interest rate and exchange rate risks resulting from financing and investment activities. The derivatives that do not qualify for hedge accounting are recorded as for trading.

Hedge derivatives are recorded at fair value and the gains or losses resulting from their revaluation are recognized according to the hedge accounting model adopted by the Bank. A hedge relationship exists when:

- On the date of the start of the relationship there is formal hedging documentation;
- It is expected that the hedge will be highly effective;
- The effectiveness of the hedge can be reliably measured;
- The hedge is evaluated on a continuous basis and effectively determined as being highly effective over the financial reporting period; and
- With regard to the hedge of a foreseen transaction, this is highly probable and has exposure to variations in cash flows that could in the last analysis affect the results.

When a derivative financial instrument is used to hedge exchange variations in asset or liability monetary items, no hedge accounting model is applied. Any gain or loss linked to the derivative is recognized in the profit and loss for the period, as well as the variations in the exchange risk of the underlying monetary items.

2.5 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are shown in the balance sheet at their net value when there is a legal possibility of offsetting the amounts recognized and there is the intention of selling them for their net value or simultaneously realizing the asset and selling the liability.

2.6 TANGIBLE ASSETS

Tangible assets are recorded at acquisition cost less the respective accrued amortizations and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the goods.

The subsequent costs with tangible assets are recognized only if it is probable that they will result in future economic benefits for the Bank. All the expenses with maintenance and repairs are recognized as a cost, in accordance with the accrual principle.

Amortizations regarding tangible assets are calculated according to the straight line method, at the following amortization rates which reflect the expected useful life of the goods:

	Number of years
Real estate:	
Works on rented real estate	8

	Number of years
Equipment	
Furniture and materials	4 to 8
Machinery and tools	5 to 8
Computer equipment	3 to 7
Indoor facilities	8 to 10
Security equipment	5 to 8
Other equipment	5 to 8

When there is indication that an asset might be impaired, the IAS 36 requires that its recoverable value be estimated, and an impairment loss must be recognized whenever that net value of an asset exceeds its recoverable value. Impairment losses are recognized in the income statement.

The recoverable value is determined as the highest of its net sales price and its value in use, the latter being calculated based on the current value of the estimated future cash flows which are expected to be obtained from the continuous use of the asset and of its disposal at the end of its useful life.

2.7 INTANGIBLE ASSETS

The costs incurred with the acquisition, production and development of software are capitalized, as well as the additional expenses supported by the bank, required for its implementation. These costs are amortized in a linear manner throughout the expected useful life of these assets which is normally between 3 and 6 years.

Costs directly related to computer software development, which are expected to come to generate future economic benefits for more than one year, are recognized and recorded as intangible assets.

All remaining charges related to computer services are recognized as costs when incurred.

2.8 LEASES

The Bank classifies lease operations as financial leases or operational leases, depending on their substance and not on their legal form, in compliance with the criteria defined in IAS 17 – Leases. Operations in which the risks and benefits inherent to the ownership of an asset are transferred to the lessee are classified as financial leases. All remaining lease operations are classified as operational leases.

Operational leases

Payments made by the Bank under operational lease contracts are recorded in costs for the periods to which they refer.

2.9 TAXES ON PROFITS

Taxes on profits include current taxes and deferred taxes. Taxes on profits are recognized in the profit and loss except when they is related to items that are directly recognized in equity, in which case they are also recorded to offset equity.

Current taxes are what are expected to be paid based on the taxable result ascertained in accordance with the tax rules in force and using the approved or substantially approved tax rate.

Deferred taxes are calculated, based on the balance sheet, on the temporary differences between the carrying values of the assets and liabilities and their tax base, using the approved or substantially approved tax rate as at the balance sheet date and which it is hoped will be applied when the temporary differences are reversed.

Deferred tax liabilities are recognized for all taxable temporary differences, differences resulting from the initial recognition of assets and liabilities that do not affect the accounting or tax profit and the differences related to investments in subsidiaries in as far as it is not probable that they will be reversed in the future.

Deferred asset taxes are recognized only in as far as it is expected that there will be future taxable profits that can absorb the deductible temporary differences.

2.10 PROVISIONS

Provisions are recognized when (i) the Bank has a present, legal or constructive obligation, (ii) it is probably that its payment will be demanded and (iii) when a reliable estimate of the value of that obligation can be made.

In cases in which the discount effect is material, the provision corresponds to the current value of the expected future payments, discounted at a rate that considers the risk linked to the obligation.

2.11 FINANCIAL GUARANTEES

Financial guarantees are considered to be contracts that require that their issuer makes payments with a view to compensating the holder for losses incurred arising from breaches of the contractual terms of debt instruments, namely the payment of the respective capital and/or interest.

Issued financial guarantees are initially recognized at their fair value. Subsequently, these guarantees are measured using the greater (i) of the fair value recognized initially and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any variation in the value of the obligation associated with the financial guarantees is recognized in profit and loss.

Financial guarantees normally have defined maturity and a periodic commission charged in advance, which varies depending on the risk of the counterpart, the amount and period of the contract. On this basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the value of the initial commission received taking into consideration that the conditions agreed are the market ones. As such, the value recognized on the date of the contract equals the sum of the initial commission received which is recognized in profit and loss for the period to which it refers. Subsequent commissions are recognized in profit and loss for the period to which they refer.

2.12 EQUITY INSTRUMENTS

An instrument is classified as an equity instrument when there is no contractual obligation for its sale to be made by means of an exchange of money or another financial asset, regardless of its legal form, showing a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issue of equity instruments are recorded against equity as a deduction from the issue value. Sums paid and received for the purchase and sale of equity instruments are recorded in equity, net of the transaction costs.

Distributions carried out on behalf of equity instruments are deducted from equity as dividends when declared.

2.13 RECOGNIZING INTEREST

Profits and losses regarding the interest on financial instruments measured at amortized cost are recognized in the headings of interest and similar income or interest and similar expenses, using the effective interest method.

The effective interest method is the rate that exactly discounts the future estimated payments or receipts during the expected life of the financial instrument or, when appropriate, a shorter period, for the current net balance sheet value of the financial asset or liability.

The effective interest rate is established when initially recognizing the financial assets and liabilities and is not subsequently revised.

In order to calculate the effective interest rate, future cash flows are estimated, considering all the contractual terms of the financial instrument, but not considering any future credit losses. The calculation includes commission that is an integral part of the effective interest rate, transaction costs and all premiums and discounts directly related to the transaction. In the case of financial assets or groups of similar financial assets for which impairment losses have been recognized, the interest recorded in interest and similar income is determined based on the interest rate used for measuring the impairment loss.

Specifically regarding the policy for recording overdue credit interest, the following aspects are considered:

- Until reaching the prudently evaluated hedge limit, overdue credit interest with real guarantees is recorded against profit and loss, in accordance with IAS 18 on the assumption that there is a reasonable probability that it will be recovered; and

- Interest already recognized and not paid regarding credit more than 90 days overdue that is not hedged by a real guarantee is canceled, and is only recognized when received, as, within the scope of IAS 18 it is considered that is unlikely that it will be recovered.

2.14 RECOGNIZING REVENUE FROM SERVICES AND COMMISSION

Revenue from services and commission is recognized as follows:

- The revenue from services and commission obtained when executing a significant act is recognized in profit and loss when the significant act has been concluded;
- Revenue from services and commission obtained as the services are provided is recognized in profit and loss in the period to which it refers; and
- Revenue from services and commission which is an integral part of an effective interest rate of a financial instrument is recorded in profit and loss using the effective interest rate.

2.15 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in circulation during the year.

The diluted earnings per share is calculated by adjusting the effect of all the potential diluting ordinary shares to the weighted average number of ordinary shares in circulation and to the net profit.

2.16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents encompass the values recorded in the balance sheet with a maturity of less than three months counting from the date of acquisition/contracting, which include cash, balances at central banks and balances at credit institutions.

Cash and cash equivalents exclude the value of mandatory deposits made with central banks.

2.17 FOREIGN CURRENCY OPERATIONS

Transactions in foreign currency are converted at the exchange rate on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into euros at the exchange rate in force on the balance sheet date. Exchange differences resulting from this conversion are recognized in profit and loss.

Non-monetary assets and liabilities recorded at historic cost, expressed in foreign currency, are converted at the exchange rate on the date of the transaction.

Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the exchange rate in force on the date in which the fair value was determined.

The resulting exchange differences are recorded in profit and loss, except with regard to the differences related to shares classified as financial assets available for sale, which are recorded in reserves.

2.18 EMPLOYEE BENEFITS

The Bank has no defined benefit plan, and so there is no responsibility to pay retirement pensions, disability pensions or survivor's pensions.

NOTE 3

MAIN ESTIMATES AND JUDGMENTS USED IN COMPILING THE FINANCIAL STATEMENTS

The NCA set out a series of accounting treatments and require that the Board of Directors makes the necessary judgments and estimates in order to decide on the most appropriate accounting treatment. The main accounting estimates and judgments used in the Bank's application of the accounting principles are discussed in this note with the objective of improving the understanding of how their application affects the results reported by the Bank and their disclosure.

A broader description of the main accounting policies used by the Bank is presented in **note 2** to the financial statements.

Considering that in some situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different should a different treatment have been chosen.

The Board of Directors believes that the choices made are appropriate and that the financial statements adequately present the financial standing of the Bank and the result of its operations in all materially relevant aspects.

3.1 IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

The Bank periodically reviews its credit portfolio in order to assess if there is any impairment, as mentioned in **note 2.1.3** using as a reference the minimum levels required by the Bank of Portugal through *Aviso* no. 3/95

The credit portfolio assessment process for determining if an impairment loss should be recognized is subject to various estimates and judgments. This process includes factors such as default frequency, risk ratings, loss recovery rates and estimates both of future cash flows and when they will be received.

Using alternative methodologies and other assumptions and estimates could result in different levels of recognized impairment losses, with the consequential impact on the Bank's results.

3.2 CURRENT AND DEFERRED TAXES ON PROFITS

Determining the amount of taxes on profits requires certain interpretations and estimates. There are various transactions and calculations for which the determination of the final vale of the tax to be paid is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of current and deferred taxes on profits, recognized in the year.

It is the responsibility of the Tax Authorities to review the calculation of the taxable base made by the Bank, during a period of four to six years, should there be reportable tax losses. In this way, it is possible that there are corrections to the taxable base, resulting mainly from differences in the interpretation of the tax legislation. However, the Board of Directors of the Bank firmly believes that there will be no significant corrections to the taxes on profits recorded in the financial statements.

3.3 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value is based on market prices, when available, and in their absence, it is determined based on using the prices of recent similar transactions carried out in market conditions or based on evaluation methodologies, based on discounted future cash flow techniques considering the market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments for estimating the fair value.

Consequently, the use of different methodologies or different assumptions or judgments when applying a certain model could give rise to different financial results from those reported.

NOTE 4

RETROSPECTIVE RESTATEMENT OF ERRORS

The 2014 financial statements are presented in their "Restated" form, as some costs incurred in 2014, directly related to the development of projects recognized in intangible assets and generating a future economic benefit were incorrectly included in the income statement as at 31 December 2014 for the overall amount of Euros 232,315.

Consequently, the amortizations for the year with regard to those intangible assets were not correctly reflected in the income statement as at 31 December, 2014 for the amount of Euros 3,536.

The effect of restating the financial statements for the year ended 31 December, 2014 is presented below, there being no effects on the December 2013 financial statements, in as far as the projects for implementing the core application, homebanking and methods of payment, only began in 2014 and 2015.

	Effect in 2014 Euros	(restated) 2014 Euros	2014 Euros
(Decrease) in staff costs	181,881	1,513,477	1,695,358
(Decrease) in general administrative expenses	50,435	1,450,405	1,500,840
(Increase) in amortizations and depreciation	(3,536)	200,491	196,955
(Increase) in the net profit for the year	**228,779**		
(Increase) in intangible assets	(232,315)	1,522,124	1,289,809
(Decrease) in intangible assets (amortizations)	3,536	(35,348)	(31,812)
(Increase) in equity	**(228,779)**		

NOTE 5

FINANCIAL MARGIN

This heading is composed of:

	2015 Euros	2014 Euros
Interest and similar income:		
Balances at central banks	113	14
Investments in credit institutions	197,952	404,765
Interest on customer loans	59,734	1,083
Interest on credit overdue	1	-
Interest on other financial assets	337,288	-
Commission received linked to the amortized cost of lending operations	4,937	-
	600,025	**405,862**
Interest expenses and similar charges:		
Resources from credit institutions	174,903	55,289
Interest on resources from customers	21,720	8,983
Other borrowings	-	1,747
	196,623	**66,019**
Financial margin	**403,402**	**339.843**

The heading **Interest and similar income**, in the amount of Euros 600,025 (2014: Euros 405,862), mostly comprises interest on short-term deposits entered into with Caixa Geral de Depósitos, S.A., Millennium BCP, S.A. and Commerzbank AG, in the amount of Euros 197,952 (2014: Euros 404,765), income linked to investments in bonds and investments in commercial paper, in the amount of Euros 337,288 (2014: Euros 0), as well as interest on loans granted to customers, in the amount of Euros 59,734 (2014: Euros 1,083).

In the heading **Interest expenses and similar charges**, Interest on resources from credit institutions refers to interest incurred with short-term loans contracted with Banco Privado Internacional, S.A., with its head office in Cape Verde Cabo Verde, in the amount of Euros 146,164 (2014: Euros 50,361), from investments from Banco de Negócios Internacional, S.A.,

NOTE 5

with its head office in Angola, in the amount of Euros 28,739 (2014: Euros 4,928), and interest on customer resources, in the amount of Euros 21,790 (2014: Euros 8,983).

NOTE 6

INCOME FROM SERVICES AND COMMISSION

This heading is composed of:

	2015 Euros	2014 Euros
Income from services and commission		
Documentary operations	47,281	15
For commitments undertaken	34,061	-
For services rendered	144,033	19,569
Other commission received	34,512	13,132
	259,886	**32,715**
Expenses with services and commission:		
For guarantees received	1,184	5,732
For banking services provided by third parties	29,717	3,893
	30,901	**9,625**
Net profit from services and commission	**228,985**	**23,091**

The heading **Income from services and commission**, in the amount of Euros 259.886 (2014: Euros 32,715) shows a year-on-year increase due to the increase in the banking activity that occurred in 2015. The heading **Documentary operations** refers to commission on documentary remittances resulting from confirming letters of credit. The heading **For services rendered** includes commission on transfers of operations ordered by customers of Banco de Negócios Internacional, S.A. in the amount of Euros 54,052 (2014: Euros 19,569), and commission from studying and arranging in the amount of Euros 47,500 (2014: Euros 0), and commission from credit operations in the amount of Euros 40,483 (2014: Euros 0).

The **Expenses with services and commission** in the amount of Euros 30,901 (2014: Euros 9.625) are composed of banking services provided by third parties, in the amount of Euros 29,717 (2014: Euros 3,893), which essentially refer to maintenance costs and services provided regarding accounts open with correspondent banks and financial counterparts, as well as commission regarding a bank guarantee in favor of the Bank in the amount of Euros 1,184 (2014: Euros 5,732), issued within the scope of the rental contract for the Bank's premises (**note 11**).

NOTE 7

PROFIT/LOSS FROM FINANCIAL ASSETS AVAILABLE FOR SALE

The balance of this heading, in the negative amount of Euros (1,409) (2014: Euros 0) refers to an effective loss on the sale of bonds, in accordance with the accounting policy described in **note 2.1.1**.

NOTE 8

PROFIT/LOSS FROM EXCHANGE REVALUATION

This heading amounts to Euros 22,851 (2014: Euros -28.546), regarding the effective results arising from real exchange operations and the results regarding the exchange revaluation process of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in **note 2.17**.

NOTE 9

OTHER OPERATING PROFIT/LOSS

This heading is composed of:

	2015 Euros	2014 Euros
Other operating income:		
Gains in non-financial assets	-	112,347
Reimbursement of expenses	60,059	75,357
Corrections from previous periods	-	92,000
Other operating income	7,544	2,741
	67,603	**282,445**
Other operating costs		
Indirect taxes	18,840	5,224
Other operating costs	44,157	60,408
	62,997	**65,632**
Other Operating Profit/Loss	**4,606**	**216,813**

The heading **Other operating income** includes the **Reimbursement of expenses** in the amount of Euros 60,059 (2014: Euros 75,357) regarding re-invoicing of expenses to Banco de Negócios Internacional, S.A., as well as **Other operating income** in the amount of Euros 7,544 (2014: Euros 2.741) regarding the subsidy received by IEFP within the scope of a professional internship that took place during 2015.

The heading **Other operating costs** includes **Indirect taxes** in the amount of Euros 18,840 (2014: Euros 5,224), the majority of its value referring to the contribution falling on the banking sector in the amount of Euros 18,756 (2014: Euros 0), as well as **Other operating costs** in the amount of Euros 44,157 (2014: Euros 60.408), Euros 8,215 (2014: Euros 60.306) being with regard to contributions towards the Deposit Guarantee Fund and towards the Resolution Fund, which became mandatory as from the start of the Bank's activity. **Other operating costs** also includes the amount of Euros 35,039 (2014: Euros 0) regarding the write-off of intangible assets.

NOTE 10

STAFF COSTS

This heading is composed of:

	2015 Euros	(restated) 2014 Euros
Remunerations	1,397,033	1,378,147
Mandatory social security charges	299,298	296,031
Capitalized remunerations and charges	(316,940)	(181,881)
Other charges	54,898	21,180
	1,434,289	**1,513,477**

The Bank has a vast set of projects underway, of which of particular note are its core application, methods of payment and most recently, Homebanking. These projects have required a significant internal effort to support their implementation, an effort which is based on internal manpower and without which the project could not have been implemented and nor lead to the generation of future economic benefits. As such, and in compliance with the provisions of IAS 39, in 2015, the amount of Euros 316,940 was capitalised (2014: Euros 181,881) with regard to staff costs which were necessary to put the said intangible assets into operation. The effects arising from the capitalization carried out in 2014 are described in **note 4**.

The total value of fixed remunerations attributed to the Board and Supervisory Bodies, in 2015, recorded in the heading **Remunerations,** amounted to Euros 750,751 (2014: Euros 551,365) and the costs borne with contributions to Social Security in the amount of Euros 169,391 (2014: Euros 116,752).

The value of the above-mentioned remunerations, for 2015, can be analyzed as follows:

	2015 Euros
Pedro Nuno Munhão Pinto Coelho	126,855
António Miguel Maurício Rola Costa	226,773
Nuno Luís do Rosário Martins	178,227
Paulo Alexandre Jacob dos Santos Santana	179,162
Pedro Manuel Travassos de Carvalho	9,840
Carlos Alberto Garcia Poço	8,000
Ana Gomes & Cristina Doutor – SROC	21,894
of which:	
Internal control report	*5,166*
Money laundering report	*6,888*
	750,751

During 2015 and 2014, no sums for variable remuneration were attributed to the Board and Supervisory Bodies.

The net increase in the amount of the staff costs stands out for the nomination of an Executive Committee composed of four Directors, while in 2014 there were only three Directors.

The permanent employees working for the Bank, split into professional categories, were as follows:

	2015	2014
Directors	4	3
People responsible for functional areas	7	7
Technicians	5	6
Secretariat	1	1
Intern	-	1
	17	**18**

NOTE 11

GENERAL ADMINISTRATIVE EXPENSES

This heading is composed of:

	2015 Euros	(restated) 2014 Euros
Water, energy and fuel	26,441	18,519
Printed material and consumables	10,258	7,288
Other third party supplies	3,493	-
Hygiene and cleaning materials	1,245	2,197
Books and technical documentation	-	20
Tools	22	3
Rents and rentals	312,038	240,119
Communications and dispatch expenses	56,372	60,073
Travel, accommodation and entertainment	45,876	42,270
Advertising and publications	62,912	91,651
Conservation and repairs	20,008	32,387
Staff training	10,272	3,217
Insurance	11,841	10,323
Legal services, litigation and notaries	581	-
Security and surveillance	7,335	2,246
IT	34,679	17,699
Cleaning	11,768	10,217
Information	23,721	13,264
Data bank	53,527	41,841
Other specialized services	857,784	764,658
Other third party services	139,609	92,413
	1,689,781	**1,450,405**

The heading **Rents and rentals** in the amount of Euros 312,038 (2014: Euros 240.119) mostly refers to rents paid for the rental of the premises in the amount of Euros 141.911 (2014: Euros 141.215), the rental of IT equipment in the value of Euros 53,654 (2014: Euros 24,108), as well as vehicle rental in the value of Euros 116,350 (2014: Euros 74,795) and where, of these, rents were re-invoiced (**note 9**) in the amount of Euros 44,071 (2014: Euros 36,892).

The heading **Other specialized services** in the amount of Euros 857,784 (2014: Euros 764,658) essentially refers to the costs with consultancy in the amount of Euros 120,343 (2014: Euros 203,916), costs with maintaining software in the amount of Euros 446,130 (2014: Euros 363,685), costs with legal services in the amount of Euros 89,838 (2014: Euros 145,272), and costs with accounting services in the amount of Euros 104,923 (2014: Euros 65,321).

The heading **Other third party services** in the amount of Euros 139,609 (2014: Euros 92,413), is essentially regarding costs of software licensing in the amount of Euros 109,879 (2014: Euros 54,387).

The Bank entered into operational lease contracts whose outstanding rents as at 31 December, 2015 amount to Euros 243,867 (2014: Euros 206,194), of which the amount of Euros 57,222 (2014: Euros 90,322) will be re-invoiced to third parties. These contracts are considered to be operational leases as they do not obey the criteria of the International Accounting Standard 17 – Leases, to be considered to be financial leases.

The above-mentioned value is payable in the following periods:

	2015 Euros	2014 Euros
Up to 1 year	97,260	65,798
From 1 to 5 years	146,607	140,396
	243,867	**206,194**

The fees (excluding VAT) contracted with the Bank's Statutory Auditor within the scope of its statutory audit functions, are as follows:

	2015 Euros	2014 Euros
PricewaterhouseCoopers (PwC)		
Statutory auditing services	22,500	-
Compliance and assurance services	3,750	-
KPMG		
Statutory auditing services	-	17,000
Compliance and assurance services	-	5,500
	26,250	**22,500**

NOTE 12

AMORTIZATIONS IN THE YEAR

This heading is composed of:

	2015 Euros	(restated) 2014 Euros
Tangible assets:		
Real estate:		
Works on rented real estate	66,142	60,918
Equipment:		
Furniture and materials	19,162	18,006
Machinery and tools	2,396	1,948
IT equipment	4,879	5,695
Fixtures and fittings	532	152
Security equipment	6,902	6,829
Other equipment	390	373
Transport materials	-	-
	100,402	93,920
Intangible assets:		
Software	187,421	106,571
	287,823	200,491

NOTE 13

PROVISIONS

The provisions for the year, net of reversals are analysed as follows

	2015 Euros	2014 Euros
Provision for general credit risks		
Allocations	10,305	-
Reversals	-	-
	10,305	-
Provision for other risks and charges:		
Allocations	25,000	-
Reversals	-	-
	25,000	-
Total provisions for the period	35,305	-

As described in the accounting policy mentioned in **note 2.1.3**, provisions for general credit risk are set up in accordance with *Aviso* no. 3/95 by the Bank of Portugal. In 2015, the Bank chose to recognize a provision to cover various possible operating risks, the said provision being recorded in the heading **Provision for other risks and charges** in the amount of Euros 25,000 (2014: Euros 0).

NOTE 14

VALUE CORRECTIONS LINKED TO CUSTOMER LOANS AND RECEIVABLES FROM OTHER DEBTORS

Value corrections linked to customer loans and receivables from other debtors, net of reversals are analysed as follows:

	2015 Euros	2014 Euros
Provision for country risk		
Allocations	31,458	-
Reversals	-	-
	31,458	-

As described in the accounting policy mentioned in **note 2.1.3**, provisions for general country risk are set up in accordance with *Aviso* no. 3/95 by the Bank of Portugal.

All financial assets and off-balance sheet items falling on residents of countries considered to be a risk are subject to provisions for country risk being set up. As such, the provision set up aims to cover risks where the counterpart is in Angola.

NOTE 15

IMPAIRMENT OF OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES

Impairment of other financial assets net of reversals and recoveries is analyzed as follows:

	2015 Euros	2014 Euros
Provision for country risk:		
Allocations	129,062	-
Reversals	-	-
	129,062	**-**

As described in the accounting policy mentioned in **note 2.1.1**, provisions for general country risk are set up in accordance with *Aviso* no. 3/95 by the Bank of Portugal.

All financial assets and off-balance sheet items falling on residents of countries considered to be a risk are subject to provisions for country risk being set up. As such, the provision set up aims to cover risks where the counterparty is in Angola regarding the portfolio of financial assets available for sale (see note 20).

NOTE 16

TAXES

The burden with taxes on profits in the year is analysed as follows:

	2015 Euros	2014 Euros
Current taxes:		
For the year	48,430	35,654
Corrections regarding previous years	(1,282)	9,450
	47,148	**45,104**
Deferred taxes:		
Temporary differences	-	-
Reportable tax losses (Note 25)	(1,504,576	-
	(1,504,576)	**-**
Taxes	**(1,457,428)**	**45,104**

The Bank is subject to taxation for Corporate Tax and the corresponding Municipal Surcharge.

The calculation of the current tax for the year ended 31 December, 2015 was ascertained based on a nominal Corporate Tax rate and Municipal Surcharge of 22.5%, in accordance with Law no. 83-C/2013 of 31 December, Law no. 2/2007, of 15 January (which approved the Local Government Finance Law) plus an additional tax up to 7% regarding the State Surcharge which falls on taxable profits above 35 million Euros, within the terms provided for in Law no. 82-B/2014 of 31 December (State Budget Law for 2015).

The calculation of the current tax for the year ended31 December, 2014 was ascertained based on a nominal Corporate Tax rate and Municipal Surcharge of 24.5%, in accordance with Law no. 83-C/2013 of 31 December, Law no. 2/2007, of 15 January (which approved the Local Government Finance Law) plus an additional tax up to 7% regarding the State Surcharge which falls on taxable profits above 35 million Euros, within the terms provided for in Law no. 83-C/2013 of 31 December (State Budget Law for 2014).

The calculation of the deferred tax for the year ended 31 December 2015 was ascertained by the Bank based on the nominal Corporate Tax rate and Municipal Surcharge of 21%, in accordance with Law no. 82-B/2014 of 31 December (State Budget Law for 2015).

The Bank's statements of reverse charges are subject to inspection and possible adjustment by the Tax Authorities for a period of five years or twelve years, if the Bankreports any tax losses. Therefore, they could come to be additional tax payments essentially due to different interpretations of the tax legislation, even if it is the Board's firm belief that, within the context of the financial statements, no additional charges of a significant value will occur.

During 2015, a tax inspection was carried out by the Tax Authorities on the years 2011 and 2012, which did not result in any unfavorable taxation activities or taxation base for the Bank.

The reconciliation of the tax rate is analyzed as follows:

	2015		2014	
	%	**Euros**	**%**	**Euros**
Profit/loss before tax		(2,949,282)		(2,613,173)
Tax ascertained based on the tax rate	21.00%	619,349	21.00%	548,766
Deferred tax not allocated	-1.05%	(30,967)	-21.35%	(557,785)
Recognition/(reversal) of deferred taxes from previous years	31.06%	916,194	0.00%	-
Corrections regarding previous years	0.01%	282	-0.36%	(9,450)
Non-deductible costs	0.00%	-	-0.13%	(3,523)
Tax/accounting gains and losses	0.00%	-	0.48%	12,542
Autonomous taxation	-1.61%	(47,430)	-1.36%	(35,654)
	49.42%	**1,457,428**	**-1.73%**	**(45,104)**

As mentioned in **note 2.9** and **note 3**, the Bank periodically assesses the probability of recovering tax losses by carrying out for that purpose reviews with regard to the execution of the Business Plan and of the main underlying critical variables and estimates. Recognized deferred tax assets relating to tax losses are detailed in **note 27**.

NOTE 17

EARNINGS PER SHARE

The earnings per share are calculated as follows:

	2015 Euros	(restated) 2014 Euros
Net profit/loss	(1,491,854)	(2,658,277)
Average number of shares	6,282,329	5,000,000
Basic earnings per share	**(0.24)**	**(0.53)**
Diluted earnings per share	**(0.24)**	**(0.53)**

The basic earnings per share is calculated by dividing the net profit/loss by the weighted average number of ordinary shares in circulation during the year.

The diluted earnings per share is calculated by adjusting the effect of all the potential dilutive ordinary shares to the weighted average number of ordinary shares in circulation and to the net profit/loss.

As at 31 December, 2015 and 2014, the Bank held no potential dilutive ordinary shares, and so the diluted earnings per share is the same as the basic earnings per share.

CASH AND CASH-ON-HAND AT CENTRAL BANKS

Cash and Balances at Central Banks include sums available and others that, due to their nature, are similar, such as notes and coins in legal circulation in the country or abroad.

This heading is analyzed as follows:

	2015 Euros	2014 Euros
Cash and balances		
Cash in domestic currency	22,835	60
Cash in foreign currency	9,185	8,237
Demand deposits at the Bank of Portugal	15,441,029	9,614
Total cash and balances	**15,473,049**	**17,911**
Minimum reserves at Central Banks		
Deposits at the Bank of Portugal	413.200	145.400
Total minimum reserves	**413.200**	**145.400**
	15,886,249	**163.311**

The heading **Cash in domestic currency and in foreign currency**, in the overall amount of Euros 32,020 (2014; Euros 8,297), corresponds to sums deposited in safes which amount to Euros 22,835 and Dollars 10,000.

The heading Demand Deposits at the Bank of Portugal in the total amount of Euros 15,854,229 (2014: Euros 155,014) includes the balance with a view to meeting the legal requirements of minimum cash reserves, in the amount of Euros 413,200 (2014: Euros 145,400), calculated based on the amount of deposits and other effective responsibilities, as well as immediately available deposits in the amount of 15,441,029 (2014: Euros 9,514).

Under the regime for setting up cash reserves, in accordance with the directives of the European System of Central Banks in the Euro Zone, it is mandatory to maintain a deposit balance with the Central Bank for the equivalent of 1% on the average amount of the deposits and other responsibilities, over the course of each reserve allocation period. This rate is different for countries outside the Euro Zone.

NOTE 19

BALANCES AT CREDIT INSTITUTIONS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Demand deposits in the country	1,934,923	29,926,923
Demand deposits abroad	12,978,205	35,051
	14,913,128	**29,961,974**

The heading **Demand deposits in the country** refers to seven accounts that the Bank has with two credit institutions in the country and the heading **Demand deposits abroad** to four accounts with three credit institutions abroad, with the following amounts per institution:

	2015 Euros	2014 Euros
Demand deposits in the country		
In Euros		
Caixa Geral de Depósitos, S.A.	495,732	3,257,038
Millenium BCP, S.A.	1,037,020	1,570,974
Banco de Investimento Global, S.A. (BiG)	50,000	-
In Dollars		
Millenium BCP, S.A.	136,816	25,083,349
In Pounds Sterling		
Millenium BCP, S.A.	215,355	15,562
	1,934,923	**29,926,923**

	2015 Euros	2014 Euros
Demand deposits abroad		
In Euros		
Commerzbank AG	2,555,814	35,051
DeutscheBank AG	498,975	-
In Dollars		
Byblosbank BE	3,074	-
DeutscheBank US	9,920,342	-
	12,978,205	**35.051**
	14,913,128	**29,961,974**

NOTE 20

FINANCIAL ASSETS AVAILABLE FOR SALE

This heading comprises the follows:

	2015 Euros	2014 Euros
Portuguese public debt instruments	2,060,460	-
Non-subordinated debt instruments		
Issued by residents	4,186,105	-
Issued by non-residents	3,028,046	-
Subordinated debt instruments		
Issued by non-residents	1,213,131	-
Foreign public debt instruments	1,272,802	-
Equity instruments		
Issued by residents	10	-
Workers Compensation Fund	7,569	3,489
Accrued provisions for Country Risk	(129,062)	-
	11,639,062	**3,489**

In March 2015, the Bank started to investment in its own portfolio, namely through the acquisition of bonds, whose portfolio totals Euros 11,760,555 (2014: Euros 0). The bonds portfolio contains eligible securities, in the amount of euros 2,060,460, which are given as collateral within the scope of payments as a member of Target II.

The Bank has 1 share in VISA in the sum of Euros 10 (2014: Euros 0), which was acquired within the scope of the process for joining VISA Europe.

The Bank also has shares in the Workers Compensation Fund in the sum of Euros 7,569 (2014: Euros 3,489). The shares refer to the value of the installments paid towards the individual capitalization fund which aims to guarantee the payment of half the compensation due for the termination of a work contract as established by article 12 of Law no.70/2013 of 30 August.

As described in the accounting policy mentioned in **note 2.1.1**, the financial assets available for sale are presented at their market value, the respective fair value being recorded to offset fair value reserves, in accordance with **note 34**.

NOTE 21

INVESTMENTS IN CREDIT INSTITUTIONS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Investments in credit institutions in Euros		
Millenium BCP, S.A.	341,911	15,141,911
Banco de Investimento Global, S.A. (BiG)	3,450,000	-
Interest receivable	8,169	1,007
Investments in credit institutions in Dollars		
Millenium BCP, S.A.	13,777,900	3,294,622
Caixa Geral de Depósitos, S.A.	15,155,690	-
Commerzbank AG	1,837,053	-
Banco Finantia, S.A.	2,755,580	-
Novo Banco, S.A.	4,822,265	
Interest receivable	25,292	7,884
Head Office and Branches of own Institution		
BNI – Banco de Negócios Internacional, S.A.	6,000,000	-
Interest receivable	16,067	-
	48,189,928	**18,445,424**

The brackets of this heading by due dates are as follows:

	2015 Euros	2014 Euros
Up to 3 months	41,586,191	15,142,918
From 3 months to 1 year	6,603,737	3,302,506
	48,189,928	**18,445,424**

The heading **Investments in credit institutions** in the amount of Euros 48,189,928 (2014: Euros 18,445,424) shows a significant growth arising from achieving greater resources from credit institutions, which were applied to short-term lending and through concession of a treasury line to Banco de Negócios Internacional, S.A. (Euros 5,000,000, used in its entirety). The conceded credit line is guaranteed by the pledge of 3 deposits in dollars from Banco de

Negócios Internacional, S.A., whose exchange value at 31 December, 2015 corresponded to Euros 5,337,053 (**note 29**). There is also a short-term totally collateralized lending facility, in the amount of Euros 1,000,000.

As at 31 December, this heading gave rise to interest in the amount of Euros 197,952 (2014: Euros 404,765) regarding the remuneration on various investments made, the average annual rate standing at 0.70% (2014: 1.87%)

A term deposit has been set up with Millennium BCP, S.A., in the amount of Euros 141,911 maturing on 9 February 2016, which is collateral for a bank guarantee for the same amount issued in favour of the Bank (**note 6** and **note 11**).

Another deposit has also been set up with Millennium BCP, S.A. in the amount of Euros 200,000, which was given as a financial pledge in order to ensure the due compliance with the responsibilities assumed by the Bank, before BCP, S.A. linked to means of payment services.

NOTE 22

LOANS AND ADVANCES TO CUSTOMERS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Outstanding loans: Internal		
Businesses		
Loans Accounts	701,634	-
Overdrafts on demand deposits	36	-
Private individuals		
Other credit	69,865	-
External		
Businesses		
Loans Accounts	1,101,083	-
	1,872,619	**-**
Interest receivable	-	-
Commission at amortized cost	(107,401)	-
Overdue credit:		
Internal	-	-
External	-	-
	-	-
Provisions for Country Risk	(31,458)	-
	1,733,760	**-**

During 2015, the Bank granted the first credit operations to customers, there being no credit overdue to date.

The brackets of the heading Loans and advances to customers by due dates is as follows.

	2015 Euros	2014 Euros
Up to 3 months	36	-
From 3 months to 1 year	962,224	-
From 1 to 5 years	208,432	-
Over 5 years	563,067	-
	1,733,760	**-**

The heading Loans and advances to customers is presented according to the type of guarantee, as follows:

	2015 Euros	2014 Euros
Outstanding credit:		
Credit with real guarantees	962,224	-
Credit with personal guarantees	771,499	-
Credit with other guarantees	-	-
Credit without guarantees	36	-
	1,733,760	**-**

The exposure to outstanding credit by the amount loaned is shown as follows:

	2015 Euros	2014 Euros
Outstanding credit:		
Less than or equal to 50,000	36	-
From 50,000 to 250,000	208,432	-
From 250,00 to 500,000	-	-
From 500,000 to 1,000,000	563,067	-
Over 1,000,000	1,101,083	-
	1,872,619	**-**

The heading Loans and advances to customers is presented according to the type of rate, as follows:

	2015 Euros	2014 Euros
Outstanding credit:		
Fixed rate	1,733,760	-
Variable rate	-	-
	1,733,760	**-**

As at 31 December, this heading gave rise to interest in the amount of Euros 59,734 (2014: Euros 0) its average annual rate being 5.86% (2014: 0%)

NOTE 23

INVESTMENTS HELD UNTIL MATURITY

This heading is analysed as follows:

	2015 Euros	2014 Euros
Deposit certificates from public issuers	-	-
of which interest:	-	-
Short-term debt instruments issued by residents	2,200,000	-
of which interest:	2,263	-
	2,202,263	**-**

At 31 December, 2015 the portfolio of Financial assets held until maturity is analysed as follows:

Name	Country	Date of Interest	due date	Value Nominal Euros	Value balance Euros	Fair value Euros
From other issuers						
PTSO15JM0020	Portugal	January, 2016	4.00%	500,000	500,000	500,000
PTSO1UJ0029	Portugal	February, 2106	4.00%	500,000	500.000	500.000
PTTY0IJM0015	Portugal	January, 2016	1.55%	500,000	500.000	500.000
PTS61TJM0002	Portugal	March, 2016	1.50%	700,000	700.000	700.000
					2,200,000	**2,200,000**

In March, 2015, the Bank began investing in its own portfolio, having defined and implemented a strategy with the objective of maximizing the profitability of its short-term cash-on-hand in Euros and Dollars, having for that purpose acquired over the course of the year deposit certificates and commercial paper from Portuguese issuers.

NOTE 24

TANGIBLE ASSETS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Real estate:		
Works on rented real estate	529,133	529,133
Equipment:		
Furniture and materials	147,801	145,313
Machinery and tools	13,378	12,764
IT equipment	26,174	25,230
Fixtures and fittings	4,833	3,140
Security equipment	50,526	50,526
Other equipment	2,874	2,625
Transport materials	-	-
	774,719	**768,731**
Accrued depreciation:		
Regarding the current year	(100,402)	(93,920)
Regarding previous years	(218,434)	(124,514)
	(318,837)	**(218,434)**
	455,883	**550,297**

The movements that took place during 2015 in the heading **Tangible assets** are the following:

	Balance at 1 January Euros	Acquisitions/Allocations Euros	Transfer. Euros	Disposals/ Write-offs Euros	Balance at 31 December Euros
Acquisition value					
Real estate:					
Works on rented real estate	529,133	-	-	-	529,133
Equipment:					
Furniture and materials	145,313	2,488	-	-	147,801
Machinery and tools	12,764	614	-	-	13,378
IT equipment	25,230	944	-	-	26,174
Fixtures and fittings	3,140	1,693	-	-	4,833
Security equipment	50,526	-	-	-	50,526
Other equipment	2,625	249	-	-	2,874
Transport materials	-	-	-	-	-
	768,731	**5,988**	**-**	**-**	**774,719**

	Balance at 1 January Euros	Acquisitions/Allocations Euros	Transfer. Euros	Disposals/ Write-offs Euros	Balance at 31 December Euros
Accrued depreciation:					
Real estate:					
Works on rented real estate	143,334	66,141	-	-	209,475
Equipment:					
Furniture and materials	40,988	19,163	-	-	60,151
Machinery and tools	4,062	2,396	-	-	6,458
IT equipment	13,824	4,879	-	-	18,703
Fixtures and fittings	152	531	-	-	683
Security equipment	15,183	6,903	-	-	22,086
Other equipment	891	390	-	-	1,281
Transport materials	-	-	-	-	-
	218,434	**100,403**	**-**	**-**	**318,837**
	550,297	**(94,414)**	**-**	**-**	**455,883**

The movements in the heading **Tangible assets**, during 2014, are as follows:

	Balance at 1 January Euros	Acquisitions/Allocations Euros	Transfer. Euros	Disposals/ Write-offs Euros	Balance at 31 December Euros
Acquisition value					
Real estate:					
Works on rented real estate	527.214	58.818	(56.899)	-	529,133
Equipment:					
Furniture and materials	146.884	29.955	(31.526)	-	145,313
Machinery and tools	-	1.159	11.605	-	12,764
IT equipment	-	1.062	24.168	-	25,230
Fixtures and fittings	-	3,140	-	-	3,140
Security equipment	-	-	50.526	-	50.526
Other equipment	-	-	2.625	-	2.625
Transport materials	168.498	-	-	(168.498)	-
	842.596	**94.134**	**499**	**(168.498)**	**768.731**

	Balance at 1 January Euros	Acquisitions/Allocations Euros	Transfer. Euros	Disposals/ Write-offs Euros	Balance at 31 December Euros
Accrued depreciation:					
Real estate:					
Works on rented real estate	92.507	60.917	(10.091)	-	143.334
Equipment:					
Furniture and materials	31.509	18.006	(8.526)	-	40.988
Machinery and tools	-	1.948	2.114	-	4.062
IT equipment	-	5.695	8.129	-	13.824
Fixtures and fittings	-	152	-	-	152
Security equipment	-	6.829	8.355	-	15.183
Other equipment	-	373	518	-	891
Transport materials	168.498	-	-	(168.498)	-
	292.514	**93.920**	**499**	**(168.498)**	**218.434**
	550.082	**214**	**-**	**-**	**550.297**

NOTE 25

INTANGIBLE ASSETS

This heading is analysed as follows:

	2015 Euros	(restated) 2014 Euros
Intangible assets:		
Software in use	1,946,058	1,148,066
Software under construction	613,861	377,594
	2,559,920	**1,525,660**
Accrued amortizations:		
Regarding the current year	(187,421)	(38,884)
Regarding previous years	(24,376)	-
	(211,797)	**(38,884)**
	2,348,123	**1,486,776**

In 2014, the Board of Directors of the Bank decided to replace the application system supporting the business, this decision culminating in the acquisition of a new core application (Platform PFS from Exictos) and the discontinuation and sale to Banco de Negócios International S.A. of the core application that existed at that time (Miner from Wedo). The amounts presented regarding the year ended 31 December, 2014 already incorporate the new core application

As the processes for implementing the new core application, the means of payment and Homebanking were planned to be staggered, the amounts recorded in the financial statements express the investment already made and in use or still under development.

As such, the total intangible assets can be analysed as follows:

	2015 Euros	(restated) 2014 Euros
Intangible assets:		
Software in use	1,946,058	1,148,065
Oracle	*34,510*	*181,850*
Exictos	*1,505,230*	*902,380*
Others (Lmsis, Mainroad, Microsoft)	*32,242*	*10,067*
Wolters	*39,500*	*36,900*
Means of Payment	*334,576*	*16,868*
Software under construction	613,862	377,595
Oracle	*147,341*	-
Exictos	*167,618*	*317,650*
Means of Payment	*126,163*	*59,945*
Homebanking	*167,007*	-
Saving Global	*5,733*	-
	2,559,920	**1,525,660**

The Bank has been incorporating intangible assets in use regarding the core application and means of payment as they become available for the Bank to operate and the intangible assets under construction as the implementation project develops.

In this context, there are still investments to be recognized in the future which amount to around Euros 112,380 (2014: Euros 546,345) of which Euros 1,250 correspond to implementing a module in the core application from Exitos, Euros 94,105 to the Homebanking project, Euros 6,008 to the Saving Global project and Euros 11,017 to the Means of Payment project (**note 28**).

As mentioned in **note 10**, the projects have required a significant internal effort to support their implementation, an effort which is based on internal manpower and without which the project could not have been implemented nor lead to the generation of future economic benefits. As such, in compliance with the provisions of IAS 38, in 2015, the amount of Euros 316,940 (2014: Euros 181,881) was capitalised.

The movements in the heading **Intangible assets**, during 2015 and 2014, are as follows:

	(restated) Balance at 1 January Euros	Acquisitions/ Allocations Euros	Transf. Euros	Write-offs Euros	Balance at 31 December Euros
Acquisition value					
Software					
In use	1,148,065	944,109	(146,116)	-	1,946,058
Under construction	377,595	143,234	146,116	(53,083)	613.862
	1,525,660	**1,087,343**	**-**	**(53,083)**	**2,559,920**
Accrued amortizations:					
Software in use	38,884	187,421	-	(18,044)	208,261
	1,486,776	**899.922**	**-**	**(35,039)**	**2,351,659**

	Balance at 1 January Euros	Acquisitions/ Allocations Euros	Transf. Euros	Write-offs Euros	(restated) Balance at 31 December Euros
Acquisition value					
Software					
In use	-	572,571	1,765,706	(1,190,212)	1,148,065
Under construction	1,889,407	1,050,258	(1,765,706)	(796,364)	377,595
	1,889,407	**1,622,829**	**-**	**(1,986,576)**	**1,525,660**
Accrued amortizations:					
Software in use	-	106,571	-	(67,687)	38,884
	1,889,407	1,516,258		(1,918,889)	1,486,776

NOTE 26

ASSETS AND LIABILITIES DUE TO CURRENT TAXES

Assets and liabilities due to current taxes can be analysed follows:

	2015 Euros	2014 Euros
Income tax recorded in balance sheet Assets	5,327	4,650
Liabilities	47,430	35,654
Current tax recorded in profit/loss	(47,148)	(45,104)

The **current tax** recorded in assets, in the sum of Euros 5,327 (2014: Euros 4,650) refers to special advance payments. Payments made in 2015 and 2014 to the value of Euros 1,678 and Euros 1,650 respectively, are deductible from the taxable base of the same taxable year, or, should the tax base be insufficient, up to the 6th following taxation period. The part that cannot be deducted (after the six taxation periods) due to an insufficient tax base may be reimbursable on the Bank's request, on presenting an official request. Payments reported for 2013 and 2012, in the value of euros 2,000 are deductible from the tax base in the 4 periods following that of the payment. The part that cannot be deducted due to insufficient tax base will be reimbursed on the request of the company, as long as the requirements of paragraph 3 of Article 93 of the Portuguese Corporate Tax Code have been met.

In 2015, the tax burden paid, which includes special advance payments and autonomous taxations, amounted to Euros 36,049 (2014: Euros 40,557). The provision for taxes on profits was calculated according to the tax criteria in force at the balance sheet date.

The difference between the tax burden charged and the tax burden paid is analysed as follows:

	2015 Euros	2014 Euros
Tax burden charged (allocations)	(47,148)	(45,104)
Tax burden paid	36,049	40,557
Difference:		
Receivable	5,327	4,650
Payable	47,430	35,654

NOTE 27

ASSETS AND LIABILITIES DUE TO DEFERRED TAXES

The **Assets and Liabilities due to deferred taxes** recognised in the balance sheet are broken down as follows:

	2015		2014	
	Assets Euros	Liabilities Euros	Assets Euros	Liabilities Euros
Due to temporary differences resulting from valuing at fair value	85,795	-	-	-
Tax losses	1,504,576	-	-	-
	1,590,371	-	-	-
Net deferred taxes	**1,590,371**	**-**	**-**	**-**

The Assets due to deferred taxes regarding reportable tax losses and tax credit are recognized when there is a reasonable expectation that there will be future taxable profits. The uncertainty of the recoverability of reportable tax losses and tax credit is considered when ascertaining the assets due to deferred taxes.

The assets and liabilities due to deferred taxes are presented at their net value whenever, within the terms of the applicable legislation, the Bank can offset the assets due to current taxes with liabilities due to current taxes and whenever the deferred taxes are related to the same tax.

The calculation of the deferred tax on reportable tax losses was ascertained by the Bank based on the nominal Corporate Tax rate of 21%, according to Law no. 82-B/2014, of 31 December (State Budget Law for 2015).

The movement of deferred tax is analysed as follows:

	2015 Euros	2014 Euros
Balance at 1 January	-	-
Recognized in profit and loss	1,504,576	-
Recognized in reserves	85,795	-
Balance at 31 December	**1,590,371**	-

The deferred tax assets regarding reportable tax losses, by expiry date, is broken down as follows:

Year in which it was generated	Year of expiry	Tax Loss	Estimated Tax Loss to recover		Assets due to Tax Deferred
2013	2018	2,123,833	1,588,536	75%	333,593
2014	2026	2,826,912	2,774,293	98%	582,602
2015	2027	2,949,282	2,801,818	95%	588,382
		7,900,027	**7,164,647**		**1,504,576**

It should be noted that in 2015 the Bank prudently did not recognize any assets due to deferred tax on tax losses generated in 2012 in the amount of EUR 1,359,662, with expiry in 2017. Even though the management estimates that approximately 50% of the assets due to the associated deferred tax, in the amount of EUR 147 thousand should be recovered, this situation will be monitored during the next year based on the evolution of the Bank's activity in 2016.

As mentioned in the accounting policy and according to the requirements defined in IAS 12, the assets due to deferred taxes were recognized based on the Bank's expectations of their recoverability and it is important to mention that EUR 1,171 thousand of the total of EUR 1,505 thousand recognized have an expiry equal to or later than 2026.

The evaluation of the recoverability of the assets due to deferred taxes was made based on the business plan approved by the Board of Directors for the period 2016-2021, highlighting the fact that 2015 was the first full year of BNI Europa's activity.

The expectation of generating future taxable results in Portugal is supported, essentially, by the evolution of the business centered on flows with Angola that should maintain an accelerated pace of growth, due to Banco BNI Europa's business being more inter-connected with its shareholder. In addition, it is estimated that new business areas (credit cards, consumer credit and mortgages), although involving a significant investment effort in 2016 and generating losses in the start-up year, will contribute towards making the Bank's business model sustainable and guarantee a return on investment for the shareholder, which it is predicted will happen as from the 2nd year of activity (2017). The main assumptions used in the above business plan are as follows:

- Growth in the credit portfolio (CAGR 2016-2021) of 40%, by way of the above mentioned business areas;
- Growth in the financial margin (CAGR 2016-2021) of 35%, by way of an increase in the customer loan portfolio and greater attraction of customer resources; and
- Reduction in operating costs (CAGR 2016-2021) of 12%, in as far as it is estimated there will be a greater initial investment in 2016, linked to the start-up phase.

NOTE 28

OTHER ASSETS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Administrative public sector	67,515	95,250
Other debtors	28,079	29,911
Expenses with deferred charges	97,356	142,090
Other interest and similar income	134,882	-
Other income receivable	56,495	-
Other operations to be settled	250,116	41,301
	634,443	**308,552**
Impairment of other assets	-	-
	634,443	**308,552**

The heading **Administrative public sector**, in the amount of Euros 67,215 (2014: Euros 95,250), refers to VAT to be recovered.

The heading **Other debtors** in the amount of Euros 28,079 (2014: Euros 29,911), corresponds to invoices issued regarding the re-invoicing of expenses incurred on behalf of third parties, including expenses with vehicles and their insurance.

The heading **Expenses with deferred charges** includes, in its majority, the amount of Euros 22,536 (2014: Euros 81,473), regarding costs with software licensing Euros 21,431 (2014: Euros 22,296) regarding software operational maintenance costs, Euros 20,107 (2014: Euros 5,195), regarding costs with health insurance, Euros 12,432 (2014: Euros 12,432), regarding costs with the office rent and Euros 6,698 (2014: Euros 2,652) regarding costs with civil liability insurance.

The heading **Other interest and similar income**, in the amount of Euros 134,882 (2014: Euros 0), corresponds to interest from the securities portfolio recorded in assets available for sale (**note 20**).

The heading **Other income receivable** in the amount of Euros 56,495 (2014: Euros 0), corresponds to credit facility fees on treasury lines and documentary credit, in the amount of Euros 42,612 (2014: Euros 0), and management fees on credit operations in the amount of Euros 13,883 (2014: Euros 0).

The heading **Other operations to be settled** includes the amount of Euros 49,964 (2014: Euros 41,301), regarding advances to suppliers. The same heading also includes the amount of Euros 112,380 (2014: Euros 0) regarding amounts invoiced pending future recognition related to capitalization projects (**note 25**). The same heading also includes the amount of EUR 87,684 (2014: Euros 0) regarding transactions pending settlement.

NOTE 29

RESOURCES FROM CREDIT INSTITUTIONS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Resources from credit institutions abroad		
Deposits	37,050,530	3,619,804
Loans	28,201,999	24,709,661
Interest payable	26,728	17,658
	65,279,257	**28,347,123**

The heading **Deposits** includes demand balances in the amount of Euros 23,020,945 (2014: Euros 325,182), and term balances in the amount of Euros 12,029,584 (2014: Euros 3,294,622) secured by Banco de Negócios Internacional, S.A. As mentioned in **note 21**, 3 deposits in dollars are pledged by Banco de Negócios Internacional, S.A., which amount to Euros 5,337,053, which are related to a treasury credit line granted to that financial entity.

Within the scope of a credit line for confirming letters of credit under contract with Banco de Negócios Internacional, s.A. (**note 36**) as guarantee of good payment of the documentary credit confirmed by the Bank a demand deposit account from Banco de Negócios Internacional, S.A. is also in place in the amount of Euros 1,294,729.

Also in place as guarantee of good payment of short-term lending and guaranteeing a factoring credit operation, is a demand deposit account from Banco de Negócios Internacional, S.A. in the amount of Euros 1,000,000 and euros 786,504 respectively.

The heading Borrowings comprises funding from Banco de Negócios Internacional, S.A., to a total value of Euros 17,179,679 and 2 fundings from Banco Privado Internacional, S.A., in the amount of US Dollars 12,000,000, American Dollars counter-value Euros 11,022,320 (2014; US Dollars 30,000,000).

The average rate of remuneration on term deposits and borrowings from credit institutions was, respectively, 0.42% (2014: 0.78%) and 0.41%. (2014: 0.50%).

The brackets of resources from credit institutions by due dates are as follows:

	2015 Euros	2014 Euros
On sight	23,020,945	325,182
Up to 3 months	17,419,417	-
From 3 months to 6 months	4,825,720	24,722,272
From 6 months to 9 months	14,127,610	-
From 9 months to 12 months	5,885,565	3,299,669
	65,279,257	**28,347,123**

NOTE 30

CUSTOMER RESOURCES AND OTHER BORROWINGS

This heading is analysed as follows:

	2015 Euros	2014 Euros
From deposits		
Demand deposits		
From residents	887,424	35,029
From non-residents	1,884,614	7,948
	2,772,038	**42.977**
Term deposits		
From residents	2,171,886	700.000
	2,171,886	**700,000**
Interest payable	11,772	8,983
	4,955,696	**751,960**

As at 31 December, 2015, the average rate of remuneration on term deposits made by customers was 2.21% (2014: 3%).

The brackets of deposits by due dates are as follows:

	2015 Euros	2014 Euros
On sight	2,772,038	42.977
Up to 3 months	280,221	708,983
From 3 months to 1 year	1,382,109	-
Over 1 year	521,327	-
	4,955,696	**751.960**

NOTE 31

PROVISIONS

This heading is analysed as follows:

	2015 Euros	2014 Euros
Provision for general credit risks	10,305	-
Provision for other risks and charges	25,000	-
	35,305	-

The movements in the heading Provision for general credit risk are analyzed as follows:

	2015 Euros	2014 Euros
Balance as at 1 January	-	-
Allocations	10,305	-
Reversals	-	-
Balance as at 31 December	**10,305**	-

The provision for general credit risks was set up within the scope of *Aviso* no. 3/95 of 30 June, no.2/99 of 15 January, no.8/03 of 8 February and Instruction no.27/2000 of 15 December from the Bank of Portugal, in accordance with the accounting policy described in **note 2.10**.

The movements in the heading Provision for other risks are analyzed as follows:

	2015 Euros	2014 Euros
Balance as at 1 January	-	-
Allocations	25,000	-
Reversals	-	-
Balance as at 31 December	**25,000**	-

NOTE 32

OTHER LIABILITIES

This heading is analyzed as follows:

	2015 Euros	2014 Euros
Administrative Public Sector	81,171	63,819
Suppliers	162,950	111,425
Other creditors	-	174
Charges payable with holidays and holiday subsidies	251,715	190,000
Other staff charges	5,190	36,584
Mandatory social security charges	-	44,390
Other charges payable	417,902	443,764
Other operations to be settled	3,300	-
	922,228	**890,156**

The heading **Administrative Public Sector,** in a total of Euros 81,171, includes the amount of Euros 42.330 (2014: Euros 32,545) regarding withheld tax on income from employment, as well as the amount of Euros 38,977 (2014: Euros 31,274) regarding mandatory contributions to Social Security and Compensation Funds and the amount of Euros -137 (2014: Euros 0) regarding withheld stamp duty.

The heading **Suppliers** includes the amount of Euros 144,866 (2014: Euros 0) regarding services provided by IT SECTOR Sistemas de Informação (IT Services), the amount of Euros 0 (2014: Euros 36.117) regarding legal services provided by Morais Leitão, Galvão Teles, Soares da Silva and the amount of Euros 0 (2014: Euros 37,586) regarding services provided by Mainroad.

The heading **Other charges payable** includes the amount of Euros 315,241 (2014: Euros 351,116) regarding investments not yet invoiced, linked to implementing the new core application and the payments system. This heading also includes the specialization of various charges not yet invoiced, namely legal services (euros 8,761), accounting services (Euros 4,951), consultancy (euros 7,380), auditing (Euros 17,989) and communications (euros 4,130) among other minor ones.

NOTE 33

CAPITAL

During April 2015, the Bank made an increase in capital in the amount of Euros 9,250,000, for the issue of 1,850,000 shares, fully subscribed and paid up by the shareholder Banco de Negócios Internacional, S.A..

As at 31 December 2015 the share capital is Euros 34,250,000 (2014: Euros 25,000,000), represented by 6,850,000 shares with a nominal value of 5 Euros, and is fully subscribed and paid up.

The Bank's share capital is in the majority held by Banco de Negócios Internacional, S.A. with a total of 6,369,700 shares corresponding to 92.988%, the remaining capital being held by José Jaime Agostinho de Sousa Freitas and Elizabeth da Graça Isidoro, each one with 240,000 shares and 3.504% of the capital and by Nuno Fernando Teixeira Ferreira da Silva with 300 shares representing 0.004%.

The details of the shareholders as at 31 December 2015 and 2014 are broken down as follows:

	2015		2014	
	Euros	%	Euros	%
BNI – Banco de Negócios Internacional, S.A.	31,848,500	92.988%	24,992,500	99.970%
José Jaime Agostinho de Sousa Freitas	1,200,000	3.504%	-	0.000%
Elizabeth da Graça Isidoro	1,200,000	3.504%	-	0.000%
Nuno Fernando Teixeira Ferreira da Silva	1,500	0.004%	2,500	0.010%
Daniel Borges Salgado Carvalho dos Santos	-	0.000%	5,000	0.020%
	34,250,000	100.000%	25,000,000	100.000%

NOTE 34

REVALUATION RESERVES

This heading includes the amount of Euros -295,516 (2014: Euros 54), of which Euros -385,206 (2014: Euros 54) are the increase in the fair value of the securities (bonds) acquired and recorded in Assets available for sale (as per **note 2.1.1** and **note 20**) and the amount of Euros 85,795 (Dec14: Euros 0) corresponding to the respective deferred taxes.

NOTE 35

RESERVES AND RETAINED EARNINGS

This heading is broken down as follows:

	2015 Euros	2014 Euros
Legal reserve	-	-
Other reserves and retained earnings	(4,100,473)	(1,442,197)
	(4,100,473)	**(1,442,197)**

The Bank has no **Legal reserves** as it has not yet recorded any positive net profit. The legal reserve can only be used to hedge accrued losses or to increase capital. The Portuguese legislation applicable to the finance sector requires that the legal reserve be credited annually with at least 10% of the annual net profit, up to a limit equal to the value of the share capital or the total sum of the free reserves set up and the retained earnings, if higher.

As at 31 December 2015 the heading **Other reserves and retained earnings** amounts to Euros (4,100,938) (Dec14: Euros 1,442,197). This amount is justified by the negative results approved in previous years, in the total of Euros (10,154,934), less the hedge of losses made by Banco de Negócio Internacional S.A., in the years 2012 and 2014 in the total of Euros 6,056,997. Retained earnings as at 31 December 2014 were readjusted as per **note 4**, in the amount of Euros 228,779.

NOTE 36

TRANSACTIONS WITH RELATED PARTIES

All business and operations carried out by the Bank with dominant or group related parties are cumulatively entered into in normal market conditions for similar operations and are part of the Bank's day-to-day activity.

As at 31 December 2015, the list of related entities was the following.

Shareholders

BNI - Banco de Negócios Internacional, S.A.

José Jaime Agostinho de Sousa Freitas

Elizabeth da Graça Isidoro

Nuno Fernando Teixeira Ferreira da Silva

Governing Bodies

Mário Palhares	Chairman of the Board of Directors
José Boyol	Deputy Chairman of the Board of Directors
Sandro	Non-Executive Director
Africano	Chairman of the Executive Committee
Pedro Pinto Coelho Miguel Rola	Deputy Chairman of the Executive
Costa	Committee Member of the Executive
Nuno Martins	Committee
Paulo Santana	Member of the Executive Committee
Pedro Travassos	Chairman of the Audit
Rui António da	
Cruz	Member of the Audit Committee
Aurélio Adriano Amado, representing	Audit Firm
Carlos Osório de Castro	Chairman of the Presiding Board of the Shareholders' Meeting

Other Related Entities

BPI- Banco Privado Internacional (IFI),	Financial

On 31 December 2015 and 31 December 2014, the value of the Bank's transactions with related parties, as well as the respective costs and income recognized in the years, were:

	2015			
	Balance sheet		Income statement	
	Assets Euros	Liabilities Euros	Costs Euros	Income Euros
BNI – Banco de Negócios Internacional, S.A.	6,000,000	52,230,209	63,875	321,236
Banco Privado Internacional (I.F.I.), S.A.	-	11,022,320	118.273	-
	6,000,000	**63,252,529**	**182,148**	**321,236**

	2014			
	Balance Sheet		Income statement	
	Assets Euros	Liabilities Euros	Costs Euros	Income Euros
BNI – Banco de Negócios Internacional, S.A.	24,677	3,624,851	4.928	138.855
Banco Privado Internacional (I.F.I.), S.A.	-	24,722,272	50,361	-
	24,677	**28,347,123**	**55,289**	**138,855**

The main transactions carried out with related entities in 2015 arose from Banco BNI Europa placing, depositing and keeping funds and from the corresponding associated remuneration, as well as from investments by BNI – Banco de Negócios Internacional, S.A. and its corresponding charge.

As mentioned in **note 33**, during the year, BNI – Banco Internacional de Negócios, S.A., the Bank's majority shareholder, made an increase in capital to cover losses in the amount of Euros 9,250,000.

NOTE 37

GUARANTEES AND OTHER COMMITMENTS

The heading **Guarantees and other commitments** includes commitments taken on before third parties in the total amount of Euros 14,014,104 (2014: Euros 0) corresponding: i) to confirmation of documentary credit, in the amount of Euros 871,154; ii) to revocable commitments on behalf of a confirmation line of unused documentary credit, in the amount of Euros 13,142,950 (2014: Euros 0).

NOTE 38

FAIR VALUE

As at 31 December 2015 and at 31 December 2014, the fair value of the financial assets and liabilities is analyzed as follows:

	2015	
	Carrying value	Fair value
	Euros	Euros
Financial assets:		
Cash and balances at central banks	15,886,249	15,886,249
Balances at credit institutions	14,913,128	14,913,128
Investments in credit institutions	48,189,928	48,189,928
Loans and advances to customers	1,733,760	1,733,760
Investments held until maturity	2,202,263	2,202,263
Financial liabilities:		
Resources from other credit institutions	65,279,257	65,279,257
Customer resources and other borrowings	4,955,696	4,955,696

	2014	
	Carrying value	Fair value
	Euros	Euros
Financial assets;		
Cash and balances at central banks	163,311	163,311
Balances at credit institutions	29,961,974	29,961,974
Investments in credit institutions	18,445,424	
18,445,424 Loans to customers	-	-
Investments held until maturity	-	-
Financial liabilities:		
Resources from other credit institutions	28,347,123	28,347,123
Resources from customers and other borrowings 751,960	751,960	

The main methodologies and assumptions used in estimating the fair value of the financial assets and financial liabilities recorded in the balance sheet at amortized cost are analyzed as follows:

- *Cash and balances at central banks, Balances at credit institutions, Investments in credit institutions, Loans and advances to customers, Resources from other credit institutions and Resources from customers and other borrowings*

  Considering the short terms linked to these financial instruments, the balance sheet value is a reasonable estimate of their respective fair value.

- *Financial assets held until maturity*

  These financial assets are booked at amortized cost net of impairment. The fair value is based on market prices, whenever these are available. Should they not exist, the calculation of the fair value is based on using numerical models, based on cash flow discount techniques, which in order to estimate the fair value, use market interest rate curves adjusted by the associated factors, predominantly credit risk and liquidity risk, ascertained according to the market conditions and respective terms.

NOTE 39

ENCUMBERED AND UNENCUMBERED ASSETS

It is not the Bank's policy to encumber its assets, although it might occasionally do so, as long as approved by the Board of Directors.

Within the terms of Instruction no.28/2014 from the Bank of Portugal, of 23 December and in compliance with the guidelines published by the EBA on 27 June 2014 entitled "Guidelines on disclosure of encumbered and unencumbered assets", the following information should be provided:

The Bank's assets	Encumbered assets		Unencumbered assets	
	Book value	Fair value	Book value	Fair value
Equity instruments Debt	-	-	-	-
Securities	2,060,46	2,060,46	13,968,124	13,968,12
Other assets	341,911	n.a	83,231,578	n.a
Total assets	**2,402,371**	**n.a**	**97,199,701**	**n.a**

Other encumbered assets refer to two deposits, one of them given as a counter-guarantee to the guarantee received from Banco Millennium BCP, S.A., as mentioned in **note 28** and the other given as a financial pledge in order to guarantee due compliance with the responsibilities assumed by the Bank, before Millennium BCP, S.A., linked to the means of payment service, as mentioned in **note 21**.

As mentioned in **note 20**, the Bank's bonds portfolio comprises eligible securities, in the amount of Euros 2,060.,460, which have been given as collateral within the scope of the payments as a member of Target II.

NOTE 40

RISK MANAGEMENT

The Bank is exposed to the following main risks within the scope of carrying out its activity:

Credit

Credit risk management fosters the systematic follow-up of the life cycle of the operations performed, i.e. identification, measurement, control and follow-up until they have been fully liquidated.

The Bank assesses its exposure on a case-by-case basis, identifying the inherent and potential risks, seeking to ensure levels of profitability adjusted to the respective risk of the counterparties and operations.

As at the reference date, the Bank did not have any internal risk rating models, either for private individuals or for businesses, due to the absence of any track record which enables them to be developed. Nevertheless, an analysis of the operations is performed based on all the essential items for decision-making and supported, whenever they exist, on external ratings issued by recognized external ECAIs. The follow-up of the credit portfolio is carried out systematically, by monitoring the financial condition of the customers in order to deal with the debt service, their balances with the Bank and checking timely compliance with their obligations.

The Bank does not record real estate as collateral for credit operations. As such it is not subject to collateral devaluation, or the reduction in the level of hedging of the operations through this means.

The Bank does not record in its Balance sheet any overdue or irregular credit operations or those that indicate potential default, nor any credit subject to restructuring due to the customer's financial difficulties, and so it does not hold, at the reference date, any value of credit at risk or indication of impairment.

The sum of credit granted to customers is still quite small and represents 1.7% of the value of the net assets. The amount of exposure in the Balance sheet is equal to its maximum potential value taking into account that there are no unused revocable or irrevocable credit lines.

Counterparty risk arising from transactions in the financial markets, namely the buying and selling of securities for the own portfolio, is evaluated systematically and respects the investment limits set out by the Bank, both individually and for the portfolio as a whole.

The accounting portfolio of available-for-sale items is measured at fair value against reserves. Its recognition can be considered on the trade date or the effective date that the instrument is transferred (IAS 39 AG64). Recognition of the financial margin must be made using the effective interest method (IAS39 AG5-AG8 and AG83).
As a result, recognition of the financial margin is not ascertained only by the periodic calculation of the coupon, but also the recognition of the associated premium/discount, plus the respective transaction costs (IAS39, AG13). Transaction costs are considered to be all the costs necessary for acquiring financial instruments.

The portfolio of held-to-maturity investments comprises instruments with fixed or pre-determined payments and which the Bank intends to hold until maturity in order to demonstrate, at any given moment, its capacity to maintain the position until maturity. Should the Bank sell a held-to-maturity instrument and it is not within the framework of the provisions of IAS 39, in the envisaged exceptions (IAS 39 AG22), the entire available-for-sale portfolio must be reclassified and the classification of instruments in this category is prohibited for two years. The portfolio is recorded at amortised cost, using the effective interest method (IAS39, AG5-AG8 and AG83).

In view of the structure of the balance sheet on 31 December 2015, credit risk is restricted to the main financial counterparties with whom the Bank has relations, and the risk is monitored based on information available in the main means of market information. Available-for-sale and held-to-maturity financial assets represented 11.7% and 2.2% of the net assets, respectively.

Market

Market risk reflects the potential loss that can be recorded by a certain portfolio as a result of changes in interest rates, considering the respective volatility and the market in which it operates.

As at 31 December 2015, the Bank's exposure to this risk is essentially linked to the exchange exposure presented below, which is a risk that is monitored on a daily basis, and, as an internal policy, subject to hedging.

	Currency			
Assets	**EUR**	**USD**	**GBP**	**Total**
Cash and balances at central banks	15,877,064	9,185	-	15,886,249
Balances at other credit institutions	4,816,468	10,060,232	36,428	14,913,128
Financial assets available for sale	8,275,497	3,363,565	-	11,639,062
Investments in credit institutions	9,816,102	38,373,826	-	48,189,928
Loans and advances to customers	1,733,760	-	-	1,733,760
Investments held until maturity	2,202,263	-	-	2,202,263
Total assets	**42.721,154**	**51,806,808**	**36,428**	**94,564,390**
Liabilities				
Resources from other credit institutions	14,396,623	50,846,117	36,517	65,279,257
Customer resources and other borrowings	4,542,890	412,805	-	4,955,696
Total liabilities	**18,939,513**	**51,258,923**	**36,517**	**70,234,952**
GAP (Assets - Liabilities)	**23,781,641**	**547,886**	**(89)**	**24,329,439**

Liquidity

The Bank's liquidity management policy is defined by the highest level of the management structure. The Balance sheet financing structure is based on the systematic evaluation of the masses of assets and liabilities, their terms and also, the optimisation of the costs of achieving funding.

As at 31 December 2015 and 2014, the predicted cash flows from financial instruments, with regard to their contractual maturity, are as follows:

Assets	At sight	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	Euros	Euros	Euros	Euros	Euros	Euros
Cash and balances at central banks	15,886,249	-	-	-	-	15,886,249
Balances at other credit institutions	14,913,128	-	-	-	-	14,913,128
Financial assets available for sale	-	784,518	-	2,021,663	8,832,881	11,639,062
Investments in credit institutions	-	41,586,191	6,603,738	-	-	48,189,928
Loans and advances to customers		36	962,224	208,432	563,067	1,733,760
Investments held until maturity	-	2,202,263	-	-	-	2,202,263
Total assets	**30,799,378**	**44,573,008**	**7,565,962**	**2,230,095**	**9,395,948**	**94,564,391**
Liabilities						
Resources from other credit institutions	23,020,945	17,419,417	24,838,894	-	-	65,279,257
Customer resources and other borrowings	2,772,038	280,221	1,382,109	521,327	-	4,955,696
Total liabilities	**25,792,983**	**17,699,638**	**26,221,004**	**521,327**	-	**70,234,952**
GAP (Assets - Liabilities)	**5,006,394**	**26,873,370**	**(18,655,041)**	**1,708,768**	**9,395,948**	**24,329,439**

Interest Rate

As at 31 December 2015 and 2014 the financial instruments sensitive to the exposure of interest rate risk are as follows:

Assets	Not sensitive	Up to 3 months	From 3 months to 1 year	Total
	Euros	Euros	Euros	Euros
Cash and balances at central banks	15,886,249	-	-	15,886,249
Balances at other credit institutions	14,913,128	-	-	14.913,128
Financial assets available for sale	11,639,062	-	-	11,639,062
Investments in credit institutions	48,189,928	-	-	48,189,928
Loans and advances to customers	1,733,760	-	-	1,733,760
Investments held until maturity	2,202,263	-	-	2,202,263
Total assets	**94,564,390**	-	-	**94,564,390**
Liabilities				
Resources from other credit institutions	65,279,257	-	-	65,279,257
Customer resources and other borrowings	4,955,696	-	-	4,955,696
Total liabilities	**70,234,952**	-	-	**70,234,952**
GAP (Assets - Liabilities)	**24,329,438**	-	-	**24,329,438**

NOTE 41

IMPAIRMENT OF THE CREDIT PORTFOLIO

Introduction

Within the scope of the provisions of Regulation (EC) no. 1606/2002 of the European Parliament and the Council, of 19 July, 2002, in its transposition to Portuguese legislation through Decree-Law no. 35/2005 of 17 February and *Aviso* no. 1/2005 of the Bank of Portugal, the Bank prepares its financial statements according to the Normas de Contabilidade Ajustadas (NCA).

Qualitative Disclosure

A - Credit risk management policy

The credit risk management process at BNI Europa follows the policies set out in this chapter. These are used to also define the underlying philosophy to this process's activities.

Creating an appropriate credit risk management environment

- Defining, reviewing and periodically approving the strategy and the general credit risk management policies of BNI Europa;
- Implementing the credit risk strategy and developing processes and procedures to identify, quantify, monitor and control such risk.
- Managing the credit risk inherent to all the products and business areas; and
- Ensuring that all the employees are fit to carry out the duties allocated to them, respecting the ethical and professional principles of BNI Europa.

Ensuring adequate controls over credit risk management

- Establishing an independent credit risk management system; and
- Ensuring the credit risk analysis function is being managed effectively.

Operating using clear lending processes

- Defining criteria for approving credit risk in a clear manner for the entire organisation.
- Clearly defining and communicating the processes and levels for approving/granting new loans and changes to existing loans.
- Ensuring that the credit portfolio is appropriately concentrated in line with the strategy defined by the Board of Directors; and
- Imposing principles of independence and exemption when granting and transferring credit to companies related to BNI Europa and its employees.

Creating and maintaining an appropriate credit risk monitoring system

- Ensuring a process for the continuous monitoring of the credit portfolio and checking if it has the right level of provisions;
- Submitting all the Customers and all the operations to undergo a credit risk assessment based on credible and prospective information; and
- Considering the existing market conditions and monitoring the evolution and trend of the key economic indicators, such as unemployment rates, GDP and interest rates, in order to perceive the potential effects on the activity of BNI Europa and to what extent they could condition the respective appetite in view of the risk, with a view to optimising the economic and financial performance.

Effectively and quickly recovering overdue credit

- The CRD has the responsibility of monitoring and recovering credit; and
- Ensuring that recovery processes underway are monitored and that there are differentiated recovery practices by Customer segment and type of product.

Ensuring that the operations comply with Portuguese laws and regulations issued by the Bank of Portugal

- Guaranteeing the conformity of credit operations and internal rules with the law.

Authority for approving Credit

- The Bank has rules for granting credit that were duly approved by the Board of Directors on 14 July 2014; and
- The Credit Handbook defines the guiding principles for granting credit, through procedures and rules to be applied in each stage of the life cycle of the operations. This Handbook is posted on the Bank's internal portal and is therefore to the knowledge of all the employees in general and in particular those who deal closely with customers and asset operations.

  The Credit Handbook encompasses:

  - ✓ Preparing a credit proposal (including the necessary documentation);
  - ✓ Analysing the proposal and the necessary items to assess the customer's risk and the operations in question, identifying the reimbursement capacity, making it possible to conclude its approval or refusal;
  - ✓ Delegated authorities are defined in a specific matrix, identifying the maximum amounts permitted in each credit bracket, the type of vote and the bodies involved to legitimise the decision;
  - ✓ Credit follow-up rules and definition of intervention plans; and
  - ✓ Procedures for recovering credit.

B - Credit write-off policy

A credit is written off from the asset when its collectability is considered to be nil and the impairment recorded covers 100% of the total value of the exposure, all the contractual rights of the Bank regarding the respective cash flows having expired.

It should be ensured that prior to writing off credits, every collection effort considered adequate has been carried out.

C - Impairment reversal policy

The reversal of a credit impairment consists in reducing or cancelling, in a particular reporting period, impairment values recorded in previous years. The sum resulting from the reversal cannot be higher than the accrued impairment amounts recorded previously, and the Bank can reverse impairment values set up in the following conditions:

- Payment by the customer (without turning to new loans with the Bank) of interest and/or overdue capital;
- When there is a reduction in specific provisions;
- An improvement in the class of risk corresponding to the qualitative table;
- Obtaining new collateral or an increase in value in the existing ones;
- Due to the increase in the value of existing collateral given as a guarantee, as long as its evaluation is from less than 1 year ago and was performed by an independent assessor (in the case of real estate); and
- In the case of financing real estate projects, when the value of the underlying project financing improves the LTV or the more favourable conversion factors were applied to the underlying project guarantees issued by the Bank.

D - Policy for converting debt into debtor capital (if applicable)

Not applicable

E - Description of the restructuring methods applied and the respective risks, as well as their control and monitoring mechanisms.

With regard to restructured Loans, the Bank follows the criteria defined in Instruction no.32/2013 from the Bank of Portugal. According to the instructions from the regulator, as soon as facts that so justify, the Bank will identify and mark on its IT systems, the loan contracts of a customer in financial difficulties, whenever there are modifications to the terms and conditions of those contracts, arising from identifying the "customer's financial difficulties".

Modifications to the contract are understood to be:

a) Changes to the respective contractual terms and conditions to the customer's benefit, in order to increase the capacity for paying the existing debt, namely by extending the reimbursement time, introducing grace periods, capitalising interest, reducing interest rates (as long as not arising from a commercial strategy), interest or capital waiver, change in the frequency of the interest payment and reimbursement of capital and/or re-bracketing the debt service; and

b) Contracting a new credit operation or new credit facilities at the Bank, which benefit the customer or person who is part of the same economic group as the customer, to settle (totally or partially) the existing debt, considering the concession of new operations at a date close to that of the initial debt settlement to be sufficient evidence.

   In this case, both the new credit operation and that which was subject to partial settlement must be marked as restructured credit due to the customer's financial difficulties.

c) The new terms and conditions of the loan contract are more favourable than those applied to other customers with the same risk profile.

The Bank considers that a customer is in financial difficulties when he has defaulted on some of his contracted financial obligations or if it is predictable enough, in view of the knowledge and information available, that this will occur in the short term, for which purpose a period of 3 months is defined regarding the following signs:

a) Default recorded in the Bank of Portugal's Central Credit Register in the last 12 months;

b) Inclusion in the list of cheque users who are a risk (LUR);

c) Use of renewable credit operations, namely current accounts and overdrafts, of at least 95% of the limit initially authorised by the bank over a consecutive minimum period of 12 months, if that was not envisaged at the time of the initial contracting;

d) Increase, by over 33% compared to the previous reporting period, of the level of cover for impairments or recognition of economic loss;
e) Giving assets in lieu of payment or total or partial debt waiver (Capital or Interest);
f) Other qualitative incidents such as the existence of tax and/or social security debts, demand for bank guarantees, very plausible expectation of insolvency, legal proceedings and litigation with a material impact, absence of accounting documents whose reference date is from less than 18 months ago, breach of contracts entered into with the institution; and
g) Based on the knowledge obtained when managing the relationship with the customer, other factors indicating financial difficulties may come to the knowledge of the Bank.

In addition, a credit operation must be marked as restructured credit due to the customer's financial difficulties whenever at least one of the following circumstances is found at the time of modifying the respective terms and conditions of the credit contract:

a) The credit operation is classified as credit at risk or it is probable that it will come to be classified as credit at risk, should the modifications to the terms and conditions of the credit contract not have occurred;
b) The customer has any credit operation classified as credit at risk; and
c) The credit operation has been totally or partially overdue for more than 30 days, at least once in the three months prior to the modification to the terms and conditions of the credit contract.

As at the reference date, the Bank has no credit operation marked as restructured credit.

The Bank will plan its IT systems in order to have the necessary requirements for identifying and monitoring restructured credit, including marking and un-marking them. Given the absence of cases of this kind and until the IT implementation has been concluded and tested, monitoring, should it be applicable, will be carried out using a support parallel to the central system and subject to regular controls.

F - Description of the process for assessing and managing collateral

Assessor Selection Policy

Whenever necessary, the Bank uses external, independent assessors to obtain a valuation of any collateral to be obtained, or to be updated. In view of the dimension of the Bank and the very occasional use of this type of service, the Bank does not issue a tender to select the external real estate assessors. However, the criteria for hiring such services must ensure:

- The independence of the assessor;
- That the assessor is certified with the CMVM; and
- That the assessment methodologies used are prudent and fitting for the type and state of the property to be assessed.

In compliance with the provisions of the Circular-Letter no. 54/2014/DSC from the Bank of Portugal, the Bank will provide its customers with the real estate external assessment report, whenever the costs of the assessment are borne by them.

Revaluation frequency

The frequency of assessing collateral should comply with the rules defined by the supervisor, namely with regard to the timings and procedures set out in *Aviso* no.6/2006 from the Bank of Portugal.

The assessment of real estate to be received as a financing guarantee should be carried out prior to its acceptance (as a condition for the financing to be granted) and to recording the credit.

The revaluation of mortgaged real estate should be carried out:

a) Whenever there may have been a substantial decrease in the value of the building, in accordance with credible, grounded information obtained by the Bank; and
b) At least every 3 years, for credit in excess of 5% of the Bank's Equity (according to the regulations the lower value of

5% of the Equity and €1,000,000 should be considered when the mortgage is for commercial purposes, or €500,000 in the case of housing.

Recording collateral

Taking into consideration that the Collateral Management Module in the Bank's Core System is still being developed for subsequent implementation, the Bank is preparing alternative control procedures that aim to ensure that all the relevant information exists with regard to collateral that comes to be recorded in the Bank's favour.

Collateral valuation

In order to analyse if the evaluation of collateral is adequate, the following aspects should be taken into consideration:

Age of the assessment

Whenever applicable, the Bank must have recent assessments and according to the frequency defined in *Aviso* no. 6/2006 from the Bank of Portugal.

It is the Bank's policy to maintain up-to-date assessments and value the collateral in accordance with such assessments, thereby avoiding applying generic haircuts.

When dealing with real estate collateral, depending on the age of the last assessment, the respective value should be adjusted according to the following Discount and Minimum Target Tables, which are included in the Bank's Impairment Handbook and are in line with the recommendations of the Carta-Circular no.2/2014 from the Bank of Portugal, as follows:

- In the case of listed securities the value to be considered will be the market value at the reference date for the year.
- For unlisted securities, assessments carried out based on the last audited accounts must be considered, with a reference date of no more than 1 year. With regard to other collateral (e.g. equipment pledges, art works, etc.) depending on the age of the assessment and specific nature of the assets, discounts adjusted to their specific nature should be considered, subject to professional judgment.

G - Nature of the main judgments, estimates and hypotheses used in determining impairment.

The Bank is in a phase of starting the process for ascertaining impairment, and at the present reference date, is drawing up the first report of this kind. The policies and procedures that it has defined are conservative and appropriate for the credit portfolio (of a still immaterial value). The policies, procedures and methodologies will evolve in accordance with the macro-economic trends, the characteristics of the portfolio and in compliance with the risk policies adopted in line with the Bank's strategy.

H - Description of the impairment calculation methodologies, including the way the portfolios are segmented to reflect the different characteristics of the credit

According to IAS 39, insignificant customer loans can be included in homogeneous segments with similar credit risk characteristics, and can be evaluated for the purpose of ascertaining impairment using collective analysis models.

The Bank does not segment its credit portfolio as, to date or in the medium term, there is not a sufficient number of exposures to be able to model it into homogeneous segments. That is why it is not possible to determine impairment on a collective basis, based on statistical methods.

The development of a methodology for ascertaining risk parameters, namely PD, LGD, PI among others, will be conditioned until the amount of exposure and the record of loss events is sufficient to obtain series of historic information enabling it to be modelled.

As such, the Bank assesses the impairment of all its customers on an individual basis and according to the procedures described in the Impairment Handbook.

I - Indication of signs of impairment by credit segments

According to best practices, the Bank must ensure that losses incurred and the accounting recognition of the associated impairments are identified in a timely manner, adopting conservative signs of impairment which are appropriate for each type of credit or customer. Banco BNI Europa defines signs of impairment to be the following:

- Customer with at least 1 loan with payment over 30 days delayed;
- Customer with at least 1 loan with payment less than 30 days delayed and with;
    - Returned cheques and/or prohibition from using cheques, and registered with the LUR;
    - Expectation of insolvency or object of Special Recovery Programmes;
    - Tax or Social Security debt in a situation of default or an attachment executed by the State.
- Customer with at least 1 loan in the banking system in a situation of default (for over 90 days), capital and interest written-off/cancelled or litigation, according to the information available at the Bank of Portugal's Central Credit Register and known at the reporting date;

J - Indication of the thresholds defined for individual analysis

The Bank assesses all customers, regardless of the individual exposure value.

K - Policy on the degrees of internal risk, specifying the treatment given to a borrower classified as being in default.

The Bank does not yet have internal risk ratings, considering the absence of a track record to enable its modelling. Whenever available, the Bank uses the acknowledged ECAI risk assessment. To date, the Bank has no experience of customers with default operations.

L - Generic description of the way of calculating the value of the current future cash flows when ascertaining impairment losses assessed individually and collectively

The Bank does not have a collective impairment assessment model.

When making an individual analysis the assessment model follows the recommendation of Circular-Letter no.2/2014, adopting the practices prescribed by the regulator and set out in IAS 39 in accordance with the Impairment Model approved by the Board of Directors.

M - Description of the emerging periods used for the different segments and justification of their appropriateness

Although the Bank does not currently have a collective credit impairment analysis model, it defines the emerging period as the period that represents the time frame measured between the event that gave rise to the loss and knowledge of it, whether regarding signs of impairment, or entry in default.

N - Detailed description of the cost linked to credit risk, including disclosure of the PD, EAD, LGD and Cure rate

On the reference date, the Bank had no risk parameters or segmented credit portfolio as it only began lending in May 2015.

O - Conclusion on the sensitivity analyses on the impairment amount and changes to the main assumptions

Up to the present reference date this is not applicable.

Quantitative Disclosure

As at the reference date of 31 December 2015, the credit portfolio was as follows:

Characterisation of the Credit Portfolio Value	Gross	Collateral	Provision	Net Value	Weight
Equity Exposure					
Loans and advances to	1,872,619	786,173	39,173	1,047,272	
customers (excluding	1,872,619	786,173	39,173	1,047,272	
securities) Credit Outstanding	-	-	-	-	
Overdue Credit	-	-	-	-	
Subtotal	**1,872,619**	**786,173**	**39,173**	**1,047,272**	**80%**
Non-equity Exposure					
Guarantees Provided	-	-	-	-	
Documentary Credit	871,153	612,178	2,590	256,385	
Irrevocable Credit Lines	-	-	-	-	
Subtotal	**871,153**	**612,178**	**2,590**	**256,385**	**20%**
Total	**2,743,772**	**1,398,352**	**41,763**	**1,303,657**	**100%**

The Credit in the balance sheet benefits from a financial collateral in the amount of 786,17e euros and a financial collateral in the amount of 612,178 euros is linked to the non-equity exposure.

The details of the recorded provisions and impairment as at 31 December 2015, were as follows:

Provisions within the scope of *Aviso* 3/95 and Impairment	31 December 2015
Country Risk Provision	31,458
General Credit Risk Provision	10,305
Specific Provision	-
Total	**41,763**
Collective Impairment	-
Individual Impairment	35.315
Total	**35,315**
Total Provisions	41,763
Total Impairment	35,315
Surplus / Shortfall	**6,447**

In view of the results, the Bank has a provisions value, calculated in accordance with the rules of *Aviso* 3/95 of 6,447 euros higher than the individual impairment, calculated for each customer, in view of the estimated recoverability of the credit.

a) Detail of the exposure and impairment allocated

a1) By credit quality

Segment	Total Exposure: Total Exposur	Credit being Fulfilled	Of which	Of which restructured	Credit Default	Of which restructured	Total Impairment: Total Impairm	Credit being Fulfilled	Credit Default
Corporate	701,634	701,634	-	-	-	-	3,508	3,508	-
Construction and CRE	1,101,083	1,101,083		-	-	-	31,458	31,458	-
Housing	-	-	-	-	-	-	-	-	-
Private individuals	69,901	69,901					349	349	
Total	1,872,618	1,872,618	-	-	-	-	35,315	35,315	-

(in euros)

a2) By default days

Segment	Total Exposure: Total Exposur	Credit being Fulfilled: Days delay <30: Without signs	With signs	Sub-total	Credit Default: Days delay: =<90	>90	Total Impairment: Total Impairm	Credit being Fulfilled: Days delay: <30	Between 30 and	Credit Default: =<90	>90
Corporate	701,634	701,634	-	-	-	-	3,508	3,508	-	-	-
Construction and CRE	1,101,083	1,101,083	-	-	-	-	31,458	31,458	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Private individuals	69,901	69,901	-	-			349	349	-	-	-
Total	1,872,618	1,872,618	-	-	-	-	35,315	35,315	-	-	-

(in euros)

b) Details of the credit portfolio by segment and by year of production.

Year of Production	Corporate: Number of Operations	Amount	Impairment Allocated	Construction and CRE: Number of Operations	Amount	Impairment Allocated	Private Individuals: Number of Operations	Amount	Impairment Allocated
2014 and prior to	-	-	-	-	-	-	-	-	-
2015	3	701,634	3,508	1	1,101,083	31,458	3	69,901	349
Total	3	701,634	3,508	1	1,101,083	31,458	3	69,901	349

(in euros)

c) Details of the value of the gross credit exposure and impairment assessed individually and collectively, by segment, sector and country.

c1) By segment

Assessment	Corporate: Exposure	Impairment	Private Individuals: Amount	Impairment
Individual	701,634	3,508	69,901	349
Collective	-	-	-	-
Total	701,634	-	69,901	349

(in euros)

c2) By business sector.

Assessment	Services		Construction	
	Exposure	Impairment	Amount	Impairment
Individual	701,634	3,508	1,101,083	31,458
Collective	-	-		
Total	701,634	-	1,101,083	31,458

(in euros)

c3) By country.

Assessment	Portugal		Angola	
	Exposure	Impairment	Amount	Impairment
Individual	771,536		1,101,083	-
Collective	-	-	-	-
Total	771,536	-	1,101,083	-

(in euros)

d) Details of the restructured credit portfolio through applied restructuring

Not applicable

e) Inflows and outflows in the restructured credit portfolio

Not applicable

f) Details of the fair value of the credit portfolio's underlying collateral, in the Corporate, Construction and Commercial Real Estate (CRE) and Housing segments

	Construction and CRE				Housing			
	Real estate		Other Real Collateral		Real estate		Other Real Collateral	
Fair Value	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0.5M€								
>= 0.5M€ and < 1 M€			1	786,173				
>= 1M€ and < 5 M€								
>= 5M€ and < 10 M€								
>= 10M€ and < 20 M€								
>= 20M€ and < 50 M€								
> 50 M€								
Total	-	-	1	786,173	-	-	-	-

g) LTV Ratio of the Corporate, Construction, CRE, Housing and Others segments

Not applicable

h) **Details of the fair value and net carrying value of the real estate received in kind, by type of asset and age**

Not applicable

i) **Division of the credit portfolio by degrees of internal risk**

Not applicable

j) **Disclosure of the risk parameters liked to the impairment by segment model**

Not applicable

NOTE 42

SOLVENCY

The Bank uses the standard method of calculating capital requirements for credit risk and to hedge operating risk.

The Bank's equity is ascertained according to the applicable regulatory standards, namely in accordance with Directive 2013/36/EU and regulation (EU) no. 575/2013 approved by the European Parliament and the Council (CRD IV/CRR). The equity ascertained according to Directive 2013/36/EU and regulation (EU) no.575/2013 approved by the European Parliament and the Council includes Tier 1 equity and Tier 2 equity. Tier 1 encompasses the main tier 1 equity (common equity tier 1 - CET1) and additional tier 1 equity. The common equity tier 1 includes:

(i) paid up capital, share premiums, reserves and retained earnings; and

(ii) deductions related to own shares, goodwill and other intangible assets.

In addition, a deduction of deferred tax assets linked to tax losses is made on the one hand, and on the other, the deductions related to deferred tax assets from temporary differences which depend on the Bank's future profitability and to the shareholdings in financial institutions and insurance companies of over 10% are considered, in this case for the amount which exceeds the maximum limits of 10% and 15% of common equity tier 1, when analysed on an individual and aggregate basis, respectively.

Tier 2 includes the subordinated debt and other adjustments to the conditions set out in the Regulations.

The legislation in force contemplates a transition period between the requirements of equity ascertained according to Portuguese legislation and that calculated in accordance with EU legislation, in order to phase-out both the non-inclusion/exclusion of items previously considered, and the phase-in of inclusion/deduction of new items. The phased transition period will be prolonged until the end of 2017 for most items, with the exception of the deduction related to deferred taxes generated prior to 1 January 2014 whose period extends until the end of 2021.

There are also some changes in ascertaining weighted assets compared to the calculation according to the Basel II regulatory framework, which points to a weighting of 250% of the deferred tax assets from temporary differences and financial shareholdings above 10% in financial institutions and insurance companies which are within the limits established for non-deduction from the common equity tier 1 (instead of 0% and 100% respectively).

In the new prudent framework, banks must report ratios of not less than 7%, 8.5% and 10.5% respectively for common equity tier 1, tier 1 and total equity, including a conservation buffer of 2.5% but benefiting from a transitory period which will run until the end of 2018. However, the Bank of Portugal has ruled that banks must report a common equity tier 1 ratio of not less than 7% during the transitory period, in order to guarantee adequate compliance with the requirements of anticipated equity.

The values of equity and equity requirements ascertained in accordance with the CRD/IV/CRR methodologies previously mentioned are as follows:

	2015 Euros	(restated) 2014 Euros
Capital	34,250,000	25,000,000
Reserves and retained earnings	(5,887,844)	(4,100,419)
Regulatory deductions	(3,535,745)	(1,489,233)
Common tier 1 equity	**24,826,411**	**19,410,348**
Tier 1 equity	**24,826,411**	**19,410,348**
Tier 2 equity	-	-
Total equity	**24,826,411**	**19,410,348**
RWA		
Credit risk	34,811,095	26,866,439
Operating risk	1,132,221	454,031
Total	**35,943,316**	**27,320,470**
Capital ratios		
CET1 ratio	69.07%	71.05%
Tier 1 ratio	69.07%	71.05%
Tier 2 ratio	0.00%	0.00%
Total Capital ratio	69.07%	71.05%

NOTE 43

ACCOUNTING STANDARDS AND RECENTLY ISSUED INTERPRETATIONS

When preparing the financial statements with regard to 31 December 2015, the Company has been adopting the following mandatory standards, interpretations, amendments and reviews since 1 January 2015:

IFRS 3 – Business combinations

IFRS 3 clarifies that excluded from its scope of application is the formation of a joint venture in the financial statements of that joint venture.

IFRS 13 – Fair value measurement

This clarifies that the exception for applying the standard to financial assets and liabilities with compensated positions extends to all contracts within the scope of IAS 39, regardless of whether they comply with the definition in IAS 32 of a financial asset or liability.

IAS 40 – Investment properties

This clarifies that it is necessary to apply fair value to determine if the acquisition of an investment property is the acquisition of an asset or a business combination covered by IFRS 3.

There were no significant effects on the Bank's financial statements for the year ended 31 December 2015, arising from adopting the above-mentioned standards, interpretations, amendments and reviews.

NOTE 44

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVIEWS ADOPTED BY THE EUROPEAN UNION AND WHICH THE BANK DECIDED NOT TO APPLY IN ADVANCE.

The following recently issued standards, interpretations, amendments and reviews, which have not yet come into force and which the Bank has not yet applied when compiling its financial statements, are analysed below. The Bank will adopt these standards when they become mandatory.

Improvements to the international financial reporting standards (2012-2014 cycle)

These improvements involve the clarification of some aspects related to: IFRS 5 – Non-current assets held for sale and discontinued operations: introduces guidelines as to how to proceed in the case of changes as to the expected realisation method (sale or distribution to shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impacts of asset monitoring contracts within the scope of disclosures linked to the continued involvement of derecognised assets and the interim financial statements being exempt from the required disclosures regarding offsetting financial assets and liabilities;

IAS 19 – Employee benefits: defines that the rate to be used for the purpose of defined benefit discounts should be determined with reference to the high-quality corporate bonds that have been issued in the currency in which the benefits are paid; and IAS 34 – Interim financial reporting: clarification on the procedures to adopt when information is available in other documents issued jointly with the interim financial statements.

IFRS 11 – Joint arrangements – Accounting for acquisitions of shares in joint arrangements

This amendment is related to the acquisition of shares in joint ventures. It establishes the mandatory nature of applying IFRS 3 when the acquired joint venture is a business activity in accordance with IFRS 3. When the joint venture in question is not a business activity, the transaction should be recorded as an asset acquisition. It is foreseen that this change will be applied for new acquisitions of interests.

IAS 1 – Presentation of financial statements – "Disclosure Initiative"

This amendment clarifies some aspects related to disclosure initiatives, namely: (i) the entity should not make it difficult to understand the financial statements by grouping material items with immaterial items or by grouping material item of different types; (ii) disclosures specifically required by the IFRS only have to be given if the information in question is material; (iii) the lines of the financial statements specified by IAS 1 can be grouped or ungrouped, whichever is more relevant for the objectives of the financial reporting; (iv) the part of the comprehensive income resulting from applying the equity method in associates or joint arrangements must be presented separately from the remaining elements of other comprehensive income, also segregating the items that may come to be reclassified to profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and they must respect the following order:

- A statement of compliance with the IFRS in the first section of the notes;
- A description of the relevant accounting policies in the second section;

- Information supporting the items on the face of the financial statements in the third section; and
- Other information in the fourth section.

IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation methods

This amendment establishes the presumption (which might be rejected) that the revenue is not an appropriate basis for amortising an intangible asset and prohibits the use of revenue as a basis for amortising tangible fixed assets. The presumption established for amortising intangible assets may only be rejected when the intangible asset is expressed depending on the income generated or when the use of the economic benefits is highly correlated to the revenue generated.

IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Bearer plants

This amendment now excludes plants which produce fruit or other components for harvest and/or removal from the scope of application of IAS 41, and they are now covered by IAS 16.

IAS 27 – Applying the equity method to the separate financial statements

This amendment has introduced the possibility of measuring interests in subsidiaries, joint arrangements and associates in separate financial statements using the equity method, apart from the measuring methods currently in existence. This alteration is applied retrospectively.

The Bank will not have any impacts from adopting these standards.

NOTE 45

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVIEWS NOT YET ADOPTED BY THE EUROPEAN UNION

The following standards, interpretations, amendments and reviews, which will be mandatory in future financial years, were not adopted by the European Union up to the date of approving these financial statements:

IFRS 9 – Financial instruments (2009) and subsequent amendments

This standard is part of the project for reviewing IAS 39 and establishes the new requirements for classifying and measuring financial assets and liabilities, for the impairment calculation methodology and for applying the hedge accounting rules. This standard is mandatory for the years commencing on or after 1 January 2018.

IFRS 14 – Regulatory deferral accounts

This standard establishes the reporting requirements applicable to regulatory deferral accounts, for entities that adopt the IFRS/IAS for the first time.

IFRS 15 – Revenue from contracts with customers

This standard introduces a revenue recognition structure based on principles and on a model to be applied to all contracts entered into with customers, replacing the standards IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Customer loyalty programmes IFRIC 15 – Agreements for the construction of real estate; IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenue - - Direct exchange transactions involving advertising services. This standard is mandatory for the years commencing on or after 1 January 2018.

IFRS 16 – Leases

This standard introduces the principles for recognising and measuring leases, replacing IAS 17 – Leases. The standard defines a single accounting model for lease contracts resulting in the lessee recognising assets and liabilities for all the lease contracts, except for leases with a period of under 12 months or for leases falling on low-value assets. The lessers will continue to classify the leases as either operating or financial, while the IFRS 16 will not imply substantial changes for those entities compared to that defined in IAS 17.

IFRS 10 – Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities and IAS 28 – Investments in associates and joint ventures

These changes contemplate the clarification of various aspects related to investment entities applying the consolidation exception.

IFRS 10 – Consolidated financial statements and IAS 28 – Investments in associates and joint ventures

These changes eliminate the existing conflict between the said standards, related to the sale or the contribution of assets between the investor and the associate or between the investor and the joint venture.

These standards have not yet been adopted by the European Union and, as such, have not been applied by the Bank in the year ended 31 December 2015; however, the Bank is analysing the possible impacts of these standards.

NOTE 46

Contingent liabilities arising from the Resolution Fund

Within the scope of its responsibility as a supervisory and resolution authority for the Portuguese financial sector, on 3 August 2014, the Bank of Portugal decided to apply to Banco Espírito Santo, S.A. ("BES") a resolution measure, within the scope of paragraph 5 of article 145-G of the RGICSF (General Regime of Credit Institutions and Finance Companies), which consisted in transferring most of its activity to a transition bank, called Novo Banco, S.A. ("Novo Banco"), created especially for that purpose. In accordance with the Community regulations, the capitalisaton of Novo Banco was guaranteed by the Resolution Fund, created by Decree-Law no. 31-A/2012, of 10 February.

In order to pay up the share capital of Novo Banco, the Resolution Fund provided Euros 4,900 million. Of that amount, Euros 377 million corresponded to the Resolution Fund's own financial resources. In addition, a loan was granted to the Resolution Fund by a banking syndicate of euros 700 million, the participation of each credit institution being weighted depending on various factors, including the respective size. The remaining amount (Euros 3,823 million) needed to finance the adopted resolution measure, came from a loan granted by the Portuguese State, which will be reimbursed and remunerated by the Resolution Fund. The funds that come to be generated with the sale of Novo Banco will be fully allocated to the Resolution Fund.

Recently, on 29 December 2015, the Bank of Portugal decided to re-transmit to BES the responsibility for the unsubordinated bonds issued by the latter, for an approximate nominal amount of Euros 2 billion, and which was aimed at institutional investors, and made a final adjustment, of an amount yet to be ascertained, of the perimeter of the assets, liabilities, extra-equity elements and assets under management transferred to Novo Banco, of which the following are highlighted:

i) clarification that no responsibilities were transferred to Novo Banco that were contingent or unknown at the date of applying the resolution measure to BES;

ii) retransmission to BES of the shareholding in the company BES Finance, which is needed to ensure that the resolution measure is fully complied with and executed with regard to the non-transferral to Novo Banco of subordinated debt instruments issued by BES; and

iii) clarification that it is the responsibility of the Resolution Fund to neutralise, by offsetting with Novo Banco, any possible negative effects of future decisions, arising from the resolution process, resulting in responsibilities or contingencies.

Also during December 2015, the Portuguese authorities decided to sell the majority of the assets and liabilities linked to the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, for 150 million euros, within the framework of applying a resolution measure. These operations involved public support estimated at Euros 2,255 million which aimed to cover any future contingencies, financed at Euros 489 million by the Resolution Fund and Euros 1,766 million directly from the Portuguese State, as a result of the options agreed between the Portuguese authorities, the European bodies and Banco Santander Totta, to demarcate the perimeter of the assets and liabilities to be disposed. Within the context of this resolution measure, the assets of Banif identified as being problematic, of an unknown amount, were transferred to an asset management vehicle, created for that purpose– Oitante, S.A., the Resolution Fund being the single holder of its share capital, through the issue of bonds representing the debt of that vehicle, in the value of Euros 746 million, with a guarantee from the Resolution Fund and counter-guarantee from the Portuguese State. At Banif, which will continue to be subject to future liquidation, there will continue to be a restricted set of assets, as well as shareholder positions, subordinated creditors and related parties

Due to the above-mentioned decisions, there is a significant risk of litigation involving the Resolution Fund.

As provided for in Decree-Law no.31-A/2012, the resources of the Resolution Fund come from payment of the contribution due from the institutions that participate in the Fund and the contribution falling on the banking sector. In addition, it is also envisaged that whenever those resources prove to be insufficient to comply with its obligations, other means of financing can be used, namely: (i) special contributions from credit institutions; and (ii) amounts from loans.

Up to the date of the approval of the financial statements, the Board of Directors did not have any information that enabled it to estimate with reasonable reliability if, following the disposal of Novo Banco, the outcome of the lawsuits underway, without precedence in Portuguese or European legal circles, and other possible liabilities that might also result from the recent resolution measure applied to Banif, will result in the Resolution Fund having insufficient funds and, if applicable, the way it will be financed.

In the circumstances, on this date it is not possible to assess the possible impact of these situation on the present financial statements, as possible costs to be borne depend on the conditions in which the above-mentioned situations develop and the decision that comes to be made by the Ministry of Finance, within the terms of the authority that is legally allocated to it.

NOTE 47

SUBSEQUENT EVENTS

There are no other relevant prior or subsequent facts that should be considered for the purpose of preparing the financial statements for the period ended on December 31, 2015.

In compliance with article 2 of *Aviso* no. 5/2015 of the Bank of Portugal, dated 7 December, as from 1 January, 2016 the entities subject to the supervision of the Bank of Portugal must compile individual financial statements, in accordance with the International Accounting Standards (IAS), as adopted, at any given moment, by Regulation of the European Union and respecting the conceptual structure for preparing and presenting financial statements that fits those standards, as was previously required for the consolidated financial statements, when applicable.

The Bank's Board considers that the application of the IAS to its individual financial statements on 1 January, 2016 will not have any significant impact.

BNI - Banco de Negócios Internacional (Europa), S.A.
Head office: Praça Marquês de Pombal, 16 - 3rd floor,1250-016 Lisbon Registered at the Lisbon Commercial Registry under registration number and corporate entity number 509007333
Share Capital: €34,250,000.00

LEGAL

CERTIFICATION OF THE ACCOUNTS

pwc

Certificação Legal das Contas

Introdução

1 Examinámos as demonstrações financeiras do Banco BNI Europa, S.A., as quais compreendem o Balanço em 31 de dezembro de 2015 (que evidencia um total de 99.602.072 euros e um total de capital próprio de 28.362.156 euros, incluindo um resultado líquido negativo de 1.491.854 euros), a Demonstração de resultados, a Demonstração do rendimento integral, a Demonstração de alterações no capital próprio e a Demonstração de fluxos de caixa do exercício findo naquela data, e o correspondente Anexo. Estas demonstrações financeiras foram preparadas em conformidade com as Normas de Contabilidade Ajustadas introduzidas pelo Aviso nº 1/2005 do Banco de Portugal, as quais têm por base as Normas Internacionais de Relato Financeiro ("IFRS") em vigor, tal como adotadas pela União Europeia, com as exceções referidas nos Avisos n.º 1/2005, n.º 4/2005 e n.º 7/2008 do Banco de Portugal.

Responsabilidades

2 É da responsabilidade do Conselho de Administração a preparação do Relatório de gestão e de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira do Banco, o resultado e o rendimento integral das suas operações, as alterações no capital próprio e os fluxos de caixa, bem como a adoção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado.

3 A nossa responsabilidade consiste em expressar uma opinião profissional e independente, baseada no nosso exame daquelas demonstrações financeiras.

Âmbito

4 O exame a que procedemos foi efetuado de acordo com as Normas Técnicas e as Diretrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que o mesmo seja planeado e executado com o objetivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Para tanto o referido exame incluiu: (i) a verificação, numa base de amostragem, do suporte das quantias e divulgações constantes das demonstrações financeiras e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação; (ii) a apreciação sobre se são adequadas as políticas contabilísticas adotadas e a sua divulgação, tendo em conta as circunstâncias; (iii) a verificação da aplicabilidade do princípio da continuidade; e (iv) a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras.

5 O nosso exame abrangeu ainda a verificação da concordância da informação constante do Relatório de gestão com as demonstrações financeiras.

6 Entendemos que o exame efetuado proporciona uma base aceitável para a expressão da nossa opinião.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Opinião

7 Em nossa opinião, as referidas demonstrações financeiras apresentam de forma verdadeira e apropriada, em todos os aspetos materialmente relevantes, a posição financeira do Banco BNI Europa, S.A. em 31 de dezembro de 2015, o resultado e o rendimento integral das suas operações, as alterações no capital próprio e os fluxos de caixa do exercício findo naquela data, em conformidade com as Normas de Contabilidade Ajustadas emitidas pelo Banco de Portugal.

Ênfase

8 Sem afetar a opinião expressa no parágrafo anterior, chamamos a atenção para o facto das demonstrações financeiras referentes ao exercício findo em 31 de dezembro de 2014, apresentadas nas demonstrações financeiras anexas para efeitos comparativos, terem sido examinadas por outra Sociedade de Revisores Oficiais de Contas, que emitiu a respetiva Certificação Legal das Contas, sem reservas, com data de 9 de março de 2015.

Relato sobre outros requisitos legais

9 É também nossa opinião que a informação constante do Relatório de gestão é concordante com as demonstrações financeiras do exercício.

4 de março de 2016

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
representada por:

António Alberto Henriques Assis, R.O.C.

REPORT AND OPINION OF THE AUDIT COMMITTEE

RELATÓRIO E PARECER DO CONSELHO FISCAL

Senhores Acionistas,

1. Dando cumprimento ao disposto na alínea g) do n.º 1 do Art.º 420.º do Código das Sociedades Comerciais, o Conselho Fiscal elaborou o presente relatório sobre a sua ação fiscalizadora durante o exercício de 2015 e presta igualmente parecer sobre o Relatório de Gestão, contas e propostas apresentados pela Administração do BNI – Banco de Negócios Internacional (Europa), S.A..

2. O Conselho Fiscal manteve ao longo do ano um diálogo permanente com a Administração da Sociedade. As preocupações e comentários do Conselho Fiscal estão expressos nas Atas das reuniões realizadas trimestralmente. A partir de setembro de 2016, passou a ter também, contacto com a PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., que entrou em funções em 10 de agosto de 2016, por renúncia ao exercício de funções, nessa data, da KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. A PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. efetuou os trabalhos de revisão e auditoria sobre as contas de 2015 do BNI – Banco de Negócios Internacional (Europa), S.A., tendo emitido a Certificação Legal de Contas sem reservas e com uma ênfase em 4 de março de 2016. A abordagem de auditoria assentou, essencialmente, em procedimentos substantivos e testes aos controlos gerais, uma vez que a dimensão do Banco BNI Europa e os procedimentos de controlo interno instituídos ainda não justificam uma abordagem diferente. A PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. informou que as situações identificadas, sem impacto nas demonstrações financeiras, foram discutidas com os diversos intervenientes e com eles acordados.

3. O Conselho Fiscal solicitou à PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. cópias das confirmações de saldos de Disponibilidades, Aplicações e Recursos junto de Outras Instituições de Crédito, de Advogados, bem como das transações e saldos com partes relacionadas. Foram ainda solicitados e obtidos junto da PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas memorandos com as conclusões da auditoria em áreas relevantes. O Conselho Fiscal entende que a responsabilidade pela emissão de uma opinião sobre as contas BNI – Banco de Negócios Internacional (Europa), S.A. cabe à PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., ao emitir a Certificação Legal das Contas, documento essencial para que a ação fiscalizadora do Conselho Fiscal possa ser levada a cabo.

4. Nesse contexto, o Conselho Fiscal solicitou também à Administração todas as informações e documentos referentes à sociedade, nos diversos aspetos e áreas da sua atividade, tendo obtido todos os esclarecimentos que, em cada momento, entendeu necessários ou convenientes, não tendo experimentado quaisquer dificuldades ou constrangimentos nessa matéria. O Conselho Fiscal tem chamado a atenção da Administração e da Comissão Executiva do BNI Europa para a necessidade de se intensificarem as operações de captação de depósitos e de concessão de crédito com bom risco, o que já se verificou durante o último trimestre do ano, com maior incidência no mês de dezembro de 2015, para que a geração de proveitos permita absorver, no médio e longo prazo, os custos de estrutura do Banco. De acordo com o Plano de Negócios 2016 – 2021, prevê-se que o BNI Europa apresente um resultado líquido positivo em 2017 e nos exercícios subsequentes.

5. O Conselho Fiscal teve acesso às atas das reuniões do Conselho de Administração e da Comissão Executiva, a toda a documentação que instruiu as referidas reuniões e acompanhou o processo de formação das deliberações tomadas.

6. Pelas razões expostas, o Conselho Fiscal está em condições de atestar que o Relatório de Gestão do Conselho de Administração descreve o que foi a atividade do BNI – Banco de Negócios Internacional (Europa), S.A. durante o exercício de 2015.

7. O Conselho Fiscal analisou a Certificação Legal das Contas, com que declara concordar, para os efeitos do disposto no nº 2 do Art.º 452º do Código das Sociedades Comerciais, o qual não contém nenhuma reserva às contas, mas exprime uma ênfase sobre as demonstrações financeiras, referentes ao exercício findo em 31 de dezembro de 2014, terem sido examinadas por outra Sociedade de Revisores Oficiais de Contas.

8. Pelo exposto, e em conformidade com o disposto no Artº 420º, nº 6 do Código das Sociedades Comerciais, cada um dos membros do Conselho Fiscal, signatários do presente documento, infra identificados, declara, sob sua responsabilidade própria e individual, que, tanto quanto é do seu conhecimento, o Relatório de Gestão, as contas anuais, a Certificação Legal de contas e demais documentos de prestação de contas exigidos por lei ou por regulamento, foram elaborados em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do ativo e do passivo, da situação financeira e dos resultados do BNI – Banco de Negócios Internacional (Europa), S.A. e que o Relatório de Gestão expõe fielmente a evolução dos negócios, o desempenho e a posição do BNI – Banco de Negócios Internacional (Europa), S.A..

9. Em conclusão, o Conselho Fiscal é de parecer que a Assembleia Geral:

a) Aprove o Relatório do Conselho de Administração relativo ao exercício findo em 31 de Dezembro de 2015;

b) Aprove as Contas relativas a esse exercício;

c) Aprove a Proposta de Aplicação de Resultados feita no Relatório de Gestão do Conselho de Administração, a qual se encontra de acordo com as normas legais aplicáveis; e

d) Nos termos do Art.º 455º do Código das Sociedades Comerciais, proceda à apreciação da administração e fiscalização da Sociedade.

Lisboa, 4 de março de 2016

Pelo Conselho Fiscal

Presidente do Conselho Fiscal