



# ATLANTICO

ANNUAL  
REPORT  
**2014**

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# I. Management Report

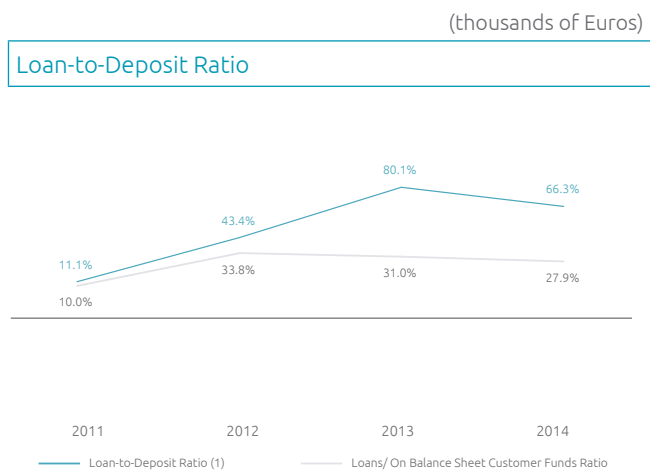
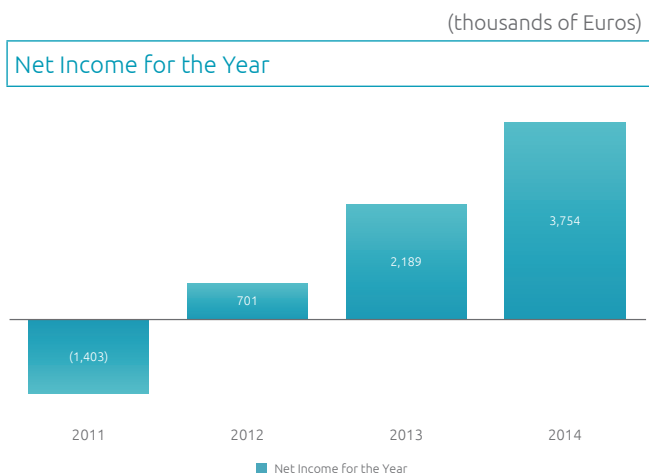
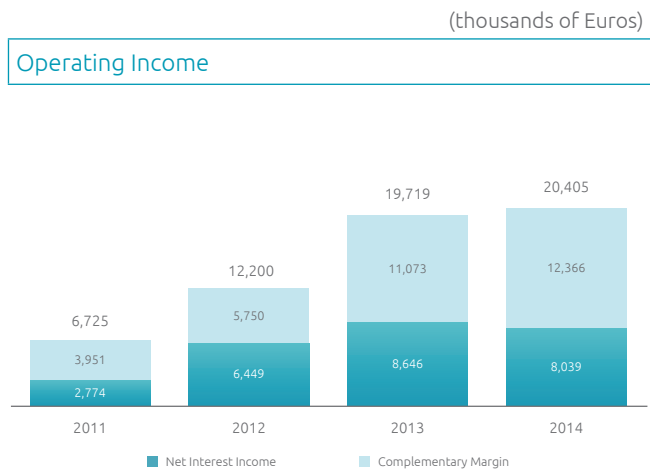
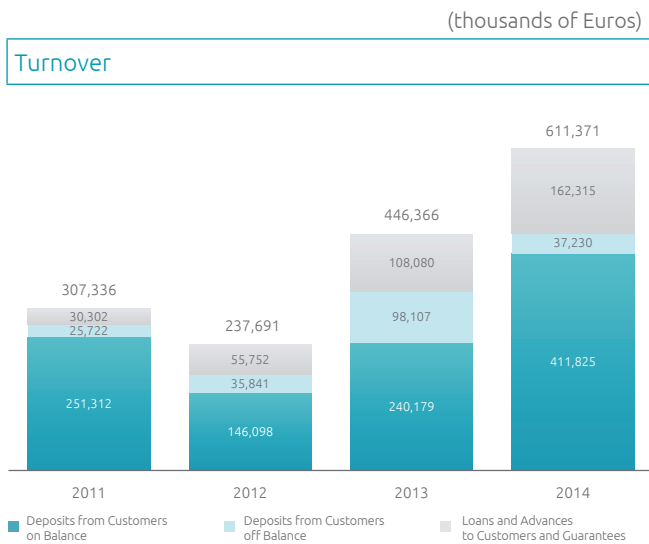
## Main Indicators

(thousands of Euros)

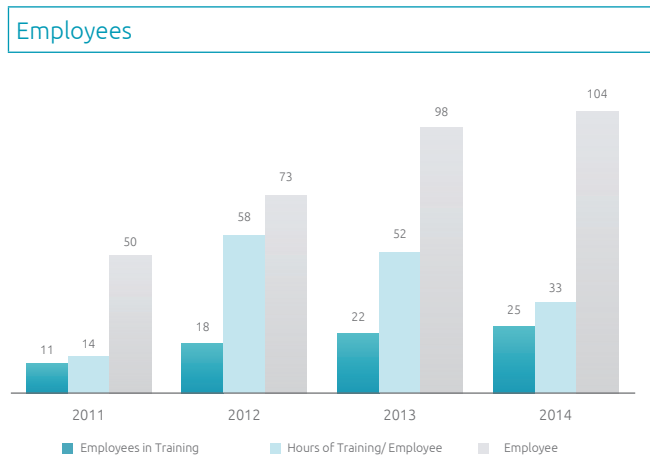
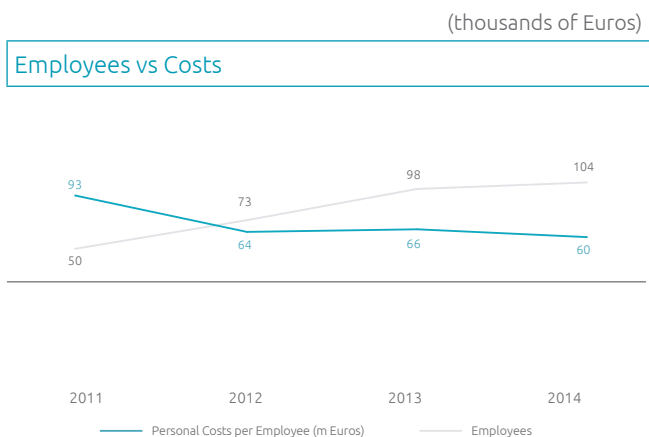
|  | 2011           | 2012           | 2013           | 2014           |
|--|----------------|----------------|----------------|----------------|
| <b>Total Net Assets</b>  | <b>298,808</b> | <b>326,182</b> | <b>427,300</b> | <b>572,726</b> |
| <b>Turnover (1)</b>  | <b>307,336</b> | <b>237,691</b> | <b>446,366</b> | <b>611,371</b> |
| Loans and Advances to Customers  | 25,017         | 49,786         | 74,218         | 114,828        |
| Deposits from Customers On Balance   | 251,312        | 146,098        | 240,179        | 411,825        |
| Deposits from Customers Off Balance  | 25,722         | 35,841         | 98,107         | 37,230         |
| Guarantees   | 808            | 808            | 4,553          | 14,532         |
| Documentary Credit   | 4,477          | 5,158          | 29,309         | 32,995         |
| <b>Turnover per Employee</b>   | <b>6,147</b>   | <b>3,256</b>   | <b>4,555</b>   | <b>5,879</b>   |
| <b>Loan-to-Deposit Ratio (2)</b>   | <b>11.1%</b>   | <b>43.4%</b>   | <b>80.1%</b>   | <b>66.3%</b>   |
| Loans/On Balance Sheet Customer Funds Ratio                                    | 0%             | 0.4%           | 0.1%           | 0.1%           |
| Provisions/Loans to Customer Ratio   | 1.7%           | 1.6%           | 3.4%           | 3.7%           |
| Net Interest Income  | 2,774          | 6,449          | 8,646          | 8,039          |
| Net Commissions  | 1,178          | 816            | 1,248          | 2,217          |
| Net Gains from Foreign Exchange Differences and Financial Assets at Fair Value | 216            | 836            | 587            | 1,209          |
| Net Gains from Available-for-sale Financial Assets                             | -              | 813            | 5,930          | 4,890          |
| Other Operating Income and Expense   | 2,557          | 3,285          | 3,308          | 4,051          |
| <b>Operating Income</b>  | <b>6,725</b>   | <b>12,200</b>  | <b>19,719</b>  | <b>20,405</b>  |
| Operating Income per Employee  | 135            | 167            | 201            | 196            |
| Cost to Income   | 114.1%         | 81.5%          | 71.5%          | 65.5%          |
| <b>Net Income for the Year</b>   | <b>(1,403)</b> | <b>701</b>     | <b>2,189</b>   | <b>3,754</b>   |
| Return on Assets (ROA)   | -0.5%          | 0.2%           | 0.5%           | 0.7%           |
| Return on Equity (ROE)   | -3.1%          | 1.5%           | 4.7%           | 7.7%           |
| Share Capital  | 45,927         | 48,450         | 50,085         | 57,619         |
| <b>Tier 1 Capital</b>  | <b>45,215</b>  | <b>44,435</b>  | <b>46,099</b>  | <b>47,279</b>  |
| Capital Requirements   | 9,799          | 10,837         | 14,298         | 21,520         |
| RWA  | 122,488        | 135,465        | 178,728        | 269,005        |
| <b>Solvency Ratio</b>  | <b>36.9%</b>   | <b>32.8%</b>   | <b>25.8%</b>   | <b>17.6%</b>   |
| <b>Number of Clients</b>   | <b>446</b>     | <b>732</b>     | <b>1,443</b>   | <b>1,922</b>   |
| Number of Employees  | 50             | 73             | 98             | 104            |
| Number of Employees on Training  | 11             | 18             | 22             | 25             |

(1) Loans, guarantees and total customer funds

(2) Calculated in accordance with Banco de Portugal Instruction 23/20144



(1) Calculated in accordance to Banco de Portugal Instruction 23/2011



## Corporate Bodies

### Board of Directors

#### Chairman

Carlos José da Silva

#### Vice-Chairman

Baptista Muhongo Sumbe (left on 31.12.2013)

#### Chairman of the Executive Committee

André Navarro (left 24.03.2014)

Diogo Cunha (took office 25.03.2014)

#### Executive Directors

Augusto Baptista

Graça Proença de Carvalho

### Supervisory Board

#### Chairman

Mário Jorge Carvalho de Almeida

#### Permanent members

Fernando Augusto de Sousa Ferreira Pinto

Maria Cândida de Carvalho Peixoto

#### Substitute member

João Maria Francisco Wanassi

### Statutory Auditor

#### Auditor

KPMG & Associados, SROC, S.A.

representado por Vitor Manuel da Cunha Ribeirinho

#### Substitute

Miguel Pinto Douradinha Afonso

Carlos Luís Oliveira de Melo Loureiro

### General Meeting

#### Chairman

Paulo Manuel da Conceição Marques

#### Vice-chairman

António Assis de Almeida

#### Secretary

Rute S. Martins dos Santos (left 13.03.2014)

Manuel da Silveira Botelho (took office 25.03.2014)

### Company Secretary

#### Permanent

Rute S. Martins dos Santos (left 13.03.2014)

Manuel da Silveira Botelho (took office 28.03.2014)

#### Substitute

Manuel da Silveira Botelho ( took office as permanent Company Secretary on 28.03.2014)

## Business Activity

It has been five years since it was founded and ATLANTICO Europa maintains its commitment to being a sound, profitable, efficient, capitalised bank.

Banking grew consistently in 2014 and there was an increase in the institution's main financial indicators. The Bank's net profit was 3.754 million euros, which was 70% higher than the previous year. The Bank achieved a return on equity of 7.7%.

This year, the Bank's strategic priorities focused on increasing its base of private, corporate and institutional customers, consolidating its range of products and services, systematically controlling costs and optimising security systems and operational quality.

In 2014, we also obtained banking licences for branches in Namibia and Mozambique, both of which are fast-growing, strategically positioned African countries, as they are linked to markets in which ATLANTICO operates - Portugal and Angola. This step confirmed ATLANTICO Europa's multi-national identity and strengthened its position as a platform for international development of the ATLANTICO brand.

In the domestic market, the Bank met its customers' needs with a range of innovative, personalised, value-added products and services. Resident and non-resident private customers benefited from a variety of term deposits at competitive interest rates, financial consultancy services and personalised investment solutions. Business customers benefited from specialised trade finance solutions, cash-flow management and loans to support their international expansion processes.

2014 also witnessed the enlargement of our network of institutional partners. ATLANTICO Europa is committed to its customers and has sought to gain their trust. Its business activity is based on a series of values and principles that include bank secrecy, secure operations, innovation and integrity.

In 2014 we made a considerable investment in technology in order to become a role model in digital banking. This included optimising our computer hardware and software and culminated with the development of our new website and the option to open online accounts, which is available to resident and non-resident customers alike.

ATLANTICO Europa also proudly continued its commitment to the cultural and academic diversity of its employees in 2014. The Bank therefore increased its team in 2014 in order to keep up with its burgeoning banking activity while still maintaining quality standards. It now has 104 employees and continued to invest in their training with 28 courses and participation of 17% of the team in post-graduate courses promoted by the bank.

Our banking business was accompanied and monitored by internal control and compliance processes and strict risk management. ATLANTICO Europa scrupulously fulfilled its responsibilities imposed by the European and Portuguese regulators and exceeded the main financial ratios established.

Finally, a special word of thanks goes to all our shareholders, customers, employees and partners who contributed to the development of ATLANTICO Europa, a bank with African roots that we want to make increasingly international.

## Macroeconomic Background

2014 witnessed economic and financial divergences and corresponding monetary policies of the central banks in the United States and Eurozone and investors once again opted for American risk assets.

After the stock market recovery in the Eurozone in 2013, the main indexes rose moderately last year. This lack of interest was justified by uncertainty as to the performance of business activity and discouraging expectations on the part of economic agents. These agents were waiting for more certainty as to the future in the region, especially whether European Central Bank (ECB) policies would put Europe on the road to growth.

In Portugal, the PSI-20 recorded one of the world's worst performances in 2014 and lost almost 30% of its value. The stock market suffered the pressure of the collapse of the Espírito Santo Group, as its effects spread to other listed companies such as Portugal Telecom and the other banks. The foreign slowdown and deflation during the year led to modest economic growth in Portugal (est. 0.85%), mostly due to a recovery in domestic spending. The year also witnessed the completion of the financial adjustment programme in Portugal. The government decided not to use a precautionary credit line on the grounds of the country's full return to the primary debt markets.

The ECB decided to cut its reference rate from 0.25% to 0.15% in June and again to 0.05% in September. Other unconventional accommodative measures were also taken, such as a reduction in interest rates on deposits at the ECB to a negative 0.2%, new low-rate medium- and long-term loans (TLTROs) in September and December and two new securitised debt purchase programmes, one focusing on covered bonds and the other on asset-backed securities, in order to support growth and progressively mitigate the risk of deflation.

In the United States, 2014 began with Treasury yields rising to close to 3%, due to the expected gradual reduction in the Fed's asset purchase programme. The Fed gradually reduced its USD 85 bn in monthly purchases and they ended in October. On the other hand, the fact that inflation over the medium term

would remain under control and the slight downward revisions for growth in 2014 contributed to the poorer than expected performance of US public debt return rates. Yields on debt securities in Europe continued at new all-time lows throughout the curve, reflecting expectations of low inflation rates and an expansionist monetary policy from the ECB.

In view of a greater divergence between monetary policies on the two sides of the Atlantic, we began to see larger spreads between Treasuries and the Bund. It was 163 bps at the end of the year, 55 more than at the beginning 2014.

The USD Index recorded the highest appreciation in the last 15 years (12.79%), with the market expecting monetary policy to return to normal in the United States in the following year. The EUR/USD exchange rate depreciated around 14%, from 1.4000 in May to 1.2100. There was similar movement in the emerging currencies. The rouble depreciated 85% against the USD as a result of the serious crisis in the country after the fall in oil prices and geopolitical tensions in Ukraine, which resulted in stringent economic sanctions from the United States and European Union.

The commodities market had a troubled year, especially regarding oil. In the last months of 2014, oil prices dropped considerably in the two main markets, as over-production and the appreciation of the USD pushed them down to their lowest in several years. An increase in shale oil production in the United States and the recovery of production in countries such as Iraq and Libya at a time when growth in the world economy was slowing down led to a fall of around 50% in oil prices in 2014.

After a promising start of the year, with gold prices rising 18% to close to USD 1,400 an ounce, investors' appetite began to deteriorate and prices went back down to around their starting point. This can be explained by the alternatives offered by rising financial assets such as shares, the appreciation of the USD and a reduction in liquidity by the Fed. The amounts in gold ETFs continued to fall, reaching six-year minimums, and in the physical market Chinese consumption was much lower than the year before. The same occurred in India due to tax restrictions.

## Business Areas

### Corporate Banking

2014 was an extremely competitive year in commercial banking in Portugal. Banks aggressively offered low spreads on loan operations for lower risk customers in an attempt to keep their operating income at levels in line with their capacity and improve the degree of risk of their credit portfolios. In spite of this competitive setting, ATLANTICO Europa substantially increased its business customer base. This growth was accompanied by a considerable increase in deposits and loans granted. Our focus remained on attracting customers with relations with the Angolan market in terms of trade and investment.

The Bank attracted more deposits than loans granted to customers, which demonstrates its selective, conservative

lending policy and an effort to develop a diversified customer base, when it came to using its products and services. The growth in turnover was accompanied by solid, sustained growth in net interest income and complementary margin. The trade finance business, which is of strategic importance to ATLANTICO Europa and its main focus in corporate banking, made a considerable contribution.

In 2015, we will continue our strategic focus on trade finance for our customers and concentrate on finding solutions that meet their specific needs. We will place our experience of the Angolan market at their disposal and keep up our efforts towards continuous improvement in the service provided to them.

### Private Banking

2014 confirmed the Avenida da Liberdade branch's status as the affluent segment's business centre. In its second year in an emblematic, strategic part of Lisbon, our commercial workforce focused its efforts on attracting deposits from existing customers by offering a range of value-added investment solutions for medium- to long-term savings and accompanying customers' family projects, with special focus on property investment for non-resident customers.

The number of customers rose 33% to 1,366, 63% of whom reside in Angola, 35% in Portugal and 2% in other countries.

Thanks to our account managers' in-depth knowledge of Angola and its customers' interests in general, this non-resident customer base was responsible for the 45% increase in the amount of loans, based mainly on mortgages. Total deposits rose 113%, thanks to strong dynamics in attracting and maintaining funds with a varied range of term deposits, indexed deposits and structured products.

The use of cutting edge technology in cash operations, managers' routine tasks and particularly in new private customers' accounts

was also decisive in this segment's overall performance in 2014. It resulted in sounder, simpler, more profitable processes and maintenance of meticulous work.

Levels of service were consolidated in the private banking segment in 2014, based on an overall approach to assets, a range of financial and non-financial products and services and totally independent open architecture. This provided our customers with access to the main agents and international capital markets and the necessary assistance in managing their personal or business interests and assets.

Based on the pillars of independent, specialised financial consultancy and guaranteed security, transparency and confidentiality at all times, in 2014 we reinforced our proposal of value in private banking at ATLANTICO Europa. This included quality of service based on the principles of the relational banking approach and exclusive investment and funding solutions suited to the risk profile, life cycle and specific needs of each customer. In order to achieve this, we enlarged our team of customer managers.

## Institutional Banking

2014 was a year of consolidation of business activity for institutional banking at ATLANTICO Europa. We conducted market prospection and made efforts to attract institutional customers, with special focus on Africa. These efforts resulted in an increase in the number of relational customers and counterparties and a substantial growth in deposits, which reached 236 million euros at the end of 2014.

The most important events were the placing of the first deposit with institutional investors, a corresponding increase in banking activity and trade finance. ATLANTICO Europa continued to increase the number of institutions with which it has exchanged RMAs. It now has a comprehensive network in all continents.

In 2014, ATLANTICO Europa issued its first commercial paper,

which was placed with institutional investors – an issue of 3 million euros with demand for 9.25 million euros, i.e. 3x oversubscribed.

In terms of representations, ATLANTICO Europa, in coordination with ATLANTICO in Angola, held the second ATLANTICO Meetings in Washington in the annual IMF meetings week. They were attended by 100 guests, including customers and counterparties.

ATLANTICO Europa was represented at annual meetings of the Export Import Bank of the United States, Africa Financial Services and Investment Conference, where it had a speaker, and at SIBOS 2014, an annual event organised by Swift. It also hosted the Singapore trade delegation in Portugal.

## Asset Management

In 2014, asset management at ATLANTICO Europa, which is handled by our subsidiary in Luxembourg, focused on completing the structuring of the company's resources in order to meet the requirements of its investors, while abiding by best practices in governance and internal control.

We also began preparations for the Angola Growth Fund, which will mainly be based on investment for Sub-Saharan Africa not exclusively for Angola, as initially planned and the Atlantico Investment Strategies Fund, which will serve as a management platform for different institutional customers. These customers' assets will be segregated by investment in sub-funds.

Atlantico Asset Management sets up and manages alternative

investment funds that focus on investment in Sub-Saharan Africa. Relations with different stakeholders were also strengthened to support expected growth in upcoming years.

For investment fund management, our business model is sustained by a stringent investment process and strict risk management. The company's governance model is in line with best practices and consists of a Board of Directors, an Investment Committee, an Advisory Committee, Internal Control and a local management team.

Atlantico Asset Management has a licence allowing it to manage all kinds of alternative investment funds.

## Internal Control

The Board of Directors is responsible for defining, implementing and periodically reviewing an internal control system that is suited to the nature, size, and complexity of ATLANTICO Europa's business and in line with its risk profile. Its aims are to ensure:

- Business continuity and survival of the institution through efficient allocation of deposits and execution of operations, effective monitoring and risk control, prudent assessment of assets and liabilities, security and control of access to information and communication systems;

- The existence of complete, reliable, timely financial and non-financial accounting and management information for use as a base in decision making and control processes;

- Fulfilment of legal obligations, internal orders and rules of conduct in relations with customers, counterparties in operations, shareholders and supervisors.

The key functions of the internal control system – risk management, compliance and internal auditing – have the right human and material resources for the job and enjoy the required independence, status and effectiveness.

## Risk Management

ATLANTICO Europa's commercial activity is going through a growth phase and risk management is therefore a central pillar in its vision and strategy. Risk management at ATLANTICO Europa is the responsibility of its Board of Directors, while the Risk Department provides consultancy and implements the different aspects of risk management system. This system is based on an integrated series of policies and processes, which include procedures, limits, controls and sub-systems designed to constantly identify, assess, monitor, control and report all relevant risks to the Bank's business.

The Risk Department is thus basically responsible for ensuring that risk management of the different activities is appropriate and effective, taking the necessary measures to improve and develop it, evaluate and monitor all relevant risks and checking whether they fall within the limits and profiles established by the Bank or required by law, periodically validating models, assessment methodologies and internal and external reporting structures, ensuring that the information on which they are based is of good quality and properly documenting processes in its area of action.

The Risk Department's duties include the following:

- Timely identification of risks, with particular focus on changes in risk profile arising from new products and geographical markets or significant changes in behaviour patterns of different risk factors and exposures in the Bank's portfolio;
- Assessment of risks on the basis of quantitative and qualitative analyses using reliable sources of information and sound, consistent calculation methods;
- Regular stress tests aimed at assessing the Bank's soundness

and resilience in adverse economic settings.

- Monitoring and reporting of risks by setting prudent limits and warning signs for the institution's main risks and including this information in regular management reports and the design and implementation of business continuity for information systems, physical premises and human resources;

- Guarantee of the efficiency of internal structures for the production and validation of prudential reports in order to meet deadlines and comply with the requirements of different supervisory bodies.

Two committees, of which the Risk Department is an integral part, hold regular meetings to ensure that risk is properly accepted and monitored at ATLANTICO Europa. They are the Loan Committee and the ALCO, which use the meetings to analyse and monitor main exposure and make informed decisions on the Bank's acceptance of new exposure to risk.

In 2014, ATLANTICO Europa's risk profile remained in line with that of the previous year. Growth of business, in spite of the adverse macroeconomic circumstances, resulted in a substantial increase in the balance sheet during the year. The Bank maintained its criteria of prudence in the acceptance of risk and made efforts to enlarge its sources of deposits.

This position made it possible to keep default at minimum levels, which were significantly below the market average in the different business segments. We were also able to increase the quantity and degree of diversification of sources of deposits and funding in terms of maturities and counterparties, thereby reducing the concentration risk on the balance sheet.

Our governance model for risk management did not change from 2013 and its responsibilities and types of interaction with other internal and external units remained the same.

We did, however, optimise the formalisation of policies, processes and risk management and supporting mechanisms in order to adapt them to expected growth in upcoming years and align them with our strategic goals.

Implementation of the new Basel III prudential framework, particularly in terms of new Common Reporting (COREP) and Financial Reporting (FINREP) was one of the department's main challenges in 2014. It had to revise and update evaluation and monitoring tools for the different risks and reinforce procedures and technology to support the management and use of information.

For 2015, ATLANTICO Europa plans to continue to reinforce

the formalisation of risk management processes and tools for identifying, assessing, monitoring and reporting them.

Considering our strategy for growing our business and extending it to other countries, it is even more important to ensure that we have an across-the-board risk management system. It must be based on a risk profile that covers new factors to which it will be exposed and cover appropriate tools and methods for modelling, quantifying and reporting the institution's consolidated solvency and liquidity levels.

The Bank will continue to invest in improving its risk management tools and methods. This includes initiatives for ensuring appropriate alignment with and incorporation of the new Basel III requirements, particularly COREP and FINREP, and for reinforcing risk monitoring and quantification mechanisms, with special focus on the liquidity and operational risk.

## Auditing

Internal audits are a permanent, independent, objective activity at ATLANTICO Europa aimed at helping the Board of Directors monitor internal control systems by assessing the highest risk areas, the efficacy of their management and suitability of the most important control procedures.

In 2014, Internal Auditing continued to undertake review programmes in order to assess the suitability and efficacy of the internal control system of the Bank's business and structure. The monitoring process included control assessments with focus on the Bank's main processes and identification of any deficiencies in the design, implementation or use of the system.

The audit plan for 2014 was properly aimed at the risk of business activities and systems, and the deficiencies identified

by internal audits and consequent recommendations were recorded, documented and reported. Key importance was given to processes and procedures in core tasks and areas where concentration of risks is higher.

In 2014 we also implemented control routines at regular intervals in areas in which controls are systematically performed.

ATLANTICO Europa conducted several continual and gradual audits over the year, performing analyses of the entire bank or only critical control points in certain business and support processes. ATLANTICO Europa assessed the main risks once again at the end of 2014 to ensure that its plan for 2015 was appropriate.

## Legal and Compliance

Legal and Compliance involves internal legal advice and compliance.

The legal team advises the management and provides support to the Bank's business on the basis of the principles of objectivity, attention to detail, clear explanations, timely responses, collaboration and teamwork.

In 2014, it undertook a number of important initiatives, such as the provision of information on changes in regulations and other matters of interest and regular circulation of a legal newsletter.

The activity of the compliance team is independent and its job is to guarantee that the institution complies with the law, rules, in-house regulations and national and international agreements affecting the Bank's business. The aim is to prevent the institution from incurring legal or regulatory sanctions or

financial or reputational losses resulting from infringement of laws, regulations, codes of conduct or other rules governing its business.

In 2014, it continued its careful monitoring of customers and their business, operations and control in the prevention of money laundering and funding of terrorism. It worked on the principles of better regulation and in accordance with Banco de Portugal Notice 5/2008 on the detection of possible risk situations and the common goal of making the Bank's internal control system sounder and more integrated with its operations.

Training of our employees is a priority and essential to the continuity of existing rules and standards which is why the ongoing training of all the Bank's employees, including new recruits, is a priority, with special focus on changes in the laws affecting banking.

## Support Areas

### Financial Markets

2014 was another challenging year in a macroeconomic setting that was highly influenced by the central banks, which produced new paradigms in terms of overall financial management.

Within this framework, the financial markets team was able to focus on implementing the existing business strategy and make a decisive contribution to diversifying the Bank's products and services, increasing the number of operations with customers and counterparties, management and liability rates and ongoing

management of the Bank's proprietary investment portfolio.

The Bank maintained its conservative attitude towards its balance sheet liquidity management policy in order to guarantee a comfortable, sustainable position that would meet its operational needs. Using dynamic proprietary portfolio management based on established risk management policy, we were able to achieve our risk-return goals.

### Operations

In 2014, the trend towards solid growth in the number of customer operations was the same as in previous years. These included payment services and corresponding banking (with a monthly average increase of 40%) and trade finance, particularly in the confirmation of letters of credit.

The Bank also began to manage primary market commercial paper issues for corporate customers, thereby vitalising its opportunities for business in this area.

Thanks to growth in operations, it was necessary to reorganise our operations team in order to maintain and step up its response capacity in the areas that grew most and investment in systems aimed mainly at automation of main operational processes

with the consequent gains in productivity and mitigation of the operational risk.

In terms of structural projects, the Bank participated actively in the Banco de Portugal and Interbolsa training sessions on the implementation of TARGET2 Securities, thereby keeping up with developments in this important European initiative.

In 2014, the Bank participated, in a Banco de Portugal project to implement the GOPM – Monetary Policy Operation Management platform that will replace the current SITEME in conducting monetary policy auctions and managing guarantee assets.

### Information System

2014 was a structuring year for the tech team at ATLANTICO Europa. It was the unit that grew most in terms of human resources. This growth permitted specialisation in three key work areas:

- Business support systems - focusing on our core banking and automation of processes for greater efficiency and less human error. In 2014, we automated reading of information on credit card forms and automatic exchange operations.
- Infrastructure and security - focused on management of the Bank's everyday service. In 2014, this unit worked most on the migration of infrastructure, which

consisted of changing all the servers in our main and disaster recovery environment to the cloud, changing telecommunications operators, setting up a services portal, implementing new monitoring systems and acquiring new security systems.

This project will allow the Bank (1) to enjoy the flexibility of a cloud environment, rationalise costs of servers and eliminate the need for storage or backup systems, (2) increase access to the digital banking platform, (3) improve ATLANTICO Europa's growth capacity and meet the needs of new countries - Namibia and Mozambique, (4) rationalise telecommunications costs and (5) improve our IT service.

This unit's activities for 2015 include the opening of new branches in Namibia and Mozambique, Disaster Recovery planning and testing and a security audit.

- Software development - created in 2014 to increase the Bank's technological flexibility and independence and cost control. Since it was set up this unit has focused on improving

customer communication channels. Together with Marketing, it developed the Bank's new website where customers can open accounts online, and a prototype foreign exchange web platform. It also began developing online banking platforms for Namibia and Portugal and mobile banking platforms for iOS and Android.

## Marketing

In 2014, Marketing at ATLANTICO Europa focused on consolidating and increasing the Bank's range of products and services and on daily management and communication of its brand.

Activities completed in 2014 included the reformulation our range of term deposits, which involved introducing a new deposit with monthly interest payments, campaigns to place our credit cards and the development, with the technology team, of the new ATLANTICO Europa website and the facility for opening

accounts online.

Our range of products and services grew once again in 2014, with special focus on our credit card, where placing grew 72% and the amount of transactions 120%.

This unit also began developing new products and services in 2014, such as the ATLANTICO MasterCard debit card, payments for services and top-ups, consumer credit, an interest-earning current account, new digital banking platforms and agreements with companies (as a boost for the credit card).

## Human Capital

ATLANTICO Europa was born under the slogan “The difference is in our People”, in the belief that only a solid, capable, innovative, multicultural team can guarantee excellent service to its customers and be recognised as a benchmark in the financial system.

In 2014, the Bank continued its trend of sustainable growth in number of employees. Five years after it opened, its team now consists of 104 people.

This growth reflects our ongoing belief in creating job opportunities based on strengthening teams of qualified, capable staff to meet the challenges that ATLANTICO Europa faces and the demands of the markets in which it operates. The average age of the ATLANTICO Europa team is 35, reflecting our belief in the potential of young talents based on a structure of senior staff with profound experience of the banking sector and financial markets.

As the global institution that we are, our teams are marked by their cultural diversity. We have employees from 11 countries in four different continents. This enriches the organisation’s knowledge of the markets and leads to innovative approaches to customers.

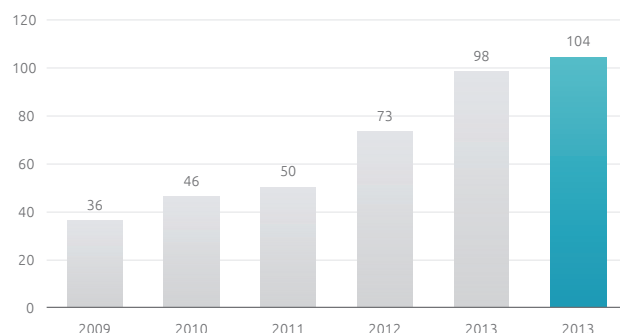
Because we are convinced that knowledge is the only inexhaustible asset that generates sustainable development, 28 training courses totalling 3,450 hours were held in 2014. We also promoted training and development programmes so that 17% of the team took part in post-graduate courses. At the same time, we continued introductory banking internship programmes aimed at empowering new graduates to work in banking. We had 13 interns in 2014.

Living up to our commitment to being a strategic partner in training and development of future leaders in the Angolan financial system, in 2014 we continued to offer internships and training programmes aimed specifically at young Angolan talents who have found ATLANTICO Europa to be a bridge to jobs in Angola.

In the year when we are celebrating our fifth anniversary, we are proud to have contributed to the training of 60 young Angolan talents, most of whom now work at Banco Privado Atlântico in Angola or Portugal.

As part of Accenture’s “Best Companies to Work For” Initiative promoted in partnership with Exame magazine, we ended 2014 being considered one of the best companies to work for in Portugal. This recognition reflects our constant investment in developing our people and implementing practices that enable us to do more and better.

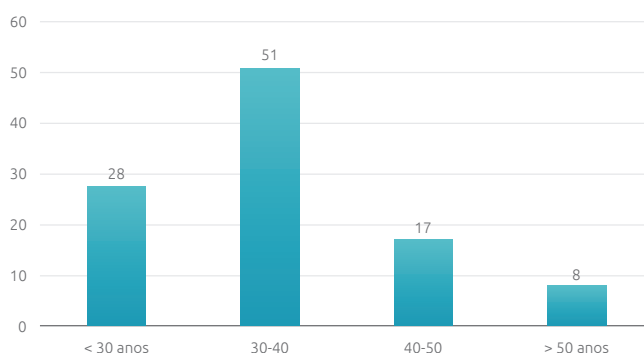
Employees Evolution



Employees by Gender



Employees by Age



## Financial Analysis

2014 was a year of strong business growth for ATLANTICO Europa. Its main features were:

- Income of 3,754,000 euros;
- 33% year-on-year increase in customers;
- Prudent growth in our loan portfolio, due to the economic constraints in Portugal, focusing essentially on operations related to international trade;
- 50% more trade finance operations with corporate and institutional customers than in 2013;
- Investment in technical skills of young staff;
- Reduction in cost-to-income ratio;

(thousands of Euros)

| Main Indicators  | 2011           | 2012           | 2013           | 2014           |
|--|----------------|----------------|----------------|----------------|
| <b>Total Net Assets</b>  | <b>298,808</b> | <b>326,182</b> | <b>427,300</b> | <b>527,726</b> |
| <b>Turnover (1)</b>  | <b>307,336</b> | <b>237,691</b> | <b>446,366</b> | <b>611,371</b> |
| Loans and Advances to Customers  | 25,017         | 49,786         | 74,218         | 114,828        |
| Deposits from Customers On Balance   | 251,312        | 146,098        | 240,179        | 411,825        |
| Deposits from Customers Off Balance  | 25,722         | 35,841         | 98,107         | 37,230         |
| Guarantees   | 808            | 808            | 4,553          | 14,532         |
| Documentary Credit   | 4,477          | 5,158          | 29,309         | 32,955         |
| <b>Turnover per Employee</b>   | <b>6,147</b>   | <b>3,256</b>   | <b>4,555</b>   | <b>5,879</b>   |
| <b>Loan-to-Deposit Ratio (2)</b>   | <b>11.1%</b>   | <b>43.4%</b>   | <b>80.1%</b>   | <b>66.3%</b>   |
| Loans/ On Balance Sheet Customer Funds Ratio                               | 0%             | 0.43%          | 0.14%          | 0.14%          |
| Provisions/Loans to Customer Ratio   | 1.7%           | 1.6%           | 3.4%           | 3.7%           |
| Net Interest Income  | 2,774          | 6,449          | 8,646          | 8,039          |
| Net Commissions  | 1,178          | 816            | 1,248          | 2,217          |
| Net Gains from Foreign Exchange Differences and Financial Assets for Value | 216            | 836            | 587            | 1,209          |
| Net Gains from Available-for-sale Financial Assets                         | -              | 813            | 5,930          | 4,890          |
| Other Operating Income and Expense   | 2,557          | 3,285          | 3,308          | 4,051          |
| <b>Operating Income</b>  | <b>6,725</b>   | <b>12,200</b>  | <b>19,719</b>  | <b>20,405</b>  |
| Operating Income per Employee  | 135            | 167            | 201            | 196            |
| Cost to Income   | 114.1%         | 81.5%          | 71.5%          | 65.5%          |
| <b>Net Income for the Year</b>   | <b>(1,403)</b> | <b>701</b>     | <b>2,189</b>   | <b>3,754</b>   |
| Return on Assets (ROA)   | -0.5%          | 0.2%           | 0.5%           | 0.7%           |
| Return on Equity (ROE)   | -3.1%          | 1.5%           | 4.7%           | 7.7%           |
| Share Capital  | 45,927         | 48,450         | 50,085         | 57,619         |
| <b>Tier 1 Capital</b>  | <b>45,215</b>  | <b>44,435</b>  | <b>46,099</b>  | <b>47,279</b>  |
| Capital Requirements   | 9,799          | 10,837         | 14,298         | 21,520         |
| RWA  | 122,488        | 135,465        | 178,728        | 269,005        |
| <b>Solvency Ratio</b>  | <b>36.9%</b>   | <b>32.8%</b>   | <b>25.8%</b>   | <b>17.6%</b>   |
| <b>Number of Clients</b>   | <b>446</b>     | <b>732</b>     | <b>1,443</b>   | <b>1,922</b>   |
| Number of Employees  | 50             | 73             | 98             | 104            |
| Number of Employees on Training  | 11             | 18             | 22             | 25             |

(1) Loans, guarantees and total customer funds

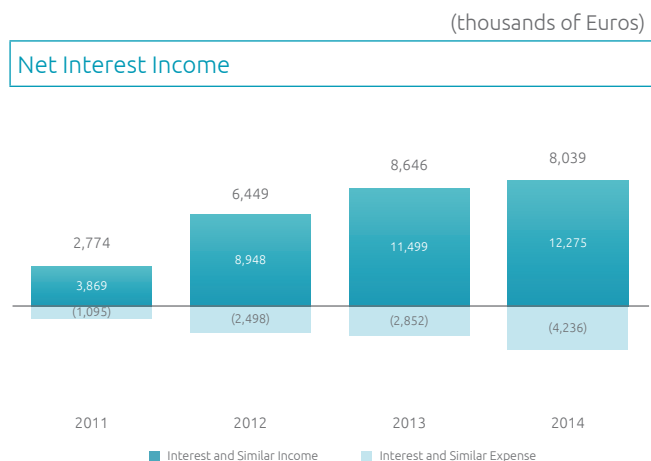
(2) Calculated in accordance with Banco de Portugal instruction 23/20144

## Income Analysis

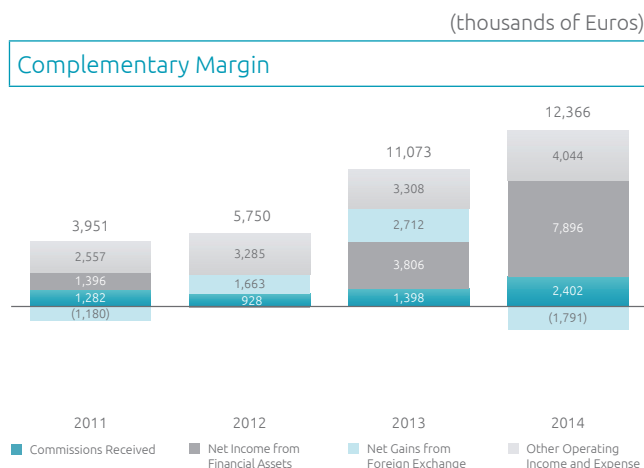
ATLANTICO Europa closed the year with a profit before tax of 5,285,000 euros, 43% face higher than in 2013.

There follows a brief description of the different balance sheet items:

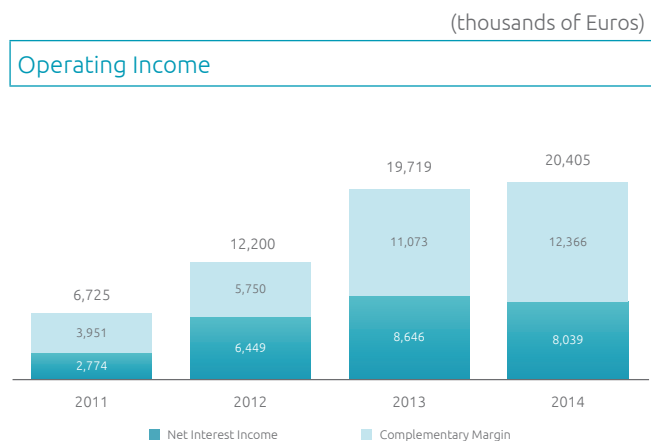
|                                    | (thousands of Euros) |                 |                 |                 |              |            |
|------------------------------------|----------------------|-----------------|-----------------|-----------------|--------------|------------|
| Income Statement                   | 2011                 | 2012            | 2013            | 2014            | Change       | var. %     |
| Interest and Similar Income        | 3,869                | 8,948           | 11,499          | 12,275          | 777          | 7%         |
| Interest and Similar Expense       | (1,095)              | (2,498)         | (2,852)         | (4,236)         | (1,384)      | 49%        |
| <b>Net Interest Income</b>         | <b>2,774</b>         | <b>6,449</b>    | <b>8,646</b>    | <b>8,039</b>    | <b>(607)</b> | <b>-7%</b> |
| as % of Operating Income           | 41.2%                | 52.9%           | 43.8%           | 39.4%           |              |            |
| Comissions Received                | 1,282                | 928             | 1,398           | 2,402           | 1,004        | 72%        |
| Commissions Paid                   | (104)                | (112)           | (151)           | (185)           | (35)         | 23%        |
| Net Income from Financial Assets   | 1,396                | (13)            | 3,806           | 7,896           | 4,091        | 107%       |
| Net Gains from Foreign Exchange    | (1,180)              | 1,663           | 2,712           | (1,791)         | (4,503)      | -166%      |
| Other Operating Income and Expense | 2,557                | 3,285           | 3,308           | 4,044           | 736          | 22%        |
| <b>Operating Income</b>            | <b>6,725</b>         | <b>12,200</b>   | <b>19,719</b>   | <b>20,405</b>   | <b>686</b>   | <b>3%</b>  |
| Personnel Costs                    | (3,841)              | (4,667)         | (6,471)         | (6,206)         | 265          | -4%        |
| Other Operating Costs              | (3,831)              | (5,200)         | (7,173)         | (6,500)         | 673          | -9%        |
| Depreciation                       | (351)                | (736)           | (653)           | (658)           | (5)          | 1%         |
| <b>Overheads</b>                   | <b>(8,023)</b>       | <b>(10,603)</b> | <b>(14,297)</b> | <b>(13,364)</b> | <b>933</b>   | <b>-7%</b> |
| <b>Operating Profits</b>           | <b>(1,298)</b>       | <b>1,597</b>    | <b>5,423</b>    | <b>7,041</b>    | <b>1,618</b> | <b>30%</b> |
| Provisions for Credit Risk         | (378)                | (347)           | (1,724)         | (1,757)         | (32)         | 2%         |
| <b>Net Income Before Tax</b>       | <b>1,676</b>         | <b>1,250</b>    | <b>3,698</b>    | <b>5,285</b>    | <b>1,587</b> | <b>43%</b> |
| Taxes for the Period               | 273                  | (549)           | (1,509)         | (1,530)         | (21)         | 1%         |
| Current                            | (87)                 | (300)           | (670)           | (2,009)         | (1,339)      | 200%       |
| Deferred                           | 360                  | (249)           | (839)           | 479             | 1,318        | -157%      |
| <b>Net Income for the Year</b>     | <b>(1,403)</b>       | <b>701</b>      | <b>2,189</b>    | <b>3,754</b>    | <b>1,565</b> | <b>72%</b> |



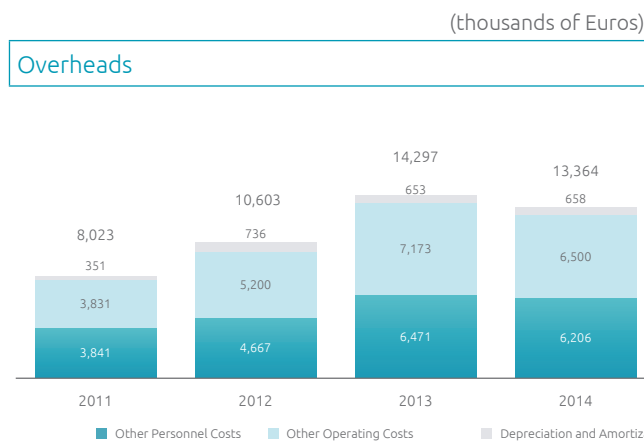
Net interest income has been growing steadily since 2011, reflecting our liquidity management policy and an increase in loans granted, while maintaining risk standards. Net interest income fell 7% YoY in 2014, and accounting for 39.4% operating income, as a result of our portfolio management policy in 2014.



The complementary margin increased 11.7% against 2013, reflecting more banking business and greater activity in our own portfolio. Net commissions increased 78%, with the main contribution coming from banking services and documentary credits.



Operating income was 3:5% higher than in 2013.



Structural costs fell 5%, mainly as a result of:

- Other operating costs – fell 9%, thanks to cost control measures in 2014;
- Depreciation - increased 1%, due to the acquisition of office equipment, hardware, software and the bank's head office;
- Personnel costs – went down by 4.1% against 2013, due to renegotiation of insurance contracts and rescissions in 2014 (23 rescissions vs. 30 admissions). The average cost per employee fell 10% against 2013.

## Analysis of Balance Sheet

ATLANTICO Europa closed 2014 with total net assets of 572,726,000 euros and equity of 57,619,000 euros, a 15% increase YoY.

(thousands of Euros)

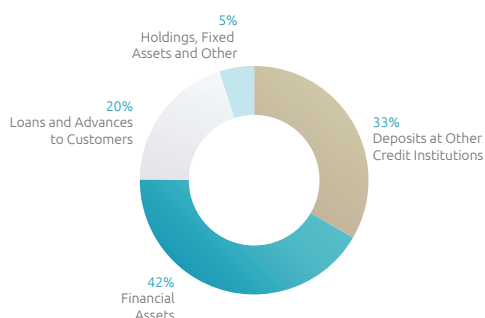
| Balance Sheet  | 2011           | 2012           | 2013           | 2014           | Change          | var. %      |
|--|----------------|----------------|----------------|----------------|-----------------|-------------|
| <b>Assets</b>  |                |                |                |                |                 |             |
| Deposits   | 145            | 228            | 182            | 160            | (22)            | -12%        |
| Deposits at Central Banks                                  | 2,947          | 5,844          | 11,970         | 6,298          | (5,672)         | -47%        |
| Loans and Advances to Credit Institutions                  | 105,319        | 68,831         | 118,111        | 184,840        | 66,729          | 56%         |
| Loans and Advances to Customers (net)                      | 24,745         | 49,410         | 74,009         | 114,467        | 40,458          | 55%         |
| Financial Assets Held for Trading                          | 1,315          | 0              | 78             | 1,622          | 1,544           | >1000%      |
| Available-for-sale Financial Assets                        | 0              | 189,140        | 208,016        | 237,178        | 29,162          | 14%         |
| Held to Maturity Investments                               | 154,819        | 0              | 0              | 0              | 0               | 0%          |
| Intangible Assets  | 712            | 527            | 448            | 837            | 389             | 87%         |
| Other Tangible Assets                                      | 849            | 4,467          | 4,670          | 21,010         | 16,339          | 350%        |
| Investments in Subsidiaries Associates                     | 55             | 315            | 1,074          | 1,572          | 498             | 46%         |
| Income Tax Assets  | 1,225          | 988            | 387            | 731            | 344             | 89%         |
| Other Assets   | 6,675          | 6,431          | 8,356          | 4,012          | (4,344)         | -52%        |
| <b>Total Assets</b>  | <b>298,808</b> | <b>326,181</b> | <b>427,300</b> | <b>572,726</b> | <b>145,426</b>  | <b>34%</b>  |
| <b>Liabilities</b>   |                |                |                |                |                 |             |
| Deposits at Central Banks                                  | -              | 127,033        | 166,278        | 167,725        | 1,447           | 1%          |
| Deposits from Customers                                    | 224,842        | 88,312         | 95,992         | 173,767        | 77,775          | 81%         |
| Deposits from Credit Institutions                          | 26,470         | 58,549         | 108,490        | 156,002        | 47,512          | 44%         |
| Financial Liabilities at Fair Value through Profit or Loss | -              | 827            | 226            | 239            | 13              | 6%          |
| Provisions for Credit Risks                                | 165            | 302            | 1,630          | 2,646          | 1,016           | 62%         |
| Income Tax Liabilities                                     | 72             | 832            | 1,001          | 3,056          | 2,056           | 205%        |
| Other Liabilities  | 1,332          | 1,876          | 3,598          | 11,672         | 8,074           | 224%        |
| <b>Total Liabilities</b>                                   | <b>252,881</b> | <b>277,731</b> | <b>377,215</b> | <b>515,107</b> | <b>137,892</b>  | <b>37%</b>  |
| <b>Net Position</b>  |                |                |                |                |                 |             |
| Equity   | 50,000         | 50,000         | 50,000         | 50,000         | -               | 0%          |
| Other Equity Instruments                                   | 0              | 0              | -              | -              | -               | 0%          |
| Revaluation Reserves                                       | 0              | 1,822          | 1,268          | 5,047          | 3,779           | 298%        |
| Free Reserves  | (2,670)        | (4,073)        | (3,371)        | (1,183)        | 2,189           | -65%        |
| Net Income   | (1,403)        | 701            | 2,189          | 3,754          | 1,566           | 72%         |
| <b>Total Shareholders Equity</b>                           | <b>45,927</b>  | <b>48,450</b>  | <b>50,085</b>  | <b>57,619</b>  | <b>7,534</b>    | <b>15%</b>  |
| <b>Total Liabilities and Sharehold Equity</b>              | <b>298,808</b> | <b>326,181</b> | <b>427,300</b> | <b>572,726</b> | <b>145,426</b>  | <b>34%</b>  |
| <b>Off Balance Sheet</b>                                   | <b>25,722</b>  | <b>35,841</b>  | <b>98,107</b>  | <b>37,230</b>  | <b>(60,876)</b> | <b>-62%</b> |
| <b>Guarantees</b>  | <b>808</b>     | <b>808</b>     | <b>4,553</b>   | <b>14,532</b>  | <b>9,979</b>    | <b>219%</b> |

## Assets

ATLANTICO Europa closed 2014 with total net assets of 572,726,000. In a difficult economic setting, the Bank opted for more active liquidity policy management, while maintaining the institution's moderate risk standards.

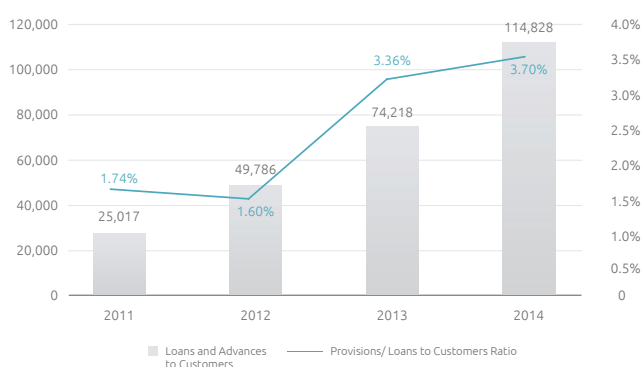
At the end of 2014, loans and advances to customers accounted for 20% of total assets. Forty-two percent of the assets were invested in financial assets and 33% in deposits at other financial institutions.

### Assets



Our credit portfolio grew 55% to 114,467,000 euros in 2014.

### Loans and Advances to Customers

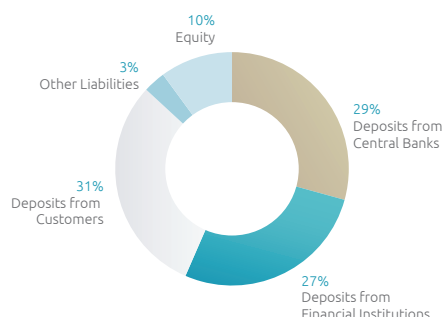


Overdue loans and advances totalled 0.14% of the total at the end of 2014, the same as in 2013. Existing provisions are set up to cover general credit risks and the country risk for loans and advances that are not fully collateralised and total 3.7% of loans and advances to customers. It recorded a positive YoY variation of 0.3 p.p.

## Liabilities and Equity

At the end of 2014 deposits at central banks represented 29.3% and deposits at other credit institutions and customers' deposits accounted for 57.6% of total equity and liabilities.

### Liabilities and Equity



The cost-to-income ratio went down 6 p.p., continuing the trend that began in 2010. The operating costs / average net assets indicator fell slightly to 2.3%. Assets per employee increased 26%.

(thousands of Euros)

|  | 2011   | 2012  | 2013  | 2014  |
|--|--------|-------|-------|-------|
| Cost Income                            | 114.1% | 81.5% | 71.5% | 65.5% |
| Operating Costs/<br>Average Net Assets | 2.7%   | 3.3%  | 3.3%  | 2.3%  |
| Total Assets per<br>Employee           | 5.976  | 4.468 | 4.362 | 5.507 |

## Capital

ATLANTICO Europa's equity totalled 57,619,000 euros at the end of 2014, 15% more than in 2013.

The main contributing factors were as follows:

- Profit of 3,754,000 euros in 2014 1,566,000 euros higher than in 2013;
- 2,189,000 euros added to free reserves;
- 3,779,000 euros more in revaluation reserves.

| (thousands of Euros)                        |               |               |               |
|---|---------------|---------------|---------------|
| Equity Evolution                            | 2012          | 2013          | 2014          |
| <b>Capital at the Beginning of the Year</b> | <b>45,927</b> | <b>48,450</b> | <b>50,085</b> |
| Equity                                      | -             | -             | -             |
| Other Equity Instruments                    | -             | -             | -             |
| Revaluation Reserves                        | 1,822         | (554)         | 3,779         |
| Free Reserves                               | -             | -             | -             |
| Net Income                                  | 701           | 2,189         | 3,754         |
| <b>Equity Per Year</b>                      | <b>48,450</b> | <b>50,085</b> | <b>57,619</b> |

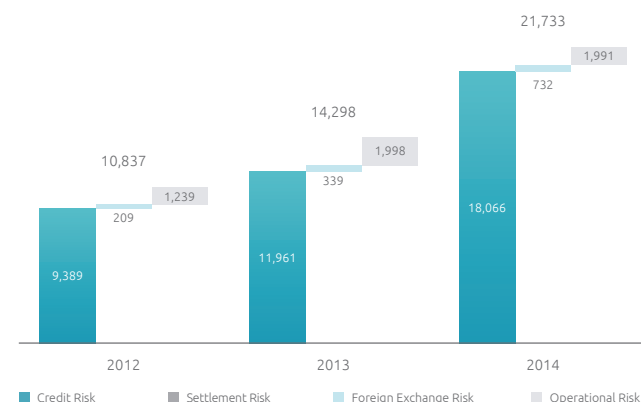
### Capital Ratio

Our capital ratio at the end of 2014 was 17.7%, which is 8.1 p.p. lower than in 2013. This fall reflects the increase in own funds requirements.

Basic own funds totalled 47,505,000 euros, 3.05% more than in 2013. This was the result of an increase in income for the current year.

(thousands of Euros)

### Capital Requirements



### Capital Requirement Ratio

The ratios are in accordance with Banco de Portugal rules. However, the data for 2014 comply with the new Basel III requirements.

(thousands of Euros)

| Regulatory Capital                                 | 2012          | 2013          | 2014          |
|--|---------------|---------------|---------------|
| Share Capital                                      | 50,000        | 50,000        | 50,000        |
| To add:  | -             | -             | -             |
| Valuation Changes of Financial Assets              | 2,478         | -             | 4,882         |
|  | 2,478         | -             | 4,882         |
| To subtract:                                       |               |               |               |
| Previous Year Results                              | (4,073)       | (3,371)       | (1,183)       |
| Current Year Intern Results                        | -             | -             | -             |
| Intangible Assets                                  | (527)         | (448)         | (837)         |
| Valuation Changes of Financial Assets              | -             | (1,268)       | (4,978)       |
| Deferred Tax on Assets no Accepted for Tax Purpose | (965)         | (82)          | (605)         |
|  | (5,565)       | (3,901)       | (7,603)       |
| <b>Tier 1 Capital</b>                              | <b>46,913</b> | <b>46,099</b> | <b>47,279</b> |
| Ancillary Own funds - Upper Tier 2                 | -             | -             | -             |
| <b>Total Capital</b>                               | <b>46,913</b> | <b>46,099</b> | <b>47,279</b> |
| Total Requirement                                  | 10,837        | 14,298        | 21,520        |
| Risk Weighted Assets                               | 135,465       | 178,728       | 269,005       |
| <b>Capital Requirements Ratio</b>                  | <b>34.6%</b>  | <b>25.8%</b>  | <b>17.6%</b>  |
| Tier I   | 34.6%         | 25.8%         | 17.6%         |
| Tier II  | 0,0%          | 0,0%          | 0.0%          |

## Statement on Remuneration Policy of Banco Privado Atlântico - Europa S.A.

### Introduction

1. Pursuant to Article 2 (1) of Law 28/2009 of 19 June, it is the duty of the Board of Directors or, if one exists, the Remunerations Committee of credit institutions to submit every year for the appreciation and approval of the General Meeting a statement on policy on the remuneration of the members of its management and supervisory bodies (hereinafter referred to as the "Statement"), including information set out in this law and the information set out in Article 16 of Banco de Portugal Notice 10/2011.
2. As a result, this Statement has been drawn up in accordance with the aforementioned rules and the principles laid down in the European Commission recommendation of 30 April 2009 on remuneration policies in the financial services sector and guidelines on remuneration policies and practices published by the Committee of European Banking Supervisors ("CEBS"), later endorsed by the European Banking Authority ("EBA").
3. In compliance with these provisions and in a framework of greater transparency in the process of fixing remunerations, the Board of Directors of Banco Privado Atlântico – Europa, S.A. (hereinafter "ATLANTICO Europa" or the "Bank") submits this Statement for the approval of the General Meeting Shareholders.

### Rules in the Articles of Association

1. Article 35 of the Bank's Articles of Association stipulates that the remunerations of the members of the corporate bodies must be determined by a remunerations committee consisting of three shareholders elected at a General Meeting.
2. This article also determines that the remunerations of the members of the Board of Directors may consist of a fixed part and a variable part, which shall correspond to a share of no more than 10% in the profits for the financial year. The fixed remuneration paid to the members of the Board of Directors may differ from one to another.
3. In accordance with the Bank's Articles of Association, the remunerations committee also establishes the conditions for allocating retirement pensions to the executive directors.
4. All the shares representing the share capital of ATLANTICO Europa are currently owned by a single shareholder and the remunerations committee was not set up and is not in operation.

### Remunerations Policy

ATLANTICO Europa's remunerations policy reflects the institution's commitment to abiding by the latest and best Portuguese and international practices and trends in corporate governance in the financial sector. The aim is to create value over the long term, support the implementation of a sustained growth strategy and make way for the convergence of the interests of the members of the corporate bodies with those of the company. Fulfilment of this goal, as detailed below, is based on certain key paths legally recognised as appropriate for these effects, to wit:

- Allocation of a fixed component representing a substantial part of overall remuneration;
- The available component of variable remuneration being contingent on performance evaluations on a multi-annual basis in accordance with predetermined, measurable assessment criteria;
- Deferral of a part of the variable remuneration for a period of time taking account of the Bank's economic cycle and business risks;
- Payment of the variable remuneration, including the deferred part, contingent on the continued sustainability of the Bank's financial situation.

## Remuneration Policy of the Members of the Management and Supervisory Bodies set out in Article 16 of Banco de Portugal Notice 10/2011

### General Principles

1. Definition of remuneration policy - the preparation of the remuneration policy is a participative process as it includes people with functional independence and appropriate skills in the area of human capital (Human Capital Office), legal support (Legal Office), units responsible for internal control and external specialists.

After the remuneration policy had been drawn up, the part regarding employees' remuneration was submitted to the Board of Directors for approval and the part regarding the remuneration of the members of the management body and supervisory body was submitted to the General Meeting.

2. Elements of the variable component - Taking account of Paragraph 24 (r) of the Annex to Decree-Law 104/2007 of 3 April, in the version introduced by Decree-Law 88/2011, which subjects payment of at least 50% (fifty percent) of variable remuneration in the form of shares, equivalent instruments or other financial instruments representing the institution's capital, and in view of the fact that ATLANTICO Europa does not have in its portfolio nor has it issued instruments of this nature to date, due to its size and the state of its business activity, taking into consideration the principles of adequacy and proportionality, any variable remuneration that may be allocated to the executive directors will be based on their share in the institution's profits, within the limits set out in the Bank's Articles of Association, thereby make the executive director's goals compatible with the institution's long-term interests. Nonetheless, ATLANTICO Europa reserves the right to, by decision of the corporate competent body, to pay part of the variable remuneration in shares or financial instruments used by the institution, on terms to be regulated opportunely, if this is case. Regarding the deferral of payment of variable remuneration set out in Point 24 of the Annex to Decree-Law 104/2007 of 3 April, in the version introduced by Decree-Law 88/2011 of 20 July, it shall take place for the 2012 financial year, affecting the variable remuneration to be paid in 2013.

### Remuneration of the Executive Members of the Management Body

#### 1. The institution's competent bodies for assessment of individual performance

Individual performance evaluation of executive directors is carried out by the General Meeting.

#### 2. Predetermined criteria for an individual performance evaluation on which the right to a variable component of remuneration is based

The allocation of the variable component of the remuneration for executive directors is based, among other factors mentioned here, on the following criteria, as set out in the Performance Evaluation Criteria attached to this statement, of which it is an integral part:

- Fulfilment of individual and institutional goals associated with the Bank's business activity;
- Dedication, quality, work capacity, knowledge of the business and contribution to the institution's image and reputation;
- Real growth of the institution;
- Effective wealth created for shareholders;
- Implementation of measures to protect to the interests of customers and investors;
- The institution's long-term sustainability;
- Extent of risks taken;
- Compliance with rules applicable to the institution's business.

#### 3. The relative importance of the variable and fixed components of remuneration and the maximum limits for each

The fixed component is paid 14 months a year, determined on the basis of the Bank's competitive positioning in relation to reference companies in the country with similar characteristics to this one. The joint fixed annual remuneration of the executive directors represents at least 70% of their overall annual remuneration.

The variable component will abide by the limits fixed every year by the Bank's General Meeting and should be no more than 30% (thirty percent) of total remuneration. The sum of the variable remuneration located each to the executive members of the management body may not exceed 10% (ten percent) of the distributable profits of the year, except in justified situations recognised by the

General Meeting taking account of the all types of current and future risks.

**4. Deferment of payment of variable component of remuneration and deferral period**

A proportion of 40% (forty percent) of the variable remuneration will be deferred for three years as of the date of allocation.

**5. Form of payment of variable remuneration subject to continued positive performance of the institution over deferral period**

The variable remuneration, including the deferred part, will only be paid if this is sustainable in the view of the Bank's financial situation as a whole and if it is warranted in light of the performance of the institution, the unit in question and the director in question, taking account of the all types of current and future risks, the cost of own funds and the necessary liquidity. In the same way, if there is a deterioration in the institution's performance or if it makes a loss, the variable remuneration may be reduced, taking into account current remuneration, reductions in the outlay of amounts already paid, such as through deterioration or recovery schemes and without prejudice to the application of the general principles of national contractual and labour legislation.

**6. The criteria on allocating variable remuneration in shares and continued ownership of these shares in the institution by the executive members of the management body and any agreements regarding these shares, such as hedging or risk transfer agreements, their limits and their percentage of total annual remuneration**

There is no provision for the allocation of shares to executive members of the management body as a form of variable remuneration. Nonetheless, the directors are already indirect owners of holdings in the Bank, which they acquired when it was incorporated.

**7. Criteria for the allocation of variable remuneration in options and deferral period and price for the financial year**

Not applicable.

**8. Main parameters and principles of any system of annual bonuses and other non-monetary benefits**

The allocation of a variable remuneration component to the executive directors is determined by the results of performance evaluations conducted as described above on a three-yearly basis on the basis of an accumulated annual performance evaluation of the executive directors, taking account of the all types of current and future risks the cost of own funds and the necessary liquidity.

**9. Remuneration paid as profit sharing or bonuses and the reasons for them**

Variable remuneration is paid in the form of a performance bonus and is justified by the result of the performance evaluation in accordance with our performance evaluation policy.

**10. Compensation paid or owed to members of the management body due to resignation during the financial year.**

André Navarro, a member of the Executive Committee resigned his position on 24 March 2014 and is not owed any compensation as a result of his resignation.

**11. Legal instruments provided for in Article 10**

Neither the agreements concluded with the directors nor the company's Articles of Association provide for payment of any compensation in the event of dismissal of a member of the management body or rescission of the agreement by mutual accord, when this results from inadequate performance of his/her duties. This, plus the legal provisions on dismissal of directors, allows the Bank to align its practices with the concerns set out in the article.

**12. Amounts paid for any reason by other companies that are subsidiaries or in the same group as the institution**

No payments were made to the executive directors by other companies that are subsidiaries or in the same group as the institution.

**13. Main characteristics of supplementary pension funds or early retirement schemes and whether they were analysed by the general meeting**

There are provisions for supplementary pension funds or early retirement schemes.

**14. Estimate of relevant non-monetary benefits considered to be remuneration not covered by the previous paragraphs**

The executive directors are covered by insurance taken out by the Bank for its employees. Whenever justifiable, on a case-by-case basis, specific benefits may be awarded to directors not working in their country of origin.

**15. Mechanisms that prevent the use by members of the management body of remuneration or liability insurance or any other risk coverage mechanisms aimed at mitigating the effects of alignment by the risks inherent in their remuneration schemes**

At the start of each term of office or whenever a new director takes office, s/he undertakes not to conclude agreement with the

company or third parties for the purpose of mitigating the risk of variations in remuneration fixed by the company. The current directors did not conclude such contracts.

### **Remuneration of Non-executive Members of the Management Body**

Unless otherwise decided by the General Meeting, the members of the Supervisory Board are not paid any fixed or variable remuneration for their work.

### **Remuneration of Members of the Supervisory Body**

Unless otherwise decided by the General Meeting, the members of the Supervisory Board are not paid any fixed or variable remuneration for their work.

In the event of dismissal of a member of the management body or even rescission of the directorship agreement due to inadequate performance of his/her duties, there is no payment of any compensation, including payments related to a period of notice or a non-competition clause.

### **Employees' Remuneration**

#### **1. The institution's competent bodies for assessment of individual performance**

Individual performance evaluation of employees and managers (hereinafter "employees") is carried out by the Board of Directors.

#### **2. Predetermined criteria for an individual performance evaluation on which the right to a variable component of remuneration is based**

The allocation of the variable component of the remuneration for employees is based on the evaluation criteria detailed in the Performance Evaluation Policy for each job category.

#### **3. The relative importance of the variable and fixed components of remuneration and the maximum limits for each**

The fixed remuneration component is structured in levels, taking account of the degree of complexity and responsibility associated with each job and is determined by the Board of Directors by reference to salaries paid in the market. The variable component may not exceed an equivalent of five fixed monthly salaries, determined on the basis of the employee's performance, taking account of all types of current and future risks, the cost of own funds and the necessary liquidity.

#### **4. The way in which the payment of variable remuneration is subject to continuation of a positive performance by the institution during the deferral period**

The variable remuneration, including the deferred part, will only be paid if this is sustainable considering the Bank's financial situation as a whole and it is justified in light of the institution's performance, the unit in question and the employee in question, taking account of all types of current and future risks, the cost of own funds and the necessary liquidity.

In the same way, if there is a deterioration in the institution's performance or if it makes a loss, the variable remuneration may be reduced, taking into account current remuneration, reductions in the outlay of amounts already paid, such as through deterioration or recovery schemes and without prejudice to the application of the general principles of national contractual and labour legislation

#### **5. Criteria for the allocation of variable remuneration in options and deferral period and price for the financial year**

Not applicable.

#### **6. Main parameters and principles of any system of annual bonuses and other non-monetary benefits**

The allocation of a variable remuneration component to employees is determined by the results of performance evaluations conducted as described above on a three-yearly basis on the basis of an accumulated annual performance evaluation of the employees, taking account of the all types of current and future risks the cost of own funds and the necessary liquidity.

Specifically for employees who perform control functions, evaluation of their performance will be based solely on the employee's

performance and that of his/her unit and will not be influenced by the financial performance of the business area in which s/he performs the control functions, taking account of the fulfilment of specific goals associated with the duties performed., set out in the Evaluation Policy, such as the fulfilment of the legal obligations to which ATLANTICO Europa is subject ("compliance"), risk management and internal audits, in accordance with Banco de Portugal Notice 5/2008, adjustable to all types of current or future risks, the cost of own funds and necessary liquidity along with the corporate goals achieved by the institution.

30 March 2015

The Board of Directors of ATLANTICO Europa

## Quantitative Information on Remuneration

Information prepared pursuant to Article 17 of Banco de Portugal Notice 10/2011 on remuneration paid by the institution in 2014.

### Members of the Management Body

#### 1. The annual amount of the fixed and variable component of the remuneration and number of beneficiaries

| Beneficiary               | Variable Remuneration (in Euros) | Fixed Compensation (in Euros) |
|---------------------------|----------------------------------|-------------------------------|
| Carlos José da Silva      | n.a                              | n.a                           |
| Diogo Cunha (1)           | n.a                              | 158,119                       |
| Graça Proença de Carvalho | n.a                              | 161,000                       |
| Augusto Baptista          | n.a                              | 53,187                        |
| André Navarro (2)         | n.a                              | 54,817                        |
| <b>Total</b>              | <b>n.a</b>                       | <b>427,123</b>                |

(1) Took functions at 25/03/2014

(2) Ceased functions at 24/03/2014

#### 2. Amounts and types of variable remuneration, broken down by monetary remuneration, shares, share-linked instruments and other types

Not applicable, as the members of the management body received no variable remuneration.

#### 3. Amount of unpaid deferred remuneration broken down by invested and uninvested components

The rule on deferral of remuneration was first applied in 2012, i.e. it only affected variable remuneration allocated as of 2013. This field is not applicable however, because the members of the management body did not receive any variable remuneration.

#### 4. Annual amounts of deferred remuneration owed, paid or subject to reductions due to adjustments made on the basis employees' individual performance.

Not applicable.

#### 5. Number of new hirings in the year in question

In 2014, Diogo Cunha was hired as a director.

### Members of the supervisory board

The members of the supervisory board received no fixed or variable remuneration for their work.

## Employees

The following information has regard to all the Bank's employees who worked as coordinating directors, directors, deputy directors, assistant directors and employees with internal control duties. The annual amount of the fixed and variable component of remuneration and the number of beneficiaries.

### 1. The annual amount of the fixed and variable component of the remuneration and number of beneficiaries

| Beneficiary | Variable Remuneration (in Euros) | Fixed Remuneration (in Euros) |
|-------------|----------------------------------|-------------------------------|
| 35          | 273,355                          | 1,616,912                     |

2. The amounts and types of variable remuneration, broken down by monetary remuneration, shares, share-linked instruments and other types. Overall amount of variable monetary remuneration: 273,355.18 euros. No remuneration was paid in the form of shares, share-linked instruments or other types.

### 3. Amount of unpaid deferred remuneration broken down by invested and unvested components

The rule on deferral of remuneration was first applied in 2012, i.e. it only affected variable remuneration allocated as of 2013. This field is not applicable however, because the members of the management body did not receive any variable remuneration. Payment of remuneration to the amount of 111,418 euros was deferred in 2014.

### 4. The annual amounts of remuneration deferred, paid or subject to reductions resulting from adjustments made on the basis of individual employees' performance

The rule on deferral of remuneration was first applied in 2012, i.e. it only affected variable remuneration allocated as of 2013. Payment of remuneration to the amount of 51,708.10 euros referring to 2013 was deferred in 2014.

### 5. Number of new hirings in the year in question

Nine employees were hired in 2014.

### 6. Amount of payments made or owed annually due to early termination of labour agreements with employees, number of beneficiaries of these payments and the largest payment made to an employee

In 2014, 88,000 euros were paid due to early termination of eight labour agreements. Eight employees benefited and the largest payment was 40,000 euros.

### Quantitative information on remuneration of employees, broken down by area of activity:

| Activity Area                        | Variable Remuneration (in Euros) |
|--------------------------------------|----------------------------------|
| Investment                           | 242,019                          |
| Atlântico Branch                     | 202,140                          |
| Corporate                            | 259,607                          |
| Private Banking                      | 193,070                          |
| Financial Markets                    | 142,471                          |
| Capital Markets                      | 76,236                           |
| International Financial Institutions | 269,829                          |
| Internal Control                     | 242,667                          |
| Support Areas                        | 1,532,791                        |

## Proposed Appropriation of Profit

In the financial year between 1 January 2014 and 31 December 2014, Banco Privado Atlântico Europa achieved a profit of 3,754,488.95 euros.

The Board of Directors of Banco Privado Atlântico Europa proposes:

- That 10% of the profit to the amount of 375,448.90 euros be allocated to the item Legal Reserves
- That 75% of the profit to the amount of 2,815,866.71 euros be allocated to the item Retained Earnings
- That 15% of the profit to the amount of 563,173.34 euros be distributed to the company's shareholders by way of dividends.

Lisbon, 30 March 2015

The Board of Directors of ATLANTICO Europa

## II. Financial Statements

## Balance Sheets as at 31 December 2014 and 2013

Amounts in Euros

| Assets   | Notes      | 2014               |   | Net Assets         | 2013               |
|--|------------|--------------------|---|--------------------|--------------------|
|  |            | Gross Assets       | Provisions, Impairment and Depreciation |                    |                    |
| Deposits at Central Banks                                  | 3.1        | 6,457,994          | -                                       | 6,457,994          | 12,151,878         |
| Deposits at Other Credit Institutions                      | 3.2        | 38,193,190         | -                                       | 38,193,190         | 31,558,462         |
| Financial Assets Held for Trading                          | 3.3        | 1,622,083          | -                                       | 1,622,083          | 77,680             |
| Available-for-sale Financial Assets                        | 3.4        | 237,177,754        | -                                       | 237,177,754        | 208,015,640        |
| Loans and Advances to Credit Institutions                  | 3.5        | 146,715,589        | (68,972)                                | 146,646,617        | 86,552,657         |
| Loans and Advances to Customers                            | 3.6 e 3.15 | 115,619,273        | (1,152,561)                             | 114,466,712        | 74,008,765         |
| Other Tangible Assets                                      | 3.7        | 22,124,469         | (1,114,836)                             | 21,009,633         | 4,670,201          |
| Intangible Assets  | 3.8        | 2,196,032          | (1,359,131)                             | 836,901            | 447,514            |
| Investments in Subsidiaries, Associates and Joint-ventures | 3.9        | 1,572,086          | -                                       | 1,572,086          | 1,074,383          |
| Current Tax Assets   | 3.10       | 126,713            | -                                       | 126,713            | 261,362            |
| Deferred Tax Assets  | 3.10       | 604,682            | -                                       | 604,682            | 125,810            |
| Other Assets   | 3.11       | 4,422,614          | (410,919)                               | 4,011,695          | 8,355,659          |
| <b>Total Assets</b>  |            | <b>576,832,479</b> | <b>(4,106,419)</b>                      | <b>572,726,060</b> | <b>427,300,011</b> |

| Liabilities and Equity                 | Notes | 2014               | 2013               |
|--|-------|--------------------|--------------------|
| Liabilities                            |       |                    |                    |
| Deposits from Central Banks            | 3.12  | 167,725,325        | 166,277,860        |
| Financial Liabilities Held for Trading | 3.3   | 238,547            | 225,872            |
| Deposits from Credit Institutions      | 3.13  | 156,001,541        | 108,489,723        |
| Deposits from Customers                | 3.14  | 173,767,164        | 95,992,296         |
| Provisions                             | 3.15  | 2,646,487          | 1,630,377          |
| Current Tax Liabilities                | 3.16  | 1,328,740          | 519,717            |
| Deferred Tax Liabilities               | 3.16  | 1,727,544          | 480,934            |
| Other Liabilities                      | 3.17  | 11,672,022         | 3,598,254          |
| <b>Total Liabilities</b>               |       | <b>515,107,370</b> | <b>377,215,033</b> |
| Equity                                 | 3.19  | 50,000,000         | 50,000,000         |
| Revaluation Reserves                   | 3.20  | 5,047,139          | 1,267,916          |
| Other Reserves and Retained Earnings   | 3.20  | (1,182,938)        | (3,371,481)        |
| Net Income                             | 3.20  | 3,754,489          | 2,188,543          |
| <b>Total Equity</b>                    |       | <b>57,618,690</b>  | <b>50,084,978</b>  |
| <b>Liabilities + Equity</b>            |       | <b>572,726,060</b> | <b>427,300,011</b> |

The attached notes are an integral part of these financial statements.

## Financial Statements for the Years Ending on 31 December 2014 and 2013

|  |             | Amounts in Euros    |                     |
|--|-------------|---------------------|---------------------|
|  | Notes       | 2014                | 2013                |
| Interest and Similar Income  |             | 12,275,343          | 11,498,752          |
| Interest and Similar Expenses  |             | (4,236,236)         | (2,852,308)         |
| <b>Net Interest Income</b>   | <b>3.21</b> | <b>8,039,107</b>    | <b>8,646,444</b>    |
| Fees and Commissions Income  | 3.22        | 2,401,932           | 1,398,172           |
| Fees and Commissions Expense   | 3.22        | (185,195)           | (150,606)           |
| Net Gains from Sales of Other Assets   | 3.23        | 6,915               | -                   |
| Net Gains from Assets and Liabilities at Fair Value Through Profit or Loss                                   | 3.23        | 2,999,773           | (2,124,604)         |
| Net Gains from Available-for-sale Financial Assets Held to Maturity  | 3.23        | 4,889,646           | 5,930,284           |
| Net Gains From Foreign Exchange Differences  | 3.23        | (1,790,699)         | 2,711,883           |
| Other Operating Income and Expense   | 3.24        | 4,207,571           | 3,307,551           |
| <b>Operating Income</b>  |             | <b>20,569,050</b>   | <b>19,719,124</b>   |
| Personnel Costs  | 3.25        | (6,205,820)         | (6,470,972)         |
| General Administrative Expenses  | 3.26        | (6,664,067)         | (7,173,047)         |
| Depreciation and Amortization  | 3.7 e 3.8   | (657,824)           | (652,659)           |
| <b>Overheads</b>   |             | <b>(13,527,711)</b> | <b>(14,296,678)</b> |
| Write-down Relating to Customer Lending and Receivables from Other Debtors (Net from Refunds and Write-offs) | 3.15        | (1,756,833)         | (1,724,435)         |
| <b>Earnings Before Taxes</b>   |             | <b>5,284,506</b>    | <b>3,698,011</b>    |
| Current  | 3.27        | (2,008,889)         | (670,332)           |
| Deferred   | 3.27        | 478,872             | (839,136)           |
| <b>Income for the Year</b>   |             | <b>3,754,489</b>    | <b>2,188,543</b>    |
| <b>Earnings per Share</b>  |             | <b>0,0751</b>       | <b>0,0438</b>       |

The attached notes are an integral part of these financial statements.

## Comprehensive Income Statements for the Years Ending on 31 December 2014 and 2013

|   | Amounts in Euros |                  |
|---|------------------|------------------|
|   | 2014             | 2013             |
| <b>Net Income for the Year</b>                                | <b>3,754,489</b> | <b>2,188,543</b> |
| <b>Items that may be Reclassified to the Income Statement</b> |                  |                  |
| Revaluation of the Available-for-sale Financial Assets        | 5,025,834        | (729,637)        |
| Fiscal Impacts  | (1,246,611)      | 175,865          |
| <b>Income not Recognised in the Income Statement</b>          | <b>3,779,223</b> | <b>(553,772)</b> |
| <b>Comprehensive Income for the Year</b>                      | <b>7,533,712</b> | <b>1,634,771</b> |

The attached notes are an integral part of these financial statements.

## Cash-flow Statements for the Years Ending on 31 December 2014 and 2013

|  | Amounts in Euros    |                     |
|--|---------------------|---------------------|
|  | 2014                | 2013                |
| Cash Flows from Operating Activities:  |                     |                     |
| Interest, Commissions and Similar Income Received                                    | 13,939,461          | 13,469,616          |
| Interest, Commissions and Similar Expense Paid                                       | (4,135,783)         | (3,317,931)         |
| Payments to Employer and Suppliers   | (12,782,848)        | (11,933,379)        |
| Other (Payments) / (Receipts) from Operating Activities                              | 3,713,147           | 3,139,853           |
| <b>Operating Income Before Changes In Operating Assets</b>                           | <b>733,977</b>      | <b>1,358,159</b>    |
| (Increase) / Decrease in Operating Assets  |                     |                     |
| Loans and Advances to Credit Institutions  | (60,124,428)        | (21,419,467)        |
| Loans and Advances to Customers  | (40,609,799)        | (24,432,673)        |
| Other Assets   | 4,446,836           | (2,438,548)         |
|  | (96,287,388)        | (48,290,688)        |
| (Increase)/ Decrease in Operating Assets :   |                     |                     |
| Deposits from Central Banks  | 1,411,527           | 39,255,529          |
| Deposits from Credit Institutions  | 47,271,347          | 49,933,792          |
| Deposits from Customers  | 77,765,629          | 7,991,951           |
| Other Liabilities  | (1,278,923)         | (428,884)           |
|  | 125,169,580         | 96,752,388          |
| <b>Net Cash from Operating Activities</b>  | <b>29,616,169</b>   | <b>49,819,859</b>   |
| Cash Flows from Investing Activities:  |                     |                     |
| (Aquisition) and Sale of Tangible and Intangible Assets                              | (9,389,237)         | (427,499)           |
| (Aquisition) and Sale of Available-for-sale Financial Assets                         | (18,788,385)        | (14,655,875)        |
| (Aquisitions) and Sale of Investments in Subsidiaries, Associates and Joint-ventures | (497,703)           | (759,383)           |
| <b>Net Cash from Investing Activities</b>  | <b>(28,675,325)</b> | <b>(15,842,757)</b> |
| Net Increase (Decrease) in Cash and Cash Equivalents                                 | 940,844             | 33,977,102          |
| Cash and Cash Equivalents at the Beginning of the Year                               | 43,710,340          | 9,733,238           |
| <b>Cash and Cash Equivalents at the End of the Year (Notes 3.1 e 3.2)</b>            | <b>44,651,184</b>   | <b>43,710,340</b>   |

The attached notes are an integral part of these financial statements.

## Statement of Changes in Equity for the Years Ending on 31 December 2014 and 2013

Amount in Euros

|   | Share Capital     | Revaluation Reserves | Other Reserves and Retained Earnings | Net Income for the Year | Total             |
|---|-------------------|----------------------|--------------------------------------|-------------------------|-------------------|
| <b>Balances as at 31 de December 2012</b> | <b>50,000,000</b> | <b>1,821,688</b>     | <b>(4,072,565)</b>                   | <b>701,084</b>          | <b>48,450,207</b> |
| Profit Allocation for 2012:               |                   |                      |                                      |                         |                   |
| Transfer to Reserves                      | -                 | -                    | 701,084                              | (701,084)               | -                 |
| Revaluation Reserves                      | -                 | (553,772)            | -                                    | -                       | (553,772)         |
| Net Income for the Year                   | -                 | -                    | -                                    | 2,188,543               | 2,188,543         |
| <b>Balances as at 31 de December 2013</b> | <b>50,000,000</b> | <b>1,267,916</b>     | <b>(3,371,481)</b>                   | <b>2,188,543</b>        | <b>50,084,978</b> |
| Profit for 2013:                          |                   |                      |                                      |                         |                   |
| Transfer to Reserves                      | -                 | -                    | 2.188.543                            | (2.188.543)             | -                 |
| Revaluation Reserves                      | -                 | 3,779,223            | -                                    | -                       | 3,779,223         |
| Net Income for the Year                   | -                 | -                    | -                                    | 3,754,489               | 3,754,489         |
| <b>Balances as at 31 de December 2014</b> | <b>50,000,000</b> | <b>5,047,139</b>     | <b>(1,182,938)</b>                   | <b>3,754,489</b>        | <b>57,618,690</b> |

The attached notes are an integral part of these financial statements.

# III. Notes to the Financial Statements

## 1. Introduction

Banco Privado Atlântico - Europa, S.A. ("Bank", "ATLANTICO Europa" or "Institution") is a public limited company with its head office in Lisbon. It was incorporated on 22 June 2009 and went into operation in August that same year. The foundation of the bank was authorised by Banco de Portugal on 20 June 2009. The financial statements presented here reflect the income from the Bank's operations for the financial years ending on 31 December 2014 and 2013.

The Bank's company object is the banking business.

The financial statements as at 31 December 2014 were approved by the Board of Directors on 30 March 2015.

The Bank's financial statements as at 31 December 2014 are pending approval of the General Meeting of Shareholders. Nonetheless, the Board of Directors believes that these financial statements will be approved with no significant changes.

All the amounts presented in these notes are in euros (rounded up or down to whole numbers), unless otherwise indicated.

## 2. Accounting Policies

### 2.1 Bases for Presentation

The Bank's financial statements were presented on the assumption of a going concern based on the books and accounting records kept in accordance with the Adjusted Accounting Standards (NCA), pursuant to Banco de Portugal Notice 1/2005 of 21 February and Instructions 23/2004 and 9/2005 pursuant to the powers invested in it by Article 115 (3) of the General Framework on Credit Institutions and Financial Companies approved by Decree-Law 298/92 of 31 December.

The NCA correspond in general to the International Financial Reporting Standards (IFRS), as adopted by the European Union in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July and Banco de Portugal Notice 1/2005 of 21 February. Pursuant to Notice 1/2005, the following exceptions impact the financial statements of Banco Privado Atlântico - Europa, S.A.:

- i) Valuation of loans and advances to customers and receivables from other debtors (loans and advances and accounts receivable) – the loans and advances are recorded at face value and cannot be reclassified to other categories and as such recorded at fair value.
- ii) Provisioning of loans and advances and accounts receivable - minimum levels of provisioning are established in accordance with Banco de Portugal Notice 3/95, with the amendments made by Banco de Portugal Notice 8/03 of 30 June and Banco de Portugal Notice 3/2005 of 21 February (Nota 2 (3) (a)). This framework also covered liabilities represented by acceptances, guarantees and other similar instruments.
- iii) Tangible assets must be maintained at cost and therefore cannot be recorded at fair value, as permitted by IAS 16 – Tangible fixed assets. As an exception, legally authorised revaluations can be recorded, which case resulting capital gains are recorded under "Revaluation reserves".

The Bank has adopted the IFRS and mandatory interpretations for the financial years beginning after 1 January 2013, as mentioned in Note 2.16. The accounting policies were following consistently in the preparation of the financial statements for the previous period.

## 2.2 Conversion of Balances and Transactions in Foreign Currency (IAS 21)

The Bank's accounts are prepared in the currency used in the economic environment in which it operates (functional currency), i.e. the euro.

Transactions in foreign currency are recorded on the basis of the indicative exchange rates on the date of the transaction. ON each balance sheet date, monetary assets and liabilities denominated in foreign currency are converted into euros at the current exchange rate.

Exchange differences in foreign exchange conversions are reflected in income for the year, with the exception of those resulting from non-monetary financial instruments classified as available for sale, which are recorded in a specific equity item until sold.

## 2.3 Financial Instruments

### a) Deposits at Credit Institutions, Loans and Advances to Customers, Receivables from Other Debtors and Provisions

As described in Note 2.1 these assets are recorded in accordance with Banco de Portugal Notice 1/2005. They are therefore recorded at face value and their earnings, i.e. interest and commissions, are recognised over the period of operations at the effective rate in the case of operations that produce income for periods of over one month. Whenever applicable, external commissions and costs for the contracting of operations underlying assets included in this category are also periodised for the duration of the loans and advances.

Pursuant to Banco de Portugal Notices 3/95 of 30 June, 2/99 of 15 January, 7/00 of 27 October, 8/03 of 30 January and provisions from the central bank, the Bank sets up the following provisions for credit risks:

#### i) Provision for overdue loans, advances and interest

This is to cover the risk of loans and advances granted with overdue repayments of principal or interest. The percentages of overdue loans and advances and interest provisioned depend on the type of guarantees and rise depending on the period that has elapsed since default.

#### ii) Provision for doubtful debts

This is to cover the risks of payment of the not-yet-due principal in loans and advance granted that have overdue payments of principal or interest or that were granted to customers that have other overdue liabilities. The following are considered doubtful debts:

- Not-yet-due payments of the same loan or advance operation in which at one of the following conditions to the overdue repayments of principal and interest
  - They have exceeded 25% of the principal owed plus interest
  - They have been non-performing for over:
    - Six months in operations with a maturity of less than five years;
    - 12 months in operations with a maturity of five to 10 years;
    - 24 months in operations with a maturity of over 10 years;
- Loans and advances in these circumstances are considered overdue only for the purpose of setting up provision and are provisioned on the basis of the rates applicable to the overdue loan in these operations.
- Doubtful debts are also not-yet-due loans and advances to the same customer, if the overdue loan or advance and interest on all the operations for this customer exceed 25% of the total, plus overdue interest. These loans and advances are provisioned on the basis of half the rates charged on the overdue loans and advances.

iii) Provision for general credit risks

This is recorded in liabilities under "Provisions" and covers potential risks in any loan or advance granted and guarantees and surety given.

This provision is set up in accordance with Notices 3/95 of 30 June, 2/99 of 15 January and 8/03 of 30 January. It is calculated by applying the generic percentages to all performing loans, including guarantees and surety provided:

- - 1.5% for consumer credit and loans to private customers with no stated purpose;
- - 0.5% for mortgage loans or real-estate leasing operations, in both cases if the property is for the borrower to live in;
- - 1% for all other loans and advances;

By law, reinforcement of this provision is not accepted as a tax cost.

iv) Provision for the country risk

This is to cover the risk of realisation of financial and off-balance-sheet assets from residents of high-risk countries, whatever the instrument used or the nature of the counterparty, with the exception of:

- Those domiciled at a branch in that country, denominated and payable in the currency of that country, in that they are covered by deposits denominated in that currency;
- Financial holdings;
- Operations with branches of credit institutions of a high-risk country, provided that they are established in European Union Member States;
- Those guaranteed by entities indicated in Article 15 (1) of Notice 3/95, provided that the guarantee covers the transfer risk
- Short-term foreign trade funding operations that meet Banco de Portugal conditions;

Provision needs are determined by applying the percentages fixed by Banco de Portugal, which classifies countries and territories into risk groups in accordance with Notice 3/95 of 30 June, Instruction 94/96 of 17 June and Circular 7/12/DSBDR of 7 March 2012.

As it is a specific provision, it is classified in the accounting items in which the assets falling under the definition of the country risk are recorded.

**b) Available-for-sale Financial Assets (IAS 39)**

This item includes:

- Fixed-income securities that have not been classified as a trading or credit portfolio;
- Available for sale variable-income securities;
- Subsidies and additional payments of capital in companies whose shares are classified as available for sale financial assets.

Assets classified as available for sale are valued at fair value, unless they are equity instruments not quoted on an active market and whose fair value cannot be reliably measured or estimated, which are recorded at cost, net of provisions. In addition, in the case of commercial paper operations, if there are no market prices, they are valued on the basis of daily recognition of the interest on the operation.

Gains or losses resulting from changes in fair value are recorded directly in the equity item "Revaluation reserves". When they are sold or if impairment is determined, the accumulated variations in fair value are transferred to earnings or costs of the year.

Accrued interest on bonds and other fixed-income securities and the differences between the acquisition cost and face value (premium or discount) are recorded in income, using the effective interest rate method.

Income from variable-rate securities (dividends in the case of shares) is recorded under income on the date on which it is paid or received. According to this criterion, anticipated dividends are recorded as earnings in the year in which their distribution is decided upon.

IAS 39 identifies some events that it considers to be objective evidence of impairment in available for sale financial assets:

- Significant financial difficulties on the part of the issuer;
- Issuer's contractual default in terms of repayment of principal or payment of interest;
- Likelihood of insolvency of the issuer;
- Disappearance of an active market for the financial asset due to the issuer's financial difficulties.

In addition to the above-mentioned signs of impairment of debt instruments, the following specific signs are also considered in the case of capital instruments:

- Significant changes with an adverse impact on the technological, market, economic or legal environment in which the issuer operates indicating that the cost of the investment may not be fully recovered;
- A significant or prolonged decline in the market value to below its acquisition cost.

As at the date of preparation of the financial statements, the Bank checks for objective evidence of impairment indicating that the cost of investments may not be recoverable at medium term, considering the situation in the markets and available information about the issuers.

If there is objective evidence of impairment, the accumulated loss in the fair value revaluation reserve is removed from equity and recognised in income.

Impairment losses on fixed-income securities are reversed through income if there is a positive change in the fair value of the security resulting from an event occurring after determination of impairment. Impairment losses in variable-income securities cannot be reversed. If securities have been recognised as impaired, subsequent negative changes in fair value are always recognised in income.

Exchange variations in non-monetary assets (equity instruments) classified in the available for sale portfolio are recorded in revaluation reserves for foreign exchange differences. Exchange variations in other securities are recorded under income.

### **c) Held to Maturity Financial Assets (IAS 39)**

This item includes non-derivative financial assets with fixed or determinable payments and defined maturities that ATLANTICO Europa intends and is able to hold until maturity. These investments are valued at amortised cost using the effective interest rate method and are subject to impairment tests. Impairment losses recognised in held to maturity financial investments are recorded in income for the period.

If the amount of the impairment loss decreases in a subsequent period and this decrease can be objectively related to an event occurring after recognition of impairment, this is reversed against income for the period.

### **d) Financial Assets held for Trading and at Fair Value through Financial Profit or Loss (IAS 39)**

This category essentially includes securities acquired with the purpose of achieving gains from short-term fluctuations in market prices. It also includes derivatives, but not those meeting the accounting requirements for hedging.

Financial assets classified in this category are recorded at fair value and gains and losses generated by their subsequent valuation are reflected in income for the period under "Income from financial assets and liabilities at fair value through profit or loss". The interest is reflected in the items under "Interest and similar income".

#### e) Other Financial Liabilities (IAS 39)

Financial liabilities are recorded on the date their fair value is contracted plus the costs directly attributable to the transaction. This category includes deposits at central banks, deposits at other credit institutions, customers' deposits and liabilities incurred for payment of services. These financial liabilities are measured at amortised cost using the effective interest rate method.

#### f) Derivatives and hedge Accounting

The Bank conducts operations with derivatives as part of its business in order to meet its customers' needs and reduce its exposure to exchange fluctuations, interest rates and share prices. The financial derivatives are recorded at their fair value on the date of the contract and subsequent measurements. They are also recorded in off-balance-sheet items at their notional value.

##### Trading Derivatives

All financial derivatives that are not associated with a hedging relationship according to IAS 39 are considered trading derivatives, including:

- Derivatives contracted to hedge risk in assets or liabilities recorded at fair value through profit or loss so that it is unnecessary to use hedge accounting
- Derivatives contracted to hedge risk that are not considered effective hedges under IAS 39
- Derivatives contracted for trading
- Embedded derivatives, which are treated separately whenever the economic risks and benefits of the derivative are not related to the main instrument and provided that the entire instrument is not accounted for at fair value through profit or loss

Trading derivatives are recorded at fair value. Income is recognised in earnings and costs of the period under "Income from financial assets and liabilities valued at fair value through profit or loss". Positive and negative fair value is recorded in the balance sheet under "Financial assets held for trading" and "Financial liabilities held for trading", respectively.

##### Hedge Accounting

i) Classification of hedging derivatives and use of hedge accounting, as described below, is subject to the following IAS 39 rules.

For all hedging relationships, at the beginning of the operation the Bank prepares formal documentation that includes the following aspects:

- Risk management goals and strategy associated with the hedging operation under the hedging policies defined by the Bank
- Description of the risk(s) hedged
- Identification and description of hedged item and hedging instruments
- Method for assessing the efficacy of hedging and frequency of its use

##### ii) Hedging of Fair Value

Variations in fair value of designated derivatives that qualify as hedging of fair value are recorded in earnings and costs of the period along with variations in the fair value of the items hedged. These valuations are reflected in the items in which assets and liabilities are recorded. If the hedging relationship ceases to meet the requirements of IAS 39, the accumulated variations in fair value up to the date of discontinuation of the hedge are amortised by income for the remaining period of the hedged item.

##### iii) Cash-flow Hedging

The effective part of variations in fair value of designated derivatives that qualify as cash-flow hedging is recognised under equity. Variations in fair value of the ineffective part of hedging relationships are recognised in costs or earnings. The accumulated amounts in equity are reclassified to income in the periods in which the hedged item affected income.

If the hedging relationship ceases to meet the accounting requirements it is prospectively discontinued and variations in fair value of the derivative are recorded in net worth:

- Deferred by the remaining period of the hedged item
- Recognised in costs or earnings if the hedged item is cancelled.

If a hedging relationship of a future transaction is discontinued, variations in fair value of the derivative recorded in equity continue to be recognised there until the future transaction is recognised in income.

#### iv) Hedge Effectiveness

Periodical hedge effectiveness tests are performed and documented by comparing changes in fair value of the hedging instrument and hedged item (in the part attributable to the risk hedged). This relationship must be between 80% and 125% for hedge accounting to be used under IAS 39. We also conduct prospective effectiveness tests to demonstrate expected future efficacy of the hedge. The valuations of hedged items are reflected in the items recording these assets and liabilities.

#### g) Fair Value (IFRS 13)

As mentioned above, financial assets in the categories financial assets at fair value through profit or loss and available for sale financial assets are recorded at fair value.

The fair value of a financial instrument is the price at which an ordered sales transaction of an asset or transfer of an asset could take place between market participants on the date of the balance sheet.

The following criteria are used to determine the fair value of securities:

- Closing price on the balance sheet date for instruments traded in active markets
- Bid prices disseminated in financial information channels such as Bloomberg

The following criteria are used to determine the fair value of derivatives:

- Prices obtained on active markets
- Models that include valuation techniques accepted by the market, including discounted cash-flows and option valuation models

## 2.4 Other Tangible Assets (IAS 16, Notice 1/2005 and IAS 17)

They are recorded at cost, less depreciation and accumulated impairment losses. Costs of repairs, maintenance and other expenses associated with their use are recognised as costs for the year under "General administrative costs". Depreciation is calculated using the straight line method and systematically recorded in costs for the year during the item's useful life, which is the period in which we expect the asset to be available for use, within the following intervals:

| Assets                        | Total |
|-------------------------------|-------|
| Own Buildings                 | 50    |
| Leasehold Expense             | 20    |
| Furniture and Office Supplies | 8     |
| Machinery and Tools           | 5-10  |
| IT Equipment                  | 3-4   |
| Interior Facilities           | 8-10  |
| Transport equipment           | 4     |
| Safety Equipment              | 8-10  |

Whenever the net book value of tangible assets exceeds their recoverable value pursuant to IAS 36 – “Impairment of assets”, an impairment loss is recognised and reflected in the income for the year. Impairment losses may be reversed, which also affects income for the year, if there is an increase in the recoverable value of the asset in subsequent periods.

## 2.5 Intangible Assets (IAS 38)

This item essentially covers the costs of acquiring, developing or preparing the software used at the Bank. Intangible assets are recorded at cost, less depreciation and accumulated impairment losses.

Depreciation is systematically recorded as costs of the year during the item’s estimated useful life, which on average is usually three years. Software maintenance costs are carried as costs of the year in which they are incurred.

## 2.6 Investments in Subsidiaries, Associates and Joint-ventures (IAS 28 and IAS 31)

The item includes financial holdings in which the Bank has effective control over their current management in order to obtain economic benefits from their business activities, called “subsidiaries”. Normally control is demonstrated by ownership of more than 50% of the share capital or voting rights. These assets are recorded at cost and undergo impairment analyses. Dividends are recorded as earnings for the year in which it is decided that they will be distributed by subsidiaries.

## 2.7 Income Tax (IAS 12)

Total income tax recorded under income includes current and deferred profits. Current tax is calculated on the basis of the tax profit for the year, which differs from the book profit due to adjustments to taxable profit resulting from costs or earnings not relevant for tax purposes or that will only be considered in other periods.

Deferred taxes refer to the impact on tax recoverable or payable in future periods as a result of temporary differences in tax deductible or payable between the balance sheet value of assets and liabilities and their tax base that is used to determine taxable profit.

Deferred tax liabilities are normally recorded for all temporary taxable differences, while deferred tax assets are only recorded up to the amount at which there will probably be future taxable profits allowing the use of the corresponding deductible tax differences or tax losses.

Deferred taxes are calculated on the basis of tax rates that are expected to be in effect on the date of reversal of the temporary differences, which are the rates approved or substantially approved on the balance sheet date.

According to Article 14 of Local Finance Law, municipalities may decide to charge an annual local tax up to a maximum of 1.5% of the taxable profit that is subject to and not exempt from corporate income tax (IRC).

The state levy is payable by taxpayers with a taxable profit of more than 1,500,000 euros that is subject to and not exempt from IRC. The state levy rate in 2013 was 3% of taxable profit from 1,500,000 to 7,500,000 euros and 5% on taxable profit exceeding this amount.

In 2014, the state levy was 3% of taxable profit from 1,500,000 to 7,500,000 euros, 5% on taxable profit from 7,500,000 euros to 35,000,000 euros and 7% on taxable profit exceeding this amount.

On the other hand, after publication of Law 55 - A/2010 of 31 December, the Bank was covered by the law on taxation of the banking sector, which is levied on:

i) Liabilities calculated and approved by the taxpayers, less Tier I equity and additional Tier II equity and deposits covered by the Deposit Guarantee Fund. The following are deducted from liabilities:

- Items that are recognised as equity under applicable accounting standards
- Liabilities associated with recognition of responsibilities for defined benefit plans
- Liabilities for provisions
- Liabilities resulting from revaluation of financial derivatives
- Revenue with deferred income without considering borrowing operations
- Liabilities for assets not recognised in securitisation operations

ii) The notional value of off-balance-sheet financial derivatives calculated by taxpayers, with exception of hedging derivatives or those whose risk positions offset each other. The rates levied on the amounts set out in paragraphs a) and b) above are 0.07% and 0.0003%, respectively, based on the value.

Income tax (current or deferred) is reflected in income for the period, except in cases in which the underlying transactions have been reported in other equity items. In these cases, the tax is also booked against equity and does not affect income for the year.

## 2.8 Employee Benefits (IAS 19)

Responsibilities for employee benefits are recognised in accordance with IAS 19 – Employee benefits.

ATLANTICO Europa has not subscribed to the collective labour agreement in effect in the banking sector and its employees are covered by the general social security scheme. As at 31 December 2014, the Bank therefore had no responsibility for its workers' pensions, retirement supplements or any other long-term benefits.

Short-term benefits, including productivity bonuses for employees' performance, are recognised in "Personnel costs" in the year to which they refer, in accordance with the accruals principle.

## 2.9 Provisions and Contingent Liabilities

A provision is set up when there is a present (legal or constructive) obligation resulting from past events in which it is likely that there will be an outlay of cash in the future and it can be reliably determined. The amount of the provision is the best estimate of the amount payable to settle the responsibility on the balance sheet date. If the future outlay is not probable, it is a contingent liability. Contingent liabilities are only disclosed, unless the possibility of their occurring is remote.

Provisions are derecognised when used or when the obligation ceases to exist.

## 2.10 Recognition of Costs and Earnings

Costs and earnings are recognised in the year to which they refer, irrespective of when they are paid or received, in accordance with the accruals accounting principle.

Interest is recognised using the effective interest rate method, which calculates the amortised cost and divides the interest over the period of operations. The effective interest rate is that which, when used to discount estimated future cash flows associated with a financial instrument, equals its current value to the value of the financial instrument on the date it was originally recognised.

## 2.11 Commissions

Commissions received for loan and advance operations and other financial instruments, such as commissions charged when originating operations, are recognised as earnings for the duration of the operation. Commissions for services rendered are normally recognised as earnings for the period of the provision of the service, or one single time, if they result from single acts.

## 2.12 Other Operating Income and Revenue

Operating income and revenue essentially include services rendered, such as assistance in the structuring of subcontracted funding operations.

Income from these services is recognised in the income statement under "Other operating income" over the period of provision of the service or one single time, if it results from a single act.

## 2.13 Deposits of Valuables

Valuables deposited by customers are recorded at fair value on off-balance-sheet items.

## 2.14 Cash and Cash Equivalents

When preparing its cash-flow statements, the Bank considers "Cash and cash equivalents" to be the total of the items "Cash and deposits at central banks" and "Deposits at other credit institutions".

## 2.15 Critical Accounting Estimates and the most Important Judgements in Compliance with Accounting Policies

When complying with the above accounting policies, the Bank's Board of Directors was obliged to make estimates. The estimates with the greatest impact on the Bank's financial statements are shown below.

In some situations, the accounting standards allow alternative accounting treatments and the income reported could be different if different treatments were used. The Board of Directors is of the opinion that the criteria followed are the most appropriate and the financial statements give a true picture of the Bank's financial position in all materially relevant aspects.

### Calculations of income tax

The Bank determines current and deferred income tax on the basis of current taxation rules. However, in some situations, tax legislation may not be sufficiently clear and objective and may result in different interpretations. In these cases, the amounts recorded are the results of the Bank's governing bodies' understanding of the correct framework of its operations, which may possibly be questioned by the tax authorities.

Furthermore, deferred tax assets are recorded on the basis of projections of future income made by the Bank's Board of Directors. The real results may diverge from the estimates, however.

### Determination of impairment losses on financial assets

Regarding provision for loans and advances to customers, accounts receivable and guarantees and surety provided, the Bank abides by the minimum limits set by Banco de Portugal. However, whenever necessary, these provisions are complemented to reflect the Bank's estimates of the risk of uncollectability from customers.

This assessment is made by the Bank on a case-by-case basis using its specific knowledge of its customers and the guarantees of the operations in question.

## 2.16 Adoption of New Standards (IAS/IFRS) or Revision of Existing Standards

The following standards, interpretations, amendments and revisions approved by the European Union and mandatory in financial years beginning on or after 1 January 2014 were adopted for the first time in the year ending on 31 December 2014:

### IFRS 13 – FAIR VALUE MEASUREMENT

IFRS 13 is a source of guidance on measurement of fair value and replaces provisions that were dispersed among several IFRSs. It defines fair value as the price at which an ordered sale of an asset or transfer of a liability would take place between members of a market on the balance sheet date. The standard was applied prospectively by the Bank and has not significant impacts on measurement of its assets and liabilities.

### IAS 1 – PRESENTATION OF FINANCIAL STATEMENTS (PRESENTATION OF ITEMS FROM OTHER COMPREHENSIVE INCOME)

The changes to IAS 1 only had an impact on the comprehensive income statement, as it separated items that could be reclassified to the income statement and items that will not be reclassified to the income statement.

### IAS 12 – AMENDMENT (RECOVERY OF DEFERRED TAX ASSETS)

This amendment provides an assumption that the recovery of investment properties measured at fair value in accordance with IAS 40 will be achieved by sale. The standard applies to financial years beginning on or after 1 January 2013.

### IAS 19 – AMENDMENT (DEFINED BENEFIT PENSION PLANS) (2011)

This amendment makes some changes to the reporting of defined benefit plans, such as: (i) actuarial gains or losses are now totally recognised in reserves (the corridor method is no longer allowed); (ii) a single interest rate is applied to the liability and assets of the plan. The difference between the real return on the assets of the fund and the single interest rate is recorded as actuarial gains or losses; (iii) costs recorded in income represent only the costs of the current service and net costs with interest. The standard applies to financial years beginning on or after 1 January 2013.

### IFRS 7 – AMENDMENT (2011)

This amendment requires additional disclosures on financial instruments, such as information on those subject to compensation and similar agreements. The standard applies to financial years beginning on or after 1 January 2013. The above changes had no significant impacts on the financial statements.

The following standards, interpretations, amendments and revisions, which are mandatory in future financial years, were adopted by the European Union by the date of approval of these financial statements:

### IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS

The standard establishes the requirements on consolidated financial statements presented by the parent company and replaces IAS 27 – Consolidated and separate financial statements and SIC 12 – Consolidation – special purpose entities, in these aspects. The standard introduces a new control effect that entails assessment of the power, exposure to variability of returns and the connection between the two. The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (de fact control). The standard applies to financial years beginning on or after 1 January 2014.

### IFRS 11 – JOINT ARRANGEMENTS

This standard replaces IAS 31 – Interests in joint ventures and SIC 13 – Jointly controlled entities – Non-monetary contributions by entrepreneurs and rules out the possibility of using the proportional consolidation method when accounting for interests in joint arrangements. The standard applies to financial years beginning on or after 1 January 2014.

### IFRS 12 – DISCLOSURE OF INTERESTS IN OTHER ORGANISATIONS

This standard establishes new disclosures of interests in subsidiaries, joint arrangements and non-consolidated entities. The standard applies to financial years beginning on or after 1 January 2014.

#### IAS 27 – SEPARATE FINANCIAL STATEMENTS (2011)

This amendment restricts the scope of IAS 27 separate financial statements. The standard applies to financial years beginning on or after 1 January 2014.

#### IAS 28 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (2011)

This amendment guarantees consistency between IAS 28 – Investments in associates, and the new standards adopted in particular in IFRS 11 – JOINT ARRANGEMENTS. The standard applies to financial years beginning on or after 1 January 2014.

#### IAS 32 – AMENDMENT (2011)

This amendment clarifies certain aspects of the standard due to diversity in the application of offset requirements. The standard applies to financial years beginning on or after 1 January 2014. The Bank did not apply any of these standards or interpretations to the financial statements for the year ended on 31 December 2013.

In addition, the following standards, interpretations, amendments and revisions were issued prior to the date of approval of these financial statements. They are applicable to future financial years and have not yet been adopted by the European Union:

#### IFRS 9 – Financial instruments (issued in 2009 and amended in 2010 and 2013)

IFRS 9 (2009) introduced new requirements for classifying and measuring financial assets. IFRS 9 (2010) introduced new requirements for financial liabilities. IFRS 9 (2013) introduced the hedging methodology. The IASB currently has a project for making limited changes to the classification and measurement set out in IFRS 9 and new requirements for dealing with the impairment of financial assets.

The requirements of IFRS 9 (2009) represented a significant change in the current requirements on financial assets set out in IAS 39. It contains two primary categories of measurement of financial assets: amortised cost and fair value. IFRS 9 (2010) introduced a new requirement for financial liabilities disclosed at fair value by choice and imposed the separation of the fair value alteration component that is attributable to the entity's credit risk and its presentation in Other Comprehensive Income rather than income. IFRS 9 (2013) introduced new requirements for hedge accounting to align it more closely with risk management. The date on which IFRS 9 comes into effect has not yet been established but will be determined when the current phases have been completed.

#### IFRIC 21 - Levies

On 20 May 2013, the IASB issued this interpretation with a retrospective date of application to financial years beginning on or after, 1 January 2014. It was adopted by European Commission Regulation 634/2014 of 13 June (defining its coming into force no later than the start date of the first financial year beginning on or after 17 June 2014). This new interpretation defines levies as an outlay by an entity imposed by a government in accordance with legislation. It conforms that an entity recognises a liability for the levy when, and only when, the specific event triggering it under the legislation occurs.

The Bank is still assessing the impacts of the introduction of this interpretation.

### 3. Notes

#### 3.1 Cash and Deposits at Central Banks

As at 31 December 2014 and 2013, this item was as follows:

|                                   | 2014             | 2013              |
|-----------------------------------|------------------|-------------------|
| Cash                              | 160,003          | 181,652           |
| Current Deposits in Portugal Bank | 6,297,991        | 11,970,226        |
| <b>Total</b>                      | <b>6,457,994</b> | <b>12,151,878</b> |

The item includes current accounts at Banco de Portugal includes deposits set up to meet the minimum reserve requirements of the European System of Central Banks. These deposits earn interest and correspond to 1% of deposits and debt securities with maturities of up to two years, excluding deposits and debt securities of institutions subject to the minimum reserve requirements of ESCB.

#### 3.2 Deposits at Other Credit Institutions

As at 31 December 2014 and 2013, this item was as follows:

|  | 2014              | 2013              |
|--|-------------------|-------------------|
| Deposits at Domestic Credit Institutions |                   |                   |
| Demand Deposits                          | 15,857,479        | 10,192,056        |
| Other Deposits                           | -                 | 16,676            |
|  | 15,857,479        | 10,208,732        |
| Deposits at Credit Institutions Abroad   |                   |                   |
| Demand Deposits                          | 22,335,711        | 21,349,730        |
|  | 22,335,711        | 21,349,730        |
| <b>Total</b>                             | <b>38,193,190</b> | <b>31,558,462</b> |

### 3.3 Assets and Liabilities Financial Held for Trading

As at 31 December 2014 and 2013, the items held for trading financial assets and held for trading financial liabilities have regard to the positive and negative revaluation of derivatives, respectively. As at 31 December 2014 and 2013, the above operations are valued in accordance with the criteria described in Note 2 (3) (f). On these dates, the notional amount and book value of the financial derivatives were as follows:

|                               | 2014               |                     |                  | 2013              |                     |                  |
|-------------------------------|--------------------|---------------------|------------------|-------------------|---------------------|------------------|
|                               | Notional Amount(1) | Balance Sheet Value |                  | Notional Amount   | Balance Sheet Value |                  |
|                               |                    | Assets              | Liabilities      |                   | Assets              | Liabilities      |
| Over-the-counter Market (OTC) |                    |                     |                  |                   |                     |                  |
| Foreign Exchange Swaps        | 72,195,140         | 1,387,819           | -                | 52,228,954        | 44,642              | (194,680)        |
| Currency Fowards              |                    |                     |                  |                   |                     |                  |
| Purchase                      | 2,471,378          | 230,821             | -                | 4,417,732         | 33,038              | -                |
| Sale (2)                      | 6,743,577          | -                   | (235,104)        | 4,252,732         | -                   | (31,192)         |
| Equity Options                |                    |                     |                  |                   |                     |                  |
| Purchase                      | 1,564,945          | 3,443               | -                | -                 | -                   | -                |
| Sale (2)                      | 1,564,945          | -                   | (3,443)          | -                 | -                   | -                |
|                               | 12,344,845         | 234,264             | (238,547)        | 8,670,464         | 33,038              | (31,192)         |
| <b>Total</b>                  | <b>84,539,985</b>  | <b>1,622,083</b>    | <b>(238,547)</b> | <b>60,899,418</b> | <b>77,680</b>       | <b>(225,872)</b> |

(1) For swaps and fowards actual values are considered

(2) Equivalent embeded derivates in deposits from customers

The notional values of operations with derivatives as at 31 December 2014 and 2013 by residual maturity (months) were as follows:

|                               | 2014              |                   |                  |                  |                   | 2013              |                  |                  |                   |
|-------------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
|                               | Up to 3m          | 3m - 6m           | 6m - 12m         | 12m - 24m        | Total             | Up to 3m          | 3m - 6m          | 6m - 12m         | Total             |
| Over-the-counter Market (OTC) |                   |                   |                  |                  |                   |                   |                  |                  |                   |
| Foreign Exchange Swaps        | 62,141,438        | 10,053,702        | -                | -                | 72,195,140        | 50,828,954        | 1,400,000        | -                | 52,228,954        |
| Currency Fowards              |                   |                   |                  |                  |                   |                   |                  |                  |                   |
| Purchase                      | 58,068            | 82,366            | 2,059,138        | 271,806          | 2,471,378         | -                 | -                | 4,417,732        | 4,417,732         |
| Sale                          | 53,336            | 80,524            | 2,075,612        | 4,530,105        | 6,739,577         | -                 | -                | 4,252,732        | 4,252,732         |
| Equity Options                |                   |                   |                  |                  |                   |                   |                  |                  |                   |
| Purchase                      | -                 | 1,564,945         | -                | -                | 1,564,945         | -                 | -                | -                | -                 |
| Sale                          | -                 | 1,564,945         | -                | -                | 1,564,945         | -                 | -                | -                | -                 |
|                               | 111,404           | 3,292,780         | 4,134,750        | 4,801,911        | 12,340,845        | -                 | -                | 8,670,464        | 8,670,464         |
| <b>Total</b>                  | <b>62,252,842</b> | <b>13,346,482</b> | <b>4,134,750</b> | <b>4,801,911</b> | <b>84,535,985</b> | <b>50,828,954</b> | <b>1,400,000</b> | <b>8,670,464</b> | <b>60,899,418</b> |

As at 31 December 2014 and 2013, all as operations with derivatives were contracted with financial institutions, with the exception of embedded derivatives.

### 3.4 Available-for-sale Financial Assets

As at 31 December 2014 this item was as follows:

|  | Depreciation<br>and<br>Amortisation<br>Expenses | Interest         | Fair Value Reserve |                  | Balance Sheet      |
|--|---|------------------|--------------------|------------------|--------------------|
|  |   |                  | Positive           | Negative         |                    |
| <b>Debt Instruments</b>                              |   |                  |                    |                  |                    |
| Bonds Issued by National Public Bodies               | 21,380,035                                      | 478,187          | 173,821            | -                | 22,032,043         |
| Bonds Issued by Foreign Public Bodies                | 146,586,115                                     | 888,949          | 6,445,262          | (20,016)         | 153,900,310        |
| Bonds and Commercial Paper Issued by National Bodies |   |                  |                    |                  |                    |
| Non-subordinated Debt                                | 24,469,381                                      | 274,232          | 66,216             | (61,878)         | 24,747,951         |
| Bonds Issued by Other Foreign Bodies                 |   |                  |                    |                  |                    |
| Non-subordinated Debt                                | 35,828,320                                      | 497,851          | 1,087,161          | (915,882)        | 36,497,450         |
| <b>Total</b>   | <b>228,263,851</b>                              | <b>2,139,219</b> | <b>7,772,460</b>   | <b>(997,776)</b> | <b>237,177,754</b> |

As at 31 December 2014 this item was as follows:

|  | Depreciation<br>and<br>Amortisation<br>Expenses | Interest         | Fair Value Reserve |                  | Balance Sheet      |
|--|---|------------------|--------------------|------------------|--------------------|
|  |   |                  | Positive           | Negative         |                    |
| <b>Debt Instruments</b>                              |   |                  |                    |                  |                    |
| Bonds Issued by National Public Bodies               | 98,136  | 759              | 2,714              | -                | 101,609            |
| Bonds Issued by Foreign Public Bodies                | 154,859,018                                     | 1,001,539        | 1,755,679          | (129,697)        | 157,486,540        |
| Bonds and Commercial Paper Issued by National Bodies |   |                  |                    |                  |                    |
| Non-subordinated Debt                                | 24,768,064                                      | 46,338           | -                  | -                | 24,814,403         |
| Bonds and Commercial Paper Issued by National Bodies |   |                  |                    |                  |                    |
| Non-subordinated Debt                                | 24,860,601                                      | 632,333          | 209,603            | (89,449)         | 25,613,088         |
| <b>Total</b>   | <b>204,585,819</b>                              | <b>1,680,969</b> | <b>1,967,996</b>   | <b>(219,146)</b> | <b>208,015,640</b> |

In accordance with the Bank's analysis, no impaired securities were identified as at 31 December 2014 and 2013.

As at 31 December 2014 and 2013, available for sale financial assets by residual maturity were as follows:

|                         | 2014               | 2013               |
|-------------------------|--------------------|--------------------|
| Up to 3 Months          | 12,679,134         | 15,889,765         |
| From 3 Months to 1 Year | -                  | 6,515,522          |
| From 1 Year to 5 Years  | 14,893,743         | 185,610,353        |
| More Than 5 Years       | 74,604,877         | -                  |
| <b>Total</b>            | <b>237,177,754</b> | <b>208,015,640</b> |

As at 31 December 2014 and 2013, available for sale financial assets by country were as follows:

|              | 2014               | 2013               |
|--------------|--------------------|--------------------|
| Italy        | 139,307,150        | 168,687,194        |
| Portugal     | 46,779,994         | 24,916,013         |
| Netherlands  | 28,872,013         | 8,672,004          |
| Spain        | 17,162,993         | 5,740,429          |
| Luxembourg   | 4,181,820          | -                  |
| Namibia      | 873,784            | -                  |
| <b>Total</b> | <b>237,177,754</b> | <b>208,015,640</b> |

As at 31 December 2014 and 2013, available for sale financial assets by business sector de activity were as follows:

|                          | 2014               | 2013               |
|--------------------------|--------------------|--------------------|
| General Government       | 175,932,353        | 157,588,148        |
| Energy                   | 45,811,465         | 16,860,321         |
| Forest Product and Paper | 7,095,942          | 4,936,623          |
| Communication            | 5,333,283          | 11,263,493         |
| Manufacturing            | 2,001,010          | -                  |
| Wholesale and Retail     | 1,003,701          | 6,413,913          |
| Construction             | -                  | 10,953,142         |
| <b>Total</b>             | <b>237,177,754</b> | <b>208,015,640</b> |

### 3.5 Loans and Advances to Credit Institutions

As at 31 December 2014 and 2013, this item was as follows:

|   | 2014               | 2013              |
|---|--------------------|-------------------|
| <b>Loans and Advances to other Portuguese Credit Institutions</b> |                    |                   |
| Short-terms Loans and Advances                                    | 96,424,677         | 86,107,790        |
| Interest Receivable   | 3,490              | 3,952             |
|   | <b>96,428,167</b>  | <b>86,111,742</b> |
| <b>Loans and Advances to Credit Institutions Abroad</b>           |                    |                   |
| Short-term Loans and Advances                                     | 50,210,186         | 362,555           |
| Other Loans and Advances  | -                  | 109,062           |
| Interest Receivable   | 8,264              | 174               |
|   | <b>50,218,450</b>  | <b>471,791</b>    |
| Overdue Loans - Foreign Credit Institutions                       | 68,972             | -                 |
| Impairment on Country Risk (note 3.15)                            | (68,972)           | (30,876)          |
|   | <b>50,218,450</b>  | <b>440,915</b>    |
| <b>Total</b>  | <b>146,646,617</b> | <b>86,552,657</b> |

The structure of residual maturity of loans and advances to other credit institutions (excluding overdue loans and advances and interest receivable), in effect as at 31 December 2014 and 2013 was as follows:

|                         | 2014               | 2013              |
|-------------------------|--------------------|-------------------|
| Up to 3 Months          | 144,456,740        | 85,879,407        |
| From 3 to 6 Months      | 2,000,000          | -                 |
| From 6 Months to 1 Year | 178,123            | 700,000           |
| <b>Total</b>            | <b>146,634,863</b> | <b>86,579,407</b> |

As at 31 December 2014 and 2013, loans and advances in euros and US dollars were remunerated at an average rate of 0.97% e 0.2%, respectively.

### 3.6 Loans and Advances to Customers

As at 31 December 2014 and 2013, this item was as follows:

|  | 2014               | 2013              |
|--|--------------------|-------------------|
| <b>Credit non Entitled</b>                                     |                    |                   |
| Portugal   |                    |                   |
| Companies  |                    |                   |
| Discount   | 7,989,047          | 4,562,908         |
| Loans  | 21,720,006         | 16,325,914        |
| Collateralized Current Account                                 | 20,826,610         | 17,414,235        |
| Overdrafts on Demand Deposits                                  | 1,931,526          | 223               |
| Credit Cards   | 10,918             | 9,001             |
| Private Individuals  |                    |                   |
| Housing Loans  | 595,859            | -                 |
| Loans  | 550,769            | 858,836           |
| Collateralized Current Account                                 | 510,000            | 510,000           |
| Overdrafts on Demand Deposits                                  | 12,022             | 3                 |
| Credit Cards   | 46,415             | 19,436            |
| Abroad   |                    |                   |
| Companies  |                    |                   |
| Discount   | 1,493,895          | 112,987           |
| Loans  | 47,532,340         | 26,083,338        |
| Collateralized Current Account                                 | -                  | 1,000,000         |
| Overdrafts on Demand Deposits                                  | 197                | 1,844             |
| Credit Cards   | 2,901              | (520)             |
| Private Individuals  |                    |                   |
| Housing Loans  | 5,848,207          | 469,410           |
| Loans  | 5,382,320          | 6,635,355         |
| Collateralized Current Account                                 | 79,627             | 32,286            |
| Credit Cards   | 208,015            | 80,226            |
| <b>Overdue Loans and Interest</b>                              | <b>87,589</b>      | <b>102,982</b>    |
|  | <b>114,828,263</b> | <b>74,218,464</b> |
| <b>Interest and Commissions Associated with Amortized Cost</b> |                    |                   |
| Interest Receivable  | 1,504,084          | 932,003           |
| Commissions Receivable   | 80,867             | 47,172            |
| Deferred Income  | (793,941)          | (460,101)         |
|  | <b>791,010</b>     | <b>519,074</b>    |
| <b>Impairment (Note 3.15)</b>                                  |                    |                   |
| For Credit and Interest Overdue                                | (10,149)           | (37,378)          |
| For Country Risk   | (1,142,412)        | (691,395)         |
|  | <b>(1,152,561)</b> | <b>(728,773)</b>  |
| <b>Total</b>   | <b>114,466,712</b> | <b>74,008,765</b> |

As at 31 December 2014 and 2013, around 33,791,000 in euros and 17,316,000 euros respectively in loans and advances to customers were collateralised by liens on term deposits at the Bank.

As at 31 December 2014 and 2013, the item overdue loans and interest were as follows:

| Period               | 2014          |                  |                  | Provisions for Overdue Loans |
|----------------------|---------------|------------------|------------------|------------------------------|
|                      | Overdue       | Non Performing   | Total            |                              |
| Up to 30 days        | -             | -                | -                | -                            |
| From 30 to 60 Days   | 59,584        | 1,000,000        | 1,059,584        | 1,209                        |
| From 61 to 181 Days  | 18,837        | 415,625          | 434,462          | 2,160                        |
| From 161 to 365 Days | 8,714         | -                | 8,714            | 6,326                        |
| More than 1 Year     | 454           | -                | 454              | 454                          |
| <b>Total</b>         | <b>87,589</b> | <b>1,415,625</b> | <b>1,503,214</b> | <b>10,149</b>                |

| Period               | 2013           |                  |                  | Provisions for Overdue Loans |
|----------------------|----------------|------------------|------------------|------------------------------|
|                      | Overdue        | Non Performing   | Total            |                              |
| Up to 30 Days        | 31,538         | 991,424          | 1,022,962        | 315                          |
| From 30 to 60 Days   | 30,764         | 985,565          | 1,016,329        | 19,452                       |
| From 61 to 180 Days  | 25,560         | 365              | 25,925           | 6,259                        |
| From 181 to 365 Days | 15,120         | -                | 15,120           | 11,352                       |
| <b>Total</b>         | <b>102,982</b> | <b>1,977,354</b> | <b>2,080,336</b> | <b>37,378</b>                |

The changes in provisions and impairments in the years ending on 31 December 2014 and 2013 are shown in Note 3.15.

As at 31 December 2014 and 2013, our five largest customers accounted for around 49% and 48% of all loans in our portfolio, respectively.

As at 31 December 2014 and 2013, the residual maturities of loans and advances to customers (excluding overdue loans and advances and interest, interest and commissions associated with amortised cost) were as follows:

|                         | 2014               | 2013              |
|-------------------------|--------------------|-------------------|
| Up to 3 Months          | 20,429,804         | 21,982,034        |
| From 3 Months to 1 Year | 29,275,723         | 14,895,136        |
| From 1 Year to 5 Years  | 29,659,940         | 6,073,867         |
| More Than 5 Years       | 35,375,207         | 31,164,445        |
| <b>Total</b>            | <b>114,740,674</b> | <b>74,115,482</b> |

Our portfolio of loans and advances to customers by sector as at 31 December 2014 and 2013 was as follows:

|   | 2014                                |               |                    |              |                   |              |
|---|-------------------------------------|---------------|--------------------|--------------|-------------------|--------------|
|   | Loans and Advances to Customers (1) |               |                    |              | Guarantees Issued |              |
|   | Non Performing Loan                 | Overdue Loan  | Total              | %            | Values            | %            |
| <b>Residents</b>  |                                     |               |                    |              |                   |              |
| Private Individuals   | 1,715,065                           | 443           | 1,715,508          | 1,5          | -                 | -            |
| Real Estate Activity  | 13,015,602                          | -             | 13,015,602         | 11,3         | 12,061,392        | 83,0         |
| Financial and Insurance Activities                                | 12,017,616                          | -             | 12,017,616         | 10,5         | 51,027            | 0,4          |
| Construction  | 10,267,063                          | -             | 10,267,063         | 8,9          | 991,253           | 6,8          |
| Wholesale and Retail  |                                     |               |                    |              |                   | -            |
| Vehicles and Motocyles  | 8,097,239                           | -             | 8,097,239          | 7,1          | -                 | -            |
| Information and Communication Activities                          | 6,575,024                           | -             | 6,575,024          | 5,7          | -                 | -            |
| Consulting, Scientific, Technical and Similar Activities          | 1,190,432                           | -             | 1,190,432          | 1,0          | 577,777           | 4,0          |
| Administrative and Support Services Activities                    | 585,535                             | -             | 585,535            | 0,5          | -                 | -            |
| Manufacturing   | 365,273                             | -             | 365,273            | 0,3          | -                 | -            |
| Transport and Storage   | 187,825                             | -             | 187,825            | 0,2          | -                 | -            |
| Electricity, Gas and Water Production Supply                      | 176,498                             | -             | 176,498            | 0,2          | -                 | -            |
| Human Health and Social Work Activities                           | -                                   | -             | -                  | -            | 14,400            | 0,1          |
| <b>Non-resident</b>   |                                     |               |                    |              |                   |              |
| Private Individuals   | 11,518,168                          | 34,688        | 11,552,856         | 10,1         | 77,238            | 0,5          |
| Financial and Insurance Activities                                | 24,130,515                          | -             | 24,130,515         | 21,0         | 758,924           | 5,2          |
| Wholesale and Retail and Repair of Motor Vehicles and Motorcycles |                                     |               |                    |              |                   |              |
| Vehicles and Motorcycles  | 14,573,559                          | -             | 14,573,559         | 12,7         | -                 | -            |
| Consulting, Scientific, Technical and Similar Activities          | 7,600,396                           | 52,458        | 7,652,854          | 6,7          | -                 | -            |
| Real Estate Activity  | 2,723,870                           | -             | 2,723,870          | 2,4          | -                 | -            |
| Construction  | 994                                 | -             | 994                | 0,0          | -                 | -            |
| <b>Total</b>  | <b>114,740,674</b>                  | <b>87,589</b> | <b>114,828,263</b> | <b>100,0</b> | <b>14,532,011</b> | <b>100,0</b> |

(1) Excludes interest receivable and commissions on amortised cost.

| 2013  |                                     |                |                   |              |                   |              |
|---|-------------------------------------|----------------|-------------------|--------------|-------------------|--------------|
|   | Loans and Advances to Customers (1) |                |                   |              | Guarantees Issued |              |
|   | Non Performing Loan                 | Overdue Loan   | Total             | %            | Value             | %            |
| <b>Residents</b>  |                                     |                |                   |              |                   |              |
| Private Individuals   | 1,388,286                           | 42,796         | 1,431,082         | 1,9          | -                 | -            |
| Construction  | 10,151,548                          | -              | 10,151,548        | 13,7         | -                 | -            |
| Real Estate Activities  | 9,214,576                           | -              | 9,214,576         | 12,4         | -                 | -            |
| Wholesale and Retail and Repair of Motor Vehicles and Motorcycles | 8,234,819                           | 31,538         | 8,266,357         | 11,1         | -                 | -            |
| Information and Communication Activities                          | 6,400,000                           | -              | 6,400,000         | 8,6          | -                 | -            |
| Consulting, Scientific, Technical and Similar Activities          | 1,739,511                           | -              | 1,739,511         | 2,3          | -                 | -            |
| Financial and Insurance Activities                                | 1,690,977                           | -              | 1,690,977         | 2,3          | 2.731.280         | 60,0         |
| Electricity, Gas and Water Production Supply                      | 362,555                             | -              | 362,555           | 0,5          | -                 | -            |
| Actividades Administrativas e dos Serviços de Apoio               | 238,294                             | -              | 238,294           | 0,3          | -                 | -            |
| Administrative and Support Sales Activity                         | 200,000                             | -              | 200,000           | 0,3          | -                 | -            |
| Manufacturing   | 80,000                              | -              | 80,000            | 0,1          | -                 | -            |
| <b>Non-resident</b>   |                                     |                |                   |              |                   |              |
| Private Individuals   | 7,217,276                           | 28,648         | 7,245,924         | 9,8          | -                 | -            |
| <b>Real Estate Activity</b>                                       | <b>17,783,339</b>                   | <b>-</b>       | <b>17,783,339</b> | <b>24,0</b>  | <b>631,756</b>    | <b>13,9</b>  |
| Consulting, Scientific, Technical and Similar Activities          | 8,300,281                           | -              | 8,300,281         | 11,2         | 31,347            | 0,7          |
| Financial and Insurance Activities                                | 1,000,000                           | -              | 1,000,000         | 1,3          | -                 | -            |
| Wholesale and Retail and Repair of Motor Vehicles and Motorcycles | 114,020                             | -              | 114,020           | 0,2          | 535,066           | 11,8         |
| Construction  | -                                   | -              | -                 | -            | 608,875           | 13,4         |
| Human Health and Social Works Activities                          | -                                   | -              | -                 | -            | 14,400            | 0,3          |
| <b>Total</b>  | <b>74,115,482</b>                   | <b>102,982</b> | <b>74,218,464</b> | <b>100,0</b> | <b>4,552,724</b>  | <b>100,0</b> |

(1) Excludes interest receivable and commissions on amortised cost.

### 3.7 Other Tangible Assets

The item other tangible assets was as follows in the year ending on 31 December 2014:

|                               | Gross Value              |                   |                          |             | Depreciation and Amortisation |                          |                               |                          |           | Net Value                |                          |                          |
|-------------------------------|--------------------------|-------------------|--------------------------|-------------|-------------------------------|--------------------------|-------------------------------|--------------------------|-----------|--------------------------|--------------------------|--------------------------|
|                               | Balances as at 31 Dec 13 | Acquisitions      | Disposals and Write-offs | Transfers   | Balances as at 31 Dec 14      | Balances as at 31 Dec 13 | Depreciation and Amortisation | Disposals and Write-offs | Transfers | Balances as at 31 Dec 14 | Balances as at 31 Dec 13 | Balances as at 31 Dec 14 |
| <b>Real Estate</b>            |                          |                   |                          |             |                               |                          |                               |                          |           |                          |                          |                          |
| Land                          | -                        | 3,836,175         | -                        | -           | 3,836,175                     | -                        | -                             | -                        | -         | -                        | -                        | 3,836,175                |
| Buildings                     | -                        | 12,505,931        | -                        | 4,041,703   | 16,547,634                    | -                        | -                             | -                        | 463,121   | 463,121                  | -                        | 16,084,513               |
| Leasehold Expense             | 4,079,275                | 2,428             | -                        | (4,081,703) | -                             | 262,375                  | 202,829                       | -                        | (465,204) | -                        | 3,816,900                | -                        |
|                               | 4,079,275                | 16,344,534        | -                        | (40,000)    | 20,383,809                    | 262,375                  | 202,829                       | -                        | (2,083)   | 463,121                  | 3,816,900                | 19,920,688               |
| <b>Equipment</b>              |                          |                   |                          |             |                               |                          |                               |                          |           |                          |                          |                          |
| Furniture and Office Supplies | 936,545                  | 21,431            | -                        | 40,000      | 997,976                       | 343,202                  | 115,257                       | -                        | 2,083     | 460,542                  | 593,343                  | 537,434                  |
| Machinery and Tools           | 82,166                   | 2,675             | -                        | -           | 84,841                        | 16,795                   | 9,155                         | -                        | -         | 25,950                   | 65,371                   | 58,891                   |
| IT Equipment                  | 27,326                   | 357,366           | -                        | -           | 384,692                       | 9,515                    | 32,518                        | -                        | -         | 42,033                   | 17,811                   | 342,659                  |
| Interior Facilities           | 31,713                   | -                 | -                        | -           | 31,713                        | 7,772                    | 3,497                         | -                        | -         | 11,269                   | 23,941                   | 20,444                   |
| Transport Equipment           | 125,000                  | -                 | -                        | -           | 125,000                       | 59,895                   | 31,250                        | -                        | -         | 91,145                   | 65,105                   | 33,855                   |
| Safety Equipment              | 96,968                   | -                 | -                        | -           | 96,968                        | 10,358                   | 9,981                         | -                        | -         | 20,339                   | 86,610                   | 76,629                   |
| Other Equipment               | 1,289                    | -                 | -                        | 2,142       | 3,431                         | 169                      | 268                           | -                        | -         | 437                      | 1,120                    | 2,994                    |
|                               | 1,301,007                | 381,472           | -                        | 42,142      | 1,724,621                     | 447,706                  | 201,926                       | -                        | 2,083     | 651,715                  | 853,301                  | 1,072,906                |
|                               | 5,380,282                | 16,726,006        | -                        | 2,142       | 22,108,430                    | 710,081                  | 404,755                       | -                        | -         | 1,114,836                | 4,670,201                | 20,993,594               |
| Tangible Assets in Progress   | -                        | 18,181            | -                        | (2,142)     | 16,039                        | -                        | -                             | -                        | -         | -                        | -                        | 16,039                   |
| <b>Total</b>                  | <b>5,380,282</b>         | <b>16,744,187</b> | <b>-</b>                 | <b>-</b>    | <b>22,124,469</b>             | <b>710,081</b>           | <b>404,755</b>                | <b>-</b>                 | <b>-</b>  | <b>1,114,836</b>         | <b>4,670,201</b>         | <b>21,009,633</b>        |

On 30 December 2014 the Bank concluded a promissory purchase agreement on its head office building, which had been leased until then. On that date, it became the owner of the property. The Bank recognised the amount of 16,342,106 euros, under properties for own use - land and buildings the amount of 15,344,700 euros and 997,406, respectively, for the amount of the purchase and municipal tax on property sales.

In addition the refurbishing works until that date recorded under costs of rented buildings and accumulated amortizations were transferred to the buildings item.

The item other tangible assets in the year ending on 31 December 2013 was as follows:

|                               | Gross Value              |                |                          |           | Depreciation and Amortisation |                          |                               |                          |           | Net Value                 |                          |                          |
|-------------------------------|--------------------------|----------------|--------------------------|-----------|-------------------------------|--------------------------|-------------------------------|--------------------------|-----------|---------------------------|--------------------------|--------------------------|
|                               | Balances as at 31 Dec 12 | Acquisitions   | Disposals and Write-offs | Transfers | Balances as at 31 Dec 13      | Balances as at 31 Dec 12 | Depreciation and Amortisation | Disposals and Write-offs | Transfers | Balances as at 31 Dec. 13 | Balances as at 31 Dec 12 | Balances as at 31 Dec 13 |
| <b>Real Estate</b>            |                          |                |                          |           |                               |                          |                               |                          |           |                           |                          |                          |
| Leasehold Expense             | 3,893,020                | 420,702        | (234,447)                | -         | 4,079,275                     | 295,424                  | 201,398                       | (234,447)                | -         | 262,375                   | 3,597,596                | 3,816,900                |
| <b>Equipment</b>              |                          |                |                          |           |                               |                          |                               |                          |           |                           |                          |                          |
| Furniture and Office Supplies | 875,072                  | 73,733         | (12,260)                 | -         | 936,545                       | 239,792                  | 105,308                       | (1,898)                  | -         | 343,202                   | 635,280                  | 593,343                  |
| Machinery and Tools           | 81,070                   | 1,096          | -                        | -         | 82,166                        | 7,786                    | 9,009                         | -                        | -         | 16,795                    | 73,284                   | 65,371                   |
| IT Equipment                  | 5,094                    | 22,232         | -                        | -         | 27,326                        | 4,378                    | 5,137                         | -                        | -         | 9,515                     | 716                      | 17,811                   |
| Interior Facilities           | 13,023                   | 14,928         | -                        | 3,762     | 31,713                        | 4,613                    | 3,159                         | -                        | -         | 7,772                     | 8,410                    | 23,941                   |
| Transport Equipment           | 266,355                  | -              | (141,355)                | -         | 125,000                       | 137,607                  | 42,882                        | (120,594)                | -         | 59,895                    | 128,748                  | 65,105                   |
| Safety Equipment              | 28,682                   | 71,237         | (3,468)                  | 517       | 96,968                        | 5,923                    | 6,097                         | (1,662)                  | -         | 10,358                    | 22,759                   | 86,610                   |
| Other Equipment               | -                        | 1,289          | -                        | -         | 1,289                         | -                        | 169                           | -                        | -         | 169                       | -                        | 1,120                    |
|                               | 1,269,296                | 184,515        | (157,083)                | 4,279     | 1,301,007                     | 400,099                  | 171,761                       | (124,154)                | -         | 447,706                   | 869,197                  | 853,301                  |
|                               | 5,162,316                | 605,217        | (391,530)                | 4,279     | 5,380,282                     | 695,523                  | 373,159                       | (358,601)                | -         | 710,081                   | 4,466,793                | 4,670,201                |
| Tangible Assets in Progress   | 517                      | 3,762          | -                        | (4,279)   | -                             | -                        | -                             | -                        | -         | -                         | 517                      | -                        |
| <b>Total</b>                  | <b>5,162,833</b>         | <b>608,979</b> | <b>(391,530)</b>         | <b>-</b>  | <b>5,380,282</b>              | <b>695,523</b>           | <b>373,159</b>                | <b>(358,601)</b>         | <b>-</b>  | <b>710,081</b>            | <b>4,467,310</b>         | <b>4,670,201</b>         |

In the year ending on 31 December 2013, acquisitions under the items costs of rented buildings and furnishings and material essentially represent the work done at the bank's head office and the purchase of furniture.

### 3.8 Intangible Assets

Intangible assets in the year ending on 31 December 2014 were as follows:

|                               | Gross Value              |                |                          |           | Depreciation and Amortisation |                          |                               |                          |           |                | Net Value                |                          |                          |
|-------------------------------|--------------------------|----------------|--------------------------|-----------|-------------------------------|--------------------------|-------------------------------|--------------------------|-----------|----------------|--------------------------|--------------------------|--------------------------|
|                               | Balances as at 31 Dec 13 | Acquisitions   | Disposals and Write-offs | Transfers | Balances as at 31 Dec 14      | Balances as at 31 Dec 13 | Depreciation and Amortisation | Disposals and Write-offs | Transfers | Regularization | Balances as at 31 Dec 13 | Balances as at 31 Dec 13 | Balances as at 31 Dec 14 |
| <b>Intangible Assets</b>      |                          |                |                          |           |                               |                          |                               |                          |           |                |                          |                          |                          |
| Software                      | 1,309,886                | 211,087        | -                        | -         | 1,520,973                     | 1,033,962                | 253,069                       | -                        | -         | -              | 1,287,031                | 275,924                  | 233,942                  |
| Other Intangible Assets       | 170,500                  | -              | -                        | -         | 170,500                       | 72,100                   | -                             | -                        | -         | -              | 72,100                   | 98,400                   | 98,400                   |
|                               | 1,480,386                | 211,087        | -                        | -         | 1,691,473                     | 1,106,062                | 253,069                       | -                        | -         | -              | 1,359,131                | 374,324                  | 332,342                  |
| Intangible Assets in Progress | 73,190                   | 431,369        | -                        | -         | 504,559                       | -                        | -                             | -                        | -         | -              | -                        | 73,190                   | 504,559                  |
| <b>Total</b>                  | <b>1,553,576</b>         | <b>642,456</b> | <b>-</b>                 | <b>-</b>  | <b>2,196,032</b>              | <b>1,106,062</b>         | <b>253,069</b>                | <b>-</b>                 | <b>-</b>  | <b>-</b>       | <b>1,359,131</b>         | <b>447,514</b>           | <b>836,901</b>           |

In the year ending on 31 December 2014, acquisitions under intangible assets essentially refer to the investment that the Bank is making in its information systems.

Intangible assets in the year ending on 31 December 2013 were as follows:

|                               | Gross Value              |                |                          |           | Depreciation and Amortisation |                          |                               |                          |           |                | Net Value                |                          |                          |
|-------------------------------|--------------------------|----------------|--------------------------|-----------|-------------------------------|--------------------------|-------------------------------|--------------------------|-----------|----------------|--------------------------|--------------------------|--------------------------|
|                               | Balances as at 31 Dec 12 | Acquisitions   | Disposals and Write-offs | Transfers | Balances as at 31 Dec 13      | Balances as at 31 Dec 12 | Depreciation and Amortisation | Disposals and Write-offs | Transfers | Regularization | Balances as at 31 Dec 13 | Balances as at 31 Dec 12 | Balances as at 31 Dec 13 |
| <b>Intangible Assets</b>      |                          |                |                          |           |                               |                          |                               |                          |           |                |                          |                          |                          |
| Software                      | 1,183,176                | 126,710        | -                        | -         | 1,309,886                     | 754,428                  | 279,500                       | -                        | -         | 34             | 1,033,962                | 428,748                  | 275,924                  |
| Other Intangible Assets       | 170,500                  | -              | -                        | -         | 170,500                       | 72,100                   | -                             | -                        | -         | -              | 72,100                   | 98,400                   | 98,400                   |
|                               | 1,353,676                | 126,710        | -                        | -         | 1,480,386                     | 826,528                  | 279,500                       | -                        | -         | 34             | 1,106,062                | 527,148                  | 374,324                  |
| Intangible Assets in Progress | -                        | 73,190         | -                        | -         | 73,190                        | -                        | -                             | -                        | -         | -              | -                        | -                        | 73,190                   |
| <b>Total</b>                  | <b>1,353,676</b>         | <b>199,900</b> | <b>-</b>                 | <b>-</b>  | <b>1,553,576</b>              | <b>826,528</b>           | <b>279,500</b>                | <b>-</b>                 | <b>-</b>  | <b>34</b>      | <b>1,106,062</b>         | <b>527,148</b>           | <b>447,514</b>           |

In the year ending on 31 December 2013, acquisitions under intangible assets essentially refer to the investment that the Bank is making in its information systems.

### 3.9 Investments in Subsidiaries, Associates and Joint-ventures

As at 31 December 2014 and 2013, investment subsidiaries recorded at cost correspond to:

|                                 | Effective Holding (%) |      | Acquisition Cost |                  |
|---------------------------------|-----------------------|------|------------------|------------------|
|                                 | 2014                  | 2013 | 2014             | 2013             |
| Atlântico Europa Capital Lux Co | 100                   | 100  | 1,572,086        | 1,074,383        |
| <b>Total</b>                    |                       |      | <b>1,572,086</b> | <b>1,074,383</b> |

Atlântico Europa Capital Lux Co was set up on 30 July 2010 and is still in its starting phase. The increase in the item investment in subsidiaries in 2014 corresponds to loans to the invested company.

### 3.10 Current and Deferred Tax Assets

As at 31 December 2014 and 2013, these items were as follows:

|                            | 2014           | 2013           |
|----------------------------|----------------|----------------|
| <b>Current Tax Assets</b>  |                |                |
| Income Tax Receivable      | -              | <b>139,347</b> |
| Other                      | 126,713        | <b>122,015</b> |
|                            | 126,713        | <b>261,362</b> |
| <b>Deferred Tax Assets</b> |                |                |
| From Temporary Differences | 604,682        | -              |
| For Tax Losses             | -              | <b>125,810</b> |
|                            | 604,682        | <b>125,810</b> |
| <b>Total</b>               | <b>731,395</b> | <b>387,172</b> |

Details of and changes in the item deferred tax assets are presented in Note 3.27.

### 3.11 Other Assets

As at 31 December 2014 and 2013, this item was as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Debtors and Other Investments</b>       |                  |                  |
| Collateral                                 | 39,321           | 561,500          |
| General Government                         |                  |                  |
| Income Tax Receivable                      | 90,776           | -                |
| Other Sundry Debtors                       | 3,978,070        | 7,593,785        |
|  | 4,108,167        | 8,155,285        |
| <b>Impairments (Note 3.15)</b>             |                  |                  |
| Debtors and Other Investments              | (410,919)        | (117,873)        |
|  | 3,697,248        | 8,037,412        |
| <b>Other Income Receivable</b>             |                  |                  |
| From Banking Services                      | 11,037           | 37,511           |
|  | 11,037           | 37,511           |
| <b>Expenses with Deferred Charges</b>      |                  |                  |
| Rent                                       | 116,196          | 116,196          |
| Insurance                                  | 144,760          | 112,584          |
| Other                                      | 42,454           | 35,898           |
|  | 303,410          | 264,678          |
| <b>Other Operations Pending Settlement</b> |                  |                  |
| Borrowing Operations Pending Settlement    | -                | 16,058           |
|  | -                | 16,058           |
| <b>Total</b>                               | <b>4,011,695</b> | <b>8,355,659</b> |

As at 31 December 2014 and 2013 the balance of item provisions for debtors and other loans and advances refers to provisions set up for balances receivable from customers for financial consultancy services.

As at 31 December 2014 and 2013, the balance of the item other sundry debtors was as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Other Sundry Debtors</b>                            |                  |                  |
| Related Entities                                       |                  |                  |
| Banco Privado Atlântico                                | 2,731,584        | 4,324,297        |
| Atlântico Europa SGPS                                  | 431,083          | 390,749          |
| Atlântico Europa Capital                               | 16,056           | 21,822           |
| Other  |                  |                  |
| Prepayments for Financial Investments to be Undertaken | 141,387          | 718,367          |
| Accounts Receivable for Financial Advisory Services    | 541,957          | 2,016,361        |
| Other Sundry Debtors                                   | 116,003          | 122,189          |
| <b>Total</b>   | <b>3,978,070</b> | <b>7,593,785</b> |

### 3.12 Deposits from Central Banks

As at 31 December 2014 and 2013, this item was as follows:

|                                    | 2014               | 2013               |
|------------------------------------|--------------------|--------------------|
| <b>Deposits from Portugal Bank</b> |                    |                    |
| Deposits                           | 84,540,000         | 130,000,000        |
| Interests to Pay                   | 7,284              | 12,361             |
|                                    | 84,547,284         | 130,012,361        |
| <b>Deposits from Central Bank</b>  |                    |                    |
| Deposits                           | 83,133,569         | 36,255,529         |
| Interests to Pay                   | 44,472             | 9,970              |
|                                    | 83,178,041         | 36,265,499         |
| <b>Total</b>                       | <b>167,725,325</b> | <b>166,277,860</b> |

The residual maturities of deposits from other central banks correspond to funding from Banco Nacional de Angola.

The residual maturities of deposits at central banks (excluding interest payable) in effect as at 31 December 2014 and 2013 were as follows:

|                         | 2014               | 2013               |
|-------------------------|--------------------|--------------------|
| Up to 3 months          | 121,184,374        | 166,255,529        |
| From 3 Months to 1 Year | 41,949,195         | -                  |
| From 1 Year to 5 Years  | 4,540,000          | -                  |
| <b>Total</b>            | <b>167,673,569</b> | <b>166,255,529</b> |

### 3.13 Deposits from Other Credit Institutions

As at 31 December 2014 and 2013, this item was as follows:

|   | 2014               | 2013               |
|---|--------------------|--------------------|
| <b>Deposits from Domestic Credit Institutions</b> |                    |                    |
| Interbank Money Market                            | 24,709,661         | -                  |
| Short Term Deposits                               | -                  | 7,251,106          |
| Deposits  | 12,784,213         | 6,634,101          |
| Interest Payable                                  | 58,269             | 34,542             |
|   | 37,552,143         | 13,919,749         |
| <b>Deposits from Foreign Credit Institutions</b>  |                    |                    |
| Short Term Deposits                               | 6,118,277          | 28,326,880         |
| Deposits  | 62,611,849         | 25,956,585         |
| Loan  | 49,256,365         | 40,098,615         |
| Interest Payable                                  | 462,907            | 187,894            |
|   | 118,449,398        | 94,569,974         |
| <b>Total</b>                                      | <b>156,001,541</b> | <b>108,489,723</b> |

As at 31 December 2014 and 2013, the residual maturities of deposits from other credit institutions (excluding interest payable), were as follows:

|                         | 2014               | 2013               |
|-------------------------|--------------------|--------------------|
| Up to 3 Months          | 81,795,154         | 56,454,103         |
| From 3 Months to 1 Year | 65,882,761         | 43,218,184         |
| From 1 Year to 5 Years  | 7,802,450          | 3,400,000          |
| More than 5 Years       | -                  | 5,195,000          |
| <b>Total</b>            | <b>155,480,365</b> | <b>108,267,287</b> |

As at 31 December 2014, term deposits in euros and US dollars earned interest at an average rate of 1.89% and 0.48%, respectively. As at 31 December 2013, average interest rates were 2.11% and 2.01% respectively.

As at 31 December 2014 and 2013 the item deposits from other credit institutions included balances with related parties to the amounts of 46,588,743 euros and 41,883,778 euros, respectively.

### 3.14 Deposits from Customers and Other Loans

As at 31 December 2014 and 2013, this item was as follows:

|   | 2014               | 2013              |
|---|--------------------|-------------------|
| Current Deposits                          | 78,140,901         | 40,137,358        |
| Term Deposits                             | 95,070,241         | 54,794,645        |
| Sale Operations with Repurchase Agreement | -                  | 724,482           |
| Cheque and Payments Order                 | 310,575            | 99,603            |
| Interest to Pay                           | 245,447            | 236,208           |
| <b>Total</b>                              | <b>173,767,164</b> | <b>95,992,296</b> |

As at 31 December 2014 and 2013, the residual maturities of deposits from customers and other loans (excluding interest payable), were as follows:

|                    | 2014               | 2013              |
|--------------------|--------------------|-------------------|
| Up to 3 Months     | 118,683,437        | 71,195,665        |
| De 3 meses a 1 ano | 46,912,514         | 22,665,669        |
| De 1 ano a 5 anos  | 7,925,766          | 1,894,754         |
| <b>Total</b>       | <b>173,521,717</b> | <b>95,756,088</b> |

As at 31 December 2014, term deposits in euros and US dollars earned interest at an average rate of 1.53% and 1.02%, respectively. As at 31 December 2014 and 2013, our five customers with the largest deposits accounted for around 40% and 37% of total deposits from customers.

### 3.15 Provisions and Impairments

The operations in provisions and impairments in the year ending on 31 December 2014 were as follows:

|   | 2014                     |                  |                    |                |                      | Balances as at Dec 31'14 |
|---|--------------------------|------------------|--------------------|----------------|----------------------|--------------------------|
|   | Balances as at Dec 31'13 | Reinforcement    | Restitutions       | Utilisations   | Exchange Differences |                          |
| Loans and Advances                        |                          |                  |                    |                |                      |                          |
| General Credit Risks                      | 791,989                  | 1,582,278        | (897,296)          | -              | -                    | 1,476,971                |
| Off-Balance Sheet Op. Risk                | 838,388                  | 932,111          | (600,983)          | -              | -                    | 1,169,516                |
|   | 1,630,377                | 2,514,389        | (1,498,279)        | -              | -                    | 2,646,487                |
| Impairments:                              |                          |                  |                    |                |                      |                          |
| Country Risk                              |                          |                  |                    |                |                      |                          |
| Loans and Advances to Customers           | 691,395                  | 639,824          | (188,807)          | -              | -                    | 1,142,412                |
| Loans and Advances to Credit Institutions | 30,876                   | 183,010          | (144,914)          | -              | -                    | 68,972                   |
| Overdue Loans and Interest                | 37,378                   | 192,864          | (218,280)          | (1,813)        | -                    | 10,149                   |
| Debtors and Other Investments             | 117,873                  | 277,026          | -                  | -              | 16,020               | 410,919                  |
|   | 877,522                  | 1,292,724        | (552,001)          | (1,813)        | 16,020               | 1,632,452                |
| <b>Total</b>                              | <b>2,507,899</b>         | <b>3,807,113</b> | <b>(2,050,280)</b> | <b>(1,813)</b> | <b>16,020</b>        | <b>4,278,939</b>         |

The operations in provisions and impairments in the year ending on 31 December 2013 were as follows:

|   | 2013                     |                  |                  |          |                 | Balances as at 31'13 |
|---|--------------------------|------------------|------------------|----------|-----------------|----------------------|
|   | Balances as at Dec 31'12 | Reinforcement    | Restitutions     | Transfer | Other Movements |                      |
| Loans and Advances                        |                          |                  |                  |          |                 |                      |
| General Credit Risks                      | 302,310                  | 539,819          | (50,140)         | -        | -               | 791,989              |
| Off-Balance Sheet Op. Risk                | -                        | 842,991          | (4,603)          | -        | -               | 838,388              |
|   | 302,310                  | 1,382,810        | (54,743)         | -        | -               | 1,630,377            |
| Impairments:                              |                          |                  |                  |          |                 |                      |
| Country Risk                              |                          |                  |                  |          |                 |                      |
| Loans and Advances to Customers           | 460,140                  | 296,844          | (65,588)         | -        | (1)             | 691,395              |
| Loans and Advances to Credit Institutions | -                        | 30,876           | -                | -        | -               | 30,876               |
| Overdue Loans and Interest                | 21,015                   | 39,367           | (23,004)         | -        | -               | 37,378               |
| Debtors and Other Investments             | -                        | 117,873          | -                | -        | -               | 117,873              |
|   | 481,155                  | 484,960          | (88,592)         | -        | (1)             | 877,522              |
| <b>Total</b>                              | <b>783,465</b>           | <b>1,867,770</b> | <b>(143,335)</b> | <b>-</b> | <b>(1)</b>      | <b>2,507,899</b>     |

### 3.16 Liabilities for Current and Deferred Taxes

As at 31 December 2014 and 2013, this item was as follows:

|                            | 2014             | 2013             |
|----------------------------|------------------|------------------|
| Current Tax Liabilities    |                  |                  |
| Estimate of Tax Payable    | 1,175,972        | 429,832          |
| Autonomous Taxation        | 152,768          | 89,885           |
|                            | 1,328,740        | 519,717          |
| Deferred Tax Liabilities   |                  |                  |
| From Temporary Differences | 1,727,544        | 480,934          |
| <b>Total</b>               | <b>3,056,284</b> | <b>1,000,651</b> |

### 3.17 Other Liabilities

As at 31 December 2014 and 2013, this item was as follows:

|                                       | 2014              | 2013             |
|---------------------------------------|-------------------|------------------|
| Creditors and Other Funds             |                   |                  |
| General Government                    |                   |                  |
| VAT Payable                           | -                 | 81,534           |
| Withholding of Tax at a Source        | 143,452           | 141,879          |
| Contribution for Social Security      | 106,933           | 109,434          |
| Charges on Third Parties              | 433               | 333              |
| Sundry Creditors                      |                   |                  |
| Suppliers - Current Account           | 8,594,375         | 1,365,761        |
| Others Creditors                      | 2,649             | -                |
|                                       | 8,847,842         | 1,698,941        |
| Expense Payable                       |                   |                  |
| Personnel Costs                       | 1,632,810         | 1,530,804        |
| General Administrative Expenses       | 443,449           | 218,504          |
|                                       | 2,076,259         | 1,749,308        |
| Deferred Income                       |                   |                  |
| Others                                | 8,006             | -                |
|                                       | 8,006             | -                |
| Other accruals & Deferrals            |                   |                  |
| Lending Operations Pending Settlement | 739,915           | 150,005          |
|                                       | 739,915           | 150,005          |
| <b>Total</b>                          | <b>11,672,022</b> | <b>3,598,254</b> |

As at 31 December 2014 the item sundry creditors - suppliers current a/c includes a balance of 7,679,878 euros, corresponding to the amount payable for the purchase of the Bank's head office building (Note 3.7). As at 31 December 2013, the item sundry creditors - suppliers on current a/c included the balance of 833,877 euros with Banco Privado Atlantico, S.A., which was settled in full in 2014.

As at 31 December 2014, the balance of the item expenses payable - personnel costs included 175,331 euros corresponding to part of the bonus for 2012 and 2013, the payment of which is deferred for three years, in accordance with our current remunerations policy.

### 3.18 Off-balance-sheet Accounts

As at 31 December 2014 and 2013, this item was as follows:

|  | 2014               | 2013               |
|--|--------------------|--------------------|
| Guarantees Issued and Other Contingent Liabilities |                    |                    |
| Guarantees and Commitments Issued                  | 14,532,011         | 4,552,724          |
| Documentary Credits                                | 32,954,680         | 29,309,253         |
|  | 47,486,691         | 33,861,977         |
| Assets for Guarantee                               | 173,841,499        | 174,529,242        |
| Guarantee Received                                 | 150,687,563        | 91,240,927         |
| Third Parties Commitments                          |                    |                    |
| Irrevocable Credit Lines                           | 11,394,066         | 8,578,377          |
| Potential Liabilities for Investors Indemnities    | 50,322             | 38,062             |
|  | 11,444,388         | 8,616,439          |
| Liabilities for Services Provided                  |                    |                    |
| For Deposits and Custody Facilities                | 35,334,472         | 98,106,650         |
| For Charging Values                                | 1,896,007          | -                  |
|  | 37,230,479         | 98,106,650         |
| Third Party Services                               |                    |                    |
| Customer Portfolio Securities                      | 35,334,472         | 98,106,650         |
| Own Portfolio Securities                           | 204,585,819        | 215,783,196        |
|  | 239,920,291        | 313,889,846        |
| <b>Total</b>                                       | <b>660,610,911</b> | <b>720,245,081</b> |

As at 31 December 2014 and 2013, the Bank had an unused intraday line of credit of 1,000,000 euros from Banco de Portugal. As at 31 December 2014 and 2013, the balance of assets given as guarantees included:

- Securities given as a guarantee to the European System of Central Banks to the amount of 173,724,000 euros and 174,428,000 euros, respectively, to obtain funding. As at 31 December 2014 and 2013, the value given by Banco de Portugal to the collateralised assets totalled 168,081,000 euros and 166,992,000 euros, respectively.
- Securities given as a guarantee to the Stock Exchange Commission under the investor compensation system to the amount of 116,000 euros and 102,000 euros, respectively.

### 3.19 Capital and Other Capital Instruments

As at 31 December 2014 and 2013, the Bank's shareholding structure was as follows:

| Entity                     | 2014              |                   |             | 2013              |                   |             |
|----------------------------|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
|                            | Shares Number     | Amount            | %           | Shares Number     | Amount            | %           |
| Atlântico Europa SGPS S.A. | 50,000,000        | 50,000,000        | 100%        | 50,000,000        | 50,000,000        | 100%        |
| <b>Total</b>               | <b>50,000,000</b> | <b>50,000,000</b> | <b>100%</b> | <b>50,000,000</b> | <b>50,000,000</b> | <b>100%</b> |

### 3.20 Revaluation Reserves, Other Reserves and Retained Earnings

As at 31 December 2014 and 2013, these items were as follows:

|                                 | 2014             | 2013               |
|---------------------------------|------------------|--------------------|
| Revaluation Reserves            | 5,047,139        | 1,267,916          |
| Other Reserves - Legal Reserves | 288,963          | 70,108             |
| Retained Reserves               | (1,471,901)      | (3,441,589)        |
| <b>Total</b>                    | <b>3,864,201</b> | <b>(2,103,565)</b> |

As decided at the General Meeting of 31 March 2014, the net profit for 2013, to the amount of 2,188,543 euros was appropriated as follows:

- 218,854 euros, i.e. 10% of income was allocated to legal reserves
- 1,969,689 euros, i.e. 90% of income was allocated to retained earnings

As required by law, the Bank must locate no less than 10% of net profits in each year to the formation of a legal reserve up to a limit of the value of its share capital or the sum of free reserves and retained earnings, if higher. The legal reserve is not available for distribution, unless the bank is wound up and may only be used to increase its share capital social or offset losses after the other reserves have been exhausted.

As at 31 December 2014 and 2013, the details of revaluation reserves were as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Revaluation Reserves</b>  |                  |                  |
| Reserves From Appreciation at Fair Value of Available-for-sale Financial Assets (note 3.4) |                  |                  |
| Debt Instruments   | 6,774,684        | 1,748,850        |
| Securities   | 6,774,684        | 1,748,850        |
| <b>Fair Value Reserve (Deferred Taxes)</b>   |                  |                  |
| Reserves from Appreciation at Fair Value of Available-for-sale Financial Assets            |                  |                  |
| Deferred Tax Liabilities (note 3.16)   | (1,727,545)      | (480,934)        |
|  | (1,727,545)      | (480,934)        |
| <b>Total</b>   | <b>5,047,139</b> | <b>1,267,916</b> |

### 3.21 Net Interest Income

In the year ending on 31 December 2014 and 2013, this item was as follows:

|   | 2014             | 2013             |
|---|------------------|------------------|
| <b>Interest and Similar Income</b>        |                  |                  |
| Deposits at Central Banks                 | 3,434            | 10,671           |
| Deposits at Other Credit Institutions     | 8,638            | 11,203           |
| Loans and Advances to Credit Institutions | 606,297          | 414,727          |
| Loans and Advances to Customers           | 6,056,097        | 4,172,058        |
| Available-for-sale Financial Assets       | 5,600,877        | 6,890,093        |
|   | 12,275,343       | 11,498,752       |
| <b>Interest and Similar Income</b>        |                  |                  |
| Deposits from Central Banks               | (919,089)        | (184,829)        |
| Deposits from Other Credit Institutions   | (1,905,459)      | (1,781,249)      |
| Deposits from Customers                   | (1,411,197)      | (885,990)        |
| Deposits                                  | (491)            | (240)            |
|   | (4,236,236)      | (2,852,308)      |
| <b>Total</b>                              | <b>8,039,107</b> | <b>8,646,444</b> |

As at 31 December 2014 and 2013, the balance of the item interest and similar income included around 100,000 euros and 48,000 euros referring to interest on operations that were overdue at the end of each year.

### 3.22 Income and Expenses from Services and Commissions

In the years ending on 31 December 2014 and 2013, these items were as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Commissions Received</b>                  |                  |                  |
| Guarantee Issued to Open Documentary Credits | 780,195          | 400,243          |
| Services Rendered                            |                  |                  |
| Value Transfer                               | 324,550          | 96,915           |
| Credit Operations                            | 809,416          | 447,772          |
| Deposits and Custody Facilities              | 113,902          | 116,428          |
| Assembly Operations                          | 55,242           | -                |
| Annuities                                    | 4,600            | 600              |
| Cards Management                             | 4,189            | -                |
| Transactions on Behalf of Third Parties      | 86,143           | 118,465          |
| Other Commissions Received                   | 223,695          | 217,749          |
|  | 2,401,932        | 1,398,172        |
| <b>Commissions Paid</b>                      |                  |                  |
| Third Party Commitments                      | -                | (4,267)          |
| Third Party Banking Services                 | (33,041)         | (29,527)         |
| Other Commissions Paid                       | (152,154)        | (116,812)        |
| <b>Total</b>                                 | <b>(185,195)</b> | <b>(150,606)</b> |

In the years ending on 31 December 2014 and 2013, the item commissions received – for operations on the account of third parties refers essentially to commissions charged for consultancy in setting up and structuring a capital holding.

In the years ending on 31 December 2014 and 2013 the item commissions received – for credit operations included the amount of 696,755 euros and 374,200 euros, respectively, for commissions on the opening of credit.

### 3.23 Income from Financial Operations

In the years ending on 31 December 2014 and 2013, this item was as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>Gains and Losses on Financial Operations</b>                          |                  |                  |
| Gains and Losses on Foreign Exchange Differences                         | (1,790,699)      | 2,711,883        |
| Gain and Losses on Financial Assets at Fair Value through Profit or Loss | 6,915            | -                |
| Gains and Losses on Available-for-sale Financial Assets                  | 2,999,773        | (2,124,604)      |
| Gains and Losses on Held-to-maturity Financial Assets                    | 4,889,646        | 5,930,284        |
| <b>Total</b>   | <b>6,105,635</b> | <b>6,517,563</b> |

### 3.24 Other Operating Income

In the years ending on 31 December 2014 and 2013, this item was as follows:

|   | 2014             | 2013             |
|---|------------------|------------------|
| <b>Other Operating Income</b>           |                  |                  |
| Gains on Financial Assets               | -                | 1,013            |
| Other Operating Income                  | 4,381,957        | 4,429,134        |
|   | 4,381,957        | 4,430,147        |
| <b>Other Operating Expense</b>          |                  |                  |
| Contributions to Deposit Guarantee Fund | (18,750)         | (34,244)         |
| Fees and Donations                      | (14,582)         | (6,070)          |
| Losses on Financial Assets              | -                | (24,676)         |
| Indirect Taxes                          | (45,864)         | (40,686)         |
| Other Operating Expense                 | (95,189)         | (1,016,920)      |
|   | (174,385)        | (1,122,596)      |
| <b>Total</b>                            | <b>4,207,572</b> | <b>3,307,551</b> |

In the years ending on 31 December 2014 and 2013, the balance of the item other operating income includes 3,094,468 euros and 2,845,771 euros, respectively, corresponding essentially to remuneration obtained by the Bank in services provided under subcontract to Banco Privado Atlântico (Angola), S.A. As at 31 December 2013 the balance of the item other operating income had regard essentially to a service provided by Privado Atlântico (Angola), S.A.

### 3.25 Personnel Costs

In the years ending on 31 December 2014 and 2013, this item was as follows:

|   | 2014             | 2013             |
|---|------------------|------------------|
| Remuneration of Management and Supervisory Bodies | 447,659          | 534,450          |
| Compensation of Employees                         | 4,421,935        | 4,690,096        |
| Obligatory Social Charges                         | 1,039,568        | 990,292          |
| Other Personnel Costs                             | 296,658          | 256,134          |
| <b>Total</b>                                      | <b>6,205,820</b> | <b>6,470,972</b> |

As at 31 December 2014 and 2013, the number of employees in the Bank's service, by job category, was follows:

|  | 2014       | 2013      |
|--|------------|-----------|
| Board Members                          | 3          | 3         |
| Senior Management                      | 20         | 20        |
| Technical and Administrative Personnel | 81         | 75        |
| <b>Total</b>                           | <b>104</b> | <b>98</b> |

### 3.26 General Administrative Costs

In the years ending on 31 December 2014 and 2013, this item was as follows:

|  | 2014             | 2013             |
|--|------------------|------------------|
| <b>General Administrative Expenses</b>   |                  |                  |
| Suppliers                                |                  |                  |
| Water, Energy and Fuel                   | 79,836           | 84,746           |
| Items of Regular Consumption             | 28,634           | 47,094           |
| Publications                             | 7,111            | 30,196           |
| Higiene and Cleaning Materials           | 883              | 2,086            |
| Other Suppliers and Third Party Services | 33,918           | 43,115           |
| Services                                 |                  |                  |
| Rentals and Leases                       | 1,827,984        | 1,742,388        |
| Consulting                               | 1,807,326        | 1,783,854        |
| Communications                           | 932,558          | 996,742          |
| Travel, Hotel and Representation Costs   | 485,224          | 929,743          |
| Publicity and Publishing                 | 389,422          | 423,858          |
| Security, Surveillance and Cleaning      | 223,584          | 234,612          |
| Information                              | 206,287          | 209,372          |
| External Audit                           | 121,294          | 62,839           |
| Maintenance and Repair                   | 116,431          | 138,377          |
| IT                                       | 92,682           | 48,329           |
| Training                                 | 90,977           | 77,854           |
| SIBS                                     | 82,116           | 82,436           |
| Other Third Parties Services             | 67,112           | 170,474          |
| Insurance                                | 32,605           | 28,923           |
| Legal Services, Litigation and Notaries  | 16,881           | 24,267           |
| Temporary Manpower                       | 9,507            | 11,742           |
| Studies and Consultation                 | 8,602            | -                |
| Transportation                           | 3,093            | -                |
| <b>Total</b>                             | <b>6,664,067</b> | <b>7,173,047</b> |

The balance in the item Rents and Leases includes rents from the rental agreement for the Bank's head office building. The current annual rent totals around 1,350,000 euros and is inflation linked. This agreement was terminated on 30 December 2014 with the conclusion of the agreement to purchase the building (Note 3.7).

Total fees billed and billable by the Statutory Auditor for 2014 totalled 121,294 euros. The details are as follows:

|   |                |
|---|----------------|
| Statutory Audit of Annual Accounts      | 29,705         |
| Other Compliance and Assurance Services | 91,589         |
| <b>Total</b>                            | <b>121,294</b> |

### 3.27 Income Tax

Current tax is calculated on the basis of the taxable profit for the year, which is different from the book profit due to adjustments resulting from costs or earnings that are not relevant for tax purposes or that will only be considered in other accounting periods. The main situations generating these adjustments are associated with provisions: (i) pursuant to Article 35-A of the IRC Code, provisions for the specific risk and country risk for loans and advances covered by real rights to real estate are not accepted as a tax cost of the year, and (ii) pursuant to Article 34 of the IRC Code, provisions for general credit risks are not considered to be tax costs.

Costs of income tax recorded in income in 2014 and 2013 were as follows:

|                                      | 2014               | 2013               |
|--------------------------------------|--------------------|--------------------|
| <b>Current Taxes</b>                 |                    |                    |
| For the Year                         |                    |                    |
| Estimate of Tax Payable              | (1,667,913)        | (429,832)          |
| Autonomous Taxation                  | (152,768)          | (89,884)           |
| Contribution to the Banking Sector   | (221,143)          | (128,209)          |
| Corrections to Previous Period       | 32,935             | (22,407)           |
|                                      | (2,008,889)        | (670,332)          |
| <b>Deferred Taxes</b>                |                    |                    |
| From Temporary Differences           | 604,682            | -                  |
| Recognised and Reportable Tax Losses | (125,810)          | (828,196)          |
| Change in Income Tax Rate            | -                  | (10,940)           |
|                                      | 478,872            | (839,136)          |
| <b>Total</b>                         | <b>(1,530,017)</b> | <b>(1,509,468)</b> |

The reconciliation between the nominal and effective tax rate in 2014 and 2013 was as follows:

|  | 2014          |                  | 2013          |                  |
|--|---------------|------------------|---------------|------------------|
|  | Tax Rate      | Amount           | Tax Rate      | Amount           |
| <b>Net Income Before Tax</b>               |               | <b>5,284,506</b> |               | <b>3,698,011</b> |
| Tax Calculated at the Nominal Rate         | 24.50%        | 1,294,704        | 26.50%        | 979,973          |
| Contribution to the Banking Sector         | 4.18%         | 221,143          | 3.47%         | 128,209          |
| State Surtax                               | 2.90%         | 153,093          | 2.37%         | 87,511           |
| Autonomous Taxation                        | 2.89%         | 152,768          | 2.43%         | 89,884           |
| Current Tax from Previous Periods          | 0.17%         | 8,891            | 0.61%         | 22,407           |
| Depreciation not Accepted for Tax Purposes | 0.12%         | 6,125            | 0.57%         | 20,909           |
| Effect of Deferred Tax Rate Changes        | -             | -                | 0.30%         | 10,940           |
| Other nontaxable Income and Expenses       | 1.19%         | 63,046           | 0.35%         | 13,060           |
| Impairments and Provisions non Accepted    | -5.18%        | (273,998)        | 5.17%         | 191,313          |
| Tax Benefits (Net Jobs Creation)           | -1.19%        | (62,820)         | -1.62%        | (59,826)         |
| Corrections to the Previous Periods        | -0.62%        | (32,935)         | 0.68%         | 25,088           |
| <b>Total</b>                               | <b>28.95%</b> | <b>1,530,017</b> | <b>40.82%</b> | <b>1,509,468</b> |

As at 31 December 2014, deferred taxes were as follows:

|                                 | Balances<br>as at<br>31/12/2013 | For Net Gains      |                | For Reserves     |                  | Balances<br>as at<br>31/12/2014 |
|---------------------------------|---------------------------------|--------------------|----------------|------------------|------------------|---------------------------------|
|                                 |                                 | Expenses           | Income         | Increase         | Decrease         |                                 |
| <b>Deferred Tax Assets</b>      |                                 |                    |                |                  |                  |                                 |
| Recognised and Reportable Tax   | 125,810                         | (125,810)          | -              | -                | -                | -                               |
| Provisions and Impairments      | -                               | -                  | 587,985        | -                | -                | 587,985                         |
| Deferred Payment to Employees   | -                               | -                  | 16,697         | -                | -                | 16,697                          |
|                                 | 125,810                         | (125,810)          | 604,682        | -                | -                | 604,682                         |
| <b>Deferred Tax Liabilities</b> |                                 |                    |                |                  |                  |                                 |
| Financial Instruments for Sale  | (480,934)                       | (1,279,384)        | 26,692         | 3,133,492        | (634,190)        | (1,727,544)                     |
|                                 | (480,934)                       | (1,279,384)        | 26,692         | 3,133,492        | (634,190)        | (1,727,544)                     |
| <b>Total</b>                    | <b>(355,124)</b>                | <b>(1,405,194)</b> | <b>631,374</b> | <b>3,133,492</b> | <b>(634,190)</b> | <b>(1,122,862)</b>              |

As required by law, tax returns are subject to revision and correction by the tax authorities for a period of four years (five years for social security), except in years reporting tax losses in which the period is up to six years. The Bank's tax returns for 2009 to 2014 may be subject to revision and the tax base to possible corrections.

The recoverability of deferred tax assets is supported by a business plan drawn up by the Board of Directors, under which the Bank will generate enough taxable profit to recover all the deferred tax assets due to tax losses within the legal time limits.

## 4. Related Party Disclosures (IAS 24)

### Balances with Related Parties

Pursuant to IAS 24, the Bank's related parties are Atlântico Europa SGPS, S.A. and its invested companies, Banco Privado Atlântico (Angola), S.A. and the members of the corporate bodies named below:

#### Board of Directors

Carlos José da Silva

Baptista Muhongo Sumbe (in office until 31/12/2013)

André Navarro (in office until 24/03/2014)

Diogo Baptista Russo Pereira da Cunha (in office since 25/03/2014)

Augusto Costa Ramiro Baptista

Maria da Graça Ferreira Proença de Carvalho

#### Supervisory Board

Mário Jorge Carvalho de Almeida

Fernando Augusto de Sousa Ferreira Pinto

Maria Cândida de Carvalho Peixoto

João Maria Francisco Wanassi (substitute as of 24/04/2013)

As at 31 December 2014, the balance sheet and comprehensive income statement included the following balances with related parties:

|  | 2014              |                             |                                      |  |                                       |                             |                  | Total             |
|--|-------------------|-----------------------------|--------------------------------------|--|---------------------------------------|-----------------------------|------------------|-------------------|
|  | BPA S.A.          | Atlântico Europa SGPS, S.A. | Atlântico Europa Capital SGPS, S.A.. | Atlântico Europa Capital LUX, S.A.R.L. | Atlântico Asset Management, S.A.R.L.. | Advisory Partners, S.A.R.L. | Corporate Bodies |                   |
| <b>Assets</b>  |                   |                             |                                      |  |                                       |                             |                  |                   |
| Loans and Advances to Customers (Note 3.6)                 | -                 | -                           | -                                    | -                                      | 761                                   | -                           | 569              | 1,330             |
| Investments in Subsidiaries Associates and Joint-ventures  | -                 | -                           | -                                    | 1,572,086                              | -                                     | -                           | -                | 1,572,086         |
| Other Assets (Note 3.11)                                   | 2,731,584         | 431,083                     | 16,056                               | -                                      | -                                     | -                           | 13,866           | 3,192,589         |
|  | <b>2,731,584</b>  | <b>431,083</b>              | <b>16,056</b>                        | <b>1,572,086</b>                       | <b>761</b>                            | <b>-</b>                    | <b>14,435</b>    | <b>4,766,005</b>  |
| <b>Liabilities</b>   |                   |                             |                                      |  |                                       |                             |                  |                   |
| Deposits from Other Credit Institutions (Note 3.13)        | 46,588,743        | -                           | -                                    | -                                      | -                                     | -                           | -                | 46,588,743        |
| Deposits from Customers (Note 3.14)                        | -                 | -                           | -                                    | 15,308                                 | 3,512                                 | 3,910                       | 2,650,363        | 2,673,093         |
| Other Liabilities (Note 3.17)                              | -                 | -                           | -                                    | -                                      | -                                     | -                           | -                | -                 |
|  | <b>46,588,743</b> | <b>-</b>                    | <b>-</b>                             | <b>15,308</b>                          | <b>3,512</b>                          | <b>3,910</b>                | <b>2,650,363</b> | <b>49,261,836</b> |
| <b>Equity</b>  |                   |                             |                                      |  |                                       |                             |                  |                   |
| Equity (Note 3.19)   | -                 | 50,000,000                  | -                                    | -                                      | -                                     | -                           | -                | 50,000,000        |
|  | <b>-</b>          | <b>50,000,000</b>           | <b>-</b>                             | <b>-</b>                               | <b>-</b>                              | <b>-</b>                    | <b>-</b>         | <b>50,000,000</b> |
| <b>Income</b>  |                   |                             |                                      |  |                                       |                             |                  |                   |
| Interest and Similar Income (Note 3.21)                    | 217,019           | -                           | -                                    | -                                      | -                                     | -                           | 194              | 217,213           |
| Fee and Commission Income (Note 3.22)                      | 220,579           | -                           | -                                    | 344                                    | -                                     | 20                          | 20,583           | 241,526           |
| Other Operating Income and Expense (Note 3.24)             | 3,094,468         | -                           | -                                    | -                                      | -                                     | -                           | -                | 3,094,468         |
| Net Gains from Foreign Exchange                            | 267,700           | -                           | -                                    | 93                                     | -                                     | -                           | 2,847            | 270,640           |
|  | <b>3,799,766</b>  | <b>-</b>                    | <b>-</b>                             | <b>437</b>                             | <b>-</b>                              | <b>20</b>                   | <b>23,624</b>    | <b>3,823,847</b>  |
| <b>Expenses</b>  |                   |                             |                                      |  |                                       |                             |                  |                   |
| Interest and Similar Expenses (Note 3.21)                  | 372,394           | -                           | -                                    | -                                      | -                                     | -                           | 6,446            | 378,840           |
| Personnel Costs (Note 3.25)                                | -                 | -                           | -                                    | -                                      | -                                     | -                           | 447,659          | 447,659           |
| Other Operating Income and Expense (Note 3.24)             | 379               | -                           | -                                    | -                                      | -                                     | -                           | 45               | 424               |
|  | <b>372,773</b>    | <b>-</b>                    | <b>-</b>                             | <b>-</b>                               | <b>-</b>                              | <b>-</b>                    | <b>454,150</b>   | <b>826,923</b>    |
| <b>Off-balance Sheet</b>                                   |                   |                             |                                      |  |                                       |                             |                  |                   |
| Documentary Credit (Note 3.18)                             | 14,653,709        | -                           | -                                    | -                                      | -                                     | -                           | -                | 14,653,709        |
| Deposits and Custody Facilities(-) (Note 3.18) (Note 3.21) | -                 | -                           | -                                    | -                                      | -                                     | -                           | 720,855          | 720,855           |
|  | <b>14,653,709</b> | <b>-</b>                    | <b>-</b>                             | <b>-</b>                               | <b>-</b>                              | <b>-</b>                    | <b>720,855</b>   | <b>15,374,564</b> |

The remunerations paid to the members of the corporate bodies as at 31 December 2014 and 2013 are detailed in the Annual Report. As a rule, transactions with related parties are carried out on the basis of market value on the date in question.

As at 31 December 2013, the balance sheet and comprehensive income statement included the following balances with related parties:

|   | 2013              |                             |                                      |  |                  | Total             |
|---|-------------------|-----------------------------|--------------------------------------|--|------------------|-------------------|
|   | BPA S.A.          | Atlântico Europa SGPS, S.A. | Atlântico Europa Capital SGPS, S.A.. | Atlântico Europa Capital LUX, S.A.R.L. | Órgãos Sociais   |                   |
| <b>Assets</b>   |                   |                             |                                      |  |                  |                   |
| Loans and Advances to Customers (Note 3.6)                | -                 | -                           | -                                    | -                                      | 1,264            | 1,264             |
| Investments in Subsidiaries Associates and Joint-Ventures | -                 | -                           | -                                    | 1,572,086                              | -                | 1,572,086         |
| Other Assets (Note 3.11)                                  | 2,807,166         | 431,083                     | 16,056                               | -                                      | -                | 3.254.305         |
|   | <b>2,807,166</b>  | <b>431,083</b>              | <b>16,056</b>                        | <b>1,572,086</b>                       | <b>1,264</b>     | <b>4,827,655</b>  |
| <b>Liabilities</b>  |                   |                             |                                      |  |                  |                   |
| Deposits from Other Credit Institutions (Note 3.13)       | 41,883,788        | -                           | -                                    | -                                      | -                | 41,883,788        |
| Deposits from Customers (Note 3.14)                       | -                 | -                           | -                                    | 31,143                                 | 1,883,054        | 1,914,197         |
| Other Liabilities (Note 3.17)                             | 833,877           | -                           | -                                    | -                                      | -                | 833,877           |
|   | <b>42,717,665</b> | <b>-</b>                    | <b>-</b>                             | <b>31,143</b>                          | <b>1,883,054</b> | <b>44,631,862</b> |
| <b>Equity</b>   |                   |                             |                                      |  |                  |                   |
| Equity (Note 3.19)  | -                 | 50,000,000                  | -                                    | -                                      | -                | 50,000,000        |
|   | <b>-</b>          | <b>50,000,000</b>           | <b>-</b>                             | <b>-</b>                               | <b>-</b>         | <b>50,000,000</b> |
| <b>Income</b>   |                   |                             |                                      |  |                  |                   |
| Interest and Similar Income (Note 3.21)                   | 6,680             | -                           | -                                    | -                                      | -                | 6.680             |
| Fee and Commissions Income (Note 3.22)                    | 144,863           | -                           | -                                    | 290                                    | -                | 145,153           |
| Other Operating Income and Expense (Note 3.24)            | 2,845,771         | -                           | -                                    | -                                      | -                | 2,845,771         |
|   | <b>2,997,314</b>  | <b>-</b>                    | <b>-</b>                             | <b>290</b>                             | <b>-</b>         | <b>2,997,604</b>  |
| <b>Expenses</b>   |                   |                             |                                      |  |                  |                   |
| Interest and Similar Expense (Note 3.21)                  | 214,014           | -                           | -                                    | -                                      | -                | 214,014           |
| Personnel Costs (Note 3.25)                               | -                 | -                           | -                                    | -                                      | 447,659          | 447,659           |
| Other Operating Income and Expenses (Note 3.24)           | 1,002,654         | -                           | -                                    | -                                      | -                | 1,002,654         |
|   | <b>1,216,668</b>  | <b>-</b>                    | <b>-</b>                             | <b>-</b>                               | <b>447,659</b>   | <b>1,664,327</b>  |
| <b>Off-Balance Sheet</b>                                  |                   |                             |                                      |  |                  |                   |
| Guarantees and Sureties Issued (Note 3.18)                | 2,0378,029        | -                           | -                                    | -                                      | -                | 20,378,029        |
| Deposits and Custody Facilities (Note 3.18) (Note 3.21)   | -                 | -                           | -                                    | -                                      | 1,630,317        | 1,630,317         |
|   | <b>20,378,029</b> | <b>-</b>                    | <b>-</b>                             | <b>-</b>                               | <b>1,630,317</b> | <b>22,008,346</b> |

The remunerations paid to the members of the corporate bodies as at 31 December 2014 and 2013 are detailed in the Annual Report. As a rule, transactions with related parties are carried out on the basis of market value on the date in question.

## 5. Disclosures regarding financial instruments

### Policies for Managing Financial Risks Associated with Bank's Activity

Financial risk management accompanies the Bank's chain of value on the basis of a definition of a risk profile approved by the Board of Directors. It establishes exposure limits and tolerance levels, taking account of the Bank's strategy and current regulations and supporting and directing the first level of risk management in the commercial units.

This first level of risk management is then complemented in the acceptance of risk by the of risk management unit. This unit independently analyses the different exposures in accordance with good practices in segregation of functions, considering their inherent risk, and evaluates potential impacts on the Bank's levels of liquidity and solvency.

In addition business activity is constantly and systematically monitored in order to identify significant internal and external risk factors and measure potential adverse effects that they may cause to the Bank's balance sheet.

In order to meet the reporting requirements set out in IFRS 7 on financial instruments, we will now set out in more detail some of the risk indicators associated with the Bank's business activity: credit risk, liquidity risk and market risk, and explain how they are managed and monitored. Where the credit risk is concerned, we incorporate mandatory disclosures on calculation of impairment associated with loans and advances to customers, pursuant to Banco de Portugal Circular 2/14/DSPDR. This disclosure is complemented by a specific subchapter on valuation at fair value on the Bank's balance sheet.

### Credit Risk

The credit risk is the possibility of losses of value occurring in the value of the Bank's assets as a result of default on contractual obligations due to insolvency or natural or legal persons' inability to honour their commitments.

In order to ensure the growth and sustained development of its credit portfolio, in 2014 the Bank kept up its loan and advance policies and monitoring of loans and advances granted.

Approval of loan and advance operations remained centralised at the institution's Loan Committee. Powers are delegated to it for a specific series of lower-risk operations provided that they meet a list of pre-established criteria.

There were no changes in credit policy and the focus remained on operations based on trade relations between Portugal and Angola, ensuring the existence of transactional operations and financial flows ensuring due servicing of debts, thereby minimising the risk of default.

Focus also remained on diversification of the Bank's credit portfolio so as to ensure that in the present phase of growth in its business activity the risk of excessive concentration of risk is mitigated in certain business sectors or groups of customers and to guarantee a significant degree of coverage of exposure to the credit risk by real or personal guarantees.

We also kept to a conservative policy with exposure of maturities of no more than 10 years, with the exception of mortgages, where average maturities are as long as 15 years. In the company segment, we favour short-term lines of credit with the possibility of termination, with renewal periods of six months to one year.

Where monitoring of loans and advance was concerned the Bank strengthened its mechanisms for control and quantification of the credit risk by developing and optimising management tools. These included a default risk warning system, a model for quantifying impairment of credit and a system for managing and valuing guarantees received.

Credit risk management was still a priority in 2014, and the above and other existing tools played a vital role in the assumption of new risks and monitoring of existing ones.

### Quality of Loans and Advances and Level of Provisioning

The credit risk assessment process accompanies different parts of the Bank's value chain, beginning at commercial level with a careful analysis of the customer and the operation in line with the Bank's policies on loans and advances and risk profile, which are periodically reviewed and updated. All applications for loans and advances are examined by the risk unit, which is responsible for analysing and issuing an independent opinion that serves as support for the approval decision made by the Bank's Loan Committee.

The risk unit is also responsible for monitoring loans and advances granted and it has a number of tools and mechanisms for controlling and measuring the risk and constantly analysing customers and their operations. It is thus able to detect warning signs so that it can ensure timely identification of situations that may impact the Bank's regular business activity.

As at 31 December 2014, exposure to the credit risk by type of financial instrument was as follows:

| Assets                                    | 2014               |                               |                    |
|---|--------------------|-------------------------------|--------------------|
|   | Gross Book Value   | Provisions and Impairments(1) | Net Book Value     |
| Cash and Deposits at Central Banks        | 6,457,994          | -                             | 6,457,994          |
| Deposits at Other Credit Institutions     | 38,193,190         | -                             | 38,193,190         |
| Financial Assets held for Trading         | 1,622,083          | -                             | 1,622,083          |
| Available-for-sale Financial Assets       | 237,177,754        | -                             | 237,177,754        |
| Loans and Advances to Credit Institutions | 146,715,589        | (68,972)                      | 146,646            |
| Loans and Advances to Customers           | 115,619,273        | (2,459,021)                   | 113,160,252        |
| <b>Total Assets</b>                       | <b>545,785,883</b> | <b>(2,527,993)</b>            | <b>543,257,890</b> |
| Off-balance Sheet                         | 14,532,011         | (130,854)                     | 14,401,157         |
| Undraw Credit Facilities                  | 11,394,066         | (149,048)                     | 11,245,018         |
| Documentary Credit                        | 32,954,680         | (1,060,125)                   | 31,894,555         |
| <b>Total Off-balance Sheet</b>            | <b>58,880,757</b>  | <b>(1,340,027)</b>            | <b>57,540,730</b>  |
| <b>Total</b>                              | <b>604,666,640</b> | <b>(3,868,020)</b>            | <b>600,798,620</b> |

(1) Provisions for loans and advances to customers include provisions for general credit risks (loans granted).

As at 31 December 2013, exposure to the credit risk by type of financial instrument was as follows:

| Assets                                    | 2013               |                               |                    |
|---|--------------------|-------------------------------|--------------------|
|   | Gross Book Value   | Provisions and Impairment (1) | Net Book Value     |
| Cash and Deposits at Central Banks        | 12,151,878         | -                             | 12,151,878         |
| Deposits at Other Credit Institutions     | 31,558,462         | -                             | 31,558,462         |
| Financial Assets held for Trading         | 77,680             | -                             | 77,680             |
| Available-for-sale Financial Assets       | 208,015,640        | -                             | 208,015,640        |
| Loans and Advances to Credit Institutions | 86,583,533         | (30,876)                      | 86,552,657         |
| Loans and Advances to Customers           | 74,737,538         | (1,435,019)                   | 73,302,519         |
| <b>Total Assets</b>                       | <b>413,124,731</b> | <b>(1,465,895)</b>            | <b>411,658,836</b> |
| Off-balance Sheet                         | 4,552,724          | (66,378)                      | 4,486,346          |
| Undraw Credit Facilities                  | 8,578,377          | (88,933)                      | 8,489,444          |
| Documentary Credit                        | 29,309,253         | (768,820)                     | 28,540,433         |
| Total Off-balance Sheet                   | 42,440,354         | (924,131)                     | 41,516,223         |
| <b>Total</b>                              | <b>455,565,085</b> | <b>(2,390,026)</b>            | <b>453,175,059</b> |

(1) Provisions for loans and advances to customers include provisions for general credit risks (loans granted).

When granting loans and advances, depending on the type and level of risk of each operation, the Bank requires its customers to provide guarantees. Considering the operations in our portfolio as at 31 December 2014 and 2013 (excluding interest and commissions associated with amortised cost and provisions and impairments), the types of guarantee were as follows:

| Type of Guarantee   | 2014               |             | 2013              |             |
|---|--------------------|-------------|-------------------|-------------|
|   | Amount             | %           | Amount            | %           |
| <b>Financial Collateral</b>                                   | 37,913,350         | 33%         | 23,890,600        | 32%         |
| Real Collateral - Mortgage                                    | 31,587,483         | 28%         | 11,719,190        | 16%         |
| Real Collateral - non Mortgage                                | -                  | 0%          | 6,916,337         | 9%          |
| Personal Guarantee - Issued by State or Financial Institution | 11,679,317         | 10%         | 441,551           | 1%          |
| Personal Guarantee - Issued by Company or Private Individual  | 10,091,450         | 9%          | 12,052,066        | 16%         |
| Other Guarantees  | 7,673,881          | 7%          | 8,492,575         | 11%         |
| Without Guarantees  | 15,882,782         | 14%         | 10,706,145        | 14%         |
| Letters of Credit Discount                                    | 9,482,942          | 8%          | 4,675,896         | 6%          |
| Other   | 6,399,840          | 6%          | 6,030,249         | 8%          |
| <b>Total</b>  | <b>114,828,263</b> | <b>100%</b> | <b>74,218,464</b> | <b>100%</b> |

The Bank's own portfolio, which consists of debt securities, is also monitored continuously as part of its credit risk management. As at 31 December 2014, the degree of quality of credit, in accordance with the criteria set out in Regulation 575/2013 of the European Parliament and the Council, was as follows:

| Credit Quality | 2014               |            | 2013               |            |
|----------------|--------------------|------------|--------------------|------------|
|                | Exposure (1)       | Impairment | Exposure (2)       | Impairment |
| 1              | -                  | -          | -                  | -          |
| 2              | -                  | -          | -                  | -          |
| 3              | 182,937,024        | -          | 168,904,560        | -          |
| 4              | 29,657,481         | -          | 16,807,402         | -          |
| 5              | -                  | -          | -                  | -          |
| 6              | -                  | -          | -                  | -          |
| N/D            | 24,583,249         | -          | 22,303,678         | -          |
| <b>Total</b>   | <b>237,177,754</b> | <b>-</b>   | <b>208,015,640</b> | <b>-</b>   |

(1) Considering the rating of securities issued by Moody's, Standard & Poor's and Fitch, in this order, based on available information.

(2) Considering the rating of the securities issued by Standard & Poor's.

#### Impairment of Portfolio of Loans and Advances to Customers

At the end of 2014, total loans and advances to customers totalled 173.7 million euros, 58.5 million of which corresponded to off-balance-sheet exposure.

As at 31 December 2014, the amount of loans and advances to customers overdue for the more than 90 days totalled 27,987 euros, which represents 0.016% of total exposure of loans and advances.

The credit at risk ratio on that date was 0.84% and total overdue loan ration was 0.16%.

Although the concept does not have a direct effect on the financial statements, because financial reporting abides by the Adjusted Accounting Standards and not the International Accounting Standards, the Bank quantifies impairment in its credit risk management. The following report sets out the disclosures determined by Banco de Portugal Circular 2/14/DSPDR.

Estimated accumulated impairment of the Bank's credit portfolio as at 31 December 2014 totalled 1,816,781 euros, which is approximately 1.58% of total exposure of its portfolio and around 180% of the value of credit at risk.

There follows a description of the Bank's approach to quantifying impairment and the disclosures set out in the above-mentioned circular.

## Impairment Quantification Approach

The method involves two complementary types of analysis - individual and collective - depending on whether signs of default are assessed and of losses quantified on a case-by-case basis or in aggregate form, based on a prior typification of customers and operations (segments).

All significant customer exposures are also individually analysed, i.e. we check at least one of the following conditions:

- Loan and advance operation the same as or higher than the operation threshold in EUR (EUR 2,000,000);
- Customer with a total credit exposure the same as or higher than the customer operation threshold in EUR or equivalent in another currency (EUR 5,000,000).

Operations that are not considered individually significant under this criterion are included in a collective analysis.

Both approaches encompass at least one of the following objective signs of default – impairment triggering events:

- Trigger 1. Customer has shown at least one of the impairment triggering events (2-13) in the last two months;
- Trigger 2. Customer with returned cheques or who is forbidden by Banco de Portugal to write cheques;
- Trigger 3. Customer with a debt to the tax authorities and/or social security that is overdue or subject to seizure of balances over EUR 500;
- Trigger 4. Customer with renegotiated loans and advances in a portfolio – at the Bank or in the financial system, according to the Banco de Portugal Credit Bureau (CRC);
- Trigger 5. Customer with renegotiated loans and advances due to financial difficulties or that have been incorporated in the Extrajudicial Procedure for Settlement of Defaults (PERSI) - private segment;
- Trigger 6. Customer who has exceeded a credit limit by EUR 250 for more than 14 days;
- Trigger 7. Customer with an overdue loan or advance for EUR 250 for 30 days or more;
- Trigger 8. Customer with overdue credit in the CRC, classified in class 2 or lower (60 or fewer days in arrears) and for more than EUR 250;
- Trigger 9. Customer with overdue credit in the CRC, classified in class 3 or higher (more than 60 days in arrears) and for more than EUR 250;
- Trigger 10. Customers with a loan or advance written off in the banking system for over EUR 250, according to the CRC;
- Trigger 11.1 Decrease of over 20% in original coverage of the operation by a real guarantee (and current coverage <100%);
- Trigger 12. Decrease of over 25% in turnover year on year (business segment);
- Trigger 13. Other signs not covered by the previous triggers.

In the individual analysis, if there are impairment triggering events in one or more operations of a certain customer, all that customer's operations are classified as shown signs and the loss incurred is assessed and quantified.

In this quantification, the estimate of impairment loss is the difference between the value of exposure on the date of reference and the present value of estimated cash flows. Cash flows are estimated case by case on the basis of the type and specificities of the operation and consideration must be given to the following effects, among others: mitigation of the risk by real or personal guarantees, prospects of the development of the business or development of assets and the effects of restructurings or variations in the characteristics of agreements.

In addition, considering the criteria of increase in quantification of impairment established in Banco de Portugal Circular 2/14/DSPDR, potential increases in impairment to be considered are added. If none of the above impairment triggering events occurs, exposures are included in the collective analysis, in which case an additional quantification is made.

In the collective analysis, operations are classified into segments on the basis of their characteristics and risk profile. These segments are associated with risk parameters for later calculation of the impairment value (2).

As there is no representative history of default at the Bank for statistical calibration of risk weights, the method used to define these weights and consequently to conduct a collective quantification of impairment reflects the sensitivity of the risk underlying operations by the units monitoring the credit portfolio, seeking to establish patterns of significant prudence in view of the default found in the portfolio. In the same way, as there are no history-based estimates, there is no formal definition formal of an emerging period.

(1) Validation of these triggers requires collateral to be updated. This naturally depends on the moment of revision of assessments. Real collaterals can be updated by external or internal valuation based on market information. Valuation of guarantees is performed at least every six months.

(2) In the current model, the following segmentation criteria are considered by type of customer: institutional - residence and country of risk; private - residence and asset/borrowing ratio, companies - residence and business sector.

When quantifying impairment, we also consider risk mitigation effect of guarantees and also apply prudent haircut values by type of collateral.

The decision to write off a certain credit operation is the responsibility of the Bank's Loan Committee. A write-off may occur in a situation in which there is objective evidence of uncollectability of the debt in an individual analysis or whenever the impairment covers total exposure.

#### Results of Quantification of Impairment

The following tables show the results quantification of accumulated impairment in our credit portfolio as at 31 December 2014. These disclosures are those required in Banco de Portugal Circular 2/14/DSPDR.

This report does not include disclosures on: details of the portfolio of those restructured by a restructuring measure and inclusions and removals from the restructured credit portfolio as there were no restructurings in the period in question or details of the value of donated properties also because there were no situations of this nature.

There is also no disclosure of the distribution of the credit portfolio by degrees of internal risk, because there is currently a project under way to redefine internal models of classification of credit operations. It is expected to be completed in the first half of 2015.

Considering that there is no history of default that allows us to estimate risk parameters (PD and LGD) and as the Bank has used prudent estimates that do not reflect the values of actual default occurring or expected, we have not included the table of risk parameters associated with the impairment model.

## Detail of exposure and impairment by segment:

| Segment                  | Exposure as at 31.12.2014 |                     |                      |                           |              |                    |                              | Impairment as at 31.12.2014 |                  |                           |                           |  |
|--------------------------|---------------------------|---------------------|----------------------|---------------------------|--------------|--------------------|------------------------------|-----------------------------|------------------|---------------------------|---------------------------|--|
|                          | Total 31.12.2014          | Exposure On-Balance | Exposure Off-Balance | Overdue and Doubtful Loan | Which Healed | Which Restructured | Overdue and Doubtful Loan(1) | Which Restructured          | Total Impairment | Overdue and Doubtful Loan | Overdue and Doubtful Loan |  |
| Institutional            | 33,792,598                | 68,994              | 33,723,604           | 33,792,598                | -            | -                  | -                            | -                           | 160,965          | 160,965                   | -                         |  |
| Corporate                | 125,090,331               | 101,559,258         | 23,531,072           | 125,090,331               | -            | 146,000            | -                            | -                           | 1,213,203        | 1,213,203                 | -                         |  |
| from which export credit | 41,495,529                | 27,072,958          | 14,422,571           | 41,495,529                | -            | -                  | -                            | -                           | 177,772          | 177,772                   | -                         |  |
| Private Individuals      | 14,895,340                | 13,269,260          | 1,626,080            | 14,867,354                | -            | -                  | 27,987                       | -                           | 442,613          | 432,863                   | 9,750                     |  |
| from which mortgages     | 6,444,065                 | 6,444,065           | -                    | 6,444,065                 | -            | -                  | -                            | -                           | -                | -                         | -                         |  |
| <b>Total</b>             | <b>173,778,629</b>        | <b>114,897,512</b>  | <b>58,880,757</b>    | <b>173,750,283</b>        | <b>-</b>     | <b>146,000</b>     | <b>27,987</b>                | <b>-</b>                    | <b>1,816,781</b> | <b>1,807,031</b>          | <b>9,750</b>              |  |

| Segment                  | Overdue Loan       |                         |                          |                    |                    |                   |                   |                |                  |                  | Overdue and Doubtful Loan |                   |                    |
|--------------------------|--------------------|-------------------------|--------------------------|--------------------|--------------------|-------------------|-------------------|----------------|------------------|------------------|---------------------------|-------------------|--------------------|
|                          | Total Exposure     |                         | Exposure                 |                    | Overdue [0d; 30d]  |                   | Overdue ]30d;90d] |                | Days Overdue >90 | Total Impairment | Impairment by overdue     |                   |                    |
|                          | Total 31.12.2014   | On-balance a 31.12.2014 | Off-balance a 31.12.2014 | Sub-Total          | No Evidence        | With Evidence     | No Evidence       | With Evidence  | SubTotal         |                  | Total 31.12.2014          | Overdue [0d; 30d] | Overdue ]30d; 90d] |
| Institutional            | 33,792,598         | 68,994                  | 33,723,604               | 33,792,598         | 33,723,627         | -                 | -                 | 68,972         | -                | 160,965          | 91,993                    | 68,972            | -                  |
| Corporate                | 125,090,331        | 101,559,258             | 23,531,072               | 125,090,331        | 98,423,081         | 26,614,792        | 371               | 52,087         | -                | 1,213,203        | 1,210,530                 | 2,672             | 0                  |
| from which export credit | 41,495,529         | 27,072,958              | 14,422,571               | 41,495,529         | 29,007,850         | 12,487,679        | -                 | -              | -                | 177,772          | 177,772                   | -                 | -                  |
| Private Individuals      | 14,895,340         | 13,269,260              | 1,626,080                | 14,867,354         | 11,926,990         | 2,932,837         | 251               | 7,275          | 27,987           | 44,2613          | 430,199                   | 2,664             | 9,750              |
| from which mortgages     | 6,444,065          | 6,444,065               | -                        | 6,444,065          | 6,178,475          | 265,591           | -                 | -              | -                | -                | -                         | -                 | -                  |
| <b>Total</b>             | <b>173,778,269</b> | <b>114,897,512</b>      | <b>58,880,757</b>        | <b>173,750,283</b> | <b>144,073,698</b> | <b>29,547,629</b> | <b>662</b>        | <b>128,334</b> | <b>27,987</b>    | <b>1,816,781</b> | <b>1,732,723</b>          | <b>74,308</b>     | <b>9,750</b>       |

## Detail of credit portfolio by segment and year of production:

| Production Year | Institutional     |                   |                         | Corporate- From Which Export Credit |                   |                          | Corporate - Others |                   |                         | Private Individuals - From Which Mortgage |                  |                          | Private Individuals - Others |                  |                          |
|-----------------|-------------------|-------------------|-------------------------|-------------------------------------|-------------------|--------------------------|--------------------|-------------------|-------------------------|---|------------------|--------------------------|------------------------------|------------------|--------------------------|
|                 | Operations Number | Amount *          | Constituted Impairment* | Operations Number                   | Amount *          | Constituted Impairment * | Operations Number  | Amount *          | Constituted Impairment* | Operations Number                         | Amount*          | Constituted Impairment * | Operations Number            | Amount*          | Constituted Impairment * |
| 2010            | 0                 | -                 | -                       | 0                                   | -                 | -                        | -                  | -                 | -                       | 0   | -                | -                        | 2                            | 510,382          | 348,041                  |
| 2011            | 0                 | -                 | -                       | 1                                   | 3,862,941         | -                        | 2                  | 150,000           | 690                     | 0   | -                | -                        | 11                           | 265,000          | 1,376                    |
| 2012            | 0                 | -                 | -                       | 2                                   | 5,647,912         | 14,693                   | 4                  | 1,019,685         | 7,584                   | 0   | -                | -                        | 65                           | 1,799,559        | 4,637                    |
| 2013            | 2                 | 832,024           | 2,395                   | 4                                   | 1,255,631         | 8,359                    | 16                 | 18,595,075        | 19,877                  | 3   | 324,725          | -                        | 200                          | 1,987,860        | 11,238                   |
| 2014            | 82                | 32,960,574        | 158,570                 | 27                                  | 30,729,045        | 154,719                  | 117                | 63,830,041        | 1,007,280               | 28  | 6,119,341        | -                        | 259                          | 3,888,474        | 77,321                   |
| <b>Total</b>    | <b>84</b>         | <b>33,792,598</b> | <b>160,965</b>          | <b>34</b>                           | <b>41,495,529</b> | <b>177,772</b>           | <b>139</b>         | <b>83,594,801</b> | <b>1,035,431</b>        | <b>31</b>                                 | <b>6,444,065</b> | <b>-</b>                 | <b>537</b>                   | <b>8,451,275</b> | <b>442,613</b>           |

## Detail of value of gross exposure of credit and impairment by segment:

| Evaluation   | Institutional     |                   |                         | Corporate- CRE    |                   |                         | Corporate - Others |                   |                         | Private Individuals - From Which Mortgage |                  |                         | Private Individuals - Others |                  |                         |
|--------------|-------------------|-------------------|-------------------------|-------------------|-------------------|-------------------------|--------------------|-------------------|-------------------------|---|------------------|-------------------------|------------------------------|------------------|-------------------------|
|              | Operations Number | Amount *          | Constituted Impairment* | Operations Number | Amount *          | Constituted Impairment* | Operations Number  | Amount *          | Constituted Impairment* | Operations Number                         | Amount *         | Constituted Impairment* | Operations Number            | Amount *         | Constituted Impairment* |
| Individual   | 1                 | 68,972            | 68,972                  | 8                 | 10,016,453        | 95,484                  | 4                  | 35,905,000        | 913,547                 | -   | -                | -                       | 3                            | 510,593          | 348,185                 |
| Colectiva    | 83                | 33,723,627        | 91,993                  | 26                | 31,479,076        | 82,288                  | 135                | 47,689,801        | 121,884                 | 31  | 6,444,065        | -                       | 534                          | 7,940,682        | 94,428                  |
| <b>Total</b> | <b>84</b>         | <b>33,792,598</b> | <b>160,965</b>          | <b>34</b>         | <b>41,495,529</b> | <b>177,772</b>          | <b>139</b>         | <b>83,594,801</b> | <b>1,035,431</b>        | <b>31</b>                                 | <b>6,444,065</b> | <b>-</b>                | <b>537</b>                   | <b>8,451,275</b> | <b>442,613</b>          |

## Detail of value of gross exposure of credit and impairment by business sector:

| Evaluation   | Construction and Real Estate Activities |                         | Financial and Insurance Activities |                         | Wholesale and Retail and Repair of Motor Vehicles and Motorcycles |                         | Consulting, Scientific, Technical and Similar Activities |                         | Information and Communication Activities |                         | Other Activities  |                         |
|--------------|---|-------------------------|------------------------------------|-------------------------|---|-------------------------|--|-------------------------|--|-------------------------|-------------------|-------------------------|
|              | Amount *                                | Constituted Impairment* | Amount *                           | Constituted Impairment* | Amount *  | Constituted Impairment* | Amount *   | Constituted Impairment* | Amount *                                 | Constituted Impairment* | Amount *          | Constituted Impairment* |
| Individual   | 10,016,453                              | 95,484                  | 24,198,972                         | 122,531                 | -   | -                       | 6,600,000  | 216,015                 | 5,175,000                                | 643,972                 | 510,593           | 348,185                 |
| Collective   | 31,479,076                              | 82,288                  | 48,156,377                         | 99,956                  | 23,280,571  | 75,282                  | 1,787,935  | 11,389                  | 1,501,024                                | 9,832                   | 21,072,269        | 111,847                 |
| <b>Total</b> | <b>41,495,529</b>                       | <b>177,772</b>          | <b>72,355,348</b>                  | <b>222,487</b>          | <b>23,280,571</b>   | <b>75,282</b>           | <b>8,387,935</b>   | <b>227,404</b>          | <b>6,676,024</b>                         | <b>653,804</b>          | <b>21,582,862</b> | <b>460,032</b>          |

Detail of value of gross exposure of credit and impairment by country:

| Evaluation   | Portugal          |                          | Angola            |                          | Luxembourg        |                          | China             |                          | Others           |                          |
|--------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|------------------|--------------------------|
|              | Amount *          | Constituted Impairment * | Amount *          | Constituted Impairment * | Amount *          | Constituted Impairment * | Amount *          | Constituted Impairment * | Amount *         | Constituted Impairment * |
| Individual   | 15,702,046        | 1,087,641                | 6,600,000         | 216,015                  | 24,130,000        | 53,559                   | -                 | -                        | 68,972           | 68,972                   |
| Collective   | 62,081,893        | 188,242                  | 47,152,624        | 176,366                  | 503,500           | 3,851                    | 13,078,471        | 6,629                    | 4,460,764        | 15,506                   |
| <b>Total</b> | <b>77,783,939</b> | <b>1,275,883</b>         | <b>53,752,624</b> | <b>392,382</b>           | <b>24,633,500</b> | <b>57,410</b>            | <b>13,078,471</b> | <b>6,629</b>             | <b>4,529,736</b> | <b>84,477</b>            |

Detail of value of collateral underlying credit portfolio of corporate, construction and commercial real estate and housing segments:

| Fair Value Collateral Received | Construction and Commercial Real Estate |                  |                 |                   | Residence  |                   |                 |               |
|--------------------------------|---|------------------|-----------------|-------------------|------------|-------------------|-----------------|---------------|
|                                | Properties                              |                  | Other Side Real |                   | Properties |                   | Other Side Real |               |
|                                | Number                                  | Amount*          | Number          | Amount*           | Number     | Amount*           | Number          | Amount*       |
| [ 0 ; 0.5 M€ [                 | 0                                       | -                | 5               | 1,180,730         | 26         | 6,029,784         | 1               | 98,556        |
| [ 0,5 M€ ; 1 M€ [              | 0                                       | -                | 2               | 1,311,756         | 2          | 1,106,691         | 0               | -             |
| [ 1 M€ ; 5 M€ [                | 3                                       | 8,218,020        | 4               | 10,210,534        | 2          | 3,688,259         | 0               | -             |
| [ 5 M€ ; 10 M€ [               | 0                                       | -                | 0               | -                 | 0          | -                 | 0               | -             |
| [ 10 M€ ; 20 M€ [              | 0                                       | -                | 0               | -                 | 0          | -                 | 0               | -             |
| [ 20 M€ ; 50 M€ [              | 0                                       | -                | 0               | -                 | 0          | -                 | 0               | -             |
| [ 50 M€ ; ... [                | 0                                       | -                | 0               | -                 | 0          | -                 | 0               | -             |
| <b>Total</b>                   | <b>3</b>                                | <b>8,218,020</b> | <b>11</b>       | <b>12,703,020</b> | <b>30</b>  | <b>10,824,734</b> | <b>1</b>        | <b>98,556</b> |

LTV ratio of corporate, construction and commercial real estate and housing segments:

| Segment/Ratio LTV (1)                    | Number of Properties | Overdue Loan | Overdue and Doubtful Loan | Impairment |
|--|----------------------|--------------|---------------------------|------------|
| <b>Corporate - Others</b>                |                      |              |                           |            |
| Without Collateral or Personal Guarantee | n.a.                 | 16,060,992   | -                         | 699,433    |
| Personal Guarantee                       | n.a.                 | 25,086,866   | -                         | 79,547     |
| Real Guarantee                           | 3                    | 42,446,943   | -                         | 256,451    |
| [ 0% ; 60% [                             | 3                    | 1,146,490    | -                         | 5,149      |
| [ 60% ; 80% [                            | 0                    | -            | -                         | -          |
| [ 80% ; 100% [                           | 0                    | 6,715,733    | -                         | 139        |
| [ 100% ; ... [                           | 0                    | 34,584,721   | -                         | 251,163    |
| <b>Corporate - Construction e CRE</b>    |                      |              |                           |            |
| Without Collateral or Personal Guarantee | n.a.                 | 2,537,773    | -                         | 7,921      |
| Personal Guarantee                       | n.a.                 | 7,650,545    | -                         | 104,745    |
| Real Guarantee                           | 3                    | 31,307,212   | -                         | 65,106     |
| [ 0% ; 60% [                             | 0                    | -            | -                         | -          |
| [ 60% ; 80% [                            | 1                    | 1,750,000    | -                         | -          |
| [ 80% ; 100% [                           | 1                    | 5,608,102    | -                         | 269        |
| [ 100% ; ... [                           | 1                    | 23,949,109   | -                         | 64,837     |
| <b>Residence</b>                         |                      |              |                           |            |
| Without Collateral or Personal Guarantee | n.a.                 | -            | -                         | -          |
| Personal Guarantee                       | n.a.                 | -            | -                         | -          |
| Real Guarantee                           | 30                   | 6,444,065    | -                         | -          |
| [ 0% ; 60% [                             | 7                    | 1,758,087    | -                         | -          |
| [ 60% ; 80% [                            | 18                   | 3,842,537    | -                         | -          |
| [ 80% ; 100% [                           | 5                    | 744,887      | -                         | -          |
| [ 100% ; ... [                           | 0                    | 98,556       | -                         | -          |

(1) Amount after application of a cautious haircut upon the most recent valuation (average haircut of 20% in real estate and 23,8% in other categories).

(2) Personal guarantees received include those rendered by individual, corporate clients and institutions.

## Liquidity Risk

The liquidity risk is the possibility of an institution not being able to meet its liabilities when they fall due because of its inability to realise its assets in time or to access external funding in reasonable quantities and at reasonable costs.

The Bank has internal liquidity risk management processes that enable it to identify, assess and control it daily. They include specific procedures for monitoring the due dates of the operations making up its balance sheet.

The risk unit is responsible for implementing these procedures and also for producing management information on the subject and circulating it not only to the Bank's Board of Directors do Bank, but also to the units exposed to the liquidity risk.

In addition to this monitoring the Bank's ALCO analyses and assesses the liquidity risk and other issues in detail.

As at 31 December 2014, the residual maturities of financial instruments (not including interest receivable or commissions on the amortised cost) were as follows:

|   | 2014                |                     |                         |                        |                    |                | Total              |
|---|---------------------|---------------------|-------------------------|------------------------|--------------------|----------------|--------------------|
|   | Spot                | Up to 3 Months      | From 3 Months to 1 Year | From 1 Year to 5 Years | More than 5 Years  | Overdue        |                    |
| <b>Assets</b>                                 |                     |                     |                         |                        |                    |                |                    |
| Cash and Deposits at Central Banks            | 6,457,994           | -                   | -                       | -                      | -                  | -              | 6,457,994          |
| Deposits at Other Credit Institutions         | 38,193,190          | -                   | -                       | -                      | -                  | -              | 38,193,190         |
| Financial Assets held for Trading             | -                   | 1,373,971           | 79,649                  | 168,463                | -                  | -              | 1,622,083          |
| Available-for-sale Financial Assets           | -                   | 12,611,742          | -                       | 148,730,583            | 73,696,210         | -              | 235,038,535        |
| Loans and Advances to Credit Institutions     | -                   | 144,456,740         | 2,178,123               | -                      | -                  | 68,972         | 146,703,835        |
| Loans and Advances to Customers               | 2,291,620           | 18,138,184          | 29,275,723              | 29,659,940             | 35,375,207         | 87,589         | 114,828,263        |
| <b>Total Assets</b>                           | <b>46,942,804</b>   | <b>176,580,637</b>  | <b>31,533,495</b>       | <b>178,558,986</b>     | <b>109,071,417</b> | <b>156,561</b> | <b>542,843,900</b> |
| <b>Liabilities</b>                            |                     |                     |                         |                        |                    |                |                    |
| Deposits from Central Banks                   | 1,605               | 121,182,769         | 41,949,195              | 4,540,000              | -                  | -              | 167,673,569        |
| Liabilities held for Trading                  | -                   | 34,619              | 35,465                  | 168,463                | -                  | -              | 238,547            |
| Deposits from Other Credit Institutions       | 31,663,612          | 50,131,542          | 65,882,761              | 7,802,450              | -                  | -              | 155,480,365        |
| Deposits from Customers and Other Liabilities | 78,240,902          | 40,442,535          | 46,912,514              | 7,925,766              | -                  | -              | 173,521,717        |
| <b>Total Liabilities</b>                      | <b>109,906,119</b>  | <b>211,791,465</b>  | <b>154,779,935</b>      | <b>20,436,679</b>      | <b>-</b>           | <b>-</b>       | <b>496,914,198</b> |
| Liquidity Gap                                 | (62,963,315)        | (35,210,828)        | (123,246,440)           | 158,122,307            | 109,071,417        | -              | 45,929,702         |
| Cumulative Liquidity Gap                      | <b>(62,963,315)</b> | <b>(98,174,143)</b> | <b>(221,420,583)</b>    | <b>(63,298,276)</b>    | <b>45,773,141</b>  | <b>-</b>       | <b>-</b>           |

As at 31 December 2013, the residual maturities of financial instruments (not including interest receivable or commissions on the amortised cost) were as follows:

|  | 2013                |                      |                         |                        |                   |                | Total              |
|--|---------------------|----------------------|-------------------------|------------------------|-------------------|----------------|--------------------|
|  | Spot                | Up to 3 Months       | From 3 Months to 1 Year | From 1 Year to 5 Years | More than 5 Years | Overdue        |                    |
| <b>Assets</b>  |                     |                      |                         |                        |                   |                |                    |
| Cash and Deposits at Central Bank                      | 12,151,878          | -                    | -                       | -                      | -                 | -              | 12,151,878         |
| Deposits at Other Credit Institutions                  | 31,558,462          | -                    | -                       | -                      | -                 | -              | 31,558,462         |
| Financial Assets held for Trading                      | -                   | 35,140               | 42,540                  | -                      | -                 | -              | 77,680             |
| Available-for-sale Financial Assets                    | -                   | 15,868,064           | 6,500,850               | 178,456,956            | 5,508,800         | -              | 206,334,670        |
| Loans and Advances for Credit Institutions             | -                   | 85,879,407           | 700,000                 | -                      | -                 | -              | 86,579,407         |
| Loans and Advances for Customers                       | 142,668             | 21,839,367           | 14,895,136              | 6,073,867              | 31,164,444        | 102.982        | 74,218,464         |
| <b>Total Assets</b>                                    | <b>43,853,008</b>   | <b>123,621,978</b>   | <b>22,138,526</b>       | <b>184,530,823</b>     | <b>36,673,244</b> | <b>102.982</b> | <b>410,920,561</b> |
| <b>Liabilities</b>                                     |                     |                      |                         |                        |                   |                |                    |
| Deposits at Central Bank                               | -                   | 166,255,529          | -                       | -                      | -                 | -              | 166,255,529        |
| Liabilities held for Trading                           | -                   | 194,680              | 31,192                  | -                      | -                 | -              | 225,872            |
| Loans and Advances for Credit Institutions             | 13,765,284          | 42,688,819           | 43,218,184              | 3,400,000              | 5,195,000         | -              | 108,267,287        |
| Loans and Advances for Customers and Other Liabilities | 40,361,779          | 30,833,886           | 22,665,669              | 1,894,754              | -                 | -              | 95,756,088         |
| <b>Total Liabilities</b>                               | <b>54,127,063</b>   | <b>239,972,914</b>   | <b>65,915,045</b>       | <b>5,294,754</b>       | <b>5,195,000</b>  | <b>-</b>       | <b>370,504,776</b> |
| Liquidity Gap  | (10,274,055)        | (116,350,936)        | (43,776,519)            | 179,236,069            | 31,478,244        | -              | 40,415,785         |
| Cumulative Liquidity Gap                               | <b>(10,274,055)</b> | <b>(126,624,991)</b> | <b>(170,401,510)</b>    | <b>8,834,559</b>       | <b>40,312,803</b> | <b>-</b>       | <b>-</b>           |

The allocation of operations to the timeframes in the above tables took account of the residual maturity of each operation. Projected contractual cash flows referring to the interest on the Bank's financial assets and liabilities were not included.

### Market Risk

The market risk is the possibility of depreciation in the value of financial instruments caused by changes in market conditions and the prices of these same instruments.

The Bank considers a broader concept of market risk that encompasses not only the market risk normally associated with changes in the prices of financial instruments with a direct impact on the valuing of balance sheet positions but also the risk from changes in foreign exchange rates inherent in the exchange positions generated by the existence of financial instruments denominated in different currencies – the foreign exchange risk – and the risk from changes in interest rates resulting from the lapses in the amount, maturities or time limits for re-fixing the interest rates of financial instruments with interest receivable or payable – the interest rate risk.

For both these categories, the Bank uses specific risk management processes involving periodical monitoring of significant risk factors and reporting of potential impacts that are assessed and measured.

The Bank risk quantification mechanisms in place that enable it to monitor the market risk daily and bring up specific issues in the Loans Committee and ALCO whenever warranted.

## Foreign Exchange Risk

Balances and transactions in different currencies are monitored and overseen by the financial markets, accounting and risk and management control units.

The foreign currency in the highest amount on the Bank's balance sheet is the US dollar and its exchange exposure and transactions in other currencies are minimal.

As at 31 December 2014, the Bank's financial instruments were as follows by currency and by balance sheet item:

|  | 2014               |                    |                  | Total              |
|--|--------------------|--------------------|------------------|--------------------|
|  | Currency           |                    |                  |                    |
|  | Euros              | American Dollars   | Other Currency   |                    |
| <b>Assets</b>                              |                    |                    |                  |                    |
| Cash and Deposits at Central Banks         | 6,408,747          | 39,942             | 9,305            | 6,457,994          |
| Deposits at Other Credit Institutions      | 2,322,824          | 31,848,488         | 4,021,878        | 38,193,190         |
| Financial Assets held for Trading          | 1,387,819          | 234,264            | -                | 1,622,083          |
| Available-for-sale Financial Assets        | 199,148,354        | 38,029,400         | -                | 237,177,754        |
| Loans and Advances for Credit Institutions | 11,932,517         | 133,920,724        | 793,376          | 146,646,617        |
| Loans and Advances for Customers           | 83,364,806         | 31,101,906         | -                | 114,466,712        |
| Other Assets                               | 27,832,697         | 327,389            | 1,624            | 28,161,710         |
| <b>Total Assets</b>                        | <b>332,397,764</b> | <b>235,502,113</b> | <b>4,826,183</b> | <b>572,726,060</b> |
| <b>Liabilities</b>                         |                    |                    |                  |                    |
| Deposits at Central Banks                  | 84,547,284         | 83,178,041         | -                | 167,725,325        |
| Liabilities held for Trading               | 4,473              | 234,074            | -                | 238,547            |
| Loans and Advances for Credit Institutions | 52,705,278         | 101,686,287        | 1,609,976        | 156,001,541        |
| Loans and Advances for Customers           | 47,986,749         | 122,788,905        | 2,991,510        | 173,767,164        |
| Other Liabilities                          | 89,511,614         | (72,330,945)       | 194,124          | 17,374,793         |
| <b>Total Liabilities</b>                   | <b>274,755,398</b> | <b>235,556,362</b> | <b>4,795,610</b> | <b>515,107,370</b> |
| Total Equity                               | 57,618,690         | -                  | -                | 57,618,690         |
| <b>Total Liabilities + Equity</b>          | <b>332,374,088</b> | <b>235,556,362</b> | <b>4,795,610</b> | <b>572,726,060</b> |

As at 31 December 2014, the Bank's financial instruments were as follows by currency and by balance sheet item:

|   | 2013               |                    |                  | Total              |
|---|--------------------|--------------------|------------------|--------------------|
|   | Currency           |                    |                  |                    |
|   | Euros              | American Dollars   | Other Currency   |                    |
| <b>Assets</b>                             |                    |                    |                  |                    |
| Cash and Deposits at Central Banks        | 12,114,215         | 25,777             | 11,886           | 12,151,878         |
| Deposits at Other Credit Institutions     | 3,617,346          | 27,329,135         | 611,981          | 31,558,462         |
| Financial Assets held for Trading         | 67,384             | 10,296             | -                | 77,680             |
| Available-for-sale Financial Assets       | 199,343,635        | 8,672,005          | -                | 208,015,640        |
| Loans and Advances to Credit Institutions | 25,670,785         | 58,482,911         | 2,398,961        | 86,552,657         |
| Loans and Advances to Customers           | 41,965,384         | 32,043,381         | -                | 74,008,765         |
| Other Assets                              | 15,086,249         | 59,376             | 687              | 15,146,312         |
| <b>Total Assets</b>                       | <b>297,864,998</b> | <b>126,622,881</b> | <b>3,023,515</b> | <b>427,511,394</b> |
| <b>Liabilities</b>                        |                    |                    |                  |                    |
| Deposits at Central Banks                 | 130,012,361        | 36,265,499         | -                | 166,277,860        |
| Financial Liabilities held for Trading    | 215,670            | 10,202             | -                | 225,872            |
| Loans and Advances to Credit Institutions | 35,421,118         | 74,630,000         | 438,605          | 108,489,723        |
| Loans and Advances to Customers           | 29,963,251         | 63,560,465         | 2,468,580        | 95,992,296         |
| Other Liabilities                         | 54,106,321         | (47,974,876)       | 116,328          | 6,247,773          |
| <b>Total Liabilities</b>                  | <b>247,718,721</b> | <b>126,491,290</b> | <b>3,023,513</b> | <b>377,233,524</b> |
| Total Equity                              | 50,277,870         | -                  | -                | 50,277,870         |
| <b>Total Liabilities + Equity</b>         | <b>297,996,591</b> | <b>126,491,290</b> | <b>3,023,513</b> | <b>427,511,394</b> |

## Interest Rate Risk

A gestão do risco de taxa de juro tem como objectivo minimizar o impacto de potenciais variações das taxas de juro nos resultados. Exchange risk management is designed to minimise the impact of potential variations in interest rates on the Bank's income. The definition of products and contracting of operations take account of the Bank's balance sheet's maturities profile, seeking to achieve a balance in terms of maturities and rates and indexes. The aim is to adapt proposed spreads to the costs of funding incurred by the Bank. Furthermore monitoring of the interest rate risk involves assessing how variations in rates impact the economic value of the Bank's balance sheets or their interest margin.

As at 31 December 2014, in accordance with the methodology used in Banco Portugal Instruction 19/2005, a parallel movement of the income curve of 200 bps would have an impact on net worth of -19.1% and an accumulated impact of 11.97% on the interest rate margin, considering that the analysis excludes deposits from the European Central Bank and the investments given as collateral.

|   |            |
|---|------------|
| Accumulated Impact of Interest Rate - Sensitive Instruments   | -8,866,274 |
| Regulatory Capital  | 46,424,394 |
| Impact on Net Positions / Own Funds   | -19.10%    |
| Accumulated Impact of Interest Ratio (Up to One Year) Sensitive Instruments                                 | 962,621    |
| Interest Margin   | 8,039,107  |
| Accumulated Impact of Interest Rate (Up to One Year) Sensitive Instruments as Percentage of Interest Margin | 11.97%     |

Management of this risk is also one of the main issues addressed by the ALCO, which is the main forum for decisions on mitigation initiatives or alignment of strategy in interest rate risk management.

As at 31 December 2014, exposure to the interest rate risk (not including interest receivable or payable or commissions on the amortised cost) was as follows:

|   | 2014                |                    |                   |                    |
|---|---------------------|--------------------|-------------------|--------------------|
|   | Without Rate        | Fixed Rate         | Variable Rate     | Total              |
| <b>Assets</b>                                   |                     |                    |                   |                    |
| Cash and Deposits at Central Banks              | 160,003             | 6,297,991          | -                 | 6,457,994          |
| Deposits at Other Credit Institutions           | 38,193,190          | -                  | -                 | 38,193,190         |
| Financial Assets held for Trading               | -                   | 1,622,083          | -                 | 1,622,083          |
| Available-for-sale Financial Assets             | -                   | 228,860,795        | 6,177,740         | 235,038,535        |
| Loans and Advances to Credit Institutions       | -                   | 146,703,835        | -                 | 146,703,835        |
| Loans and Advances to Customers                 | 268,261             | 27,498,455         | 87,061,547        | 114,828,263        |
| <b>Total Assets</b>                             | <b>38,621,454</b>   | <b>410,983,159</b> | <b>93,239,287</b> | <b>542,843,900</b> |
| <b>Liabilities</b>                              |                     |                    |                   |                    |
| Deposits at Central Banks                       | -                   | 167,673,569        | -                 | 167,673,569        |
| Financial Liabilities held for Trading          | -                   | 238,547            | -                 | 238,547            |
| Loans and Advances to Other Credit Institutions | 31,663,611          | 123,816,754        | -                 | 155,480,365        |
| Loans and Advances to Customers                 | 78,451,477          | 95,070,240         | -                 | 173,521,717        |
| <b>Total Liabilities</b>                        | <b>110,115,088</b>  | <b>386,799,110</b> | <b>-</b>          | <b>496,914,198</b> |
| <b>GAP</b>                                      | <b>(71.493.634)</b> | <b>24.184.049</b>  | <b>93.239.287</b> | <b>45.929.702</b>  |

As at 31 December 2013, exposure to the interest rate risk (not including interest receivable or commissions on the amortised cost) was as follows:

|   | 2013                |                    |                   | Total              |
|---|---------------------|--------------------|-------------------|--------------------|
|   | Without Rate        | Fixed Rate         | Variable Rate     |                    |
| <b>Assets</b>                                   |                     |                    |                   |                    |
| Cash and Deposits at Central Banks              | 181,652             | 11,970,226         | -                 | 12,151,878         |
| Deposits at Other Credit Institutions           | 31,558,462          | -                  | -                 | 31,558,462         |
| Financial Assets held for Trading               | -                   | 77,680             | -                 | 77,680             |
| Available-for-sale Financial Assets             | -                   | 203,834,670        | 2,500,000         | 206,334,670        |
| Loans and Advances to Credit Institutions       | -                   | 86,579,407         | -                 | 86,579,407         |
| Loans and Advances to Customers                 | 108,143             | 4,929,351          | 69,180,970        | 74,218,464         |
| <b>Total Assets</b>                             | <b>31,848,257</b>   | <b>307,391,334</b> | <b>71,680,970</b> | <b>410,920,561</b> |
| <b>Liabilities</b>                              |                     |                    |                   |                    |
| Deposits at Central Banks                       | -                   | 166,255,529        | -                 | 166,255,529        |
| Financial Liabilities held for Trading          | -                   | 225,872            | -                 | 225,872            |
| Loans and Advances to Other Credit Institutions | 13,765,284          | 94,502,003         | -                 | 108,267,287        |
| Loans and Advances to Customers                 | 40,259,502          | 55,496,586         | -                 | 95,756,088         |
| <b>Total Liabilities</b>                        | <b>54,024,786</b>   | <b>316,479,990</b> | <b>-</b>          | <b>370,504,776</b> |
| <b>GAP</b>                                      | <b>(22,176,529)</b> | <b>(9,088,656)</b> | <b>71,680,970</b> | <b>40,415,785</b>  |

## Fair Value

Whenever possible the Bank uses market prices when determining the fair value of financial instruments. In cases in which there is no market price, fair value is calculated with models based on certain assumptions that depend on the performance of the financial instruments in question. In exceptional circumstances, when it is not possible to reliably determine fair value, assets are valued at historical cost and undergo impairment tests.

The Bank focuses on the following considerations when determining fair value of its financial assets and liabilities:

- “Cash and deposits at central banks” and “Deposits at other credit institutions”: given the short-term nature of these assets, we believe that the book value is a reasonable estimate of their fair value.
- “Loans, advances and deposits at other credit institutions” and “Deposits from central banks”: calculation of fair value presumes that the operations are settled on their due dates and that cash flows are updated using the rate curve formed in the last days of the year. Taking account of the maturities of operations and the type of interest rate charged, the Bank considers that the difference between fair value and book value of these operations is negligible.
- “Loans and advances to customers”: the Bank considers that, as the credit operations in its portfolio are recent and there is no history of default or significant overdue loans or advances, difference between fair value and book value is negligible.
- “Loans and advances from customers and other loans”: for deposits for less than one year, the book value is assumed to be a reasonable estimate of the fair value. Operations in its portfolio with maturities of over one year have no materially significant weight.

As at 31 December 2014, the fair value of financial instruments held by the Bank was approved as follows:

| Type of Financial Instrument           | Assets at Acquisition Value | Financial Instruments at Fair Value:  |   |                  | Total       |
|--|-----------------------------|---------------------------------------|---|------------------|-------------|
|  |                             | Assets at Acquisition Value [Level 1] | Quotations in an Active Market (Level 1): |                  |             |
|  |                             |                                       | Market Data [Level 2]                     | Others [Level 3] |             |
| <b>Assets</b>                          |                             |                                       |   |                  |             |
| Financial Assets held for Trading      | -                           | -                                     | 1,622,083                                 | -                | 1,622,083   |
| Available-for-sale Financial Assets    | -                           | 226,000,969                           | 3,570,673                                 | 7,606,112        | 237,177,754 |
| <b>Liabilities</b>                     |                             |                                       |   |                  |             |
| Financial Liabilities held for Trading | -                           | -                                     | 238,547                                   | -                | 238,547     |

As set out in IFRS 13, financial instruments are measured in accordance with the following valuation levels:

- Level 1: Financial instruments valued in accordance with available prices (not adjusted) in active markets with executable prices quoted by suppliers of prices of transactions in liquid markets
- Level 2: Financial instruments valued in accordance with valuation methods mainly considering parameters and variables observed in the market. It also includes instruments valued on the basis of indicative prices supplied by contributors outside the Bank.
- Level 3: Financial instruments valued in accordance with valuation methods considering parameters or variable that cannot be observed in the market and have a significant impact on the valuation of the instrument and prices supplied by third parties whose parameters cannot be observed on the market.

## 6. Own funds

The Bank has been complying with the Basel III prudential framework since January 2014. Basel III made a number of adjustments to the rules on calculating own funds, own funds requirements and consequently solvency ratios.

In this regard, it is necessary to disclose the following elements with reference to 31 December 2014:

| Regulatory Capital - Basilea III                    | Dez. 2014      |
|---|----------------|
| <b>Regulatory Capital</b>                           | <b>47,279</b>  |
| <b>Regulatory Capital Level 1</b>                   | <b>47,279</b>  |
| Level 1 Main Regulatory Capital                     | 47,279         |
| Regulatory Capital Instrument                       | 50,000         |
| Retained Earnings from Previous Years               | (1,183)        |
| Other Cumulative Comprehensive Income               | 4,882          |
| Other Intangible Assets                             | (837)          |
| Other Transitional Adjustment                       | (4,978)        |
| Deferred Tax on Assets not Accepted for Tax Purpose | (605)          |
| Additional Regulatory Capital Level 1               | 0              |
| <b>Regulatory Capital Level 2</b>                   | <b>0</b>       |
| <b>Exposure Amounts in Weighted Risk (RWA)</b>      | <b>269,005</b> |
| RWA - Credit Risk                                   | 234,978        |
| RWA - Foreign Exchange Risk (Standard Method)       | 9,146          |
| RWA - Operational Risk (Main Indicator)             | 24,854         |
| RWA - Credit Valuation Adjustment (Standard Method) | 27             |
| <b>Risk Weighted Assets (RWA)</b>                   | <b>269,005</b> |
| <b>Capital Requirement Ratio</b>                    |                |
| Main Regulatory Assets Level 1                      | 17.6%          |
| Regulatory Capital Level 1                          | 17.6%          |
| Total Regulatory Capital Ratio                      | 17.6%          |

For information purposes, although it is a different prudential framework, we now present ATLANTICO Europa's solvency levels in previous years, calculated under the Basel II rules, transposed to Portuguese regulations in Bank de Portugal Instruction 23/2007.

| Regulatory Capital   | 2009          | 2010          | 2011           | 2012           | 2013           |
|--|---------------|---------------|----------------|----------------|----------------|
| <b>Total Regulatory Capital</b>                                    | <b>17,925</b> | <b>18,818</b> | <b>45,215</b>  | <b>44,435</b>  | <b>46,099</b>  |
| <b>Tier 1 Capital</b>  | <b>17,885</b> | <b>18,759</b> | <b>45,215</b>  | <b>44,435</b>  | <b>46,099</b>  |
| Share Capital  | 18,000        | 18,000        | 50,000         | 50,000         | 50,000         |
| Other Equity-like Instruments                                      | 1,250         | 4,000         | -              | -              | -              |
| Previous Year Results  | -             | (1,175)       | (2,670)        | (4,073)        | (3,371)        |
| Interim Results for the Current Year                               | (1,175)       | (1,495)       | (1,403)        | 0              | 0              |
| Intangible Assets  | (190)         | (572)         | (712)          | (527)          | (448)          |
| Valuation Charges of Financial Assets                              |               | -             | -              | 2,478          | (1,268)        |
| Deferred Tax On Assets not Accepted for Tax Purpose                | -             | -             | -              | (965)          | (82)           |
| <b>Ancillary Own Funds - Upper Tier 2</b>                          | <b>40</b>     | <b>59</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Regulatory Capital for Limits of Larger Risks</b>               | <b>17,885</b> | <b>18,818</b> | <b>45,215</b>  | <b>44,435</b>  | <b>46,099</b>  |
| <b>Regulatory Capital Requirement</b>                              | <b>1,070</b>  | <b>1,400</b>  | <b>9,799</b>   | <b>10,837</b>  | <b>14,298</b>  |
| Requirements Credit Risk (Standard Method)                         | 804           | 1,101         | 8,315          | 9,389          | 11,961         |
| Institutions and Own Portfolio                                     | 424           | 566           | 6,733          | 1,794          | 2,540          |
| Corporate  | 317           | 418           | 1,425          | 7,001          | 8,668          |
| Retail Portfolio   |               | 41            | 90             | 237            | 348            |
| Other Elements   | 64            | 76            | 67             | 357            | 406            |
| Settlement Risk  | 0             | 30            | 156            | 0              | 0              |
| Capital Requirement for Position Risk, Foreign Exchange and Market | 0             | 4             | 253            | 209            | 339            |
| Capital Requirement for Operational Risk                           | 265           | 265           | 1,075          | 1,239          | 1,998          |
| <b>Weighted Assets</b>   | <b>13,370</b> | <b>17,449</b> | <b>122,488</b> | <b>135,465</b> | <b>178,728</b> |
| <b>Capital Requirement Ratio</b>                                   | <b>134.1%</b> | <b>107.5%</b> | <b>36.9%</b>   | <b>32.8%</b>   | <b>25.8%</b>   |
| Tier I   | 133.8%        | 107.2%        | 36.9%          | 32.8%          | 25.8%          |
| Tier II  | 0.2%          | 0.3%          | 0.0%           | 0.0%           | 0.0%           |

## IV. Auditors' Opinion

## **STATUTORY AUDITORS' REPORT**

**(This report is a free translation to English from the original Portuguese version.  
In case of doubt or misinterpretation the Portuguese version will prevail.)**

### **Introduction**

- 1** We have audited the financial statements of **Banco Privado Atlântico Europa, S.A.** ("the Company"), which comprise the balance sheet as at 31 December 2014 (which shows total assets of Euro 572,726,060 and total equity of Euro 57,618,690, including a net profit of Euro 3,754,489), the statements of income, changes in equity, comprehensive income and of cash flows for the year then ended and the corresponding Notes.

### **Responsibilities**

- 2** The Board of Directors is responsible for the preparation of financial statements in accordance with Normas de Contabilidade Ajustadas ("NCA's"), as established by the Central Bank of Portugal, that give a true and fair view of the financial position of the Company, the results of its operations, the changes in equity, the comprehensive income and its cash flows, as well as for the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system.
- 3** Our responsibility is to express a professional and independent opinion on these financial statements based on our audit.

### **Scope**

- 4** We conducted our audit in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. For this purpose our audit included:
  - the verification, on a test basis, of the information underlying the figures and disclosures contained in the financial statements, and an assessment of the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation;
  - the assessment of the adequacy of the accounting principles used and their disclosure, considering the circumstances;
  - the appropriateness of the going concern basis of accounting; and
  - the assessment of the adequacy of the overall presentation of the financial statements.

- 5 Our audit also included the verification that the financial information included in the Board of Directors report is consistent with the financial statements.
- 6 We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

- 7 In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Banco Privado Atlântico Europa, S.A.**, as at 31 December 2014, the results of its operations, comprehensive income, changes in equity and its cash flows for the year then ended, in accordance with Normas de Contabilidade Ajustadas (“NCA’s”), as defined by the Central Bank of Portugal.

### **Report on other legal requirements**

- 8 It is also our opinion that the financial information included in the Board of Directors report is consistent with the financial statements for the year.

Lisbon, 09 April, 2014

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**KPMG & Associados**  
**Sociedade de Revisores Oficiais de Contas, S.A. (n.º 189)**  
represented by  
Vitor Manuel da Cunha Ribeirinho (ROC n.º 1081)