REPORT AND CONSOLIDATED ACCOUNTS '15

BANCO INVEST

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GRUPO ALVES RIBEIRO

Table of Contents

1. Governing Bodies

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General Meeting of Shareholders

Charmain

Francisco Xavier Ferreira da Silva

Secretaries

Teresa Penaguião Silva Alves Ribeiro Pereira de Sousa
Joana Rita da Silva Ribeiro Costa Morais Villas Boas

Board of Directors

Charmain

Afonso Ribeiro Pereira de Sousa

Deputy Charmain

António Miguel Rendeiro Ramalho Branco Amaral

Members

Manuel João de Matos Silva Alves Ribeiro
João Carlos Ribeiro Pereira de Sousa
José João Silva Ribeiro da Costa Morais
Francisco Manuel Ribeiro
Luís Miguel da Rocha Barradas Ferreira

Board of Auditors

Charmain

Artur Carmo Barreto

Members

Rosendo José
Victor Hugo Moreira Ferreira Lemos Sousa

Alternate Member

Francisco Dias Martins

Statutory Auditor

Deloitte e Associados, SROC S.A.

2. Company Highlights

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February – 97	Incorporation of the Bank, with a share capital of 20 million euros
April – 97	Start of business in Lisbon and Oporto
December – 97	The Bank's assets stand at 27 million euros
February – 98	Incorporation of Alrimo, the Bank's fund manager
May – 98	Incorporation of Probolsa, the Bank's broker
September – 98	Probolsa becomes a Trading and Settlement Member of BVLP (Lisbon and Oporto Stock Exchange)
November – 98	Inauguration of the Lisbon Brokerage Shop
December – 98	The Bank's consolidated assets stand at 48 million euros
January – 99	Share capital increase to 25 million euros
April – 99	Launch of the Alves Ribeiro – Medium-Sized Companies (Portugal) Fund
June – 99	Inauguration of the Leiria Brokerage Shop
December – 99	Share capital increase to 35 million euros The Bank's consolidated assets stand at 100 million euros
August – 00	The Bank becomes a Settlement Member of the BVLP
October – 00	Share capital increase to 42.5 million euros
December – 00	Launch of the Alves Ribeiro – European Equities Fund. The Bank's consolidated assets stand at 150 million euros
October – 01	Share capital increase to 47.5 million euros
November – 01	Launch of the Alves Ribeiro PPR (Retirement) Fund. Launch of the brokerage service for foreign markets
December – 01	The Bank's consolidated assets stand at 200 million euros
January – 02	The Alves Ribeiro – Medium-sized Companies Fund is considered the most profitable domestic equity fund in Portugal in 2001
December – 02	Inauguration of the Oporto Brokerage Shop
September – 03	Launch of the derivatives brokerage service for foreign markets
October – 03	The Bank becomes a Clearnet Global Clearing Member
December – 03	Securitisation of 100 million euros of contracts of the Bank's loan portfolio: First property leasing contract securitisation operation in Portugal First involvement of the European Investment Fund in a issue sourced by a Portuguese bank First credit securitisation operation in Europe with the guarantee of the European Investment Fund included in the structure of the issued bonds The Bank's consolidated assets stand at 300 million euros
January – 04	The Bank becomes a Euronext Lisbon Trading Member Firm The brokerage business carried on by Probolsa is transferred to the Bank by means of a merger by incorporation transaction
March – 04	The Alves Ribeiro PPR Fund is considered the most profitable in its category in Portugal in 2003
December – 04	Securitisation of 42 million euros of contracts of the Bank's loan portfolio The Bank's consolidated assets stand at 350 million euros
June – 05	The Bank's consolidated assets stand at 400 million euros
October – 05	Banco Alves Ribeiro changes its name to Banco Invest
October – 05	Launch of the Banco Invest website
December – 05	Issue of bond loan for 50 million euros "Banco Invest 08 – Euribor + 0,425%"
December – 05	The Bank's assets stand at 451 million euros
October – 06	Development and implementation of a model for calculation of expected default and loss probability from the loan business
December – 06	The Bank's assets stand at 545 million euros
January – 07	The Alves Ribeiro PPR (Retirement) Fund is considered the most profitable in its category in Portugal in 2006
December – 07	The Bank's assets stand at 627 million euros
March – 08	Launch of a Programme for the securitisation of contracts of the Bank's loan portfolio, in the form of conduit, up to 125 million euros
December – 08	Launch of the derivative product structuring and management business for Corporate and Institutional Customers
June – 09	Inauguration of the new Leiria Investment Centre
December – 09	The Alves Ribeiro PPR (Retirement) Fund ends 2009 with a 30.8% increase in value, the best among all comparable products available in the market
January – 10	First place in the international "Structured Retail Products" league table of structured products issued, managed and placed in Portugal
March – 10	Obtainment of Euronext membership for the Amsterdam, Paris and Brussels markets
December – 10	The Bank's consolidated solvency ratio rose to 13.3%
February – 11	Launch of a debit card
April – 11	Inauguration of an Investment Centre in Lisbon, at Rua Barata Salgueiro
May – 11	Launch of a transactional website (www.bancoinvest.pt)
June – 11	Launch of a professional online trading platform – Invest Trader
October – 11	Opening of the tenth Specialised Credit agency
November – 11	Most Profitable Bank in Portugal award attributed by the magazine Exame, in the Small and Medium-Sized Bank category
February – 12	Inauguration of an Investment Centre in Oporto, at Rua Júlio Diniz
October – 12	Euromoney magazine's award of Best Distributor for Performance of the Structured Products, distinguishing the products issued by Banco Invest as the most profitable for the final customer
October – 12	Opening of the eleventh Specialised Credit agency
January – 13	The AR - PPR Fund, managed by Invest – Gestão de Activos, is the national asset allocation fund (hybrid fund) with the highest return in 2012 (48.9%)
January – 13	Opening of the twelfth Specialised Credit agency
February – 13	Among the three mutual funds with the highest return over the last twelve months in Portugal, two are managed by Invest – Gestão de Activos: the most profitable is the AR – PPR fund, and the third most profitable is the AR – Media Empire
December – 13	The range of foreign investment funds an offer reaches 700 funds, managed by the most prestigious international management companies.
December – 13	The Bank's consolidated solvency ratio exceeds 20%.
January – 14	Invest – Gestão de Activos is considered the national management company with the highest average returns, in 2013: 26.3%. The funds AR – Media Empire Portugal and AR – PPR registered a 32.8% and 19.8% increase in value in 2013, respectively.
January – 14	The AR – PPR fund has registered the third highest annualised return, since the start of 2004, among all the national investment funds.
February – 14	Among all of the national investment funds, the AR – PPR fund has registered the third highest annualised return in the last three years.
November – 14	For the second time Banco Invest was voted the Most Profitable Bank in the Small and Medium-Sized Bank category. The award is handed out by the Exame magazine as part of an exclusive study conducted by Informa D&B and Deloitte.
February – 15	Banco Invest won the Best Distributor for Performance award handed out by Structured Retail Products of the Euromoney group. This award is based on the analysis of the structured products issued in Europe, recognising Banco Invest products as the most profitable for the final customer in Southern Europe (Portugal, Spain and Italy). This is the second time that Banco Invest structured products are highlighted by Structured Retail Products after receiving the same award in 2012.
September – 15	Banco Invest is considered the Private Banking that most grew in Portugal in 2015 by the prestigious Global Banking & Finance, a worldwide leading magazine in the online financial area.
November – 15	International Banker, one of the main sources of financial analysis of international banking, attributed the "Best Investment Bank Portugal 2015" award to Banco Invest.

3. Board of Director's Report

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Macroeconomic Background

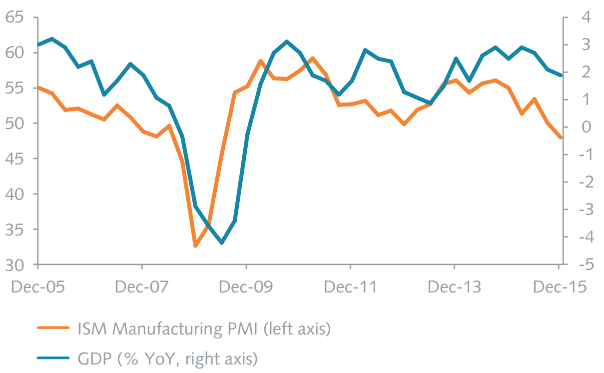
International Economy

The prospects for global economic growth deteriorated over the course of 2015, as a result of the more marked slowdown than was expected from emerging economies and the slow recovery of investment and productivity in advanced economies. According to most official estimates, the world economy is expected to grow 3% in 2015, well below the average of the last few years. The accommodative monetary policies in advanced economies and the low prices of commodities should, however, permit an acceleration of global activity in 2016 and 2017, with developments in emerging economies, particularly in China, constituting the major uncertainty in 2016.

United States

Economic activity in the United States maintains a positive growth trend. In the fourth quarter, Gross Domestic Product (GDP) registered an annualised rate of increase of 1.0% and of 1.9% year-on-year, with private consumption, mainly or households, as the main driver of growth. The ISM Non-Manufacturing economic activity index, in spite of the fall in December, remains above 55 points, reflecting the positive perspective of managers for the next few months. Much less optimistic has been the performance of the ISM Manufacturing index (48.0 points in December) due to weaker external demand and the appreciation of the US dollar.

USA: Economic Activity



Source: Bloomberg

The sustained improvement in the labour market has contributed to the continued decline in the unemployment rate, which fell to 5.0% at the end of 2015. This improvement in employment, combined with the increase in household income as a result of the fall in energy prices, has contributed to the recovery of consumer confidence, which is close to its maximum value since 2007.

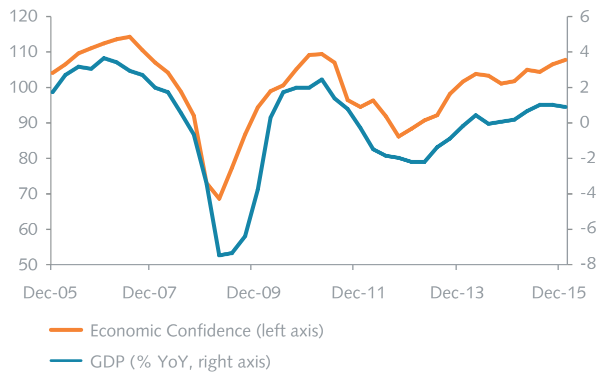
In terms of prices, the fall in commodity prices and the appreciation of the US dollar have acted as important deflationary forces, maintaining the inflation rate below 1.0%. However, excluding food and energy costs, the change in prices has remained stable, at around 2.0%.

The North American economy thus remains relatively solid. According to the latest official estimates, economic activity is expected to expand by 2.5% and 2.6% in 2015 and 2016, respectively. The contribution of household consumption and improved investment should continue to offset the impact of the appreciation of the US dollar on exports.

Eurozone

Real GDP in the eurozone grew 0.3% in the fourth quarter of this year. The year-on-year change came to 1.5%, with business and consumer confidence driving the recovery of economic activity. In fact, the contribution of domestic demand has been increasing progressively, reflecting the low financing costs, and the increase in net assets and household disposable income, against the background of a recovery in employment and a decrease in energy costs. In addition, public consumption should begin to recover in the following year, based on the less restrictive budgetary guidelines expected for the following year. In this scenario, the unemployment rate maintained its recovery trajectory, decreasing to 10.4% in December, a level which had not been seen since the end of 2012.

Eurozone: Economic Activity



Source: Bloomberg

The prospects surrounding the contribution of external demand are, however, weaker than previous expectations due, to a large extent, to the slowdown in emerging and developing economies and the lower level of international trade. Nonetheless, the strong depreciation of the euro over the last few months has permitted gains in market share, with the pace of export growth exceeding that of external demand.

In turn, the inflation rate remains at extremely low levels (0.2%), even when energy and food costs are excluded (0.9%). In spite of the recovery of consumption and domestic demand, the deleveraging process of the private sector continues to obstruct the monetary policy transmission mechanism of the European Central Bank (ECB), since loan concession conditions continue to be broadly restrictive in many countries of the eurozone.

According to the latest official forecasts, real GDP should increase by 1.5% in 2015, and accelerate to 1.7% in the following year. The maintenance of abundant liquidity and a weak euro should permit the progressive increase of the inflation rate to 0.5% in 2016.

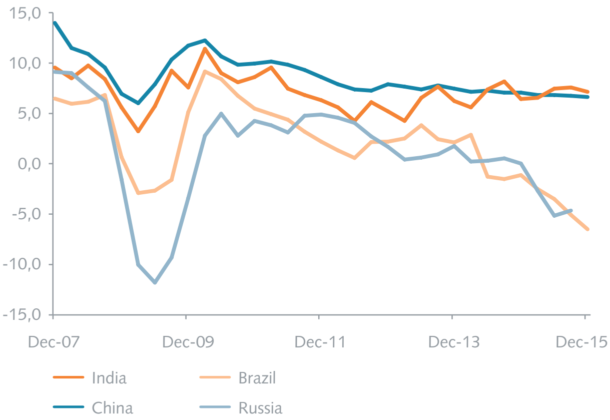
Emerging Countries

At present, developments in emerging and developing economies constitute the main focus of uncertainty for the world economy. The rebalancing of the Chinese economy, from an export-based economic growth model to a domestic consumption-based economic growth model, constitutes an added risk for global growth. A sharper-than-expected slowdown of domestic demand in China could affect confidence in international markets and, as a result, upset the prospects of many other emerging and advanced economies.

Emerging economies, in general, are still overshadowed by the start of interest rate rises in the United States, the depreciation of their currencies, and the sharp fall in commodity prices, in particular oil. Although the impact of these effects is not the same for all economies, the most affected have, of course, been the commodity producing countries (e.g. Brazil and Russia). On the contrary, the oil-importing Asian economies, such as for example India, are potentially benefitted.

As a result, growth projections vary widely among these economies. On average, emerging countries are expected to grow by 4.0% in 2015 and accelerate to 4.3% in 2016. On a negative note, Brazil and Russia stand out with contractions of 3.8% and 3.7% in 2015, and of 3.5% and 1.0% in 2016, respectively. China and India remain the uncontested leaders with declines of 6.6% and 6.9% in 2015, and 6.3% and 6.3% in 2016.

BRIC Countries: GDP Growth (YoY %)



Source: Bloomberg

Portuguese Economy

According to the National Institute of Statistics (INE), the Portuguese economy is expected to end 2015 with a real growth of 1.5%. The pace of economic recovery has been relatively moderate, especially when considering the severity of the contraction over the last few years (approximately 7% between the maximum of 2011 and the minimum of 2013). The deceleration in the second half of the year is thus seen as temporary, resulting from weaker domestic demand and exports, reflecting the lower growth of global demand.

Evolution of National GDP

Source: Bloomberg

Over the coming years, the Bank of Portugal (BdP) projects the continuation of a gradual pace of recovery, reflecting the still needed adjustments in the balance sheets of the various public and private economic agents, following the international financial crisis and the sovereign debt crisis in the eurozone. In line with developments in recent years, exports are expected to grow robustly (3.3% and 5.1% in 2016 and 2017, respectively), reinforcing the trend of transfer of productive resources to the economic sectors most exposed to international competition. In turn, domestic demand continues to be affected by the deleveraging process of households and non-financial companies Domestic demand, which is expected to grow 2.4% in 2015, is projected to increase by 1.8% and 2.1% in 2016 and 2017, respectively.

In this scenario, the external imbalances accumulated in the past maintain their recovery trend, with the current and capital account balance remaining above 2% of GDP, over the next two years.

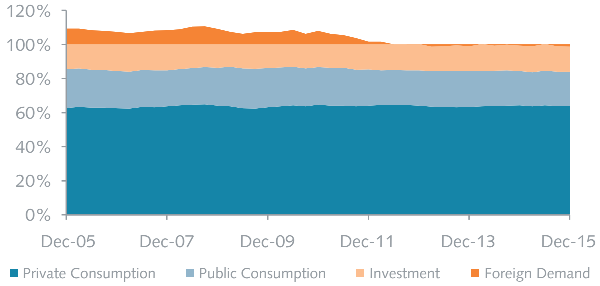
Projections of the Bank of Portugal: 2015-2017

	Weights 2014	2015	2016	2017
Gross Domestic Product	100.0%	1.6%	1.7%	1.8%
Private Consumption	65.9%	2.7%	1.8%	1.7%
Government Consumption	18.5%	0.1%	0.3%	0.1%
Gross Fixed Capital Formation	14.9%	4.8%	4.1%	6.1%
Internal Demand	99.6%	2.4%	1.8%	2.1%
Exports	40.0%	5.3%	3.3%	5.1%
Imports	39.7%	7.3%	3.6%	5.6%
Current and Capital Accounts (% of GDP)		2.4%	2.5%	2.3%
Goods and Services Accounts (% of GDP)		1.6%	1.7%	1.3%
Harmonised Consumer Price Index		0.6%	1.1%	1.6%

Source: Bank of Portugal, 2015 Winter Report

In line with the eurozone as a whole, low inflationary pressures also persist in Portugal. The maintenance of a still high unemployment rate (12.2% in December), combined with weak wage growth and the decrease in fuel prices, have underpinned the low inflationary environment - an inflation rate of 0.6% is expected in 2015. For 2016 and 2017, however, BdP expects this value to increase gradually, reflecting the recovery of the national economy, to 1.1% and 1.6%, respectively.

Breakdown of GDP

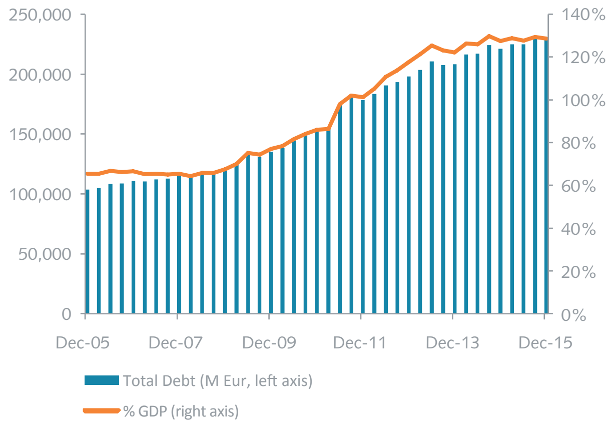


Source: INE

According to the Directorate-General for the Budget, in the period from January to December 2015, the balance of the Public Administrations, calculated on a Public Accounts basis, stood at -4.6 billion euros, approximately 500 million euros below the target set in the initial State Budget. Considering the same period of the previous year, this balance improved by 2.6 billion euros, explained by the combined effect of the significant decrease in expenditure (-2.4%) and the increase, to a lesser extent, of tax revenue (0.8%).

In turn, the overall balance of Central Government and Social Security came to -5.1 billion euros (-7.1 in the same period of 2014), whilst the primary balance was in surplus, amounting to 2.6 billion euros. Up until last December, total revenue came to 69.6 billion euros, having increased 0.2% year-on-year, whilst total expenditure fell 2.5%, to 74.8 billion euros. Considering the value of national GDP at the end of the year, this deficit of Central Government and Social Security came to 2.9%, in line with the government target for the end of 2015.

Portuguese Government Debt



Source: INE, IGCP

Economic Indicators

	2015	2016	2017
Change in GDP			
World Economy	3.1%	3.4%	3.6%
USA	2.5%	2.6%	2.6%
Japan	0.6%	1.0%	0.3%
Eurozone	1.5%	1.7%	1.7%
Portugal	1.6%	1.7%	1.8%
Unemployment rate			
USA	5.3%	4.8%	4.7%
Japan	3.4%	3.3%	3.3%
Eurozone	11.0%	10.5%	10.2%
Portugal	12.3%	11.3%	10.6%
Investment			
USA	3.9%	5.4%	5.7%
Japan	0.6%	0.8%	1.2%
Eurozone	2.1%	2.6%	3.4%
Portugal	4.8%	4.1%	6.1%
Inflation (CPI var. relative to the previous year)			
USA	0.1%	1.2%	2.2%
Japan	0.8%	0.8%	1.8%
Eurozone	0.0%	0.5%	1.5%
Portugal	0.6%	1.1%	1.6%
Private Consumption			
USA	3.2%	3.0%	2.2%
Japan	-0.8%	1.4%	-0.3%
Eurozone	1.7%	1.8%	1.8%
Portugal	2.7%	1.8%	1.7%
Government Consumption			
USA	0.4%	0.6%	0.8%
Japan	1.1%	0.5%	0.6%
Eurozone	1.2%	1.1%	1.0%
Portugal	0.1%	0.3%	0.1%

Source: IMF (Jan-16), OECD (Nov-15), Bank of Portugal (Dec-15)

Markets

During 2015, investors' attention was focused on Central Banks and on developments in the Chinese economy and in commodities. In the last quarter, in the Eurozone, the ECB announced the extension of the Quantitative Easing programme until March 2017, as well as the maintenance of the refinancing rate at 0.05%. This measure disappointed analysts, which were expecting a decrease in the refinancing rate to 0%, having brought about a negative reaction from equity markets. In turn, in the United States, the Federal Reserve (FED) increased the reference interest rate by 0.25% to 0.50%, which constituted the first rate hike since 2006. Oil ended the year at 39 USD/barrel, penalised by the fears of a slowdown in demand, from the Chinese economy in particular.

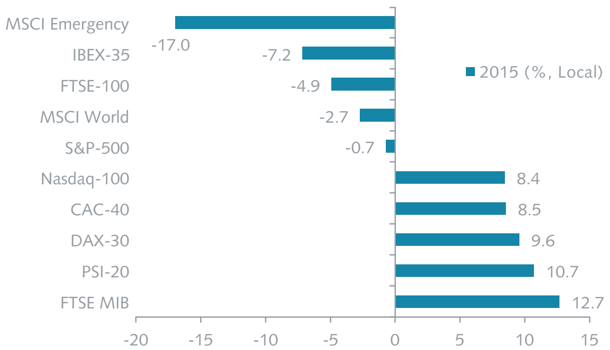
Equity Markets

In the fourth quarter, the S&P 500 reference index rose 6.5%. However, this recovery was not enough to avoid the 0.7% decline in the year, the largest since 2008, when the index devalued 38.5%. In spite of having reached a new historical maximum in the first half of the year, this index ended the year in the red, leading to an increase in volatility in the second half of the year. The difference between the monetary policy of the American Federal Reserve (FED) and that of other Central Banks, as well as the fears of a slowdown of the Chinese economy combined with the entry into recession of various emerging economies, significantly dependent on the exploitation and export of raw materials, led to an increase in uncertainty in world equity markets and, subsequently, to an increase of the VIX index.

In European equity markets, volatility was the dominant issue. The Dax 30 index, which during the first half of the year reached 12,390.75 points, a new historical maximum, closed 2015 at 10,743.01 (+9.6%, since the start of the year). In turn, the Eurostoxx 50 closed the year up 3.2%, and the Stoxx 600 index closed with a gain of 6.8%, both far off from the 12.7% recorded by the Italian FTSE-MIB. On a negative note, the British FTSE 100 which fell 4.9%, due to the significant decline in the value of the raw materials companies that comprise the index, and the Spanish IBEX 35 which closed the year down 7.2%, stood out.

Regarding global indices, the MSCI World closed the year with a loss of 2.7%, and MSCI Emerging Markets fell 17.0%, due to the deceleration of the emerging economies that comprise the index.

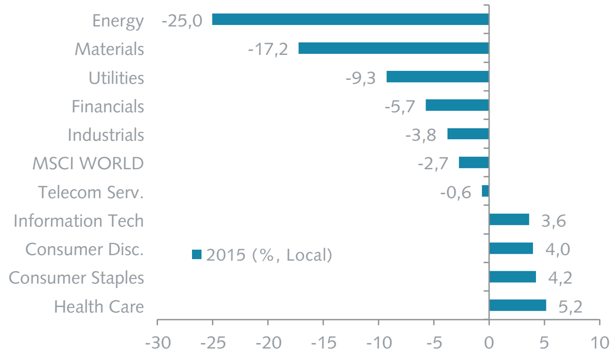
Leading Stock Market Indices



Source: Bloomberg

At the overall sector level, the majority of the sectors had a negative performance in 2015, with emphasis on the Energy and Materials sectors that fell 25.0% and 17.2%, respectively. These were and continue to be pressured by the fall in the price of a barrel of oil and other commodities. In contrast, the Health (+5.2%), Basic Consumption (+4.2%) and Discretionary Consumption (4.0%) sectors were the best industries in 2015.

World Sectoral Indices

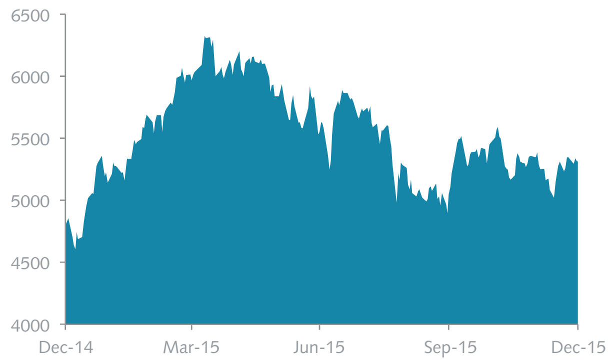


Source: Bloomberg

In Portugal, 2015 was also a volatile year, with the index having gained 10.7%. The year was marked by the legislative elections and the uncertainty surrounding the formation of the new government, the collateral damage from the collapse of the BES universe and by the movements in the banking sector, with Caixabank's failed takeover bid for BPI and the collapse of Banif. The latter was the topic of December, with the Bank of Portugal deciding to implement the resolution measure in order to protect depositors and holders of senior debt. As occurred with BES in 2014, Banif was divided into a "Good Bank" and a "Bad Bank", with the former being sold to Banco Santander Totta por 150 million euros. As a result, the PSI 20 index had its number of constituents reduced to 17, with the entry of new members being expected for 2016.

The year was thus characterised by a high dispersion of returns. On the positive side, the shares of Altri SGPS (+92%), Jerónimo Martins (+44%), SGPS (+38%) and EDP Renováveis (+34%), over the same period, stood out. At the other extreme stands Pharol (ex-Portugal Telecom) (-69%), Teixeira Duarte (-56%), the Impresa group (-40%) and the construction company Mota-Engil (-28%).

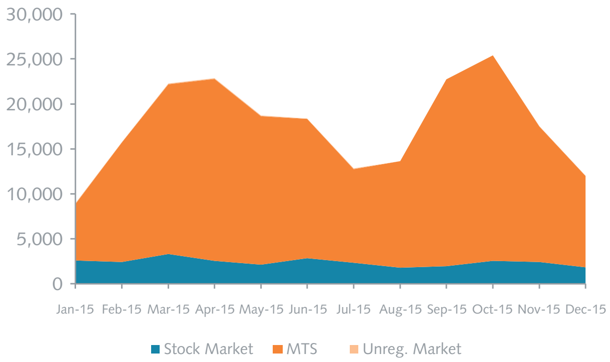
PSI 20 Index



Source: Bloomberg

The value of transactions in the secondary spot market came to a total of 29.1 billion euros in 2015, 29.5% less than in the previous year. Regulated markets continue to be responsible for the main volume of transactions, with a value of 28.8 billion euros. In MTS Portugal, the total trading volume of debt securities came to 193.3 billion euros, compared to 66.2 billion euros recorded in 2014 (+192%).

Volume of Transactions in the Secondary Market

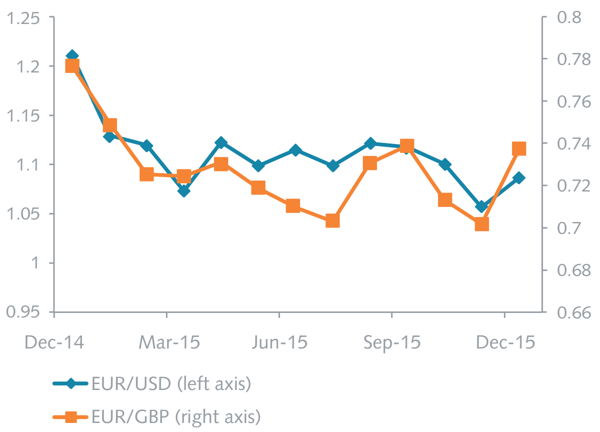


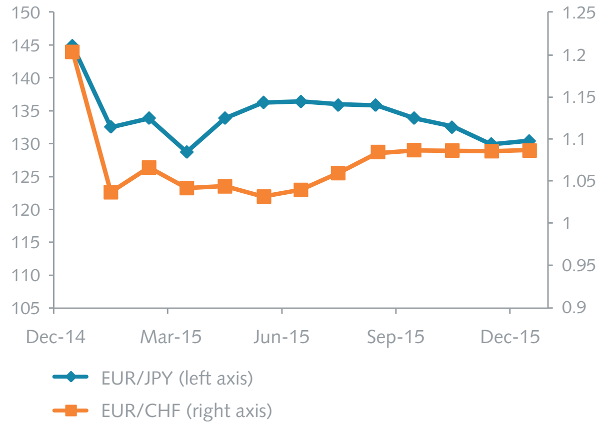
Unit: Million euros. Source: CMVM

Foreign Exchange Markets

In the last quarter, there was an appreciation of the USD against the EUR of 2.8%, with the EUR/USD closing the year at 1,086. For the full year, the EUR lost 10.2% against the USD, registering its second consecutive year of loss. The difference in monetary policies of the respective Central Banks contributed significantly to this movement. Regarding the Pound Sterling (GBP), the EUR/GBP closed the year down 5.0%. Like the Fed, the Bank of England is expected to initiate its process of interest rate hikes. Against the Japanese currency (JPY), the euro depreciated by about 9.8% in 2015 to 130.47 JPY. Lastly, a note of reference to the appreciation of the CHF (+10.5% against the EUR), following the intervention of the Swiss Central Bank at the end of the year.

Exchange Rates





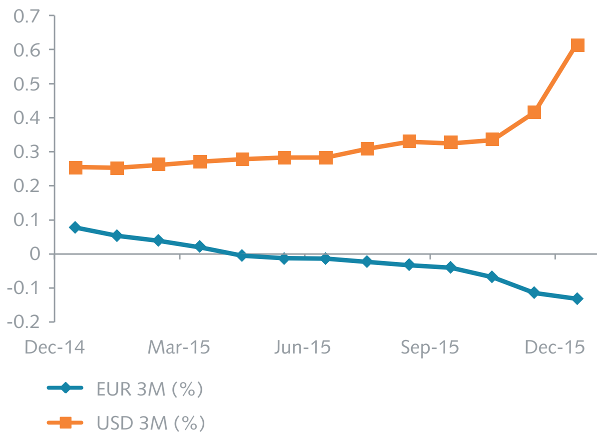
Source: Bloomberg

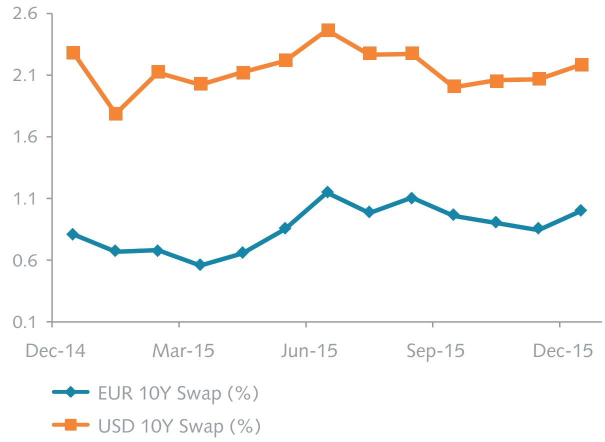
Interest Rates

In the United States, the 3-month interest rate closed the year at 0.61%, up 36 bps relative to 2014. In turn, the interest rates for 5 and 10-year swaps fell by 3 and 10 bps in 2015 to 1.74% and 2.19%, respectively. In spite of a 0.25% increase in the reference interest rate last December, the prospects of moderate worldwide economic growth is preventing the rise of longer-term interest rates.

In the Eurozone, the year was characterised by an increase in the steepness of the interest rate curve, with the fall in the rates at shorter maturities and a rise in the rates at longer maturities. The start of the asset purchase programme of the ECB, as well as the improvement in the growth prospects for the eurozone contributed to the increase in the 10-year swap rate by 19 bps to 1%. In relation to shorter-term interest rates, the Euribor closed the year at -0.13 %, having fallen 21 bps, whilst the interest rate for 5-year swaps fell 3 bps to 0.33%.

Short-Term and Long-Term Interest Rates





Source: Bloomberg

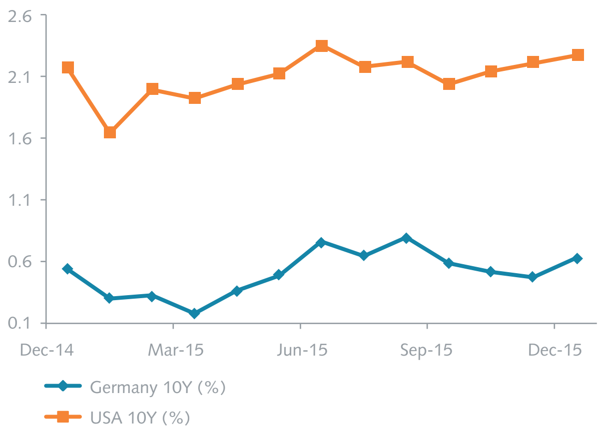
Bond Markets

Public Debt

In public debt markets, the yields of the so-called safe havens ended the year almost unchanged.

In the United States, 10-year Treasuries closed the year at 2.24%, falling 1 bp relative to 2014. In turn, in the Eurozone, German Bunds rose 5 bps to 0.64%. With the increased volatility in equity markets in 2015, these assets served once again as a safe haven for many investors.

10-year yields: Germany and the USA

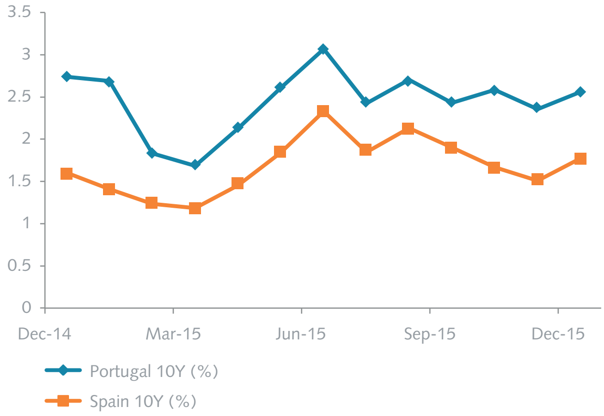


Source: Bloomberg

In all of the European peripheral countries, the year was marked by tough negotiations relative to the second bailout plan for Greece and by the elections in Portugal and Spain.

Relative to Germany, 10-year risk premiums fell in 2015, with the exception of Spain. The start of the ECB's asset purchase programme and the demand for higher yields, in a scenario of increasingly lower interest rates, largely contributed to this recovery. The spread of Portugal relative to Germany closed the year at 191 bps, 21 bps less than at the end of 2014. In contrast, the spread of Spain relative to Germany increased 5 bps to 119 bps. The political uncertainty caused by the results of the presidential elections, associated with the separatist protests in Catalonia, were decisive factors in the increase of the yields of this country.

10-year yields: Portugal and Spain



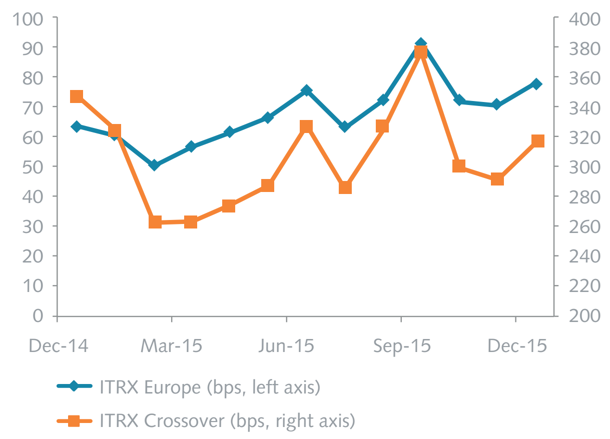
Source: Bloomberg

Private Debt

In Europe, the Investment Grade bond credit spreads ended, on average, the year at 77 bps, slightly above the level at the end of 2014 (+14 bps). In turn, in the High Yield segment, the spreads fell 31 bps, from 346 to 315 bps, in spite of the volatility and risk aversion observed in equity markets, particularly in the second half of the year.

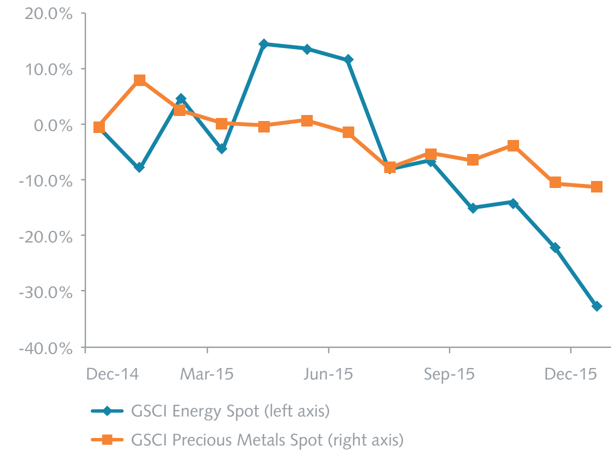
In the United States the spreads in the Investment Grade segment increased by 32 bps to 157 bps, and by 185 bps in the High Yield segment to 687 bps, on average. The latter were negatively influenced by the strong fall in the price of a barrel of oil and the consequent negative impact on the financial status of the oil sector, as well as fears of a sudden slowdown of the North American economy.

Credit Spreads (Europe)

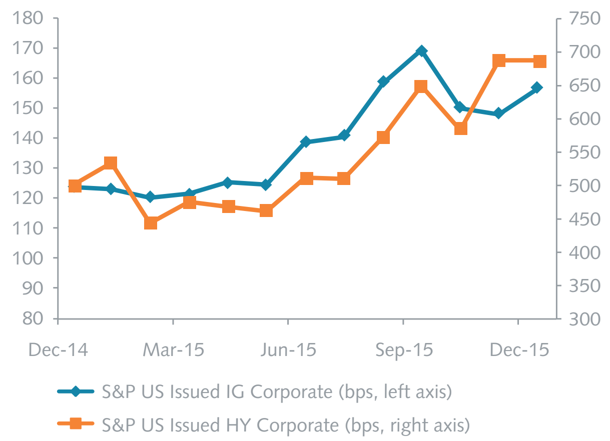


Source: Bloomberg

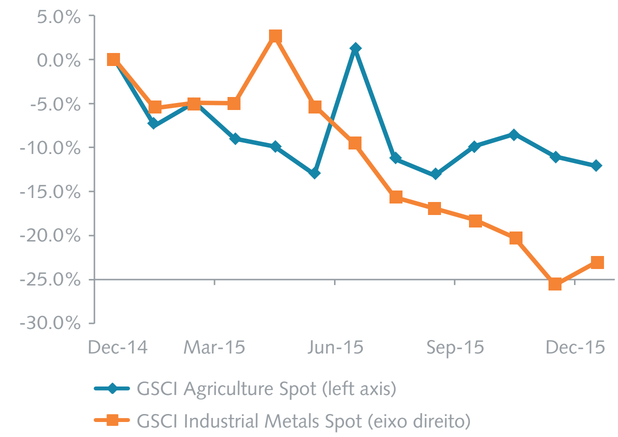
Commodities



Credit Spreads (USA)



Source: Bloomberg



Source: Bloomberg

Commodities

Commodities registered, on average, a loss of 32.9%, in 2015, measured by the S&P GSCI index (in USD).

Underlying this fall was, in particular, the sharp decline in the price of oil, which fell 30.5% over the last year (Crude Oil WTI). In the fourth quarter, the price of black gold fell by about 17.9%.

Of a similar magnitude was the average fall in the prices of agricultural products, by approximately 12% over the year. This trend also continued in the fourth quarter, with a decrease of 2.4%.

In turn, the value of precious metals fell by about 10.6%, and the value of industrial metals declined by 23.1%, with the latter still significantly pressured by the slowdown in emerging economies, particularly China.

Business Summary

Consolidated Highlights

Consolidated Highlights (euros)	2012	2013	2014	2015
Net interest income	13,379,215	10,704,623	12,577,205	12,251,235
Net income from financial operations	6,152,895	5,122,478	9,290,279	7,350,129
Net commissions	1,304,210	1,633,123	1,986,459	1,711,339
Other net operating income	151,970	33,765,202	(754,999)	(2,856,559)
Net operating revenue	**20,988,290**	**51,225,426**	**23,098,944**	**18,456,144**
Personnel costs	(4,896,550)	(4,882,233)	(5,067,881)	(5,396,517)
Other administrative costs	(3,770,569)	(4,201,582)	(4,606,453)	(4,643,361)
Overheads	**(8,667,119)**	**(9,083,815)**	**(9,674,334)**	**(10,039,878)**
Depreciation	(858,018)	(853,662)	(705,949)	(455,811)
Net provisions and impairments	(6,860,479)	(19,380,933)	(4,318,171)	(5,453,719)
Income before taxes	**4,602,674**	**21,907,016**	**8,400,490**	**2,506,736**
Provision for taxes	(1,588,158)	2,725,009	(3,545,754)	355,007
Net results	**3,022,241**	**24,631,263**	**4,833,610**	**2,868,919**
Comprehensive Income	**14,582,481**	**27,415,970**	**11,837,748**	**(3,520,104)**
Net credit extended	199,678,844	175,111,528	185,344,856	246,931,130
Funds attracted	553,685,128	493,211,158	522,646,926	495,123,016
Shareholders' equity	**65,393,377**	**92,777,806**	**104,422,253**	**100,054,973**
Net assets	**628,231,910**	**595,172,391**	**645,759,316**	**603,426,834**

The year of 2015, contrary to expectations, turned out to be a difficult year for a large part of European banking. In spite of the improvement in capital ratios and the slight increase in the return on equity, the year was marked by the nervousness of investors in relation to the sector, corresponding to an increase in the risk premium, which worsened at the end of 2015 and start of 2016. In fact, the convergence of various factors, namely the fall in the prices of oil and commodities, the policy of negative interest rates implemented by the ECB, the high levels of non-performing loans, the discrimination between investors resulting from the resolution measures of Novo Banco taken in December and the uncertainty relative to the impact that Basel III will have on bank's regulatory capital, resulted in the downward revision of the expected results for European banking and in an increase in the risk associated to the sector.

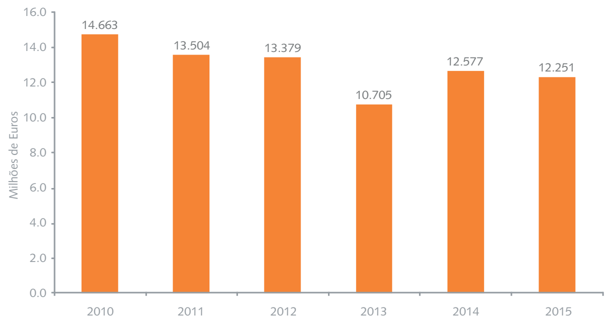
In Portugal, as in Europe, there was an improvement in the results and capital ratios of the main banks. In terms of capital markets, this positive effect was however annulled by the resolution of Banif, the decision of the Bank of Portugal regarding the transfer to BES of some bond loans of Novo Banco and, lastly, the increase in the weight of non-performing loans in the total loan portfolios, which were a source of uncertainty for international investors.

In spite of the adverse environment, 2015 was a positive year for Banco Invest, although conditioned by the losses recorded in the Novo Banco bonds transferred to BES, by decision of the Bank of Portugal of 29 December, within the scope of the resolution measure imposed on that bank.

In fact, Banco Invest recorded a net income of 2.9 million euros, with net operating income amounting to 18.5 million euros.

Net interest income fell slightly (2.6%), reaching 12.3 million euros. This decline is essentially associated to the 22% decrease in interest income of the securities portfolio, fully explained by the 25.5% reduction in the amount invested in bonds during 2015. It is worth noting that, excluding the effect of the reduction of the bond portfolio, net interest income would have increased significantly, since income of the loan portfolio increased by 9% and financial costs fell 22%. On the one hand, the reduction of the financing needs of the bond portfolio and, on the other hand, the decrease of the remuneration rates of customers' resources, contributed towards the reduction in financial charges. In fact, it is noteworthy that, even though the total amount of deposits grew 21%, the cost of deposits decreased by 13%.

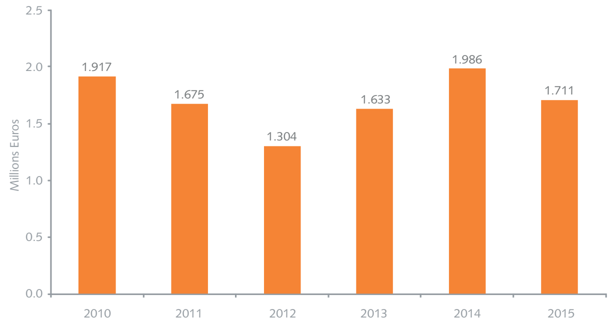
Net Interest Income



Source: Banco Invest

Net commissions came to 1.7 million euros, having decreased by 13.8%. This decrease was mainly due to the 29.5% decline in the value of transactions in the secondary spot market (Euronext), resulting from the reduced interest of investors in the Portuguese market. Notwithstanding, the increase in the number of Bank customers generated an increase in income associated to the activities of portfolio management, custody and distribution of investment funds.

Net Commissions



Source: Banco Invest

Net income from financial operations came to 7.4 million euros, reflecting the gains obtained from interest rate risk management. These gains resulted from the price effect arising from the fall in the interest rate in the first four months of the year, following which the Bank reduced its bond portfolio. The weighted average rating of the bond portfolio is BBB, which reveals a good credit quality, well above the Portuguese average risk, with the exposure to Portuguese public debt remaining reduced.

Net impairments came to 5.5 million euros, representing an increase of 20% in relation to 2014. The impairment constituted for the Novo Banco bonds mentioned above, transferred to BES within the scope of the resolution measure, contributed significantly to this value. The impairments associated to the loan portfolio fell by 92%.

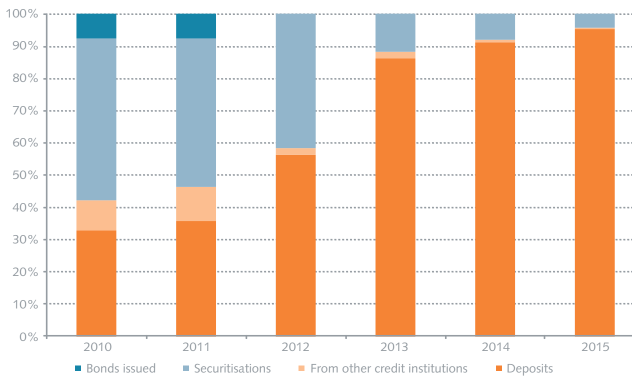
Net assets decreased by 42.3 million euros to 603.4 million euros, as a result of the already mentioned disinvestment in the Bank's bond portfolio.

With an increase of 21.1%, Customer Resources reached 336.7 million euros. The growth achieved is, once again, significantly higher than that registered for the sector, and is all the more significant because it is obtained simultaneously with a reduction of the spread paid on deposits captured. Clearly, the growth momentum continues to reflect the satisfaction of customers regarding the quality of the service provided and of the products offered by the Bank.

Resources obtained from the Central Bank fell 35% to 141 million euros, a reduction much greater than the disinvestment in the debt securities portfolio, which reflects the comfortable liquidity position of the Bank.

The transformation ratio (total gross performing loans/ deposits) increased to 72% as a result of the growth of the loan portfolio, a value that remains consistent with best practices in the sector and which reflects the reduced degree of leverage of Banco Invest.

Structure of Resources (excluding ECB)



Source: Banco Invest

At the end of 2013, the solvency ratio of Banco Invest, calculated in accordance with the Bank of Portugal's rules, reached 18.5%. The Common Equity Tier I and Tier I ratios both came to 18.3%. Banco Invest continues to be one of the most solid institutions in the national financial sector.

Business

Corporate Customers

Banco Invest continues to offer national companies non-standard products and services, based on a more specialised offer, capable of creating more value for customers.

The high degree of qualifications and experience of the Bank's team of professionals, as well as the swift decision-making processes, ensure the quality of the services provided, meeting the specific needs of each customer.

Being part of the Alves Ribeiro Group, a group with more than 80 years of experience in the Portuguese market, gives the Bank an in-depth vision of the Portuguese economic fabric and access to a number of qualified experts, which have added value to various operations.

Risk Management

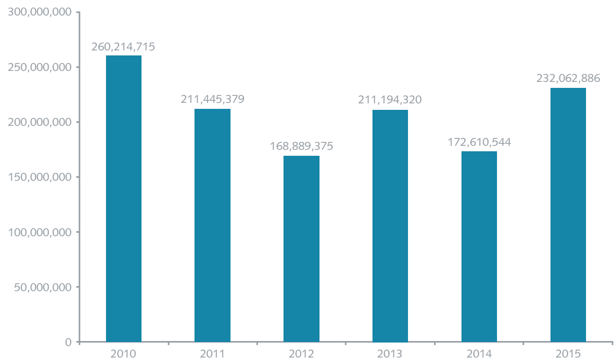
The offer of risk management products for Companies includes interest rate, exchange rate and commodity price hedges.

In 2015, the prospects of the maintenance of interest rates at low levels for a prolonged period of time in the eurozone and the sharp fall in overall commodity prices, in a scenario of high volatility, steered Customers away from these products. In contrast, the demand for exchange rate hedges remained relatively stable, both in terms of transactions undertaken and volumes traded.

Loans to Companies

The Bank increased its exposure to loans to companies, increasing the size of the portfolio to 232.1 million euros, which represents an increase of 34% relative to 2014.

Performing Loans Corporate Business



Values in euros. Source: Banco Invest

The loans to companies portfolio essentially comprises securitised loans to medium-sized and large companies and loans, guaranteed by real estate assets, to smaller companies.

The loans to small companies portfolio presents a high dispersion, being mainly composed of contracts validated by a notary and, in the majority of cases, subject to registration in the land register.

At the end of 2015, the degree of coverage of the loan portfolio by real guarantees came to 90%. In loans backed up by real guarantees, the outstanding principal came to 48% of the market value of all the associated total guarantees (loan-to-value).

In addition, the Bank holds, in most operations, personal guarantees from debtors or guarantors.

Real estate guarantees are subject to periodic reassessments by certified and independent Technical Appraisers, in accordance with prudent standards that reflect the evolution of the corresponding regional real estate markets, nature of properties, use and liquidity potential. Other guarantees are composed of pledges on financial application portfolios.

Guarantees on Performing Loans for Corporate Activity

Loans for corporate activity - 2015

	Capital	Type of guarantee			
		Mortgage	Other	Pledges	Total
Credit not entitled					
Guaranteed					
Mútuo	46,987,498	55,411,144	1,566,307	35,534,306	92,511,756
Leasing Imobiliário	61,617,934	136,119,506	331,062	514,554	136,965,122
Leasing Mobiliário	592,589	-	-	98,528	98,528
Contas Correntes	700,097	363,962	-	514,780	878,742
Sem garantia	11,817,279	-	-	-	-
Total não Titulado	**121,715,398**	**191,894,612**	**1,897,368**	**36,662,168**	**230,454,148**
Crédito Titulado	110,347,488	-	-	-	-
Total de Crédito	**232,062,886**	**191,894,612**	**1,897,368**	**36,662,168**	**230,454,148**

Private Customers

Specialised in financial services that go beyond the usual day-to-day banking relationship, Banco Invest offers a set of diversified, flexible and technologically advanced solutions to its Private Customers, something which traditional banking, with its standardised offer, is unable to provide.

Private Banking

The service offered by the Bank in this area allows Customers to choose from a number of private banking alternatives, according to the customer's investment amount, financial knowledge and the available time span for managing their savings.

The environment of a sharp decline in interest rates and bond yields, and even reaching negative values in some European countries, poses new challenges for Customers, namely the growing need to take on more risk in order to optimize returns. In this regard, the Bank remained focused on the diversification of Customers' investment portfolios, favouring partners with proven experience and international dimension. Multi-asset investment funds and indexed deposits continued to be the main work 'tools', in an environment of very low interest rates and increased volatility in financial markets. With regards to indexed deposits, the Bank continues to present a flexible offer, structuring tailor-made products to meet the needs of Customers, in terms of maturities and risk/return objectives.

Asset Managemen

The Bank offers its Private Customers a broad range of products, covering different categories of risk, liquidity and investment horizon. This includes Discretionary Management, direct investment in products traded on the stock market, structured products and own and foreign investment funds. For those Customers that wish greater intervention in the management of their savings, alongside professional advice, the Bank also offers an Advisory service. This product allows access to the composition of the portfolios managed by the Bank and to the changes carried out periodically, leaving the decision of their implementation up to the Customer.

In 2015, the products managed and set up by the Bank once again achieved exceptional returns, both in absolute and relative terms, boosted by the robustness of the asset allocation and risk management processes implemented.

Among these products, the following are noteworthy:

- The Alves Ribeiro PPR (Retirement) Fund, whose return, in 2015, reached 9.9%. Since the launch of the Fund, the annual average return comes to 7.1%, which is the best in its category.

- The Alves Ribeiro - Medium-sized Companies (Portugal) Fund registered an 11.0% increase in value, 26 bps more than the national reference index PSI 20, in 2015.

- In the Discretionary Management service, it is important to mention the Moderate Invest portfolio, with an annual return of 3.6%. Since the start of the portfolio's management, in November 2012, the annualised return comes to 6.1%, net of commissions.

- The product "Invest Healthcare (Ser. 14/1)", a deposit with guaranteed capital and yield indexed to five multinational pharmaceutical companies. The product, with a maturity of 12 months, was repaid in January, with a return of 7% (AGNR).

- The product "Invest Sector Tecnológico (Ser. 14/1)", a deposit with guaranteed capital and yield indexed to the Technology Select Sector Index. The product, with a maturity of 12 months, was repaid at the end of the first quarter with a return of 7% (AGNR).

- The product "Invest Top Brands", a deposit with guaranteed capital and yield indexed to five multinational companies and with well-known brands. The product, with a maturity of 15 months, was repaid in the third quarter, with a return of 5.59% (AGNR).

- The product "Invest Gestoras de Activos", a deposit with guaranteed capital and yield indexed to five international asset management companies. The product, with a maturity of 15 months, was repaid in the fourth quarter, with a return of 5.51% (AGNR).

During 2015, the Bank issued 31 new structured products for private customers.

Brokerage

Banco Invest is present in the Prime Brokerage segment and in online brokerage.

In the Prime Brokerage segment, with a view to guaranteeing the quality of the service provided, the Bank focuses on the direct relationship of Customers with traders, dynamic recommendations based on fundamentals and technical information, order management, trend analysis, and entry and exit levels of securities. On the other hand, the management of the risks involved in the various strategies followed by investors is becoming increasingly important.

In the online brokerage segment, Banco Invest customers can give orders through the site – desktop and mobile – or through the "Invest Trader" trading platform. It is worth highlighting the total integration of orders by telephone, site and trading platform, which makes the Bank stand out from the majority of its competitors.

In 2015, the online activity continued to gain relative weight in total turnover. At the end of 2015, the online channel represented 45.7% in the cash market segment and 72.5% in the derivative segment.

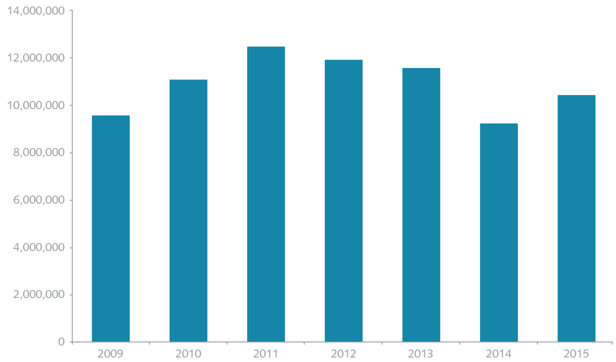
Consumer Loans

Although the Bank has no intervention in so-called consumer loans, it developed and has under current management two specific products directed at Private Customers: margin accounts and loans with precious metals as collateral. Directed at investors in the securities market, margin accounts allow Customers to leverage their own funds under the pledge of their respective portfolios, regarding which securities with liquidity and listed on official markets are exclusively chosen.

Loan concession with precious metals as collateral is essentially directed at Customers with a significant part of their savings invested in precious metals, and which intend to resort to this reserve value to obtain funding.

In 2015, there was a 13% increase in the portfolio of loans to private customers, due to the increase in loans with precious metals as collateral.

Performing Loans Private Customers



Values in euros. Source: Banco Invest

Institutional Customers

In this area Banco Invest offers basic brokerage services, structured products, risk hedging and management and custody of investment funds.

The broad experience of the Bank's professionals, combined with the Board of Director's involvement in the Bank's day-to-day activity, continues to ensure the quality of the services provided, and the high degree of specialisation in response to the requests of each Customer. The Bank's position in this area has provided a stable and close collaboration with Customers, resulting in the establishment of medium and long-term relations.

The year of 2015 was characterised by the substantial growth of the activity involving medium-sized and large national institutional customers.

Brokerage

Structured to respond to very active investors who are extremely demanding, the brokerage service offered by Banco Invest has gained increasing market share among Institutional Customers, offering customised solutions that assist fund managers in reaching their objectives.

The Bank combines a proactive activity in the search for firm business opportunities that it proposes to its customers, as much on the sell as on the buy side, with the availability of a platform of execution and quick and efficient transmission of information.

Structured Products

The Bank positions itself as a partner of several Institutional Customers in the structuring of efficient and innovative investment solutions. This offer encompasses a range of products, including equities and equity indices, interest rates and exchange rates, as well as exchange traded funds and commodities.

In 2015, the activity involving institutional customers recorded a remarkable increase. In effect, the negotiated notional of derivatives increased significantly, resulting from the establishment of lines with new counterparties. The main products traded were the Equity Swap Options, mostly on baskets of international shares. To a lesser extent, the Bank continued to issue Reverse Convertibles Notes, generally on single stocks and exchange traded funds.

During 2015, the Bank issued 28 new structured products for institutional customers, in the form of swaps and notes.

Risk Management

Due to the increasing complexity and volatility of financial products and markets, the issue of risk management for Institutional customers is becoming increasingly important. The Bank's offer in this area seeks to meet these challenges with individualised and innovative products, under competitive conditions. The offer of products ranges from price determination to more complex products, with optionality and conditional profitability, in order to benefit from Customers' market expectations to obtain a better level of coverage.

Custody

After 2014, a year which was particularly difficult for the capital markets in Portugal, with consequences for the investment funds industry, 2015 was once again a difficult year, with the number of national Investment Funds decreasing by 5.7% (28 funds closed) and the amounts under management falling 6.3% to 31.5 billion euros.

In this context, Banco Invest maintained its position of reference as a custodian bank for the independent (mutual, real estate and risk capital) fund management companies operating in the domestic market, having increased both the number of funds and the net amounts under custody.

The year ended with the Bank solidifying its market share in this segment, maintaining the custody of close to 50 investment funds of various types.

Own Portfolio Activity

Market Risk Management

The Bank proactively manages its exposure to the various market risks: equities, bonds, funds, foreign exchange and their derivatives.

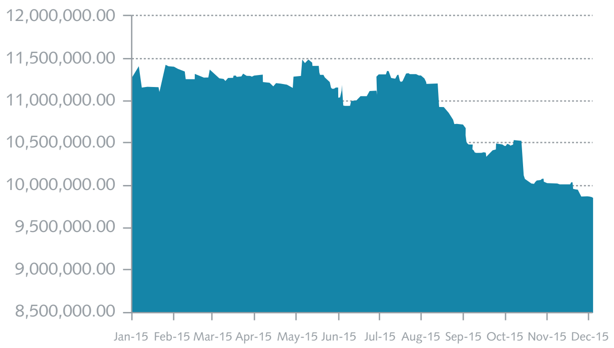
The essential purpose of this business is to take advantage of opportunities that arise, in both domestic and international financial markets. The Market Room does not necessarily have to be present with market positions on a continuous basis.

The Bank's Investment Committee, comprising the heads of the various areas involved, regularly determines overall guidelines governing the Bank's position in the domestic and international plan. It is then up to the Market Room to manage the Bank's exposure to each market segment within the defined risk limits.

Overall and partial risk limits are based on Value at Risk (VaR) methodologies, credit risk analysis - rating, basis point value, stress tests and concentration limits per asset, per sector and per country.

The various strategies employed, and management of risk limits, take into account the correlations between various asset classes and trading styles, so as to reduce the volatility of this activity's global result. The weight of each strategy in the overall portfolio is managed on a dynamic basis, according to the differing market conditions.

Annual VaR of the Total Portfolio subject to Market Risk



Values in Eur. Source: Banco Invest

In 2015, the total annual VaR of the Market Room decreased from about 11.3 million euros to 9.8 million euros. In comparative terms, there was a decrease relative to 2014, justified by the lower volatility in debt markets of the peripheral countries of the eurozone.

Equity-Risk Management

The Bank intervenes in the equity market through the Investment Portfolio (Financial Assets Available for Sale Portfolio) and the Trading Portfolio.

The operations undertaken within the scope of the Investment Portfolio management are defined and approved by the Bank's investment Committee and are based on the combination of macroeconomic analysis, in overall terms and by region, with a fundamental analysis of sectors and companies. In addition to a battery of macroeconomic and sectoral indicators, share evaluation models are used, together with a comparison of expected returns on equities and bonds.

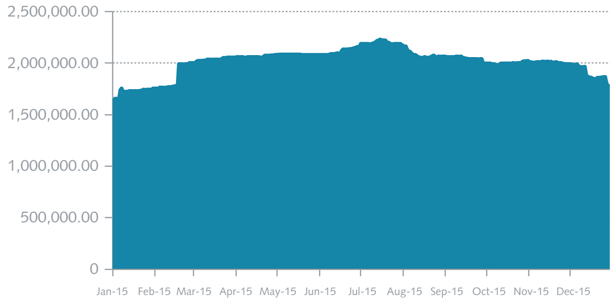
The investment in the trading portfolio is made from a short-term perspective, with a view to achieving a pre-established objective. In 2015, the management of this portfolio was primarily characterised by investment in company shares with a high market capitalisation, listed on the main European and North American indices, in which short-term appreciation indicators were identified.

The strategies, risk limits and the trading portfolio budget are approved before the start of the year by the Bank's Investment Committee, and the manager may intervene in the market, throughout the year, within the parameters previously defined.

Several strategies can be used, such as Technical Analysis and Systematic Trading – use of systematic models for the identification of trading opportunities – as well as the identification of recurring behavioural patterns, as well as indicators that determine significant market movements.

In 2015, the annual VaR of the Bank's portfolio of shares oscillated between 1.7 million euros and 2.1 million euros, closing the year at 1.8 million euros.

Annual VaR of the Portfolio of Shares

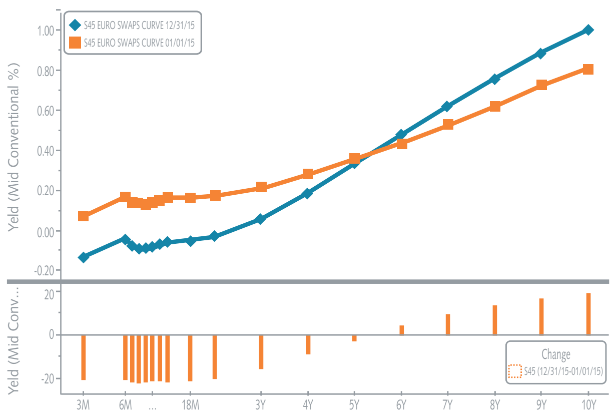


Values in thousand euros. Source: Banco Invest

Interest-Rate Risk Management

As a result of the expansionary monetary policy of the ECB, there was in 2015 a slight increase in the steepness of the interest rate curve, reflecting, in the short-term, the reduction of the key Central Bank interest rates and, in the long-term, some expectations of improvement of the economic activity in the eurozone.

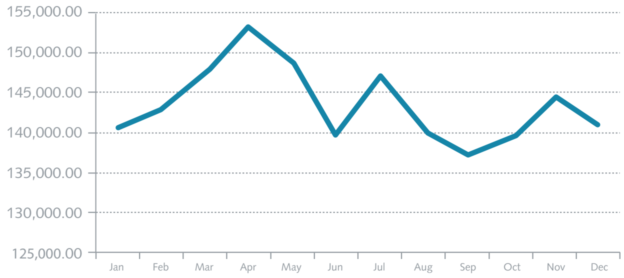
Euro interest rate curve in 2015



Values in BPS. Source: Bloomberg

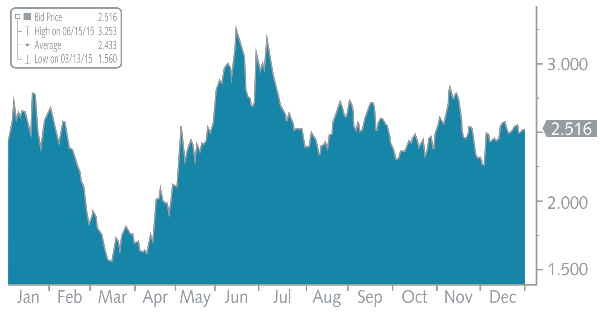
At the start of 2015, the Bank increased its exposure to interest rate risk through investments in long-term securities, reducing its exposure from March onwards, as interest rates fell.

Bpv Interest Rate Evolution



Values in BPV.

10-year Interest Rate of Portuguese Public Debt



Values in BPS. Source: Bloomberg

Bond Risk Management

At the end of the financial year, the portfolio presented an average rating of BBB:

Rating	Trading	DV	Maturity	TOTAL
AA	24%	9%	0%	8%
A	29%	17%	11%	17%
BBB	31%	48%	54%	48%
BB	8%	11%	33%	18%
B	0%	2%	0%	1%
NR	8%	13%	3%	9%

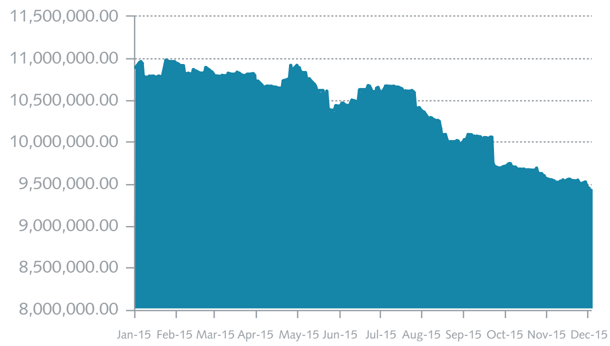
In 2015, contrary to expectations, there was no improvement in ratings in the global economy. The deterioration of the ratings of some developing economies and the lack of improvement of the risk ratings of the European peripheral countries, in spite of some success reached in the implemented economic adjustment programmes, contributed to this fact.

In the Portuguese case, following the successful exit from the financial adjustment programme, Standard & Poor's revised the rating from BB to BB+. The other agencies maintained the rating unchanged at Ba1 in the case of Moody's and BB+ in the case of Fitch.

The risk premium paid by the Portuguese Republic fell about 100 points between January and March 2015, having from that date onwards started to rise, ending the year at a level slightly above that of January.

The annual VaR of the Bank's bond portfolio was very similar to the total VaR of the market room, having decreased from 10.9 million euros to 9.5 million euros.

Annual VaR of the Bond Portfolio



Source: Banco Invest

During 2015, the value of investment in the bond portfolio fell by 86 million euros, from 377 million euros to 292 million euros. Over the same period, the Bank decreased its exposure to short-term securities, and increased its exposure to medium and long-term securities.

Foreign Exchange Risk Management

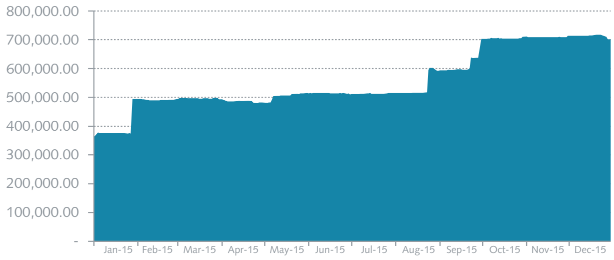
Foreign exchange management is essentially centred on hedging the positions in dollars, sterling and Swiss francs. In terms of balance sheet exposure, the Bank's foreign exchange activity remained low-level.

Volatility Risk Management

The Bank carries out options and other derivatives management activity, aimed at covering the risk of Structured Products commercialised to its Customers. Since it is a hedging activity, the VaR of the positions held does not tend to oscillate significantly.

At the end of 2015, the overall amount of the risks managed in this activity came to 135 million euros. The average monthly VaR, with a 99.5% confidence interval, of the Derivatives Portfolio, came to 500,000 euros.

Annual VaR of the Derivatives Portfolio



Values in thousand euros. Source: Banco Invest

Risk Control

Risk control is assumed at the highest levels at Banco Invest, with all risk limits – market, credit, liquidity and operational – defined and approved by the Bank's Board of Directors. Furthermore, there are four functional bodies - the Investment Committee, the Credit Division, the Accounting and Control Division and the Internal Audit Division - that work together to control approval processes, procedures and information circuits established in advance, ensuring compliance with the limits set by the Board of Directors.

Autonomously, according to the requirements set out in Notice no. 5/2008 of the Bank of Portugal, there is still the risk control function, regarding which the person responsible reports directly to the Board of Directors, focusing its activity, among others, on the elaboration of audits regarding the compliance of the risk models used by the Bank in different business areas and the verification of the adequacy of the same models in the valuation and mitigation of risks.

The risk control system developed at Banco Invest allows monitoring and continually assessing the risk of each functional area through risk matrices that ensure the timely prevention of unwanted situations for the Bank and the adoption of corrective measures, if any unwanted situations are detected.

The aim of the implemented system is to cover all Bank products, activities, processes and systems in order to permit the identification and prioritisation of all the material risks and the documentation of the associated assessment, follow-up and control processes.

The Risk Management process also involves the systematic control of the dimension and composition of the assets and liabilities of the Bank, assessing the overall tolerance to risk, the nature and availability of stable funding sources and the level of shareholders' equity or own funds of the Bank.

This process involves the regular review and the planning of available investment opportunities and respective funding strategies, having contributed to the solidness demonstrated by the Bank during the extraordinary events of the last few years.

Market Risk

Market risk control is designed to assess and monitor the potential devaluation of the Bank's assets, and the consequent reduction of profits, caused by an adverse movement of the market values of financial instruments, interest rates and/or exchange rates.

The Bank's securities portfolios are segmented according to investment objectives and their accounting treatment. The Bank calculates and monitors the market risk of all the portfolios it holds, defining risk limits per portfolio, considering the potential impacts of each one, both on results and on shareholders' equity.

Overall trading risks are kept in check using diversification strategies by asset class, bearing in mind the correlation between several markets and assets.

Management rules subject each portfolio to restrictions in terms of dimension, composition, assets and risk levels. Risk limits are defined for credit exposure - concentration by country, activity segment and rating - as well as in terms of market and liquidity.

For assessment and quantification of market risk the bank uses the following indicators:

– Value-at-Risk, estimating for each portfolio, with a confidence interval of 99%, the daily maximum potential loss stemming from adverse variations to the underlying assets. Value-at-Risk takes into account not only the volatility of financial assets but also the correlation between them and the distribution of return rates of each one. The risk assumed by each trader, by type of financial asset and by the Bank's global portfolio is calculated daily;

– Present Value of Basis Point (PVBP) calculation, which determines potential losses in the Bank's results caused by a one-basis point change in interest rates.

In addition, the Bank resorts to the periodic undertaking of stress tests and reverse stress tests, which involve the simulation of adverse historical and/or hypothetical scenarios for each portfolio and a sensitivity analysis based on changes in various factors, to measure the impact on assets, results and solvency.

The stress tests are an integral part of the annual assessment of the Internal Capital Adequacy Assessment Process (ICAAP), with a view to assessing the suitability of the Bank's capital to the development of economic activity.

Concentration limits by market, by asset, by sector and by rating notation, proposed by the Investment Committee and approved by the Board of Directors, are monitored daily by the Accounting and Control Division. The Investment Committee also monitors each portfolio's mark to market and its Value-at-Risk on a daily basis.

Credit Risk

Credit risk control involves assessing the degree of uncertainty and monitoring the possibility of a loss caused by the customer/counterparty's breach of its contractual obligations towards the Bank. Credit risk assumes a special purpose in banking activity, not only due to its materiality but because of its connection with other risks as well.

In the loan concession activity, aimed at guaranteeing the correct determination of the risk profile of operations, the analysis and decision process passes through the autonomous opinions of the risk analysis area, the Credit Division and the Bank´s Board of Directors, being supported by a battery of external and internal information elements considered relevant to the substantiated decision of any loan proposal.

The consistency of the collateral is determined by systematic assessments conducted by duly certified external technicians, subject to regular periodic reassessments. The integrity of the said collateral is safeguarded by insurance policies, covering common risks, whose sufficiency in terms of capital and validity is permanently monitored by the Bank.

The impairments of the loan portfolio are calculated monthly, based on a collective analysis of the loan portfolio, and on the individual analysis of the larger loans and those that are in default. The impairment in the loans subject to collective analysis is calculated based on a proprietary model, duly validated by the external auditors, which estimates the probabilities of default and the amount of expected losses, based on information relative to the portfolio's past behaviour.

Effort tests, in accordance with the Bank of Portugal's rules, are also conducted periodically on the loan portfolio, with the aim of analysing the impact on the Bank's accounts of the adverse movement of some variables considered as sensitive, namely the default rate, interest rate and real estate market prices.

The credit risk of the securities portfolio is calculated and monitored based on the Credit Value-at-Risk methodology. Through this model, the maximum expected loss is calculated, with a certain confidence level, resulting from the occurrence of defaults in the portfolio. The maximum loss is calculated based on the historical probabilities of default and recovery rate (loss given default) obtained from the main rating agencies in securities with a similar credit risk rating to those held in portfolio.

Within the scope of the concentration of credit risk, overall analyses of the portfolio (securitised credit and non-securitised credit) are undertaken, measuring exposure by sector of activity and the greatest individual exposures.

Liquidity Risk

Liquidity risk control is designed to evaluate and monitor the possibility of a loss stemming from the Bank's inability, at a given time, to finance its assets in order to meet its financial commitments on the scheduled dates.

Liquidity risk is evaluated on the basis of the assets and liability tables that allow the Bank's cash flow to be monitored and its cash requirements over a forecasting period of five years to be determined. Mismatch analyses and stress tests are undertaken to determine safe liquidity levels to cope with unexpected events.

To finance its short-term business and to ensure liquidity management with adequate safety margins, the Bank has interbank money market lines and securities contango lines negotiated with several banks, in addition to its growing customer fund attraction capacity.

Operating Risk

The aim of controlling operating risk is to prevent possible failures in the Bank's internal control system that may give rise to fraud or unauthorised transactions, as well as avoid the possibility of the results of the Bank being negatively affected by the occurrence of an event that is not inherent to its activity.

Banco Invest's business is subject to several prevention and control mechanisms to mitigate the risk of the occurrence of losses of an operational nature, among which the following are worthy of mention:

- Code of Conduct and Internal Regulations of the Bank;
- Procedures Manuals;
- Physical and logical access control;
- Reports of exceptions;
- Contingency planning.

The Bank has internal procedures that define the scope of responsibility of each area involved in the daily operation of the institution, the circuits of information and deadlines to be met, mitigating the possibility of the occurrence of operating losses.

Internal audits are carried out periodically to evaluate the control systems implemented, so as to guarantee compliance with the Procedures Manuals and reduce the likelihood of mistakes in recording and accounting the various transactions.

On a daily basis, the Planning and Control Division assesses the liabilities of each functional area towards its counterparties, compliance with established limits and the levels of authorisation employed in approving transactions.

Acknowledgements

The Board of Directors would like to take this opportunity to extend its appreciation and gratitude:

– To all our Customers for their preferences and trust, which constitute the greatest encouragement in confronting the challenges it faces;

– To the Bank of Portugal and the Securities Market Commission for their attention given to the Bank;

– To the Board of the General Meeting, and its Chairman in particular, for the willingness shown in the performance of such important duties;

– To the Audit Board and the Firm of Statutory Auditors, for their cooperation and support in the management of the Bank's business;

– To those employees who, with a sense of responsibility and a spirit of dedication, have worked hard to achieve the established goals with full regard for the ethical, human and corporate values assumed and shared within the company.

Lisbon, 24 March 2016

The Board of Directors

4. Financial Statements

Consolidated balance sheets at 31 december 2015 and 2014

(Amounts in euros)

ASSETS	Notes	2015 Assets Gross	2015 Impairment and amortisations	2015 Assets net	2014 Assets net	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2015	2014
Cash and deposits at central banks	5	3,869,780	-	3,869,780	2,236,466	Resources at central banks	17	141,006,232	216,704,549
Amounts at other credit institutions	6	5,862,327	-	5,862,327	7,168,012	Financial liabilities held for trading	18	306,462	493,556
Financial assets held for trading	7	44,699,490	-	44,699,490	58,988,160	Resources from other credit institutions	19	1,486,255	2,470,654
Financial assets available for sale	8	155,964,209	(4,563,202)	151,401,007	262,055,808	Resources from customers and other loans	20	336,726,029	278,120,500
Loans and advances to credit institutions	6	400,180	-	400,180	3,400,352	Liabilities represented by securities	21	15,598,038	24,857,667
Loans and advances to customers	9	279,326,232	(32,395,102)	246,931,130	185,344,856	Provisions	22	500,000	500,000
Investments held to maturity	10	102,346,120	(2,230,831)	100,115,289	77,280,239	Current tax liabilities	15	42,283	2,622,672
Non-current assets held for sale	11	36,682,061	(9,861,222)	26,820,839	30,155,694	Deferred tax liabilities	15	1,257,936	2,914,876
Investment properties	12	5,484,014	(1,232,542)	4,251,472	4,090,175	Other liabilities	23	6,448,626	12,652,589
Other tangible assets	13	6,465,871	(4,163,559)	2,302,312	1,999,426				
Intangible assets	14	2,023,243	(1,916,444)	106,799	125,939	**Total Liabilities**		**503,371,861**	**541,337,063**
Current tax assets	15	1,076,033	-	1,076,033	-	Capital	25	59,500,000	59,500,000
Deferred tax assets	15	8,733,906	-	8,733,906	7,663,338	Revalution reserves	26	3,554,051	9,943,074
Other assets	16	6,856,270	-	6,856,270	5,250,851	Other reserves and retained earnings	26	33,289,409	29,295,799
						Profit and loss for the year attributable to the Bank's shareholders	26	2,868,919	4,833,610
						Non-controlling interests	27	842,594	849,770
						Total Shareholders' Equity		**100,054,973**	**104,422,253**
Total Assets		**659,789,736**	**(56,362,902)**	**603,426,834**	**645,759,316**	**Total Liabilities and Shareholders' Equity**		**603,426,834**	**645,759,316**

The Notes are an integral part of these balance sheets.

Consolidated income statements for the years ended on 31 december 2015 and 2014

(Amounts in euros)

	Notes	2015	2014
Interest and similar income	28	18,264,619	20,313,739
Interest and similar charges	29	(6,013,384)	(7,736,534)
NET INTEREST INCOME		**12,251,235**	**12,577,205**
Income from services and commissions	30	2,172,514	2,428,837
Fees and commission expenses	31	(461,175)	(442,378)
Result of assets and liabilities assessed at fair value through profit and loss	32	499,672	2,733,653
Result of financial assets available for sale	33	6,699,568	5,995,636
Income from exchange revaluation	34	150,889	560,990
Income from sale of other assets	35	(3,011,059)	(939,963)
Other operating income	36	154,500	184,964
NET OPERATING REVENUE		**18,456,144**	**23,098,944**
Personnel costs	37	(5,396,517)	(5,067,881)
General administrative costs	38	(4,643,361)	(4,606,453)
Amortisations for the year	13 and 14	(455,811)	(705,949)
Impairment of loans, net of reversals and recoveries	22	(195,600)	(2,598,847)
Impairment of other financial assets, net of reversals and recoveries	22	(4,192,520)	(581,278)
Impairment of other assets, net of reversals and recoveries	22	(1,065,599)	(1,138,046)
INCOME BEFORE TAXES		**2,506,736**	**8,400,490**
Taxes			
Current	15	(1,110,249)	(2,968,267)
Deferred	15	1,465,256	(577,487)
		355,007	**(3,545,754)**
INCOME AFTER TAXES BEFORE NON-CONTROLLING INTERESTS		**2,861,743**	**4,854,736**
Net profit attributable to non-controlling interests	26	7,176	(21,126)
PROFIT AND LOSS FOR THE YEAR ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS		**2,868,919**	**4,833,6100**

The Notes are an integral part of these financial statements.

Consolidated comprehensive income statements the financial years ended on 31 december de 2015 and 2014

(Amounts in euros)

	2015	2014
Consolidated net income before non-controlling interests	**2,861,743**	**4,854,736**
Revaluation reserves of financial assets available for sale:		
Revaluation of financial assets available for sale	(3,460,387)	13,697,452
Impact on taxes	743,220	(3,108,245)
Transfer to results due to impairment	1,961,689	1,247,200
Impact on taxes	(441,380)	(305,564)
Transfer to results due to sale	(6,699,568)	(5,995,636)
Impact on taxes	1,507,403	1,468,931
Result not recognised in income statement	**(6,389,023)**	**7,004,138**
Comprehensive consolidated income before non-controlling interests	**(3,527,280)**	**11,858,874**
Minority interests	7,176	(21,126)
Consolidated comprehensive income	**(3,520,104)**	**11,837,748**

The Notes are an integral part of these financial statements.

Consolidated statement of changes in equity for the financial years ended on 31 december 2015 and 2014

(Amounts in euros)

		Revaluations reserves			Other reserves and retained earnings							
	Capital	Fair value reserves	Deferred taxes	Total	Legal reserve	Free reserve	Merger reserve	Retained earnings	Total	Net income for the year	Non-controlling interests	Total
Balances as at 31December 2013	59,500,000	3,966,307	(1,027,371)	2,938,936	1,740,163	9,012,951	574,221	(6,662,800)	4,664,535	24,631,263	1,043,072	92,777,806
Distribution of profit for 2013												
Transfer to retained earnings	-	-	-	-	-	-	-	24,631,263	24,631,263	(24,631,263)	-	-
Comprehensive income for 2014	-	8,949,016	(1,944,878)	7,004,138	-	-	-	-	-	4,833,610	21,126	11,858,874
Change in the % held by minority interests	-	-	-	-	-	-	-	-	-	-	(18,000)	(18,000)
Other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(196,428)	(196,428)
Balances as at 31 December 2014	59,500,000	12,915,323	(2,972,249)	9,943,074	1,740,163	9,012,951	574,221	17,968,463	29,295,798	4,833,610	849,770	104,422,253
Distribution of profit for 2014												
Transfer to retained earnings	-	-	-	-	1,788,965	-	-	3,044,645	4,833,610	(4,833,610)	-	-
Comprehensive income for 2015	-	(8,198,266)	1,809,243	(6,389,023)	-	-	-	-	-	2,868,919	(7,176)	(3,527,280)
Distribution of free reserves (Note 26)	-	-	-	-	-	(840,000)	-	-	(840,000)	-	-	(840,000)
Balances as at 31 December 2015	59,500,000	4,717,057	(1,163,006)	3,554,051	3,529,128	8,172,951	574,221	21,013,108	33,289,408	2,868,919	842,594	100,054,973

The Notes are an integral part of these balance sheets.

Consolidated cash flow statements for the financial years ended on 31 december 2015 and 2014

(Amounts in euros)

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Income from interest and commissions	17,559,275	22,471,661
Payment of interest and commissions	(7,921,677)	(7,895,257)
Payments to staff and suppliers	(9,890,000)	(9,976,651)
Income tax payable/receivable	(4,758,679)	787,752
Other payments related to the operating activity	335,692	776,257
Operating income before changes in operating assets	**(4,675,389)**	**6,163,762**
(Increases) / reductions in operating assets:		
Financial assets held for trading	14,644,288	(910,187)
Financial assets available for sale	110,003,657	(14,620,317)
Deposits at credit institutions	3,000,172	(3,400,352)
Loans and advances to customers	(60,960,949)	(12,009,445)
Investments held to maturity	(25,065,881)	(13,493,070)
Non-current assets held for sale	(1,964,941)	685,400
Other assets	(1,933,378)	759,402
	37,722,968	**(42,988,569)**
Increases / (reductions) in operating liabilities:		
Resources at central banks	(74,000,000)	(5,000,000)
Resources from other credit institutions	(984,398)	(2,918,594)
Resources from customers	58,605,529	44,120,030
Liabilities represented by securities	(9,264,570)	(7,123,295)
Other liabilities	(5,496,955)	5,096,745
	(31,140,394)	**34,174,886**
Cash net of operating activities	**1,907,185**	**(2,649,921)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase and sale of tangible and intangible assets	(739,556)	126,014
Cash net of investment activities	**(739,556)**	**126,014**
CASH FLOW FROM FINANCING ACTIVITIES:		
Distribution of reserves to shareholders (Note 26)	(840,000)	-
Cash net of financing activities	**(840,000)**	**-**
Net increase / (decrease) in cash and equivalents	327,629	(2,523,907)
Cash and equivalents at the start of the period	9,404,478	11,928,385
Cash and equivalents at the end of the period	9,732,107	9,404,478
	327,629	**(2,523,907)**

The Notes are an integral part of these financial statements.

5. Notes to the Financial Statements

1. INTRODUCTORY NOTE

Banco Invest, S.A. (Bank or Banco Invest) is a limited liability company with its registered office in Lisbon. The Bank was incorporated on 14 February 1997 under the name Banco Alves Ribeiro, S.A., and started trading on 11 March 1997. The incorporation of the Bank was authorised by the Bank of Portugal on 4 December 1996. The Bank changed its name to the current one on 16 September 2005.

The corporate object of the Bank is to undertake financial transactions and to provide related services with such latitude as the law allows. It is primarily engaged in the asset management, capital markets, and loan and development capital business.

The Bank has six branches, located in Lisbon, Oporto, Leiria and Braga.

The Bank holds all the share capital of Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (Invest Gestão de Activos). This company was incorporated on 11 February 1998 and its corporate object is the management of mutual funds on behalf of the participants.

The Bank undertook two credit securitisation operations:

- AR Finance 1 - undertaken in 2003, under which the Fundo de Titularização de Créditos AR Finance 1 (AR Finance FTC) and the AR Finance 1, plc, were set up, the latter a limited liability company headquartered in the Republic of Ireland;

- Invest Finance 1 – undertaken in 2008, under which the Fundo de Titularização de Créditos Invest Finance 1 Portugal (Invest Finance FTC) and the Invest Finance 1 Portugal BV were set up, the latter a limited liability company headquartered in Netherlands. As described in Note 9, this operation was completed in 2014.

In 2008, the Fundo Especial de Investimento Imobiliário Fechado Tejo (Fundo Tejo) was set up, managed by Invest Gestão de Activos, whose core business is the purchase of real estate for subsequent sale or rental.

In the financial year of 2013, Sociedade Saldanha Holdings Limited was acquired, being fully owned by the Bank. This Company, with registered office in Malta, was acquired to carry out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 BV, within the scope of the InvestFinance 1 credit securitisation operation. The acquisition of the VFN was made through Sociedade Saldanha Finance, also headquartered in Malta, and 99.9% owned by Saldanha Holdings Limited. The remaining share capital of Saldanha Finance (0.1%) is held directly by the Bank.

The consolidated financial statements as at 31 December 2015 were approved by the Board of Directors on 24 March 2016.

The financial statements of Banco Invest and the entities included in its consolidation perimeter as at 31 December 2015, await approval by the General Meeting. Banco Invest's Board of Directors believes, however, that the financial statements used in the preparation of the consolidated accounts will be approved without any significant changes.

2.2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements as at 31 December 2015 have been prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted in the European Union, under Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July, transposed into Portuguese law by Decree-Law no. 35/2005 of 17 February.

2.2. Consolidation principles

The consolidated financial statements include the accounts of Banco Invest and the entities it directly or indirectly controls (Note 3), including special purpose entities.

Under the requirements of IFRS 10, the Bank considers that it exercises control when it is exposed or holds rights to the variable returns generated by a specific entity (designated as a "subsidiary") and has the ability, through its power over and the ability to direct the relevant activities of the entity, to affect the amount of its returns (de facto power). The Bank includes in its perimeter of consolidation the special purpose entities created within the scope of the securitisation operations referred to above, since control is exercised over these entities.

The consolidation of the accounts of subsidiaries employed the full integration method, with significant transactions and balances between the companies in the consolidation being eliminated. In addition, consolidation adjustments have been made where applicable to ensure the consistent application of the Group's accounting criteria.

Third party shareholdings in subsidiaries are recorded in the "Non-controlling interests" item under shareholders' equity.

The consolidated profit is the aggregation of the net income of Banco Invest and its subsidiaries, in proportion to the effective shareholding, after consolidation adjustments, that is, the elimination of dividends received and gains or losses arising from transactions between companies included in the consolidation.

2.3. Conversion of foreign currency balances and transactions

The Group's accounts are prepared in accordance with the currency used in the primary economic environment in which it operates (termed "operating currency"), namely the Euro.

Transactions in foreign currency are recorded based on exchange rates on the date of the transaction. Assets and liabilities expressed in foreign currency are converted into euros at the exchange rate displayed in each balance sheet date.

Exchange rate differences arising from currency conversion are shown in the profit/loss for the year, except where they arise from non-monetary financial instruments, such as equities, classified as available for sale, which are recorded under shareholders' equity until they are sold.

2.4. Financial instruments

a) Financial assets

Financial assets are recorded on the date of acquisition at their fair value, plus costs directly attributable to the transaction. On first entry, these assets are classified in one of the following categories, established in IAS 39 - Financial instruments: recognition and measurement.

i) Financial assets at fair value through profit and loss

This category includes financial assets held for trading, which basically include securities acquired in order to make a profit from short term price fluctuations. This category also includes derivatives, excluding those which meet the hedge accounting requirements.

Financial assets in this category are recorded at fair value, and gains and losses arising from their subsequent valuation are shown in profit and loss for the year in the items of "Result of assets and liabilities assessed at fair value through profit and loss". Interest is shown in the appropriate items of "Interest and similar earnings".

ii) Loans and receivables

These are financial assets with fixed or determinable payments, not quoted on an asset market and not included in any other financial asset category. This category includes loans to Group customers, receivables from other credit institutions and receivables through provision of services or sale of goods, which are recorded in "Other assets".

In addition, this item includes securities from the items "Financial assets held for trading" and "Financial assets available for sale" that were reclassified in 2008, following the application of the Amendment to IAS 39 (Note 41). These assets were transferred by their fair value, calculated with reference to 1 July 2008.

When first recognised, these assets are recorded at fair value, less any commissions included in the effective rate, and plus all incremental costs directly attributable to the transaction. These assets are subsequently recognised on the balance sheet at amortised cost, less any impairment losses.

Recognition of interest

Interest is recognised based on the effective rate method which allows the calculation of the amortised cost and spreading the interest over the operating period. The effective rate is that which, when used to discount estimated future cash flows associated with the financial instrument, allows its actual value to be matched to the value of the financial instrument on the date of its first recognition.

iii) Financial assets available for sale

This category includes variable and fixed yield securities not classified as assets at fair value through profit and loss, including stable financial shareholdings, as well as other financial instruments recorded here in the first recognition and which are not accommodated in the other categories established in IAS Standard 39, described above.

Financial assets available for sale are measured at fair value, apart from equity instruments not quoted on an asset market, whose fair value cannot be measured reliably, which remain carried at cost. Gains or losses from revaluation are recorded directly in shareholders' equity, under "Fair value reserve". Once sold, or if impairment is determined, the accumulated changes in fair value are transferred to income or cost for the year.

Dividends from equity instruments classified in this category are carried as income in the profit and loss account when the Bank's right of receipt has been established.

iv) Investments held to maturity

Investments held to maturity are fixed yield investments whose interest rate is known when it is issued and whose repayment date is established, with the Bank being able and intending to keep them until reimbursement.

When first recognised, these assets are carried at acquisition cost, less any commissions included in the effective rate, and plus all incremental costs directly attributable to the transaction. These assets are subsequently recognised on the balance sheet at amortised cost, less any impairment losses.

Any sale of assets that are classified as held to maturity implies the change of classification of the entire class, except for sales that are isolated, non-recurrent and take place under circumstances beyond the entity's control that could not have been reasonably anticipated.

An entity shall not classify, once again, any financial assets as held to maturity if the entity has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity instruments before maturity, other than sales or reclassifications that:

- are so close to the maturity or early repayment date that changes in interest rates would not have a significant impact on the financial asset's fair value;
- occur after the entity has collected substantially all of the financial asset's nominal amount; or.
- are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

This category includes a set of financial assets from the items "Financial assets held for trading" and "Financial assets available for sale" that were reclassified following the application of the Amendment to IAS 39 (Note 41). These assets were recorded at fair value with reference to 1 July 2008 and, subsequently, are valued at amortised cost, minus possible impairment losses.

Fair Value

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

The fair value of a financial instrument corresponds to the amount by which a financial asset or liability can be sold or settled between independent, informed parties interested in concluding the transaction under normal market conditions.

The fair value of financial instruments is determined according to the following criteria:

- Closing price on the balance sheet date, for instruments transacted on asset markets;
- Prices supplied by independent entities (bid prices), divulged through the financial information media, viz. Bloomberg, including market prices available in recent transactions and the Bloomberg Generic index;
- Prices generated by internal valuation methods, which take market information that would be used to set a price for the financial instrument into account, reflecting market interest rates and volatility, as well as the liquidity and credit risk associated with the instrument..

Reclassification of financial assets

After the entry into force of the amendment to IAS 39 on 13 October 2008, it became possible for the Bank to reclassify some financial assets classified as Financial assets held for trading or available for sale into other categories of financial assets. This reclassification may only be carried out under exceptional situations, of which the situation at the end of 2008, where the markets were characterised by a significant lack of liquidity, was an example.

The reclassification into the investments held to maturity and loans and receivables categories is only possible if the Bank has the ability and intent to hold the assets to their maturity or in the foreseeable future, respectively. The transfer into the loans and receivables category is only allowed if the asset has fulfilled the requirements for classification in this category at initial recognition (among others, that is not be traded in an active market).

In the reclassification of assets classified as Financial assets held for trading into another category, the respective gains and losses of the assets previously recorded in profit and loss are not changed. The fair value at the reclassification date becomes the deemed cost of the financial asset.

Following the reclassification of assets classified as Financial assets held for trading into the categories of held to maturity and loans and receivables, the same are now measured at amortised cost. Their fair value at the reclassification date becomes their new amortised cost.

With the amendment to IAS 39, it is also possible for financial assets classified as available for sale to be reclassified into the investments held to maturity and loans and receivables categories. In these cases, the previous accumulated gains and losses of the reclassified assets are maintained in the fair value reserve, being reclassified for profit and loss: (i) according to the effective rate method, in the case of financial assets with a set maturity, or (ii) at the moment the assets are sold or when an impairment loss associated with those assets is recorded. The fair value at the reclassification date becomes the new amortised cost of the assets.

b) Financial liabilities

Financial liabilities are recorded on the date of acquisition at their fair value, less costs directly attributable to the transaction. Liabilities are classified in the following categories:

i) Financial liabilities held for trading

Financial liabilities held for trading are those derivatives with negative revaluation, which are shown at fair value.

ii) Other financial liabilities

This category includes central bank resources, those of other credit institutions and of customers, liabilities represented by securities and liabilities incurred to pay for services rendered.

These financial liabilities are valued at amortised cost.

c) Derivatives

The Bank carries out derivative transactions as part of its business with a view to satisfying the needs of its customers and to reduce its exposure to prices, foreign exchange and interest rate fluctuations.

Derivatives are recorded at fair value on the date of acquisition. Furthermore, they are shown in off-balance sheet items for their notional value.

They are measured at their fair value. Fair value is calculated:
- Based on prices in asset markets (e.g. relating to the futures traded on organised markets);

- Based on models that incorporate valuation techniques accepted on the market, including discounted cash flows and option valuation models.

Embedded derivatives

Derivatives embedded in other financial instruments are separated from the basic contract and treated as autonomous derivatives under IAS Standard 39, whenever:
- The economic characteristics and risks of the embedded derivative are not closely related to the underlying contract, as defined in IAS 39; and
- The combined financial instrument as a whole is not carried at fair value, with changes in the fair value shown in the profit and loss.

Trading derivatives

Derivatives for trading are those derivatives that are not associated with effective hedge relations, under IAS 39, including:
- Derivatives acquired to hedge risk in assets or liabilities recorded at fair value through profit and loss, rendering the use of hedge accounting unnecessary;
- Derivatives acquired to hedge risk that are not effective hedges under IAS 39;
- Derivatives acquired for trading purposes.

Trading derivatives are recorded at fair value, and gains and losses calculated daily are recognised in profit and loss for the year in the items of “Income from assets and liabilities assessed at fair value through profit and loss”. Upward and downward revaluations are recorded under the items “Financial assets at fair value through profit and loss” and “Financial liabilities at fair value through profit and loss”, respectively.

d) Impairment of financial assets

The Group carries out periodic impairment analyses of its financial assets carried at amortised cost, namely investments in credit institutions, loans and advances to customers, investments held to maturity and assets recorded at fair value, namely financial assets available for sale.

Identifying signs of impairment is done on an individual basis, according to the nature of the assets:

Loans and advances to customers

Identifying signs of impairment is done on an individual basis for the financial assets where there is a significant amount of exposure and on a collective basis where similar assets whose debit balances are not individually relevant.

Under IAS Standard 39, the following events are regarded as being signs of impairment in financial assets carried at amortised cost:
- Non-fulfilment of contract, such as arrears in payment of interest or capital;
- Occurrence of default in the financial system;
- Existence of current operations arising from loan restructuring or ongoing negotiations for loan restructuring;
- Difficulties at the level of shareholders and management capacity, especially in relation to the exit of reference shareholders or top management and shareholder disagreement;
- Significant financial difficulties of the debtor or debt issuer;

- Debtor or debt issuer highly likely to declare bankruptcy;
- Debtor's loss of competitive position;
- Historic behaviour of collections suggesting that the nominal value will not be fully recoverable.

Whenever signs of impairment are identified in assets analysed individually, any loss through impairment corresponds to the difference between the current value of expected receivable future cash flows (recoverable amount), discounted based on the original effective interest rate of the asset, and the amount entered on the balance sheet at the time of the analysis.

Assets that do not undergo a specific analysis are included in a collective impairment analysis, and are thus classified in homogeneous groups with similar risk characteristics (that is, based on the characteristics of the counterparties and the type of credit). Future cash flows are calculated based on historic information relating to default and recovery of assets with similar characteristics.

In addition, assets assessed individually, for which no objective signs of impairment are found, are also subject to collective impairment assessment, under the terms described in the preceding paragraph.

Impairment losses calculated in a collective analysis incorporate the temporal effect of the discount of the estimated receivable cash flows in each operation for the balance sheet date.

The amount calculated for impairment is recognised in costs, in the item "Loan impairment, net of reversals and recoveries", and is shown on the balance sheet separately as a deduction from the amount of the credit to which it relates.

Debt instruments

With reference to debt instruments, the Bank defined the following events as possible impairment signs:
- Price (or valuation through internal models) less than 70% of the nominal value;
- Rating below BBB-, in other words, Non-investment grade;
- Significant deterioration of the underlying assets in issues of Asset-backed Securities (ABS) without rating whenever they are valued through internal models, namely:
    - Increase in delinquencies;
    - Reduction of expected recover value;
    - Decrease in credit enhancement by more than 5 percentage points.

Impairment must be recorded whenever at least one of the following situations occurs:
- Evident financial difficulty of the issuer when one of the following events takes place:
- Rating notation equal to or below CC at S&P and Fitch and Ca at Moody's.
- Due to their particular nature, subordinated debt securities, preferential shares, or others, in which the suspension of interest or payments occurs, according to the terms and conditions of the issue, are excluded;
- Debt restructuring or novation;
- Non-fulfilment of any obligation contractually defined in the loan contract;
- Reduction of the credit enhancement by more than 50 percentage points, of the tranche held in ABS issues, when it comes to the second last tranche.

The Bank may also determine the existence of impairment in other situations, in the case of obtaining strong impairment signs from the issuer, and provided they are duly documented.

Equity instruments

There is impairment in equity instruments when some of the following events occur:
- Price (or valuation through internal models) less than 50% of the purchase value;
- Situations in which the fair value of the equity instrument remains below the respective acquisition cost over a period of more than 24 months;
- Nationalisation of the company;
- Bankruptcy process.

For equity instruments the following criteria for identification of securities with impairment signs were also defined:
- Fair value of less than 60% of the purchase value;
- Stop being listed on a Stock Exchange;
- Existence of a public takeover bid at less than the purchase price;
- Suspension of redemption of investment units;
- Existence of accounting fraud;
- Share capital decrease.

For securities with impairment signs, the Bank constitutes impairment when the Bank's Investment Committee (CIB), after analysing the securities with impairment signs, concludes that its recording is necessary.

Financial assets at amortised cost

Whenever impairment signs are identified in assets analysed individually, the possible impairment loss corresponds to the difference between the value recorded on the balance sheet at the moment of analysis and the present value of the expected future cash flows (recoverable value), discounted based on the original effective interest rate of the asset.

Financial assets available for sale

As mentioned in Note 2.4. a), financial assets available for sale are recorded at fair value, with changes in fair value recognised directly under shareholders' equity, in the item "Fair value reserve".

Whenever there is objective evidence of impairment, the accumulated losses that have been recognised in Fair value reserve are transferred to costs in the year as impairment losses.

Impairment losses in equity instruments cannot be reversed, and so any potential gains arising after the recognition of impairment losses are shown under Fair value reserve until the asset is sold.

With respect to financial assets recorded at cost, that is, non-listed equity instruments, whose fair value cannot be reliably measured, the Group also conducts periodic impairment analyses. In this case, the recoverable amount corresponds to the best estimate of the asset's future receivable flows, discounted at a rate that adequately reflects the risk associated to holding it.

The amount of the impairment loss calculated is recognised directly in profit and loss for the year. Impairment losses in these assets cannot be reversed.

2.5. Non-current assets held for sale

Non-current assets, or groups of assets and liabilities to be sold, are classified as held for sale whenever it is likely that their balance sheet value may be recovered by selling rather than by their continued use. The following requirements must be met so that an asset (or group of assets and liabilities) can be classified under this item:
- High probability of sale;
- The asset is available for immediate sale in its current state at a reasonable price relative to its current fair value;
- The sale is expected to take place within one year of classifying the asset in this item.

In those cases in which the asset is not sold within a year, the Bank assesses if the requisites continue to be fulfilled, namely the sale did not occur for reasons unconnected with the Bank, which undertook all the actions necessary for the sale to take place and that the asset continues to be actively publicised and at reasonable sales prices according to market circumstances.

Assets recorded under this item are valued at acquisition cost or fair value, whichever is lower, less the costs incurred by the sale. The fair value of these assets is calculated based on assessment by independent experts, and the assets are not amortised.

2.6. Investment Properties

Correspond to real estate held with the objective of obtaining income through rental and/or its increase in value.

Investment properties are recorded at acquisition cost, less accumulated amortisation and impairment losses.

2.7. Other tangible assets

These are recorded at acquisition cost, less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs and other expenses associated with their use are recognised as costs for the year, under the item "General administrative costs".

Amortisation is calculated according to the straight-line method and recorded in costs in the year on a systematic basis over the estimated useful life of the asset, which corresponds to the period during which the asset is expected to be available for use, which is:

	Years of useful life
Premises	50
Leasehold expenses	10
Furniture and materials	8 - 10
Machines and tools	5 - 8
IT equipment	3
Fixtures and fittings	5 - 10
Vehicles	4
Safety equipment	8 - 10

Land is not amortised.

Whenever the net accounting amount of tangible assets is greater than its recoverable value, under the terms of IAS 36 – "Impairment of assets", it is recognised as an impairment loss with effect on the profit and loss for the year. Impairment losses can be reversed, also with effect on the profit and loss for the period, if there is an increase in the recoverable amount of the asset in subsequent periods.

2.8. Financial leasing

Financial leasing operations are recorded as follows:

As lessor

Assets under finance leases are carried in the balance sheet as loans and advances to customers, and are repayable through amortisation of the capital as established in the financial plan of the contracts. The interest included in the instalments is recorded as financial gains.

As lessee

The Bank did not carry out any financial leasing transactions as a lessee.

2.9. Intangible assets

This item essentially includes costs incurred with the acquisition, development or preparation for use of software used in the Bank's business operations. Intangible assets are recorded at acquisition cost, less accumulated amortisation and impairment losses.

Amortisation is recorded as costs in the year on a systematic basis over the estimated useful life of the asset, which corresponds to a period of 3 years.

Software maintenance costs are accounted as a cost in the year in which they are incurred.

2.10. Income taxes

Alves Ribeiro – Investimentos Financeiros, SGPS, S.A., holds 99.26% of the Bank's share capital, and the latter is subject to corporate income tax (IRC) under the Special Taxation of Groups of Companies Scheme, as provided for in Articles 63 et seq. of the respective tax code. The perimeter of the group covered by said tax scheme includes the following companies:

- Alves Ribeiro – Investimentos Financeiros, SGPS, S.A.;
- Banco Invest, S.A.;
- Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.; and
- US - Gestar – Gestão de Imóveis, S.A..

The taxable income of the Group of which Alves Ribeiro – Investimentos Financeiros, SGPS, S.A. is the controlling company is calculated on the basis of the algebraic sum of the taxable profits and of the tax losses determined individually, taxed at a 21% rate. According to Article 14 of the Local Finances Law, the municipalities may deliberate an annual Municipal Surcharge, up to a maximum rate of 1.5% of taxable income subject and not exempt from corporate income tax (IRC).

In addition, taxable profits are subject to a state surcharge as follows:

- 3% for taxable profits between 1,500,000 and 7,500,000 euros;
- 5% for taxable profits between 7,500,000 and 35,000,000 euros;
- 7% for taxable profits of more than 35,000,000 euros.

Under article 51 and 51-C of the Corporate Income Tax Code (in the version in force until the financial year of 2015), distributed profits and reserves, as well as the capital gains and losses realised by the Bank through the sale of participations held in the share capital of companies, are not included in taxable profit, provided that the following cumulative requirements are met: (i) the Bank has holdings of not less than 5% of the share capital or of the voting rights in the entity that distributes profits, or in the entity whose participations held in the share capital of companies was sold, and provided the participation was held for a period of no less than 24 months (or, in the case of dividends, if held for a shorter period, that it be held for the time necessary to complete that period); (ii) the taxable person does not fall under the fiscal transparency scheme; (iii) the entity that distributes the profits or reserves, or whose capital is sold, is subject to and not exempt from corporate income tax (IRC), from a tax referred to in article 2 of Directive no. 2011/96/EU, of the Council, of 30 November, or from a tax of an identical or similar nature to corporate income tax and the applicable legal rate is not less than 60% of the corporate income tax rate; (iv) the entity that distributes profits or reserves, or the entity whose participations held in the share capital of companies were sold, do not reside in a tax haven.

Total taxes on the profits recorded include current and deferred taxes.

Current tax corresponds to the value payable based on the taxable profits for the year. Taxable profits differ from the accounting result, since it excludes various costs and income that will only be deductible or taxable in subsequent financial years, as well as costs and income that will never be deductible or taxable according to the tax laws in force.

Deferred tax is related to the temporary differences between the amounts of the assets and liabilities for accounting reporting purposes and the respective amounts for taxation purposes, as well as results from tax benefits obtained and from differences between the taxable and the accounting result.

Deferred tax liabilities are generally recognised for all temporary taxable differences in the future.

As set out in the accounting standards, deferred tax assets are recognised for deductible temporary differences, conditioned by the existence of reasonable expectations of sufficient future taxable profits for those deferred tax assets to be used. At each reporting date, those deferred tax assets are reviewed and adjusted in accordance with the expectations relative to their future use.

The main situations for the Bank that give rise to temporary differences are impairments and provisions not accepted for tax purposes and increases in value of financial assets available for sale.

Deferred tax assets and liabilities are measured by using the tax rates that are expected to be in force at the date of the reversion of the corresponding temporary differences, based on the tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date. As at 31 December 2015and 2014, the Bank used a rate of 25.5% and 22.5%, respectively, to calculate the deferred taxes.

Corporate income tax (current or deferred) is shown in the profit and loss for the year, except where the transactions giving rise to it have been carried in other shareholders' equity items (in the case of revaluation of financial assets available for sale, for example). Here, the corresponding tax is also carried against shareholders' equity, and does not affect net income for the year.

2.11. Provisions and contingent liabilities

A provision is set up when there is a legal or constructive obligation, resulting from past events where it is likely that resources will be disbursed in the future, and this can be reliably established. The amount of the provision should match the best estimate of the amount to be disbursed to settle the liability on the balance sheet date.

If no future disbursement of resources is likely, then it is a contingent liability. Contingent liabilities are disclosed, unless the possibility of their occurrence is remote.

Provisions for other risks and liabilities are intended to cope with tax, legal and other contingencies.

2.12. Employees' benefits

Liabilities with employees' benefits are recognised in accordance with the principles established by IAS 19 - Employee Benefits.

The Bank has not subscribed to the Collective Bargaining Agreement in effect for the banking industry since its staff is covered by the General Social Security Scheme. For this reason, the Bank had no liabilities for pensions or retirement pension supplements or other long-term benefits in respect of its employees as at 31 December 2015 and 2014.

Short-term benefits, including productivity bonuses paid to staff for their performance, are recorded in "Personnel costs" in the year to which they relate, in accordance with the accruals principle.

2.13. Commissions

Commissions received for credit operations and other financial instruments, especially commissions on the origination of transactions, are recognised as earnings over the transaction period.

Commissions for services provided are usually recognised as earnings over the period the service is provided or on a one-off basis, if they arise from single acts.

2.14. Amounts deposited

Amounts deposited, namely customers' securities, are recorded at fair value in off-balance sheet items.

2.15. Cash and equivalents

For the preparation of the cash flow statements, the Bank considers all the items of "Cash and balances at central banks" and "Balances in other credit institutions" as "Cash and equivalents".

2.16. Critical accounting estimates and issues of judgment most relevant to the application of the accounting policies

The Bank and its subsidiaries' Boards of Directors have had to provide some estimates in the application of the accounting criteria described above. The estimates with the biggest impact on the Bank's consolidated financial statements are listed below.

VALUATION OF FINANCIAL INSTRUMENTS NOT TRADED ON ASSET MARKETS

Under IAS Standard 39, the Bank values all the financial instruments at fair value, apart from those carried at amortised cost. The valuation models and techniques described in Note 2.4 are used in the valuation of financial instruments not traded on liquid markets. The valuations obtained correspond to the best fair value estimate of these instruments on the balance sheet date. As mentioned in Note 2.4., the valuation of these financial instruments is determined by means of quotes supplied by independent bodies and prices obtained through in-house valuation models.

CALCULATION OF INCOME TAX

Current and deferred taxes are determined by the Bank using the rules established by the tax regulations in force. In certain situations the tax law may not be sufficiently clear and objective, and more than one interpretation may arise. In such situations, the amounts recorded are the outcome of the best judgment of the Bank's administrative bodies regarding the correct context for its operations, which may be questioned by the tax authorities.

CALCULATION OF IMPAIRMENT LOSSES IN FINANCIAL ASSETS

Impairment losses in loans granted are calculated in accordance with the method defined in Note 2.4. d). The calculation of impairment in individually analysed assets results from a specific assessment carried out by Banco Invest, using its knowledge of customers' circumstances and the guarantees associated with the operations in question.

Impairment by collective analysis is calculated using historic parameters found for comparable operations, taking into account default of deposit and recovery.

Banco Invest believes that impairment calculated based on this method is a prudent and adequate reflection of the risk associated with its portfolio of credit extended, bearing in mind the rules established by IAS 39.

The Bank carries out periodic impairment analyses of the securities recorded in the items "Loans and advances to customers", "Investments held to maturity" and "Financial assets available for sale". The impairment analysis is carried out on an individual basis, through the identification of events that constitute impairment signs and, when applicable, the calculation of impairment to be recorded (Note 2.4 d)).

2.17. Adoption of new Standards (IAS/IFRS) or review of Standards already issued

In 2015 the Bank adopted in the preparation of its financial statements the standards, interpretations, amendments and reviews issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), respectively, provided they have been endorsed by the European Union, applicable to financial years beginning on or after 1 January 2015. The most significant amendments were the following:

Standard / Interpretation	Applicable to financial years beginning on or after	
IFRIC 21 – Levies	17/06/2014	Establishes the conditions as to the timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange.
Amendment to IFRS 3 - Business combinations (including improvements to international financial reporting standards - 2011 - 2013 cycle)	01/01/2015	Clarifies that IFRS 3 excludes from its scope of application the realization of a joint arrangement on the financial statements of the joint arrangement itself.
Amendment to IFRS 13 – Fair value measurement (includes improvements to international financial reporting standards - 2011 - 2013 cycle)	01/01/2015	Clarifies that the exception of the application of the standard to financial assets and liabilities with offsetting positions extends to all contracts under IAS 39, independently of their compliance with the definition of financial asset or liability of IAS 32.
Amendment to IAS 40 – Investment properties (included in improvements to international financial statement standards – 2011- 2013 cycle)	01/01/2015	Clarifies that it is necessary to apply value judgement to determine if the acquisition of an investment property is the acquisition of an asset or a business combination covered by IFRS 3.

There were no significant impacts on the consolidated financial statements of the Bank for the financial year ended on 31 December 2015, arising from the adoption of the standards, interpretations, amendments and reviews mentioned above.

New, amended or revised standards and interpretations not adopted

The following standards, interpretations, amendments and reviews, of mandatory application in future financial years, have, up to the date of approval of these financial statements, been endorsed by the European:

Standard / Interpretation	Applicable to financial years beginning on or after	
Amendment to IAS 19 – Employee benefits – Employee contribution	01/02/2015	Clarifies under which circumstances employees' contributions to postemployment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	01/02/2015	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payment: definition of the vesting condition; IFRS 3 – Business combinations: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the judgment applied to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Related Parties disclosures: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value measurement: clarification relating to the measurement of short term receivables or payables.
Improvements to international financial statement standards (2012-2014 cycle)	01/01/2016	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operations units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Arrangements – Recording of acquisitions of interests in joint arrangements	01/01/2016	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.

Standard / Interpretation	Applicable to financial years beginning on or after	
Amendment to IAS 1 – Presentation of Financial Statements - "Disclosure initiative"	01-Jan-16	This amendment clarifies some aspects relating to the disclosure initiative, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial reporting; (iv) the part of other comprehensive income resulting from the application of the equity method in associates and joint arrangements must be presented separately from the remaining elements of other comprehensive income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following order: - a declaration of compliance with the IFRS's in the first section of the notes; - a description of the significant accounting policies in the second section; - supporting information for the items on the financial statements in the third section; and - other information in the fourth section.
Amendment to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	01-Jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the economic benefits is significantly related to the income generated.
Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Bearer plants	01-Jan-16	This amendment excludes the plants that bear fruit or other components intended for harvesting and/or removal of the scope of application of IAS 41, with the latter now being covered by IAS 16.
Amendment to IAS 27 – Application of the equity method on separate financial statements	01-Jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint arrangements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectivel.

These standards, in spite of approved ("endorsed") by the European Union, were not adopted by the Bank in the financial year ended on 31 December 2015, since its application is not yet mandatory. No significant impacts on the financial statements are expected as a result of their adoption.

The following standards, interpretations, amendments and reviews, of mandatory application in future financial years, have not, up to the date of approval of these financial statements, been endorsed by the European Union:

Standard / Interpretation	
IFRS 9 – Financial Instruments (2009) and subsequent amendments	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules. This standard is of mandatory application for years beginning on or after 1 January 2018.
IFRS 14 – Regulatory Assets	This standard establishes the reporting requirements for entities that adopt IFRS, applicable to regulatory assets, for the first time.
IFRS 15 – Revenue from Contracts with customers	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Customer loyalty programmes; IFRIC 15 – Agreements for the constructing of real estate; IFRIC 18 – Transfer of assets from costumers and SIC 31 – Revenue – Barter transactions involving advertising services. This standard is of mandatory application for years beginning on or after 1 January 2018.
IFRS 16 – Leases	This standard introduces the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of interests in Other Entities and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments clarify several aspects relating to the application of the exception consolidation by investment entities.
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the joint arrangement.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Bank in the financial year ended on 31 December 2015.

3. GROUP COMPANIES

The main information on the business of the Bank's subsidiaries, as well as the consolidation method employed, may be summed up as follows:

Company	Business	Registered office	Shareholding (%)	Consolidation method
Banco Invest, S.A.	Bank	Lisbon	n.a.	n.a.
Invest Gestão de Ativos - SGFIM, S.A.	Management of Inv. Funds	Lisbon	100%	Full
Fundo de Titularização de Créditos AR Finance 1 Fundo	Credit securitisation fund	Lisbon	n.a.	Full
AR Finance 1, plc	Debt issue	Ireland	n.a.	Full
Fundo Tejo	Purchase and sale real estate	Lisbon	86,5%	Full
Saldanha Holdings	Financial company	Malta	100%	Full
Saldanha Finance	Financial company	Malta	100%	Full

As at 31 December 2015 and 2014, the more significant financial highlights of the respective individual financial statements can be summed up as follows:

	2015			2014		
Company	Net assets	Net equity	Net income	Net assets	Net equity	Net income
Banco Invest, S.A.	603,254,840	77,251,363	7,736,363	646,056,466	76,526,421	17,389,650
Invest Gestão de Ativos - SGFIM, S.A.	2,038,005	2,002,208	119,033	1,923,887	1,883,176	114,437
Fundo de Titularização de Créditos AR Finance 1 Fundo	15,330,840	14,603,811	121,612	20,035,962	18,404,743	(2,802,191)
AR Finance 1, plc	17,592,882	(8,733,309)	245,635	22,019,622	(8,978,944)	(9,017,044)
Fundo Tejo	6,729,874	6,635,192	(1,307,035)	8,281,992	7,942,227	156,330
Saldanha Holdings	174,503	151,594	(40,037)	17,341	(30,161)	16,968,339
Saldanha Finance	10,321,126	10,287,083	(46,975)	17,566,973	17,561,391	34,559,891

In March 2014, the InvestFinance 1 credit securitisation operation was paid. Under the terms of the management regulations of Invest Finance FTC, the Bank reacquired the credits at their nominal value.

4. REPORT BY OPERATING SEGMENT

The Group adopted the following operating segments:

- Commercial – Loans and advances to customers
- Markets – Other areas, which include:
  Financial markets, brokerage, discretionary customers' portfolio management and custody of securities.

In 2015 and 2014, the distribution of income and the main balance sheet items by operating segment is as follows:

	2015		
	Commercial	Markets	Total
Net interest income	9,800,988	2,450,247	12,251,235
Income from services and commissions	1,711,339	-	1,711,339
Result of assets and liabilities assessed at fair value through profit and loss	-	499,672	499,672
Result of financial assets available for sale	-	6,699,568	6,699,568
Other operating income and other	(2,856,559)	150,889	(2,705,670)
Net operating income	**8,655,768**	**9,800,376**	**18,456,144**
Personnel costs and general administrative costs (1)	(7,529,908)	(2,509,970)	(10,039,878)
Amortisation in the year (1)	(341,858)	(113,953)	(455,811)
Provisions and impairment	(1,511,016)	(3,942,703)	(5,453,719)
Income before taxes	**(727,014)**	**3,233,750**	**2,506,736**
Taxes	1,465,256	(1,110,249)	355,007
Net income after taxes and before minority interests	**738,242**	**2,123,501**	**2,861,743**
Income attributable to minority interests	-	7,176	7,176
Net income for the year	**738,242**	**2,130,677**	**2,868,919**
Financial assets held for trading	-	44,699,490	44,699,490
Financial assets available for sale	-	151,401,007	151,401,007
Loans and advances to customers	136,812,531	110,118,599	246,931,130
Investments held to maturity	-	100,115,289	100,115,289
Resources from central banks	-	141,006,232	141,006,232
Resources from other credit institutions	-	1,486,255	1,486,255
Resources from customers and other loans	-	336,726,029	336,726,029
Liabilities represented by securities	15,598,038	-	15,598,0388

'(1) These items are allocated to each segment according to the cost accounting information available at the Bank.

	2014		
	Commercial	Markets	Total
Net interest income	10,061,764	2,515,441	12,577,205
Income from services and commissions	1,986,459	-	1,986,459
Result of assets and liabilities assessed at fair value through profit and loss	-	2,733,653	2,733,653
Result of financial assets available for sale	-	5,995,636	5,995,636
Other operating income and other	(754,999)	560,990	(194,009)
Net operating income	**11,293,224**	**11,805,720**	**23,098,944**
Personnel costs and general administrative costs (1)	(7,255,751)	(2,418,583)	(9,674,334)
Amortisation in the year (1)	(529,462)	(176,487)	(705,949)
Provisions and impairment	(3,736,893)	(581,278)	(4,318,171)
Income before taxes	**(228,882)**	**8,629,372**	**8,400,490**
Taxes	(577,487)	(2,968,267)	(3,545,754)
Net income after taxes and before minority interests	**(806,369)**	**5,661,105**	**4,854,736**
Income attributable to minority interests	-	(21,126)	(21,126)
Net income for the year	**(806,369)**	**5,639,979**	**4,833,610**
Financial assets held for trading	-	58,988,160	58,988,160
Financial assets available for sale	-	262,055,808	262,055,808
Loans and advances to customers	153,659,812	31,685,044	185,344,856
Investments held to maturity	-	77,280,239	77,280,239
Resources from central banks	-	216,704,549	216,704,549
Resources from other credit institutions	-	2,470,654	2,470,654
Resources from customers and other loans	-	278,120,500	278,120,500
Liabilities represented by securities	24,857,667	-	24,857,667

‘(1) These items are allocated to each segment according to the cost accounting information available at the Bank.

All the operations of the Group are carried out in Portugal.

5. CASH AND BALANCES AT CENTRAL BANKS

This item was made up as follows:

	2015	2014
Cash in hand	391,764	412,415
Sight Deposits at the Bank of Portugal	3,478,016	1,824,051
	3,869,780	**2,236,466**

Sight deposits at the Bank of Portugal aim to comply with the minimum cash reserve requirements of the European System of Central Banks (ESCB). These deposits bear interest and correspond to 2% of Customers’ deposits and debt securities maturing in up to 2 years, excluding deposits and debt securities of entities subject to the ECBS minimum cash reserves regime.

6. AMOUNTS AND DEPOSITS AT OTHER CREDIT INSTITUTIONS

These items were made up as follows:

	2015	2014
Amounts at other credit institutions		
Sight deposits		
- In Portugal	1,716,734	1,913,741
- Abroad	4,145,593	5,254,271
	5,862,327	**7,168,012**
Deposits at credit institutions:		
- Credit institutions in Portugal	400,000	3,400,000
Interest receivable	180	352
	400,180	**3,400,352**

As at 31 December 2015 and 2014, the times to maturity of deposits at credit institutions were as follows:

	2015	2014
Up to three months	-	3,000,000
Three months to one year	400,000	400,000
	400,000	**3,400,000**

As at 31 December 2015 and 2014, placements with credit institutions abroad include 2,580,040 and 2,271,242 euros, respectively, in respect of the balance of the Cash reserve account kept by AR Finance 1, plc, with the Bank of New York Mellon, to secure payment of the principal and interest of the Class A & B Floating Rate Notes issued within the scope of the credit securitisation operation undertaken by the Bank (Notes 9 and 21).

7. FINANCIAL ASSETS HELD FOR TRADING

This item was made up as follows:

	2015	2014
Debt instruments		
Other residents		
- Commercial paper	-	13,694,143
- Credit institutions	-	4,164,160
- Other national public issuers	-	50,023
- Companies	50,335	20,200
Non-residents		
- Credit institutions	26,573,595	24,241,232
- Companies	9,021,740	7,677,089
- Foreign public issuers	1,461,468	2,219,110
	37,107,138	**52,065,957**
Interest receivable	221,109	309,202
	37,328,247	**52,375,159**
Equity instruments		
Residents		
- Shares	57,082	1,194,224
Non-residents		
- Shares	5,416,195	3,044,983
- Fund units	6,767	8,643
	5,480,044	**4,247,850**
Derivatives		
Swaps		
- Interest rate	232,450	103,245
- Other	1,406,044	1,439,970
Options	252,705	821,936
	1,891,199	**2,365,151**
	44,699,490	**58,988,160**

As at 31 December 2015 and 2014, the nominal value of the debt instruments is as follows:

	2015	2014
Other residents		
- Commercial paper	-	13,750,000
- Credit institutions	-	5,020,000
- Other public issuers	-	50,000
- Companies	50,000	-
Non-residents		
- Credit institutions	28,100,000	25,000,000
- Companies	9,530,982	7,900,982
- Foreign public issuers	1,450,000	2,000,000
	39,130,982	**53,720,982**

As at 31 December 2015 and 2014, the transactions with derivatives were valued in accordance with the criteria in Note 2.4. On these dates, the breakdown of the notional amount and book value was as follows:

	2015			
	Notional amount	Book value		
	Trading derivatives	Assets held for trading	Liabilities held for trading	Total
			(Note 18)	
Derivatives				
Over the counter (OTC)				
- *Swaps*				
Interest rate	133,582,383	232,450	(30,170)	202,280
Foreign exchange	684,427	-	(23,184)	(23,184)
Other	5,878,247	1,406,044	-	1,406,044
- Options embedded				
in structured deposits	29,776,635	114,255	(252,401)	(138,146)
- Optionsd				
Equities	397,676	138,450	(707)	137,743
	170,319,368	**1,891,199**	**(306,462)**	**1,584,737**
Traded on the stock exchange				
- Futures				
Interest rate	118,409,963	-	-	-
Equities	2,839,665	-	-	-
Foreign exchange	2,895,684	-	-	-
	124,145,312	**-**	**-**	**-**
	294,464,680	**1,891,199**	**(306,462)**	**1,584,737**

	2014			
	Notional amount	Book value		
	Trading derivatives	Assets held for trading	Liabilities held for trading	Total
			(Note 18)	
Derivatives				
Over the counter (OTC)				
- *Swaps*				
Interest rate	42,392,240	103,245	(17,372)	85,873
Others	5,878,247	1,439,970	-	1,439,970
- Options embedded				
in structured deposits	21,474,042	821,936	(468,697)	353,239
- Options				
Equities	164,731	-	(7,487)	(7,487)
	69,909,260	**2,365,151**	**(493,556)**	**1,871,595**
Traded on the stock exchange				
- Futures				
Interest rate	4,746,963	-	-	-
Equities	756,825	-	-	-
Foreign exchange	3,703,098	-	-	-
	9,206,886	**-**	**-**	**-**
	79,116,146	**2,365,151**	**(493,556)**	**1,871,595**

As at 31 December 2015 and 2014, the notional amount of interest rate swaps relative to transactions within the scope of the credit securitisation set up by the Bank, came to 26,561,950 and 34,477,240 euros, respectively (Note 9).

The distribution of derivative transactions as at 31 December 15 and 2014, by times to maturity, was as follows (by notional amount):

	2015					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Interest rate	-	-	37,720,000	69,300,433	26,561,950	133,582,383
Foreign exchange	684,427	-	-	-	-	684,427
Other	-	-	-	5,878,247	-	5,878,247
	684,427	**-**	**37,720,000**	**75,178,680**	**26,561,950**	**140,145,057**
- Options embedded in structured deposits	2,000,062	4,545,636	11,893,536	11,337,401	-	29,776,635
- Options Equities and foreign exchange	259,236	74,400	64,040	-	-	397,676
Traded on the stock exchange						-
- Futures						
Interest rate	7,762,788	24,293,650	43,578,701	42,774,824	-	118,409,963
Equities	2,839,665	-	-	-	-	2,839,665
Foreign exchange	2,895,684	-	-	-	-	2,895,684
	13,498,137	**24,293,650**	**43,578,701**	**42,774,824**	**-**	**124,145,312**
	16,441,862	**28,913,686**	**93,256,277**	**129,290,905**	**26,561,950**	**294,464,680**

	2014					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Interest rate	750,000	-	7,165,000	-	34,477,240	42,392,240
Credit events	-	-	-	5,878,247	-	5,878,247
	750,000	**-**	**7,165,000**	**5,878,247**	**34,477,240**	**48,270,487**
- Options embedded in structured deposits	7,109,798	5,637,003	5,320,337	3,406,905	-	21,474,042
- Options Equities and foreign exchange	-	164,731	-	-	-	164,731
Traded on the stock exchange						
- Futures						
Interest rate	999,250	1,749,038	749,625	1,249,050	-	4,746,963
Equities	756,825	-	-	-	-	756,825
Foreign exchange	3,703,098	-	-	-	-	3,703,098
	5,459,173	**1,749,038**	**749,625**	**1,249,050**	**-**	**9,206,886**
	13,318,971	**7,550,772**	**13,234,962**	**10,534,202**	**34,477,240**	**79,116,146**

The distribution of derivative transactions as at 31.12.15 and 2014, by type of counterparty, was as follows:

	2015	2014
Over the counter (OTC)		
Swaps		
Interest rate		
- Financial institutions	133,582,383	34,477,240
- Customers	-	7,915,000
Foreign exchange		
- Customers	684,427	-
Other		
- Customers	5,878,247	5,878,247
Options embedded in structured deposits		
- Customers	29,776,635	21,474,042
Options		
- Equities	397,676	164,731
	170,319,368	**69,909,260**
Traded in the stock exchange		
Futures		
- Interest rate	118,409,963	4,746,963
- Foreign exchange	2,895,684	3,703,098
- Equities	2,839,665	756,825
	124,145,312	**9,206,886**
	294,464,680	**79,116,146**

8. FINANCIAL ASSETS AVAILABLE FOR SALE

This item was made up as follows:

	2015	2014
Debt instruments		
Portuguese government debt	112,640	110,860
Other residents		
- National public issuers	-	2,000,920
- Credit institutions	2,503,250	2,117,727
- Other bonds	24,212,138	20,949,343
Non-residents		
- Foreign public issuers	16,748,265	142,067,476
- Other bonds	101,524,752	87,362,675
	145,101,045	**254,609,001**
Interest receivable	2,060,730	2,712,073
	147,161,775	**257,321,074**
Equity instruments		
Issued by residents		
- Valued at fair value	7,990,717	7,869,822
Issued by non-residents		
- Valued at fair value	811,717	466,425
	8,802,434	**8,336,247**
	155,964,209	**265,657,321**
Impairment (Note 22)	(4,563,202)	(3,601,513)
	151,401,007	**262,055,808**

The movement under impairment is given in Note 22.

As at 31 December 2015 and 2014, the "Equity instruments – Issued by residents" item includes the shareholding in the Fundo Especial de Investimento Imobiliário Fechado - Inspirar, in the amount of 5,233,000 euros. Regarding this shareholding, the Bank signed a fixed-term sales contract, for a value exceeding the acquisition cost.

As at 31 December 2015 and 2014, the nominal value of the debt instruments is as follows:

	2015	2014
Debt instruments		
Portuguese government debt	100,000	100,000
Other residents		
- National public issuers	-	2,000,000
- Credit institutions	2,500,000	2,100,000
- Other bonds	23,171,428	19,600,000
Non-residents		
- Foreign public issuers	14,500,100	135,500,100
- Other bonds	98,940,000	81,300,000
	139,211,528	**240,600,100**

As at 31 December 2015 and 2014, the unrealised gains and losses in debt instruments were as follows:

	2015	2014
Debt instruments		
Portuguese government debt	16,655	15,633
Other residents		
- National public issuers	-	347
- Other bonds	937,943	1,350,351
- Credit institutions	-	18,188
Non-residents		
- Foreign public issuers	2,089,785	7,977,589
- Other bonds	2,021,825	4,834,252
	5,066,208	**14,196,360**
Equity instruments	(349,151)	(1,278,231)
Potential gains in securities transferred to the loan portfolios and accounts receivable and investments held to maturity	-	(2,806)
Net potential gains (Note 26)	**4,717,057**	**12,915,323**

9. LOANS AND ADVANCES TO CUSTOMERS

This item was made up as follows:

	2015	2014
Securitised domestic loans:		
- Real estate leasing	9,499,297	13,391,775
- Medium and long-term loans	6,330,746	6,586,472
	15,830,043	**19,978,247**
Non-securitised domestic loans:		
- Real estate leasing	52,118,637	55,822,044
- Medium and long-term loans	42,576,917	46,291,999
- Current account loans	11,889,597	17,942,958
- Real estate leasing	592,589	635,487
- Current account overdrafts	2,417,821	2,520,737
- Other loans	5,973,567	5,544,755
	115,569,129	**128,757,980**
Foreign loans:		
- Current account overdrafts	627,779	342,136
	132,026,951	**149,078,363**
Interest receivable	218,568	365,875
Other loans and receivables – debt securities:		
Other residents		
- Other national public issuers	10,000,000	10,000,000
- Companies	48,946,395	17,503,173
- Commercial paper	39,352,072	-
- Interest receivable	676,917	310,970
Non-residents		
- Credit institutions	-	1,000,000
- Companies	11,296,109	3,651,564
- Interest receivable	75,995	9,117
	110,347,488	**32,474,824**
Commissions associated to amortised cost:		
- Deferred charges	123,465	170,884
- Deferred income	(65,619)	(80,448)
	57,846	**90,436**
Past due principal and interest	36,675,379	36,079,192
	279,326,232	**218,088,690**
Impairment (Note 22)		
- Loans granted	(31,621,795)	(31,765,404)
- For loans and advances to customers - debt securities	(773,307)	(978,430)
Total Impairment	**(32,395,102)**	**(32,743,834)**
	246,931,130	**185,344,856**

The movement under impairment in 2015 and 2014 is given in Note 22.

As at 31 December 2015 and 2014, the "Securitised domestic loans" item refers to the AR Finance securitisation operation.

The securitisation operations undertaken by the Bank have the following characteristics:

- AR Finance:

On 19 December 2003 the Bank undertook a credit securitisation operation under which it sold a loan portfolio comprising property leasing transactions, mortgage loans and credits associated with these transactions through "cross default" clauses, for the sum of 100,007,912 euros. In December 2004, the Bank sold additional loans in the sum of 42,000,017 euros in accordance with the terms of the initial operation.

These credits were sold for their book value to the AR 1 Credit Securitisation Fund (AR Finance FTC), managed by Navegator, Sociedade Gestora de Fundos de Titularização de Créditos, S.A..

The management of the credits assigned continues to be assured by the Bank under the terms of a credit management agreement signed on 19 December 2003. All sums received under the credit contracts are handed over to AR Finance 1 FTC, and the Bank's services are remunerated via a commission calculated quarterly on the overall value of the credits forming the Fund on the basis of an annual rate of 0.35%.

The funding of AR Finance 1 FTC was provided by the issue of two fungible series of credit securitisation units totalling 100,000,000 euros and 42,000,000 euros respectively, fully subscribed by AR Finance 1 plc, which is headquartered in the Republic of Ireland.

The income arising from the assigned credits is distributed in full by AR Finance 1 FTC to AR Finance 1 plc, after deduction of the commissions, costs and charges provided for in the Fund management regulations. In this way, the credit risk inherent in the possession of the credits is reflected at AR Finance 1 plc, in its standing as the holder of all the securitised units issued by AR Finance 1 FTC.

The funding of AR Finance 1 plc was provided by the issue of bonds with differing levels of subordination, rating and, consequently, remuneration. As at 31.12.15 and 2014, the characteristics of the debt issued by this entity are as follows:

	Amount issued	Amount in circulation		Reimbursement date	Step up date	Reimbursement	
		2014	2013			Up to step up date	After step up date
Class A	106,500,000	-	-	September 2036	September 2008	Euribor 3 m + 0.32%	Euribor 3 m + 0.64%
Class B	35,500,000	15,148,099	19,779,997	September 2036	September 2008	Euribor 3 m + 0.09%	Euribor 3 m + 0.18%
Class C	11,360,000	9,921,029	9,921,029	September 2036	-	Fixed rate of 19%	Fixed rate of 19%
Residual certificates	1,200,000	1,200,000	1,200,000	September 2036	-	Residual return from securitised portfolio, net of the other classes of bonds	
	154.560.000	**26.269.128**	**30.901.026**				

The Class A and C bonds issued in 2004 were placed with premiums in relation to their par values, in the sums of 81,046 euros and 218,452 euros, respectively.

Over the course of 2013, Class A bonds were repaid. The Class A and C bonds earn quarterly interest on 20 March, June, September and December each year.

As foreseen in the securitisation operation contract, the spreads on the Class A and B bonds increase as from September 2008, giving rise to an increase of the financing costs as from that date.

As at 31 December 2015 and 2014, Class B bonds both have an AAA rating granted by Standard & Poor's and Moody's. In addition, repayment of the principal debt and interest on the Class B bonds are guaranteed by the European Investment Fund.

AR Finance 1, plc, has a call option on the Class A and B bonds on any interest-payment date as from September 2006. In this case the credit portfolio would also be repurchased ahead of schedule. In addition, the Bank also has a call option on the loan portfolio as from the time that the value of the outstanding principal is equal to or less than 10% of the value of the initial operation.

Class C bonds, which have not been granted a rating, and the residual certificates were acquired in full by the Bank. The payment of the Class C bonds is dependent on the change in the loan portfolio, with payment occurring as the loan portfolio decreases, provided the ratio between the amount of the bonds to be paid and the amount of the loan portfolio does not fall below 12% The subscription value of the Class C bonds was designed to set up a Cash reserve account, the purpose of which is to compensate any shortfall in the amounts received by AR Finance 1, plc to meet the payments owed to the holders of Class A and B bonds.

As at 31 December 2015, the outstanding principal debt and other values payable (including credit and overdue charges derecognised from assets) resulting from assigned credits amounted to 15,830,043 euros and 7,370,994 euros, respectively (as at 31 December 2014 came to 19,978,247 euros and 7,943,246 euros, respectively).

- InvestFinance - Conduit

On 13 March 2008 the Bank undertook a credit securitisation operation under which it sold a loan portfolio comprising property leasing transactions, mortgage loans and credits associated with these transactions through "cross default" clauses, for the sum of 100,009,526 euros. In 2009 the Bank reinforced its securitised loan portfolio, which came to 79,946,746 euros on 31 December 2013.

These credits were sold for their book value to the Invest Finance 1 Portugal Credit Securitisation Fund (Invest Finance 1 FTC), managed by Navegator, Sociedade Gestora de Fundos de Titularização de Créditos, S.A..

The management of the credits assigned continued to be assured by the Bank under the terms of a credit management agreement signed on 13 August 2008. All sums received under the credit contracts are handed over to Invest Finance 1 FTC, and the Bank's services are remunerated via a commission calculated quarterly on the overall value of the credits forming the Fund on the basis of an annual rate of 0.35%. In addition, the Bank receives a custodian's commission from Invest Finance 1 FTC which corresponds to an annual rate of 1%.

The funding of Invest Finance 1 FTC was provided by the issue of commercial paper by Invest Finance 1 Portugal BV, headquartered in Netherlands, in the initial amount of 93,008,859 euros, subsequently increased by 26,573,854 euros. As at 31 December 2013, the value of the commercial paper issued came to 87,204,148 euros. The commercial paper issue had a maximum value of 125,000,000 euros.

The income arising from the assigned credits is distributed in full by Invest Finance 1 FTC to Invest Finance 1 Portugal BV (Invest Finance BV), after deduction of the commissions, costs and charges provided for in the Fund management regulations. In this way, the credit risk inherent in the possession of the credits was reflected at Invest Finance, in its standing as the holder of all the securitised units issued by Invest Finance 1 FTC.

Within the scope of this operation, the Bank made a subordinate investment in Invest Finance 1 Portugal BV, which corresponded to a Cash reserve account, the purpose of which is to compensate any shortfall in the amounts received by Invest Finance BV to meet the payments owed to the holders of the commercial paper. The investment must correspond to at least 7% of the value of the loan portfolio assigned. This investment is remunerated monthly, which essentially corresponds to the values of the income of Invest Finance BV after deducting all the expenses stemming from the company's operations. As at 31 December 2013, the balance of this investment came to 10,565,552 euros.

In March 2014, the securitisation operation of Invest Finance 1 was paid. Under the terms of the management regulations of Invest Finance FTC, the Bank reacquired the credits at their nominal value. In addition, the subordinate investment in Invest Finance 1 was repaid in full.

As the structure of the securitisation operations undertaken implies that the Bank retains most of the risk associated with the loan portfolio and the income it generates, the loans granted have not been derecognised. The financial liability arising from the funds received within the scope of these operations is recorded in liabilities, under "Liabilities represented by securities" (Note 21).

As at 31 December 2015 and 2014, the breakdown of times to maturity of loans and advances to customers, including securitisation and excluding past due loans, is as follows:

	2015	2014
Up to three months	9,170,284	13,251,875
Three months to one year	3,477,933	2,369,124
One to five years	20,812,857	22,631,064
More than five years	98,565,877	110,826,300
	132,026,951	**149,078,363**

As at 31 December 2015 and 2014, the breakdown of past due loans by age is as follows:

	2015	2014
Up to three months	188,852	261,310
Three months to one year	3,688,177	2,034,746
More than one year	32,798,350	33,783,136
	36,675,379	**36,079,192**

As at 31 December 2015 and 2014, performing loans associated with past due loans (more than 3 months) amounted to 38,265,631 euros and 45,071,366 euros, respectively.

As at 31 December 2015 and 2014, the breakdown of past due loans by type of guarantee was as follows:

	2015	2014
Mortgage guarantee or financial leasing (property)	31,531,697	32,780,467
Other real guarantees	797,181	697,516
Personal guarantee	1,155,103	1,155,103
No guarantee	3,191,398	1,446,106
	36,675,379	**36,079,192**

As at 31 December 2015 and 2014, the breakdown of performing loans and past due loans and the fair value of the underlying guarantees by type of loan was as follows:

	2015			
	Outstanding	Past due	Total	Fair vale of associated guarantees
Loans and advances to customers				
Real estate leasing	61,617,934	6,335,811	67,953,745	136,965,122
Medium and long-term loans	47,987,691	24,374,428	72,362,119	99,878,165
Current account loans	11,889,597	5,018,642	16,908,239	878,742
Equipment leasing	592,589	2,044	594,633	98,528
Other loans	6,893,540	944,454	7,837,994	9,476,339
Other loans and receivables – debt securities	110,347,488	-	110,347,488	-
Current account overdrafts	3,045,600	-	3,045,600	6,115,154
	242,374,439	**36,675,379**	**279,049,818**	**253,412,050**

	2014			
	Outstanding	Past due	Total	Fair vale of associated guarantees
Loans and advances to customers				
Real estate leasing	69,213,818	5,298,030	74,511,848	144,789,466
Medium and long-term loans	52,878,471	26,929,382	79,807,853	101,791,946
Current account loans	17,942,958	2,985,599	20,928,557	2,328,501
Equipment leasing	635,487	6,672	642,159	98,528
Other loans	5,544,755	859,509	6,404,263	7,272,136
Other loans and receivables – debt securities	32,474,824	-	32,474,824	-
Current account overdrafts	2,862,874	-	2,862,874	6,690,445
	181,553,187	**36,079,192**	**217,632,378**	**262,971,022**

The breakdown of the loan portfolio, excluding securitised credit, as at 31 December 2015 and 2014, excluding securitised credit, by sector of activity, was as follows:

	2015		
	Performing loans	Past due loans	Total
Wholesale commerce and retail; automobileand mororcycle repair	32,228,995	10,685,473	42,914,468
Private customers	31,684,721	7,248,243	38,932,964
Real estate activities	12,648,680	7,001,256	19,649,936
Financial and insurance activities	14,808,610	272,939	15,081,549
Manufacturing industries	12,237,697	2,136,533	14,374,230
Construction	3,794,453	6,783,725	10,578,178
Consulting, scientific, technical and similar activities	5,524,344	207,006	5,731,350
Administrative and services support activities	5,005,694	681,922	5,687,616
Agriculture, animal production, hunting, forestry and fishing	2,996,298	304,127	3,300,425
Human health and social welfare activities	2,628,480	239,359	2,867,839
Transport and warehousing	2,365,624	66,039	2,431,663
Accomodation, restaurants and similar	1,756,247	586,754	2,343,001
Other activities and services	2,306,088	-	2,306,088
Artistic, entertainment, sporting and recreational activities	1,743,965	207,746	1,951,711
Education	183,531	254,257	437,788
Activities of international organisations and other institutions	113,524	-	113,524
Total loans	**132,026,951**	**36,675,379**	**168,702,330**

	2014		
	Performing loans	Past due loans	Total
Wholesale commerce and retail; automobileand mororcycle repair	42,129,722	7,925,283	50,055,005
Private customers	31,137,934	8,088,610	39,226,544
Real estate activities	13,415,532	7,636,703	21,052,235
Financial and insurance activities	16,121,612	157,291	16,278,903
Manufacturing industries	13,551,954	1,423,729	14,975,683
Construction	4,731,652	7,981,814	12,713,466
Consulting, scientific, technical and similar activities	5,576,935	205,905	5,782,840
Administrative and services support activities	5,082,772	679,714	5,762,486
Agriculture, animal production, hunting, forestry and fishing	3,714,728	194,788	3,909,516
Human health and social welfare activities	3,057,781	309,843	3,367,624
Transport and warehousing	2,966,599	344,678	3,311,277
Accomodation, restaurants and similar	2,619,838	481,603	3,101,441
Other activities and services	2,475,341	297,174	2,772,515
Artistic, entertainment, sporting and recreational activities	1,893,759	98,643	1,992,402
Education	206,544	253,414	459,958
Activities of international organisations and other institutions	272,421	-	272,421
Information and communication activities	123,239	-	123,239
Total loans	**149,078,363**	**36,079,192**	**185,157,555**

To comply with the requirements for disclosure of IAS 17 – Leasings, the Bank prepared for the financial leasing portfolio, with reference to 31 December 2015 their present value, for each one of the periods defined in the standard, presented in the following table:

	2015	2014
Minimum lease payments		
Up to 1 year	8,599,675	9,527,545
Between 1 and 5 years	28,838,103	32,335,737
Over 5 years	40,304,210	46,743,947
	77,741,988	**88,607,229**
Unearned financial income	(15,531,465)	(18,305,818)
	62,210,523	**70,301,411**
Present value of minimum lease payments		
Up to 1 year	6,328,799	6,794,013
Between 1 and 5 years	22,265,315	24,412,162
Over 5 years	33,616,409	39,095,236
	62,210,523	**70,301,411**
Financial leasing credit impairment	(7,426,804)	(5,217,138)
	54,783,719	**65,084,273**

As at 31 December 2015 and 2014 the Bank´s financial leasing portfolio contains no contracts whose residual value is guaranteed by external entities, nor are there any contingent rents.

In 2008, within the scope of the alteration to IAS 39, the Bank reclassified financial assets from the "Financial assets held for trading" and "Financial assets available for sale" items into the "Loans and receivables" item (Note 41).

As at 31 December 2015 and 2014, the breakdown of reclassified securities by period to maturity was as follows:

	2015	2014
Up to one year	229,152	1,562,983
One to five years	-	238,829
More than five years	383,007	2,858,870
	612,159	**4,660,682**

10. INVESTIMENTS HELD TO MATURITY

This item was made up as follows:

	2015	2014
Debt instruments		
Residents		
- Portuguese government debt	14,631,285	14,546,377
- Other	10,129,216	6,450,078
Non-residents		
- Public debt	58,289,855	42,277,495
- Other	16,485,398	11,653,550
	99,535,754	**74,927,500**
Interest receivable	2,810,366	2,352,739
	102,346,120	**77,280,239**
Impairment (Note 22)	(2,230,831)	-
	100,115,289	**77,280,239**

As at 31 December 2015 and 2014, the fair value of investments held to maturity, including accrued interest, totalled 108,317,117 euros and 89,844,123 euros, respectively (Note 40).

As at 31 December 2015 and 2014, the breakdown of investments held to maturity, by maturity, was as follows:

	2015	2014
Up to one year	12,745,526	7,723,834
One to five years	22,966,032	12,679,075
More than five years	66,634,832	56,877,330
	102,346,120	**77,280,239**

At the end of the financial year of 2015, the Bank disposed of a set of securities of an entity that presented a significant deterioration of the credit risk, having resulted in a loss in the financial year of 2,138,500 euros (Note 35). In addition, an impairment was recorded in other securities of the same entity, of the value of 2,230,831, which were sold at the start of 2016.

In 2008, under the alteration to IAS 39 (Note 41), the Bank transferred a set of securities that were recorded in the financial assets available for sale portfolio, as well as financial assets held for trading into the investments held to maturity portfolio. In addition, since 2010 the Bank has been acquiring a series of additional securities, within the scope of the internally defined investment policy.

11. NON-CURRENT ASSETS HELD FOR SALE

This item was made up as follows:

	2015	2014
Non-current assets held for sale:		
- Real estate	36,682,061	39,284,922
- Impairment (Note 22)	(9,861,222)	(9,129,228)
	26,820,839	**30,155,694**

Changes in this item in 2015 and 2014 are shown below:

	2015								
	31 December 2014						31 December 2015		
	Gross value	Impairment	Acquisitions	Disposals	Impairment Reinstatements/ (Appropriations)	Use of Impairment	Gross value	Impairment	Net value
		(Note 22)			(Note 22)			(Note 22)	
Properties	39.284.922	(9.129.228)	2.671.261	(5.274.122)	(1.218.569)	486.575	36.682.061	(9.861.222)	26.820.839

	2014								
	31 December 2013						31 December 2014		
	Gross value	Impairment	Acquisitions	Disposals	Impairment Reinstatements/ (Appropriations)	Use of Impairment	Gross value	Impairment	Net value
		(Note 22)			(Note 22)			(Note 22)	
Properties	39.970.320	(7.986.075)	2.748.903	(3.434.301)	(1.143.153)	(1.143.153)	39.284.922	(9.129.228)	30.155.694

As at December 31st, 2014 and 2015, the breakdown of non-current assets held for sale is as follows, according to the Group acquisition date:

	2015			2014		
Year acquired	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Before 2006	813,890	(430,544)	383,346	813,890	(314,296)	499,594
2006	742,866	(121,065)	621,801	742,866	(43,540)	699,326
2007	701,389	(163,924)	537,465	701,389	(163,924)	537,465
2008	558,962	(366,206)	192,756	367,564	(214,340)	153,224
2009	3,518,265	(837,947)	2,680,318	3,518,265	(759,469)	2,758,796
2010	4,867,516	(1,893,165)	2,974,351	4,867,516	(1,840,408)	3,027,108
2011	8,820,600	(2,573,157)	6,247,443	12,768,180	(3,798,544)	8,969,636
2012	5,039,878	(885,318)	4,154,560	5,396,576	(942,235)	4,454,341
2013	6,413,531	(980,404)	5,433,127	7,273,725	(790,246)	6,483,479
2014	2,533,903	(101,735)	2,432,168	2,834,951	(262,226)	2,572,725
2015	2,671,261	(258,659)	2,412,602	-	-	-
Overall impairment	-	(1,249,098)	(1,249,098)	-	-	-
	36,682,061	**(9,861,222)**	**26,820,839**	**39,284,922**	**(9,129,228)**	**30,155,694**

The real estate held in portfolio for more than 1 year corresponds to real estate that in spite of the commercial efforts undertaken by the Bank to proceed with its immediate sale, has still not been sold, due mainly to the current climate of the real estate market. The Bank continues to focus its efforts on selling the real estate in the short-term.

During 2015 and 2014, the Group recorded net losses from the sale of real estate received in lieu of payment, ttotalling 735,704 euros and 735,235 euros, respectively (Note 35), which were determined relative to the gross value of the real estate.

12. INVESTMENT PROPERTIES

This item was made up as follows:

	2015	2014
Gross value	5.484.014	5.475.687
Accumulated depreciation and impairment losses (Note 22)	(1.232.542)	(1.385.512)
	4.251.472	**4.090.175**

As at 31 December 2014 and 2015, the balance of this item corresponds to real estate which has been rented by the Group and for which there are no prospects of selling in the short term. On the these dates the Group has registered an impairment of 1,232,542 euros e 1,385,512 euros, respectively, arising from the updating of the assessments for these assets (Note 22).

Investment properties are recorded at acquisition cost, less accumulated depreciation and impairment losses. As at 31 December 2015 and 2014, the Group did not record depreciation for the year due to the fact that all real estate presented a valuation value lower than its acquisition value less depreciation that would be calculated from the date of its acquisition until 31 December 2015. For the same reason, the balance sheet value of this real estate is similar to its fair value.

During 2015 and 2014 the rents from real estate rented charged by the Group came to 699,971 euros and 595,111 euros, respectively (Note 36).

13. OTHER TANGIBLE ASSETS

Changes in the "Other tangible assets" items during 2015 and 2014 were as follows:

2015					
	31 December 2014				
Description	Gross value	Accumulated depreciation	Acquisitions	Depreciation for the year	Net value 31-12-2015
Real estate:					
- Premises	705,226	(197,137)	-	(10,302)	497,787
- Leasehold expenses	2,525,661	(1,466,550)	144,147	(190,136)	1,013,121
	3,230,887	**(1,663,687)**	**144,147**	**(200,438)**	**1,510,908**
Equipment:					
- Furniture and material	415,423	(343,194)	44,553	(26,905)	89,877
- Machines and tools	76,459	(49,939)	2,619	(7,418)	21,721
- IT equipment	732,818	(697,277)	67,690	(37,055)	66,176
- Fixtures and fittings	611,513	(438,846)	2,108	(58,941)	115,834
- Vehicles	627,941	(547,846)	443,034	(71,193)	451,936
- Safety equipment	23,759	(19,949)	1,557	(871)	4,496
	2,487,913	**(2,097,051)**	**561,561**	**(202,383)**	**750,040**
Other tangible assets:					
- Artistic assets	41,364	-	-	-	41,364
	5,760,164	**(3,760,738)**	**705,708**	**(402,821)**	**2,302,312**

2014					
	31 December 2013				
Description	Gross value	Accumulated depreciation	Acquisitions	Depreciation for the year	Net value 31-12-2014
Real estate:					
- Premises	705,226	(186,835)	-	(10,302)	508,089
- Leasehold expenses	2,525,661	(1,275,217)	-	(191,333)	1,059,111
	3,230,887	**(1,462,052)**	**-**	**(201,635)**	**1,567,200**
Equipment:					
- Furniture and material	409,812	(315,533)	5,611	(27,661)	72,229
- Machines and tools	73,911	(51,655)	10,958	(6,694)	26,520
- IT equipment	724,243	(668,810)	16,873	(36,765)	35,541
- Fixtures and fittings	613,276	(377,633)	-	(62,976)	172,667
- Vehicles	943,469	(789,212)	51,852	(126,014)	80,095
- Safety equipment	23,759	(18,201)	-	(1,748)	3,810
	2,788,470	**(2,221,044)**	**85,294**	**(261,858)**	**390,862**
Other tangible assets:					
- Artistic assets	41,364	-	-	-	41,364
Intangible assets under construction	-	-	-	-	-
	6,060,721	**(3,683,096)**	**85,294**	**(463,492)**	**1,999,426**

14. INTANGIBLE ASSETS

Changes in the "Intangible assets" items during 2015 and 2014 were as follows:

2015						
	31 December 2014					
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Amortisations for the year	Net value
Intangible assets						
Software	1,980,212	(1,863,454)	13,205	5,006	(52,990)	81,979
Intangible assets in progress	9,181	-	20,645	(5,006)	-	24,820
	1,989,393	**(1,863,454)**	**33,850**	**-**	**(52,990)**	**106,799**

2014						
	31 December 2013					
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Amortisations for the year	Net value
Intangible assets						
Software	1,880,680	(1,620,997)	99,533	-	(242,457)	116,759
Intangible assets in progress	10,507	-	2,988	(4,315)	-	9,180
	1,891,187	**(1,620,997)**	**102,521**	**(4,315)**	**(242,457)**	**125,939**

15. INCOME TAX

The asset and liability balances by income tax as at December 31st 2015 and 2014 were as follows:

	2015	2014
Deferred tax assets		
- By temporary differences	8,733,906	7,663,338
Deferred tax liabilities		
- By temporary differences	(1,257,936	(2,914,876
	7,475,970	**4,748,462**
Deferred tax assets / (liabilities)		
- Tax assessed	(1,057,843)	(2,328,542)
- State surcharge	(101,512)	(147,514)
- Surcharge	(75,560)	(353,958)
- Autonomous taxation	(42,283)	(71,060)
- Payments on account	2,228,877	209,994
- Tax withheld at source	82,071	68,408
Income tax (payable) / receivable	**1,033,750**	**(2,622,672)**

Current tax is calculated based on taxable income for the year, which differs from the accounting result due to adjustments to taxable income arising from costs or earnings not relevant for tax purposes, or which will only be considered in other reporting periods. The main situations that generate such adjustments are related with the variations in fair value of the Assets available for sale recognised in the "Fair value reserve" and the difference between the Provisions set up in the individual accounts of the Bank, relevant for tax purposes and the impairments recorded in the consolidated accounts.

The breakdown of changes in deferred taxes in 2015 and 2014 was as follows:

	2015						
		Change in Income		Change in Reserves			
	Balance as at 31-12-2014	Rate change	For the year	Rate change	For the year	Other	Balance as at 31-12-2015
Deferred tax assets							
- Differential between impairment and provisions deducted for tax in individual accounts:							
- Provisions for loans and advances	6,503,112	796,299	(200,875)	-	-	-	7,098,536
- Valuation of trading derivatives	8,773	1,074	(4,657)	-	-	-	5,190
- Impairment of securities	769,980	94,283	151,015	-	-	-	1,015,278
- Impairment of non-current assets held for sale	381,474	46,711	581,406	-	-	(394,689)	614,902
	7,663,339	**938,368**	**526,888**	**-**	**-**	**(394,689)**	**8,733,906**
Deferred tax liabilities							-
- Assets available for sale	(2,914,876)	-	-	(101,668)	1,758,608	-	(1,257,936)
	4,748,463	**938,368**	**526,888**	**(101,668)**	**1,758,608**	**(394,689)**	**7,475,970**

The "Other" column reflects the adjustment of a balance recorded in 2014.

	2014					
		Chance in Income		Change in Reserve		
	Balance as at 31-12-2013	Rate change	For the year	Rate change	For the year	Balance as at 31-12-2014
Deferred tax assets						
- Differential between impairment and provisions deducted for tax in individual accounts:						
- Provisions for loans and advances	7,073,038	(1,067,628)	497,702	-	-	6,503,112
- Valuation of trading derivatives	11,535	(1,741)	(1,021)	-	-	8,773
- Impairement of securities	767,085	(115,786)	118,681	-	-	769,980
- Impairment of non-current assets held for sale	-	-	381,474	-	-	381,474
	7,851,658	**(1,185,156)**	**996,836**	**-**	**-**	**7,663,338**
Deferred tax liabilities						
- Assest available for sale	(827,965)	-	(142,033)	124,976	(2,069,854)	(2,914,876)
	7,023,693	**(1,185,156)**	**854,803**	**124,976**	**(2,069,854)**	**4,748,462**

In 2014, the Bank adopted the special scheme applicable to deferred tax assets. The scheme, approved by Law No. 61/2014, of 26 August, covers deferred tax assets arising from the non-deduction of expenses and negative variations in net worth resulting from credit impairment losses (as specified in nos. 1 and 2 of article 28-A of the Corporate Income Tax Code (CIRC) and respective exclusions) and post-employment or long-term employment benefits, being applicable to realities of this nature accounted for in fiscal years beginning on or after 1 January 2015, as well as to deferred tax assets that are recorded in the annual accounts as at 31 December 2014.

The deferred tax assets arising from the non-deduction of expenses and negative variations in net worth resulting from credit impairment losses and post-employment or long-term employment benefits are converted into tax credits when the taxpayer records a negative net income for the period in its annual accounts, after being approved by the governing bodies, in compliance with applicable legislation, or in the event of liquidation by voluntary dissolution, insolvency ordered by court decision or, when applicable, its authorisation for the exercise of the activity is revoked by the competent supervisory authorities. In a scenario of conversion arising from a negative net income, the amount of tax credit to be attributed will result from the proportion between the negative net income for the period and the total equity of the taxpayer (determined prior to the deduction of that result), applied to the eligible balance of the deferred tax assets. When the conversion arises from liquidation or insolvency or the taxpayer presents a negative equity, the conversion of the deferred tax assets into tax credit is conducted at full value.

The conversion into tax credit (not due to liquidation or insolvency) requires the creation of a special reserve in the amount of the respective credit increased by 10%, jointly with the issue of securities in the form of conversion rights to be assigned to the State. The exercise of the conversion rights results in the increase of the share capital of the taxpayer due to incorporation of the special reserve and the issue of new ordinary shares to be delivered to the State free of charge.

In addition to the expenses and negative variations in net worth recorded after the entry into force of the scheme (1 January 2015), it also covers eligible deferred tax assets that were recorded as at 31 December 2014.

Regarding the deferred tax assets that have not yet been converted into tax credit, their future deductibility is limited, in each financial year, to the value of the taxable profit calculated prior to the deduction of those expenses and negative variations in net worth, i.e. the deduction undertaken given that the conditions for the tax deductibility of those expenses and negative variations in net worth are met does not apply if it results in a tax loss or it only applies in proportion to the value required to obtain a nil tax result.

Given that a positive net income for the year was recorded in 2015, there was no conversion of eligible assets into tax credit in the current financial year.

Tax costs recorded in profit and loss and the tax burden, measured by the relation between allocation for tax and the profit for the year before tax, is as follows:

	2015	2014
Current taxes		
For the year	(1,227,227)	(2,939,417)
Corrections from previous years	166,978	-
	(1,110,249)	**(2,939,417)**
Deferred taxes		
Entry and reversal of temporary differences	1,465,256	(577,487)
Total tax recognised in profit and loss	355,007	(3,545,754)
Income before taxes and non-controlling interests	2,506,736	8,400,490
Tax burden	(14.16%)	42.21%

Pursuant to current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years, except for financial years in which tax losses are carried forward, in which case the expiration period is extended to six years. In this way, therefore, the tax returns of the Bank and of Invest Gestão de Activos for the years 2012 to 2015 are still subject to review and the taxable amount may be corrected.

However, the Bank's Board of Directors does not think that there will be any correction with a significant impact on the consolidated financial statements as at 31 December 2015.

The reconciliation between the nominal and effective rate of tax in 2015 and 2014 is given below:

	2015		2014	
	Rate	Tax	Rate	Tax
Income before taxes		2,506,736		8,400,490
Tax at nominal rate	22,50%	564,016	24,50%	2,058,120
State surcharge	4,05%	101,512	4,21%	353,958
		665,528		**2,412,079**
Impairments not accepted for tax purposes	(37,43%)	(938,368)	14,11%	1,185,156
Effect of change in tax rate:				
- Costs not accepted for tax purposes	0,13%	3,365	0,05%	4,360
Write-ups	2,70%	67,772	0,47%	39,668
Tax benefit	(0,18%)	(4,515)	(0,05%)	(4,561)
Gains and losses	(0,39%)	(9,825)	0,95%	79,794
Autonomous taxation	1,69%	42,283	0,84%	70,268
Other	(7,23%)	(181,247)	(2,87%)	(241,009)
	(14,16%)	**(355,007)**	**42,21%**	**3,545,754**

16. OTHER ASSETS

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
Debtors and other financial investments		
Debtors by transactions on futures	554,536	367,737
Other sundry debtors	79,020	110,189
	633,556	**477,926**
Other assets		
Gold and other precious metals	290,031	377,410
Income receivable		
Commissions	371,465	354,577
Deferred charges		
Rents	61,886	56,086
Other	143,028	154,487
	204,914	**210,573**
Other accruals and deferrals		
Stock market transactions pending settlement	2,176,516	979,530
Non-stock market transactions pending settlement	2,445,388	2,323,120
Other	734,400	527,715
	5,356,304	**3,830,365**
	6,856,270	**5,250,851**

As at 31 December 2015 and 2014, "Stock market transactions pending settlement" and "Non-stock market transactions pending settlement" reflect transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date.

17. RESOURCES FROM CENTRAL BANKS

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
Resources from the Bank of Portugal	141,000,000	215,000,000
Interest payable	6,232	1,704,549
	141,006,232	**216,704,549**

As at 31 December 2015 and 2014, "Resources from Bank of Portugal" corresponds to resources obtained by discounting securities at the European Central Bank.

As at 31 December 2015 and 2014, the times to maturity of resources obtained from the Bank of Portugal are as follows:

	2015	2014
Up to three months	101,000,000	215,000,000
One to five years	40,000,000	-
	141,000,000	**215,000,000**

Resources obtained from the Bank of Portugal as at 31 December 2015 and 2014 are secured by a chattel mortgage on the Bank's own securities portfolio (Note 24).

18. FINANCIAL LIABILITIES HELD FOR TRADING

As at 31.12.15 and 2014, this item relates to derivatives recorded at fair value offset against profit and loss and is broken down as follows:

	2015	2014
Options	253,108	476,184
Swaps		
- Interest rate	30,170	17,372
- Foreign exchange	23,184	-
	306,462	**493,556**

19. RESOURCES FROM OTHER CREDIT INSTITUTIONS

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
Term deposits and other resources:		
- Credit institutions in Portugal	1,486,255	2,468,198
- Credit institutions abroad	-	2,456
	1,486,255	**2,470,654**

As at 31 December 2015 and 2014, the "Resources from other credit institutions" mature in the first quarter of 2016 and 2015, respectively.

20. RESOURCES FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
At sight:		
- Sight deposits	57,025,169	37,606,996
With agreed maturity dates:		
- Term deposits	246,847,877	220,792,379
- Structured deposits	29,331,637	16,465,398
	276,179,514	**237,257,777**
	333,204,683	**274,864,773**
Interest payable:		
- Interest on customers' resources	3,521,346	3,255,727
	336,726,029	**278,120,500**

As at 31 December 2015 and 2014, the times to maturity of customers' resources are as follows:

	2015	2014
Up to three months	83,768,277	63,640,552
Three months to one year	170,305,511	121,430,132
One to five years	22,105,726	52,187,093
	276,179,514	**237,257,777**

21. LIABILITIES REPRESENTED BY SECURITIES

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
Customer debt securities	444,998	5,008,644
Floating rate notes issued by AR Finance 1, plc (Note 9)		
- Class B	15,148,099	19,779,997
	15,593,097	**24,788,641**
Interest payable	4,941	69,026
	15,598,038	**24,857,667**

22. PROVISIONS AND IMPAIRMENT

Changes in Banco Invest's provisions and impairment during 2015 and 2014 were as follows:

	2015				
	Balances as at 31-12-2014	Net charges	Utilisation	Transfers and settlements	Balances as at 31-12-2015
Provisions	500,000	-	-	-	500,000
Loan impairment to customers (Note 9):					
- Credit extended	31,765,404	70,980	(245,943)	31,354	31,621,795
- Loans and advances to customers - debt securities	978,430	124,620	(329,743)	-	773,307
Impairment of financial assets available for sale (Nota 8)	3,601,513	1,961,689	(1,000,000)	-	4,563,202
Impairment in investments held to maturity (Note 10)	-	2,230,831	-	-	2,230,831
Impairment of other assets:					
- Non-current assets held for sale (Note 11)	9,129,228	1,218,569	(486,575)	-	9,861,222
- Investment properties (Note 12)	1,385,512	(152,970)	-	-	1,232,542
	47,360,087	**5,453,719**	**(2,062,261)**	**31,354**	**50,782,899**

	2014				
	Balances as at 31-12-2013	Net charges	Utilisation	Transfers and settlements	Balances as at 31-12-2014
Provisions	600,000	-	-	(100,000)	500,000
Loan impairment to custoners (Note 9):					
- Credit extended	29,355,207	2,488,037	-	(77,840)	31,765,404
- Loans and advances to customers - debt securities	1,715,120	110,810	(847,500)	-	978,430
Impairment of financial assets available for sale (Nota 8)	3,564,875	581,278	(486,996)	(57,644)	3,601,513
Impairment of other assets:					
- Non-current assets held for sale (Note 11)	7,986,075	1,143,153	-	-	9,129,228
- Investment properties (Note 12)	1,227,049	(5,107)	-	163,570	1,385,512
	44,448,326	**4,318,261**	**(1,334,496)**	**(72,004)**	**47,360,087**

23. OTHER LIABILITIES

As at 31 December 2015 and 2014 this item was made up as follows:

	2015	2014
Creditors and other resources		
Creditors by operations on futures	129,492	250,033
Public Administration Sector		
- Tax withheld at source	448,110	410,534
- VAT payable	162,784	237,941
- Social Security contributions	109,787	100,443
Advances on account, third parties	3,267	(20,182)
Sundry creditors		
- Other creditors	680,540	1,559,414
	1,533,980	**2,538,183**
Charges payable		
By personnel costs		
- Holiday pay and allowance	646,540	553,603
General administrative costs	53,550	209,651
Other	172,338	269,840
	872,428	**1,033,094**
Other accruals and deferrals		
Stock market transactions pending settlement	1,020,094	6,019,207
Non-stock market transactions pending settlement	2,429,108	2,323,096
Other transactions pending adjustment	593,016	739,009
	4,042,218	**9,081,312**
	6,448,626	**12,652,589**

As at 31 December 2015 and 2014, "Stock market transactions pending settlement" and "Non-stock market transactions pending settlement" reflect transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date.

24. CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2015 and 2014, contingent liabilities and commitments are recorded in off-balance sheet items and are broken down as follows:

	2015	2014
Guarantees provided and other liabilities:		
Guarantees and stand-by letters of credit	3,996,545	3,985,295
Assets pledged as collateral	208,562,483	254,660,000
	212,559,028	**258,645,295**
Commitments to third parties:		
Liabilities for provision of services		
- Deposit and custody of securities		
Customers	171,178,605	129,795,604
Funds	12,766,392	29,546,019
- Assets assigned in securitisation operations		
Home loans	1,555,050	1,683,528
Mortgages	4,775,696	5,520,048
Property leasing	9,499,297	12,774,671
- Other		
Portfolio management	4,638,439	3,375,242
	204,413,479	**182,695,112**
	416,972,507	**441,340,407**

The "Assets pledged as collateral" item relates to securities delivered by the Bank as a guarantee of repurchase of funds pledged to Central Banks or other Credit Institutions. As at 31 December 2015 and 2014, the total sum of this item corresponds to securities given as guarantee to the Bank of Portugal (Note 17).

Resolution Fund

BES / Novo Banco

The Board of Directors of the Bank of Portugal decided, on 3 August 2014, to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), resulting in the transfer of the majority of the business and assets of BES to Novo Banco S.A.. In line with the Community regulation, the capitalisation of Novo Banco was ensured by the Resolution Fund, created by Decree-Law No. 31-A/2012, of 10 February. As provided for in the abovementioned Decree-Law, the resources of the Resolution Fund come from the payment of the contributions due by the institutions participating in the Fund and from the contribution on the banking sector. In addition, it is also foreseen that when such resources prove to be insufficient to meet its obligations, other means of funding may be used, namely: (i) special contributions from credit institutions; and (ii) borrowed funds.

Following the resolution measure, capital requirements of Novo Banco, S.A. to the value of 4,900 million euros were to be met by the Resolution Fund under existing legislation. Considering that the Resolution Fund only had own resources of approximately 377 million euros, the subscription of capital was made via two loans:

- 3,900 million euros from the Portuguese State; and
- 700 million euros from eight participating institutions in the Fund (not including the Bank).

On 15 September 2015 the Bank of Portugal announced the interruption of the sales process of the Resolution Fund's holding in Novo Banco, not having accepted any of the proposals received.

On 29 December 2015, the Board of Directors of the Bank of Portugal approved a set of decisions that completed the resolution measure applied to BES, including the re-transfer to BES of the responsibility for non-subordinated bonds issued by it and that were destined for institutional investors, with a nominal value of 1,941 million euros. It was further clarified that it is the responsibility of the resolution fund to neutralise the eventual negative effects of future decisions deriving from the resolution process which may result in liabilities or contingencies, by compensating Novo Banco.

In January 2016, the Bank of Portugal announced the decision to re-launch the sales process, which is currently underway.

Banif – Banco Internacional do Funchal, S.A.

The Board of Directors of the Bank of Portugal deliberated, on 19 December 2015, the application of a resolution measure to Banif – Banco Internacional do Funchal, S.A ("Banif"), within the scope of which most of the activity of Banif and the majority of its assets and liabilities - with the exception of problematic assets that were transferred to an asset management vehicle - were transferred to Banco Santander Totta. A very restricted set of assets will remain in Banif, which shall be subsequently settled, including the shareholder positions of the subordinated credits and related parties. Under the terms of this decision, the adjustments associated to the option to delimit the perimeter agreed between the Portuguese authorities, European instances and Banco Santander Totta involve an estimated payment of around 2,255 million euros from the public purse to cover future contingencies, of which 489 million by the Resolution Fund and 1,766 million euros directly by the Portuguese State.

In accordance with article 153-I of Decree-Law No. 345/98, of 9 November, if the resources of the Resolution Fund are insufficient to comply with its obligations, it may be determined by separate statute that the participating institutions must make special contributions. In addition, the amounts, instalments, deadlines and other terms of those contributions must be defined. Under the same article, a participating institution may be exempt from making special contributions, based on its solvency situation.

Up to the date of approval of these financial statements, the Bank is not in possession of information allowing it to estimate, with a reasonable level of reliability, if, following these processes, there will be any insufficiency of resources of the Resolution Fund and, if applicable, the way in which the deficit will be financed. It is therefore not possible, at present, to evaluate the eventual impact of this situation on the financial statements of the Bank, as any costs to be incurred are contingent upon the completion of the mentioned processes and any resolutions which may be issued by the Ministry of Finance, within the sphere of its legally assigned duties.

According to the information available at present: i) it does not appear likely that the resolution fund will propose the creation of a special contribution to fund the resolution measures described above and therefore the possibility of any special contribution appears to be remote, and (ii) any eventual resolution fund deficits are expected to be financed by periodic contributions under article 9 of Decree-Law No. 24/2013, of 19 February, which stipulates that periodic contributions to the Resolution Fund should be paid by the institutions participating therein and which are active on the last day of the month of April of the year to which the periodic contribution refers.

25. CAPITAL

As at 31 December 2015 and 2014, the Bank's shareholder structure is as follows:

	2015			2014		
Entity	**Number of shares**	**Amount**	**%**	**Number of shares**	**Amount**	**%**
Alves Ribeiro - IF, SGPS, S.A. (Ordinary Shares)	9,412,008	47,060,040	79,09%	9,396,000	46,980,000	78,96%
Alves Ribeiro - IF, SGPS, S,A, (Preferential Shares)	2,400,000	12,000,000	20,17%	2,400,000	12,000,000	20,17%
Other	87,992	439,960	0,74%	104,000	520,000	0,87%
	11,900,000	**59,500,000**	**100%**	**11,900,000**	**59,500,000**	**100%**

As at 2 December 2008 the Bank carried out a share capital increase, through the issue of 2,400,000 redeemable preferential shares at the nominal value of 5 euros each, having been subscribed and fully paid up by the shareholder Alves Ribeiro – Investimentos Financeiros, SGPS, S.A..

The redeemable preferential shares without a set date may pay priority dividends to be deliberated at the General Meeting, which correspond to 7% of their nominal value. This dividend may only be paid if there are distributable funds according to the applicable regulations and if their payment does not imply the Bank's non-fulfillment of capital requirements. The priority dividend shall be paid annually in arrears on 30 June of each year.

In 2015, the minority shareholder of the Bank sold 16,008 shares of a nominal value of 80,040 euros to Alves Ribeiro – IF, SGPS, S.A., which now has a shareholding of 99.26%.

26. RESERVES, RETAINED EARNINGS AND NET INCOME FOR THE YEA

As at 31 December 2015 and 2014, the breakdown of the reserves and retained earnings items is as follows:

	2015	2014
Revaluation reserves		
- Reserves arising from fair value valuation of financial assets available	4,717,057	12,915,323
- Reserves for deferred and current taxes of financial assets available for sale	(1,163,006)	(2,972,249)
	3,554,051	**9,943,074**
Legal reserve	3,529,128	1,740,163
Free reserve	8,172,951	9,012,951
Merger reserve	574,221	574,221
Retained earnings	21,013,108	17,968,463
	33,289,408	**29,295,799**
Net income for the year	2,868,919	4,833,610
	39,712,378	**44,072,483**

Revaluation reserves

Fair value reserves

The fair value reserve reflects the potential gains and losses in financial assets available for sale, net of the corresponding tax.

As at 31 December 2014, the fair value reserves include around 2,806 euros of losses in securities reclassified from Financial assets available for sale into the categories of Investments held to maturity and Loans and receivables (Notes 8 and 41). This amount was recognised in profit and loss for the year according to the effective interest rate method until maturity of the securities.

Legal reserve

Under current legislation, the Bank must allocate a sum of not less than 10% of net profits for each year to the constitution of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves and the retained earnings, if greater. The legal reserve cannot be distributed, except in the event that the Bank is wound up, and may only be used to increase share capital or offset losses, once other reserves have been used up.

Free reserve

By deliberation of the General Meeting held on 31 March 2015, the Bank distributed free reserves in the amount of 840,000 euros to the shareholder Alves Ribeiro - IF, SGPS, S.A., as holder of the redeemable preferential shares, which correponds to 7% of the nominal value of the respective shares.

Merger reserve

The deed of merger by incorporation of Probolsa – Sociedade Corretora S.A. (Probolsa) into the Bank was executed on 22 December 2004 In the wake of this process, the merged company was wound up and all its rights and obligations were transferred to the Bank. For accounting purposes the merger took effect on 1 January 2004, with the Probolsa assets and liabilities having been transferred to the Bank on the basis of their net book value as at that date. The difference between the accounting value of assets and liabilities transferred and the book value of the Bank's shareholding in Probolsa was recorded in the "Merger reserve" item. This reserve cannot be distributed, except in the event that the Bank is wound up, and may only be used to increase share capital or offset losses, once other reserves have been used up.

Net income for the year

In 2015 and 2014, the breakdown of the consolidated net income of the Bank was as follows:

	2015	2014
Individual results:		
Banco Invest	7,736,363	17,389,650
Invest Gestão de Activos	119,033	114,437
AR Finance 1, PLC	245,635	3,322,830
AR Finance 1, FTC	121,612	(2,802,191)
Fundo Tejo	(1,307,035)	156,330
Saldanha Holdings	(40,037)	16,968,339
Saldanha Finance	(46,975)	34,559,891
	6,828,594	**69,709,286**
Adjustments, net of tax:		
Differences between NCA and IAS/IFRS (credit impairment)	1,697,775	3,288,281
Cancellation of movements recorded in the individual accounts:		
Provision for past due loans of AR Finance 1, FTC	(121,612)	2,802,191
Provision for financial assets AR Finance PLC	107,767	503,750
Interest earnings received	-	(1,056,965)
Reversal of impairment registered for Fundo Tejo	1,380,967	672,626
Other adjustments:		
Correction in the consolidation of the amortisation costs incurred in setting up the securitisation operation	92,888	92,888
Reversal of income of AR Finance PLC in recovery of class C interest	(95,749)	(2,286,772)
Elimination of dividends distributed by Saldanha		
Finance and Saldanha Holdings	(7,000,000)	(34,000,000)
Acquisition of the Variable Funding Notes under the Invest Finance 1		
InvestFinance 1	-	(34,443,616)
Other	(28,887)	(125,830)
Net income after taxes and before non-controlling interests	2,861,743	4,854,736
Net profit attributable to non-controlling interests	7,176	(21,126)
Consolidated net income for the year	**2,868,919**	**4,833,610**

27. NON-CONTROLLING INTERESTS

As at 31 December 2015 and 2014, the balance of this item refers entirely to third-party shareholdings in the Fundo Especial de Investimento Imobiliário Fechado Tejo.

Changes in this item during 2015 and 2014 were as follows:

	2015			
	Balances as at 31-12-2014	Other changes	Net income	Balances as at 31-12-2015
Fundo Especial de Investimento Imobiliário Fechado Tejo	849,770	-	(7,176)	842,594

	2014			
	Balances as at 31-12-2013	Other changes	Net income	Balances as at 31-12-2014
Fundo Especial de Investimento Imobiliário Fechado Tejo	1,025,072	(196,428)	21,126	849,770
Invest Finance 1 Portugal B.V.	18,000	(18,000)	-	-
	1,043,072	**(214,428)**	**21,126**	**849,770**

28. INTEREST AND SIMILAR INCOME

In 2015 and 2014 this item was made up as follows:

	2015	2014
Interest from bank deposits	1,502	5,465
Interest from loans and advances to credit institutions	5,225	43,050
Interest from loans and advances to customers:		
- Domestic loans	4,407,741	4,769,683
- Foreign loans	21,391	187,572
- Other loans and receivables – debt securities	2,490,140	613,712
- Securitised assets	618,521	1,274,054
Interest from past due loans	1,396,620	1,342,944
Interest from financial assets held for trading:		
- Securities	895,889	1,573,885
- Derivatives	245,023	547,587
Interest from financial assets available for sale:		
- Securities	4,173,732	6,203,529
Interest from investments held to maturity	3,949,291	3,520,906
Other interest and similar charges	59,544	231,252
	18,264,619	**20,313,739**

29. INTEREST AND SIMILAR CHARGES

In 2015 and 2014 this item was made up as follows:

	2015	2014
Interest on resources from central banks	78,329	290,932
Interest on resources from other credit institutions		
- in Portugal	162	8,907
- abroad	23,129	7,127
Interest on resources from customers and other loans	5,812,125	6,711,022
Interest on liabilities represented by securities of a non-subordinate nature	68,684	569,667
Interest on financial liabilities for trading		
- Derivatives	30,955	36,537
Other interest and similar charges	-	112,342
	6,013,384	**7,736,534**

30. INCOME FROM SERVICES AND COMMISSIONS

In 2015 and 2014 this item was made up as:

	2015	2014
Guarantees provided	52,407	48,714
On services provided	1,516,929	1,486,548
On transactions carried out on behalf of third parties	603,178	893,575
	2,172,514	**2,428,837**

31. FEES AND COMMISSION EXPENSES

In 2015 and 2014 this item was made up as follows:

	2015	2014
For loan operations	47,419	37,838
For banking services provided by third parties	364,811	379,017
Other commissions paid	48,945	25,523
	461,175	**442,378**

32. INCOME FROM ASSETS AND LIABILITIES ASSESSED AT FAIR VALUE THROUGH PROFIT AND LOSS

In 2015 and 2014 this item was made up as follows:

	2015	2014
Securities		
Issued by residents		
- Bonds	393,130	408,547
- Shares	149,351	(293,228)
Issued by non-residents		
- Bonds	(174,715)	2,778,898
- Shares	(190,116)	(131,637)
- Other equity instruments	(123)	(3,558)
	177,527	**2,759,022**
Derivatives		
- *Swaps*		
Foreign currency	(23,200)	-
Interest-rate swaps	136,145	(194,475)
- Futures		
On equities	(83,350)	(77,328)
On interest rates	217,164	(13,910)
Foreign currency	(23,916)	(264,435)
- Options		
On equities	99,302	524,779
	322,145	**(25,369)**
	499,672	**2,733,653**

33. INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE

In 2015 and 2014 this item was made up as follows:

	2015	2014
Debt instruments		
Residents		
- Portuguese government debt	-	1,200,367
- Other bonds	72,123	504,019
Non-residents		
- Foreign public issuers	5,403,829	763,158
- Other bonds	1,612,533	2,574,541
Equity instruments		
Residents		
- Shares	(58,156)	320,391
- Other	-	(,346)
Non-residents		
- Shares	(330,761)	670,278
- Other	-	(31,772)
	6,699,568	**5,995,636**

34. INCOME FROM EXCHANGE REVALUATION

The balance for this item in 2015 and 2014 wholly corresponded to the income calculated in the revaluation of the forward positions in foreign currency carried by the Bank.

35. INCOME FROM SALE OF OTHER ASSETS

In 2015 and 2014 this item was made up as follows:

	2015	2014
Losses in investments held to maturity (Note 10)	(2,138,500)	-
Non-current assets held for sale (Note 11)	(735,704)	(735,235)
Gold and precious metals	(184,809)	(212,978)
Other	47,954	8,250
	(3,011,059)	**(939,963)**

36. OTHER OPERATING INCOME

In 2015 and 2014 this item was made up as follows:

	2015	2014
Other operating income		
Other operating income:		
- Rents from real estate rented (Note 12)	699,971	595,111
- Reimbursement of expenses	120,385	141,526
- Income from provision of sundry services	5,835	10,598
- Other	203,963	66,883
	1,030,154	**814,118**
Other operating expenses		
Other taxes		
- Special contribution on the banking sector	301,210	161,911
- Direct taxes	157,658	238,235
Other operating expenses and losses:		
- Contributions to the Deposit Guarantee Fund	11,780	45,173
- Contributions to the Resolution Fund	182,666	44,667
- Subscriptions and donations	44,016	41,555
- Other operating expenses and losses	178,324	97,613
	875,654	**629,154**
	154,500	**184,964**

With the publication of Law no. 55 - A/2010, of 31 December, the Bank is subject to the banking sector contribution scheme. The banking sector contribution is levied on:

a) Liabilities deducted from tier 1 and tier 2 capital and from the deposits covered by the Deposits Guarantee Fund. The following are deducted from liabilities:
   - Elements that according to the applicable accounting standards are recognised as shareholders' equity;
   - Liabilities associated to defined benefit plans;

- Provisions;
- Liabilities resulting from the revaluation of derivatives;
- Deferred income, without considering that which results from borrowing operations; and
- Liabilities resulting from assets not derecognised in securitisation operations.

b) Notional amount of off-balance sheet derivative financial instruments determined by taxpayers, with the exception of hedge derivative financial instruments or with open symmetric risk positions.

The rates applicable to the bases defined by the previous sub-paragraphs a) and b) are 0.05% and 0.00015%, respectively, according to the determined amount.

During 2013, the Bank initiated its contribution to the Resolution Fund, which was created by Decree-Law No. 31-A/2012, of 10 February, and which introduced a resolution regime in the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law No. 289/92, of 31 December.

The measures provided for in the new scheme seek to, on a case by case basis, recover or prepare ordered liquidation of credit institutions and certain investment companies undergoing financial difficulty and they provide for three phases of intervention by the Bank of Portugal, namely corrective intervention, interim administration and resolution phases.

Accordingly, the main mission of the Resolution Fund consists of providing financial support in the application of resolution measures adopted by the Bank of Portugal.

In 2015 and 2014 the Bank recorded a periodic contribution of 60,040 euros and 44,667 euros, respectively.

Under the terms of article 153-H of the General Regime for Credit Institutions and Financial Companies that transposed articles 100, no. 4, sub-paragraph a), and 103, no. 1, of Directive 2015/59/UE of the European Parliament and of the Council, of 15 May 2014, and article 20, of the Delegated Regulation (UE) no. 2015/63 of the Commission, of 21 October 2014 ("Delegated Regulation"), in 2015 the first ex-ante contribution to the Single Resolution Fund (FUR) in the amount of 122,626 euros was made. It is incumbent on the Bank of Portugal, as the resolution authority, to determine these contributions in proportion to the risk profile of the participating institutions, based on the information provided by those same institutions and on the methodology defined in the Delegated Regulation.

37. PERSONNEL COSTS

In 2015 and 2014 this item was made up as follows:

	2015	2014
Wages and earnings		
- Governing Bodies	717,081	717,703
- Employees	3,613,713	3,387,275
	4,330,794	**4,104,978**
Social Security charges		
- Charges related to remunerations:		
Social Security	937,235	845,537
- Other compulsory social charges:		
Other	23,243	25,849
	960,478	**871,386**
Other personnel costs:		
- Other	105,245	91,517
	5,396,517	**5,067,881**

As at 31 December 2015 and 2014, the average number of employees in the service of the Bank, broken down by professional category, was as follows:

	2015	2014
Directors	7	7
Executives and managers	15	15
Technical staff	104	96
Administrative staff	5	5
	131	**123**

38. GENERAL ADMINISTRATIVE COSTS

In 2015 and 2014 this item was made up as follows:

	2015	2014
Supplies	231,185	233,943
Services	2,449,151	2,554,943
Specialised services	1,382,723	1,220,723
Other third-party services	580,302	596,844
	4,643,361	**4,606,453**

39. RELATED ENTITIES

Entities related to Banco Invest are those entities in which the Bank exercises direct or indirect control or significant influence over its management and financial and operational policy (Subsidiaries or associates) and entities that exert significant influence over the Bank's management, namely shareholders or entities they control and staff belonging to the Bank's governing bodies.

- *Shareholders and entities controlled by the latter:*
  - Fundo Inspirar;
  - Monvest, SGPS, S.A.;
  - US Gestar;
  - Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.;
  - Alves Ribeiro, S.A.;
  - Alves Ribeiro Consultoria de Gestão, S.A.;
  - Mundicenter, SGPS, S.A.;
  - Mundicenter II - Gestão de Espaços Comerciais, S.A.;
  - Motor Park - Comércio de Veículos Automóveis, S.A.;
  - SOTIF, SGPS, S.A.;
  - VALRI, SGPS, S.A.;
  - MS-Participações, SGPS, S.A.;
  - LERIMO, SGPS, S.A..
- *Governing bodies – members of the board of directors:*
  - Afonso Ribeiro Pereira de Sousa (Chairman)
  - António Miguel R. R. Branco Amaral (Deputy Chairman)
  - Francisco Manuel Ribeiro (Member)
  - Luís Miguel Barradas Ferreira (Member)

Balances with related entities

As at 31 December 2015 and 2014, the main balances with related entities were as follows:

	2015	2014
Financial assets available for sale		
Fundo Inspirar	5,233,000	5,233,000
Loans and advances to customers		
Alves Ribeiro, SGPS	9,927,755	10,382,000
Motor Park - Comércio de Veículos Automóveis, S.A.	2,070,267	2,060,396
Provisão Motor Park - Comércio de Veículos Automóveis, S.A.	(2,070,267)	(2,060,396)
US Gestar	1,122,230	896,000
Monvest, SGPS, S.A.	585,452	585,452
Alves Ribeiro Consultoria de Gestão, S.A.	-	3,200,000
Resources from customers		
VALRI, SGPS, S.A.	6,096,269	6,119,233
Mundicenter, SGPS, S.A.	4,500,000	9,017,129
SOTIF, SGPS, S.A.	1,780,829	1,747,118
MS - Participações, SGPS, S.A.	565,783	850,000
Fundo Inspirar	164,077	12,254
LERIMO, SGPS, S.A.	140,000	200,000
Alves Ribeiro Consultoria de Gestão, S.A.	2,762	7,674
US Gestar	2,523	4,585
Alves Ribeiro, S.A.	733	53,761
Motor Park - Comércio de Veículos Automóveis, S.A.	-	40,577
Mundicenter II - Gestão de Espaços Comerciais, S.A.	-	1,5055

Transactions with related entities

In 2015 and 2014, the main balances on the consolidated income statement with related entities were as follows:

	2015	2014
Interest and similar income		
Monvest - SGPS, SA	13,078	14,211
US Gestar	10,332	10,632
Motor Park - Comércio de Veículos Automóveis, S.A.	7,114	31,651
Alves Ribeiro, S.A.	1	117,994
Alves Ribeiro Consultoria de Gestão, S.A.	-	185,145
Interest and similar charges		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	73,808	175,112
Income from services and commissions		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	835	835
General administrative costs		
Alrisa	273,916	272,3233

Transactions with related entities are usually based on market values on the respective dates.

Employees that belong to the governing bodies

Remuneration Policy

The Remuneration Commission, made up of three shareholder representatives and elected in General Assembly, determines the remuneration policy of the members of the governing bodies of Banco Invest, as well as the social security schemes and of other supplementary contributions.

The remuneration policy was submitted to the approval of the General Meeting, thus attempting to combine the interests of the members of the governing bodies with those of the company, and is summarised as follows:

a) The remuneration of the executive members of the Board of Directors is made up of a fixed component and a possible variable component;

b) The variable component, which may not exceed 5% of profits for the year, is dependent on the obtainment of suitable results, return on shareholders' equity and the effective creation of value, thus ensuring the sustainability of the business model in the medium and long-term;

c) When attributed, the variable component is calculated based on the Bank's financial statements for the previous year;

d) In 2015, there was no share grant scheme or share options scheme in force that included members of the governing bodies;

e) The non-executive members of the Board of Directors and members of the Audit Board do not earn any remuneration, fixed or variable, and as such the previous paragraphs are not applicable.

The annual amount of remuneration earned by the executive members of the Board of Directors was 711,893 euros.

40. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Management policies for financial risks inherent to Banco Invest's business

Authorised risk limits and exposure levels are established and approved by the Board of Directors, bearing in mind the overall strategy of Banco Invest and its market positioning.

The institution's risk management procedure respects the due separation of functions and complementarity of operation of each of the areas involved. Proper cooperation between the Investment Committee, the Credit Division and the Planning and Control Division ensures compliance with the limits set by the Board of Directors.

Credit risK

Credit risk is the possible loss of value of the Bank's assets through the non-fulfilment of a contract, insolvency or the inability of individuals or corporate persons to honour their commitments with Banco Invest.

The identification, assessment, follow-up and permanent control of credit risk leads to prompt monitoring. This permits the anticipation of a potential default, with the risks arising from all the Institution's activities being covered, at both the individual credit level and in terms of the Bank's entire portfolio.

Maximum exposure to credit risk

As at 31 December 2015 and 2014, the maximum exposure to credit risk by type of financial instrument was summarised as follows:

	2015		
	Gross value	Provisions and impairment	Net value
Assets			
Cash and deposits at Central Banks	3,478,016	-	3,478,016
Amounts owed by other credit institutions	5,862,327	-	5,862,327
Financial assets held for trading:			
- Securities	37,328,247	-	37,328,247
- Derivatives	1,891,199	-	1,891,199
Financial assets available for sale	147,161,775	(3,637,999)	143,523,776
Deposits at credit institutions	400,180	-	400,180
Loans and advances to customers:			
- Loans and advances to customers	168,978,744	(31,621,795)	137,356,949
- Other Loans and receivables (securitised)	110,347,488	(773,307)	109,574,181
Investments held to maturity	102,346,120	(2,230,831)	100,115,289
Other assets:			
- Debtors and other financial applications	633,556	-	633,556
	578,427,652	**(38,263,932)**	**540,163,720**
Off-balance sheet			
Guarantees provided	3,996,545	-	3,996,545
	582,424,197	**(38,263,932)**	**544,160,265**

	2014		
	Valor bruto	Provisões e imparidade	Valor líquido
Assets			
Cash and deposits at Central Banks	1,824,051	-	1,824,051
Amounts owed by other credit institutions	7,168,012	-	7,168,012
Financial assets held for trading:			
- Securities	52,375,157	-	52,375,157
- Derivatives	2,365,151	-	2,365,151
Financial assets available for sale	257,321,074	(3,601,513)	253,719,561
Deposits at credit institutions	3,400,352	-	3,400,352
Loans and advances to customers:			
- Loans and advances to customers	185,613,866	(31,765,404)	153,848,462
- Other Loans and receivables (securitised)	32,474,824	(978,430)	31,496,394
Investments held to maturity	77,280,239	-	77,280,239
Other assets:			
- Debtors and other financial applications	477,926	-	477,926
	620,300,652	**(36,345,347)**	**583,955,305**
Off-balance sheet			
Guarantees provided	3,985,295	-	3,985,295
	624,285,947	**(36,345,347)**	**587,940,600**

Credit quality of financial assets without defaults or impairments

The Bank's loan portfolio includes two major homogeneous grou:

- A more significant group, consisting of real estate financing operations for acquisition or own construction, directed at corporate customers, with long-term maturities and having as collateral legal property (in real estate leasing operations) or a first degree mortgage (in the case of mortgage loans) on the financed properties;

- Another less significant group, formed by financing operations for margin accounts, with the pledge of securities portfolios, listing on an official market and liquidity, and also very short-term operations with pledging of precious metals.

This second group of loans, due to its short term and very short term nature, has an excellent turnover, allowing for a quick portfolio revitalisation. Rigorous risk monitoring policy and very prudent collateral eligibility policy, limited by a regulated market that is fluid, lead to significantly reduced exposure to risk.

The same cannot be said for real estate loans, which because of their long term maturity lead to a portfolio marked by operations that originate in different periods of time and therefore have different degrees of exposure to risk.

As such, while it is true that the policy for granting new loans has adapted to successive economic climate scenarios, in line with more prudent policies, with regard to the existing portfolio, the main challenge that the Bank faced was implementing effective means for managing the portfolio in terms of monitoring, managing and evaluating risk.

Notwithstanding, the Bank will maintain and continue to reinforce the measures required to preserve the quality and integrity of its loan portfolio.

1. *Regarding the risk management policy*

   With an experienced team, consolidated policies and over 17 years of operation, the Bank boasts a series of resources that allows for:

   - Real time monitoring of impairment or risk signs;
   - Daily control of non-compliance situations (total or partial) regarding contractual obligations, whether of a monetary nature or other nature;
   - Automatic adjustment of the internal risk rating;
   - Automatic issuance of alerts sent to the Customer Managers and Credit Department, Recovery Department and Legal Department;
   - Issuing and sending to Holders and their Guarantors, notifications related to non-compliance with explanation of origin, maturity date, charges owed, means of settlement and consequences of non-compliance;
   - Historic record of all events, diligences taken and their results.

   In terms of managing credit risk, the Bank undertakes to do the following in accordance with the Procedures Manual in effect:

   - constantly monitor greatest risks, in terms of value;
   - follow-up on sectorial risk, acting to safeguard its legitimate rights and the integrity of the credit guarantees, while respecting applicable legislation and seeking out means that always, as much as possible, favour negotiable solutions that do not involve the courts.

   Practical application of specific legislation aimed at protecting bank customers that are in a difficult economic situation, within the scope of the PARI or PERSI scheme, always and when applicable, constitutes regular procedure for the Bank.

2. *Loan write-off policy:*

   When considering risk of non-fulfilment, the Bank fully respects the provisioning policy implemented via Notice 3/95 and in recognising impairment, the guidelines of Circular Letter 02/2014/DSP of the Bank of Portugal.

However, the Bank has not yet decided to implement a non-performing loan write-off policy. Instead it has decided to keep it on the books and follow provisioning procedures and recognise impairments until all legal action for recovery of outstanding loans has been exhausted against the Holders and Guarantors, as legally certified by the courts.

Accordingly, it is important to note that the amount of provisions and recognised impairments has not been reduced by regular write-offs.

3. *Impairment reversal policy:*

Reversal of impairments that have already been recognised in the loan portfolio shall only occur in specific justified situations of reduction of potential risk of loss, namely:

- Upon full or partial payment of values at risk;
- Upon reinforcement of loan collateral;
- Following justified alteration of impairment calculation parameters:

  i) reduction of expected default, reduction of loss probability, in the case of calculation of impairment in a collective manner;
  ii) increase of the market value of the collateral, reduction of the effective costs of maintaining and/or realising collateral, reduced market rates applied to the updating of the probable value of realising collateral, in the event of calculating impairment via individual analysis.

4. *Description of the restructuring measures applied to past due loans, control and monitoring mechanisms:*

Credit restructuring measures are defined on a case by case basis in accordance with the risk analysis in question. They shall be based on a specific credit dossier to be submitted for approval in accordance with the applicable Manual.

They may include: i) extension of the repayment deadline; ii) granting of a grace period for the principal; iii) deferral of repayment of part of the financed amount toward the end of maturity or iv) capitalisation of the overdue amount.

Whenever possible, the Bank seeks to obtain reinforcement of loan guarantees and/or payment of past due interest.

Restructured credit is marked and monitored pursuant to Bank of Portugal terms and depending on the difficulties of the Debtor, the corresponding credit impairments are then calculated via individual analysis.

One of the criteria that the Bank uses for credit risk analysis of its loan portfolio is the distribution of the portfolio according to the number of past due instalments. The risk categories used are as follows:

- [0,1] – Loans with zero or one past due instalment;
- [2,3] – Loans with two or three past due instalments;
- [4,5] – Loans with four or five past due instalments;
- [6,+[– Loans with six or more past due instalments.

As at 31 December 2015 and 2014, the Bank's loan portfolio according to the risk categories identified above is as follo:

	2015				
	Risk category				
Type of contract	**[0,1]**	**[2,3]**	**[4,5]**	**[6,+[**	**Total**
Current Accounts	11,869,597	-	-	5,038,642	16,908,239
Home Loans	31,193,031	1,060,123	1,076,612	24,908,682	58,238,449
Mutual Loans	8,104,382	1,184	33,466	5,984,637	14,123,670
Real Estate Leasing	51,798,559	2,733,733	1,425,310	11,996,143	67,953,745
Equipment Leasing	488,201	106,432	-	-	594,632
Other Loans	2,241,032	1,284,426	999,371	3,313,164	7,837,994
Current Account Overdrafts	3,045,600	-	-	-	3,045,600
	108,740,402	**5,185,898**	**3,534,760**	**51,241,269**	**168,702,330**

	2014				
	Risk category				
Type of contract	**[0,1]**	**[2,3]**	**[4,5]**	**[6,+[**	**Total**
Current Accounts	17,943,081	-	-	2,985,477	20,928,558
Home Loan	30,560,666	2,162,403	843,454	30,203,787	63,770,310
Mutual Loans	8,290,574	857,060	74,942	6,552,133	15,774,709
Real Estate Leasing	53,724,275	4,545,363	2,451,232	14,053,812	74,774,682
Equipment Leasing	525,453	-	116,706	-	642,159
Other Loans	1,418,080	1,217,818	1,031,112	2,737,253	6,404,263
Current Account Overdrafts	2,862,874	-	-	-	2,862,874
	115,325,003	**8,782,644**	**4,517,446**	**56,532,462**	**185,157,555**

Securities recorded in loans and advances to customers, accrued interest and commissions associated with the loan portfolio were not considered in the elaboration of these tables.

The main collaterals received by the Bank relative to the financial assets identified above are as follows:

- In the case of real estate leasing transactions, the effective guarantee is comprised by the legal title of the property.
- In the case of medium and long-term loans, the collateral is generally comprised by a first mortgage of urban real property, a situation that is also common in loans associated with a current account regime.
- In one-off situations, the Bank also obtains commercial liens on financial assets, composed by liquid assets or securities quoted in official markets, as well as net intangible assets subject to current market valuation such as, for example, goodwill rights over pharmacy establishments.
- In general and considering the maturity date of the operations, independently of the form of ownership, the obtainment of personal guarantees (acceptances or sureties) is common practice.

The assets purchased for financial leasing operations, or received as mortgage guarantee, are covered in the event of an accident or act of God, via multi-risk insurance with the corresponding rights in favour of the Bank.

The Bank's loan portfolio is segmented according to nature, specific characteristics and types of collateral, as stated above.

As such, the following are submitted to a process of evaluation and calculation by homogeneous and autonomous groups: i) loans of a real estate nature and origin, ii) credit in margin accounts, guaranteed by securities portfolios, and, iii) loans with precious metals as collateral.

When calculating impairments, the Bank follows Bank of Portugal requirements stipulated in Circular Letter 02/2014/DSP. Definition of the exposures to analyse collectively and individually respects the aforementioned precepts and it should be mentioned that the Bank submits the following for individual analysis, in addition to those required by the Bank of Portugal: i) all exposures considered relevant (which according to the Bank involve values at risk that exceed 500,000 euros), ii) exposures to some sectors in which risk concentration is considered relevant, (even without non-fulfilment, signs of impairment or risk) and also, iii) possible exposure to group companies or companies that are directly and indirectly related.

It should be pointed out that when calculating impairments, not only are past due and unpaid amounts considered at risk when they exist, but also maturing principal and accrued interest that has not yet matured.

However, when calculating the execution amount of collateral, i.e. the probable amount of the realisation of the credits, the costs related to their realisation are considered, as regulated by the Bank of Portugal. In the particular case of real estate, said realisation value, less probable expenses related to maintenance and sale, is updated at the interest rate of the associated contract for the amount of time estimated for its recovery and sale.

Because real estate guarantees have a relevant impact on the overall Bank loan portfolio, it is important to note that properties are subject to multi-risk insurance, this practice being in fact implemented and effectively applied with the aim of maintaining the integrity of the collateral, safeguarding rights in case of indemnity; the Bank preventively acquires these insurance policies by its own initiative whenever the financing contracts enter into a situation of continuous non-fulfilment, litigation or the properties are recovered to settle own credit.

Maintenance of the recovered property when settling own credit is also assured by the Bank as a means of preserving its realisation amounts.

Pursuant to the stipulations established in Circular Letter No. 2/2014-DSP of the Bank of Portugal, we break down the Bank's loan portfolio as at 31 December 2015 and 2014:

a) Details of exposures and established impairment:

	Exposure 31-12-2015					Impairment 31-12-2015		
Segment	Total Exposure	Loans due	Of which restructured	Loans overdue	Of which restructured	Total Impairment	Loans due	Loans overdue
Construction and Real Estate (CRE)	33,944,617	10,755,673	1,012,330	23,188,944	3,779,613	7,356,131	348,143	7,007,988
Corporate	703,380	177,294	24,207	526,086	-	554,583	28,497	526,086
Loans secured by Pledges	7,669,489	3,099,874	-	4,569,615	-	896,656	103,105	793,551
Traditional Loans	109,480,051	55,788,778	9,036,606	53,691,273	13,766,182	19,527,703	3,908,276	15,619,427
Current Account Overdrafts	32,996	-	-	32,996	-	37,946	-	37,946
Residential Mortgage	13,340,398	6,572,234	720,064	6,768,164	847,269	3,111,079	190,122	2,920,957
Provision of Services	127,438	-	-	127,438	-	137,697	-	137,697
	165,298,369	**76,393,853**	**10,793,207**	**88,904,516**	**18,393,064**	**31,621,795**	**4,578,143**	**27,043,652**

	Exposure 31-12-2014					Impairment 31-12-2014		
Segment	Total Exposure	Loans due	Of which restructured	Loans overdue	Of which restructured	Total Impairment	Loans due	Loans overdue
Construction and Real Estate (CRE)	37,614,823	13,082,421	1,703,913	24,532,402	4,933,621	7,107,615	1,062,614	6,045,001
Corporate	785,318	232,540	-	552,778	26,748	561,655	8,877	552,778
Loans secured by Pledges	6,231,030	2,323,062	-	3,907,968	-	698,482	40,878	657,604
Traditional Loans	123,461,009	73,911,618	7,912,533	49,549,391	18,878,913	20,394,288	3,407,563	16,986,725
Current Account Overdrafts	37,754	-	-	37,754	-	43,416	-	43,416
Residential Mortgage	13,767,267	7,364,949	562,849	6,402,318	747,687	2,817,084	278,842	2,538,242
Provision of Services	132,098	-	-	132,098	-	142,864	-	142,864
	182,029,299	**96,914,590**	**10,179,295**	**85,114,709**	**24,586,969**	**31,765,404**	**4,798,774**	**26,966,630**

Total exposure detailed in these tables corresponds to that which is used in terms of the Bank's credit impairment model, which in light of the amount of the credit exposure listed in Note 9, has the following differences as at 31 December 2014 and 2014: (i) does not include 3,012,604 euros and 2,825,023 euros, respectively, pertaining to overdrafts on demand deposits because the impairment model considers the value of the customer's assets as a factor to be deducted from the overall exposure; and (ii) does not include some 667,771 euros and 669,040 euros pertaining to amounts owed by customers because the impairment model considers this amount to be a factor that should be deducted from the customer's overall exposure and iii) does not include debt securities recorded in loans and receivables. This criterion was consistently applied to the following tables of this note.

Segment	Total Exposure 31-12-2015	Of total exposure 31-12-2015					
		Loans due				Loans overdue	
		Delay < 30 days		Overdue between		Delay <= 90	Delay>90
		without indication	with indication	30 and 90 days	Sub Total	days	days
Construction and Real Estate (CRE)	33,944,617	8,298,143	1,787,965	669,565	10,755,673	6,793,955	16,394,989
Corporate	703,380	153,087	24,207	-	177,294	-	526,086
Loans secured by Pledges	7,669,489	1,462,474	595,084	1,042,316	3,099,874	372,279	4,197,336
Traditional Loans	109,480,051	40,803,596	13,046,537	1,938,645	55,788,778	24,558,229	29,133,044
Current Account Overdrafts	32,996	-	-	-	-	-	32,996
Home Loans	13,340,398	5,664,891	721,213	186,130	6,572,234	401,714	6,366,450
Provision of Services	127,438	-	-	-	-	-	127,438
	165,298,369	**56,382,191**	**16,175,006**	**3,836,656**	**76,393,853**	**32,126,177**	**56,778,339**

Segment	Total Exposure 31-12-2014	Of total exposure 31-12-2014					
		Loans due				Loans overdue	
		Delay < 30 days		Overdue between		Delay <= 90	Delay>90
		without indication	with indication	30 and 90 days	Sub Total	days	days
Construction and Real Estate (CRE)	37,614,824	10,431,711	585,488	2,065,222	13,082,421	5,631,065	18,901,338
Corporate	785,318	232,540	-	-	232,540	-	552,778
Loans secured by Pledges	6,231,030	893,597	429,822	999,643	2,323,062	289,898	3,618,070
Traditional Loans	123,461,010	56,357,036	15,050,126	2,504,457	73,911,619	16,062,473	33,486,918
Current Account Overdrafts	37,754	-	-	-	-	-	37,754
Home Loans	13,767,266	6,081,292	884,544	399,112	7,364,948	229,983	6,172,335
Provision of Services	132,097	-	-	-	-	-	132,097
	182,029,299	**73,996,176**	**16,949,980**	**5,968,434**	**96,914,590**	**22,213,419**	**62,901,290**

Segment	Total Impairment 31-12-2015	Of total impairment 31-12-2015					
		Loans due				Loans due	
		Delay < 30 days		Overdue between		Delay <= 90	Delay>90
		without indication	with indication	30 and 90 days	Sub Total	days	days
Construction and Real Estate (CRE)	7,356,131	279,275	49,365	19,503	348,143	897,665	6,110,323
Corporate	554,583	4,290	24,207	-	28,497	-	526,086
Loans secured by Pledges	896,656	28,972	19,329	54,804	103,105	23,612	769,939
Traditional Loans	19,527,703	2,743,447	1,110,501	54,328	3,908,276	3,782,190	11,837,237
Current Account Overdrafts	37,946	-	-	-	-	-	37,946
Home Loans	3,111,079	158,750	24,454	6,918	190,122	98,616	2,822,341
Provision of Services	137,697	-	-	-	-	-	137,697
	31,621,795	**3,214,734**	**1,227,856**	**135,553**	**4,578,143**	**4,802,083**	**22,241,569**

Segment	Total Impairment 31-12-2014	Of total impairment 31-12-2014					
		Loans due				Loans due	
		Delay < 30 days		Overdue between		Delay <= 90	Delay>90
		without indication	with indication	30 and 90 days	Sub Total	days	days
Construction and Real Estate (CRE)	7,107,615	445,833	22,350	594,432	1,062,615	693,675	5,351,325
Corporate	561,655	8,877	-	-	8,877	-	552,778
Loans secured by Pledges	698,482	5,809	2,606	32,463	40,878	8,012	649,592
Traditional Loans	20,394,288	2,271,267	923,228	213,068	3,407,563	5,830,472	11,156,253
Current Account Overdrafts	43,416	-	-	-	-	-	43,416
Home Loans	2,817,084	232,138	33,597	13,106	278,841	48,041	2,490,202
Provision of Services	142,864	-	-	-	-	-	142,864
	31,765,404	**2,963,924**	**981,781**	**853,069**	**4,798,774**	**6,580,200**	**20,386,430**

b) Details of the loan portfolio by segment and year of production:

31 December 2015:

Year of Production	Construction and CRE			Corporate			Loans secured by Pledges			Traditional Loans		
	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituteda	Number of Operations	Amount	Impairment Constituted
2005 and previous	84	10,477,782	1,408,006	1	37,317	37,317	-	-	-	252	21,368,606	4,266,867
2006	34	8,494,983	1,690,750	-	-	-	-	-	-	67	9,691,653	1,179,875
2007	25	2,454,519	791,972	2	153,087	4,290	1	148	42	81	12,020,510	1,606,243
2008	23	4,641,920	1,023,118	-	-	-	3	501	262	64	17,862,107	4,386,514
2009	12	1,668,650	398,122	-	-	-	4	1,960	1,438	44	8,063,157	1,777,097
2010	16	2,042,350	1,264,323	-	-	-	21	157,249	152,194	30	4,171,179	795,420
2011	16	2,757,025	458,155	1	488,769	488,769	586	460,398	98,742	24	5,450,136	349,763
2012	5	524,604	53,271	-	-	-	1,745	1,207,726	280,102	37	4,932,269	1,366,731
2013	5	484,574	208,366	-	-	-	1,847	1,044,165	114,249	40	14,880,787	1,873,822
2014	4	105,941	51,857	-	-	-	2,886	1,521,209	128,969	49	6,652,591	1,330,356
2015	3	292,269	8,191	1	24,207	24,207	6,327	3,276,133	120,658	36	4,387,056	595,015
Total	227	33,944,617	7,356,131	5	703,380	554,583	13,420	7,669,489	896,656	724	109,480,051	19,527,703

Year of Production	Current Account Overdrafts			Residential Mortgage			Provision of Services			Total		
	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2005 and previous	-	-	-	113	4,082,025	374,026	-	-	-	450	35,965,730	6,086,216
2006	-	-	-	22	1,951,293	164,531	-	-	-	123	20,137,929	3,035,156
2007	-	-	-	12	3,122,709	2,118,640	-	-	-	121	17,750,973	4,521,187
2008	-	-	-	16	1,263,327	187,613	-	-	-	106	23,767,855	5,597,507
2009	-	-	-	5	311,841	75,218	-	-	-	65	10,045,608	2,251,875
2010	-	-	-	4	393,955	57,439	-	-	-	71	6,764,733	2,269,376
2011	-	-	-	5	539,450	15,117	6	67,500	72,934	638	9,763,278	1,483,480
2012	-	-	-	1	20,055	562	4	29,958	32,370	1,792	6,714,612	1,733,036
2013	-	-	-	1	130,829	3,666	4	29,980	32,393	1,897	16,570,335	2,232,496
2014	24	32,379	37,237	9	1,285,279	107,551	-	-	-	2,972	9,597,399	1,655,970
2015	4	617	709	2	239,635	6,716	-	-	-	6,373	8,219,917	755,496
Total	28	32,996	37,946	190	13,340,398	3,111,079	14	127,438	137,697	14,608	165,298,369	31,621,795

31 December 2014:

Year of Production	Construction and CRE			Corporate			Loans secured by Pledges			Traditional Loans		
	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2004 and previous	64	7,766,017	840,968	1	37,317	37,317	0	-	-	235	18,073,793	4,241,521
2005	25	3,998,785	151,455	0	-	-	0	-	-	57	6,702,526	466,564
2006	32	7,742,322	1,348,896	1	7,242	276	0	-	-	71	13,013,421	2,304,731
2007	28	4,283,243	1,079,899	2	225,297	8,600	0	-	-	84	13,644,560	2,031,552
2008	23	5,146,848	1,308,933	0	-	-	1	179	179	71	19,872,306	4,073,770
2009	13	1,741,179	432,507	0	-	-	1	1,211	1,212	50	9,176,662	1,792,179
2010	18	2,286,184	1,271,497	0	-	-	7	139,225	133,622	37	4,491,266	827,355
2011	17	3,081,507	546,858	1	488,712	488,712	714	594,870	117,355	30	6,489,713	342,704
2012	5	670,082	60,380	0	-	-	2,257	1,596,399	321,191	42	8,992,442	1,237,043
2013	5	464,743	50,715	0	-	-	2,568	1,381,168	86,561	45	15,688,987	1,735,547
2014	5	433,912	15,505	1	26,748	26,748	4,566	2,517,980	38,363	50	7,315,334	1,341,324
Total	235	37,614,823	7,107,615	6	785,318	561,654	10,114	6,231,031	698,482	772	123,461,009	20,394,288

Year of Production	Current Account Overdrafts			Residential Mortgage			Provision of Services			Total		
	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted	Number of Operations	Amount	Impairment Constituted
2004 and previous	0	-	-	103	3,847,147	441,983	0	-	-	403	29,724,274	5,561,788
2005	0	-	-	22	812,950	48,176	1	4,033	4,362	105	11,518,294	670,558
2006	0	-	-	22	1,713,671	107,620	0	-	-	126	22,476,657	3,761,523
2007	0	-	-	14	3,454,728	1,879,442	0	-	-	128	21,607,829	4,999,493
2008	0	-	-	16	1,306,273	201,883	0	-	-	111	26,325,605	5,584,764
2009	0	-	-	4	202,309	21,913	0	-	-	68	11,121,361	2,247,811
2010	0	-	-	4	430,400	41,865	0	-	-	66	7,347,075	2,274,339
2011	0	-	-	5	559,466	21,356	6	67,500	73,001	773	11,281,767	1,589,986
2012	0	-	-	1	20,730	791	4	29,958	32,400	2309	11,309,611	1,651,805
2013	0	-	-	2	137,473	5,260	4	29,979	32,423	2624	17,702,351	1,910,506
2014	26	37,754	43,416	9	1,282,120	46,796	1	627	678	4658	11,614,475	1,512,830
Total	**26**	**37,754**	**43,416**	**202**	**13,767,267**	**2,817,084**	**16**	**132,098**	**142,864**	**11,371**	**182,029,299**	**31,765,404**

c) Details of the amount of gross credit exposure and individual and impairment assessed collectively and individually by segment, sector of activity and geographic location:

c.1) By segment:

31 December 2015:

Segment	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Construction and CRE	28,862,732	5,081,885	33,944,617	7,213,718	142,413	7,356,131
Corporate	550,293	153,087	703,380	550,293	4,290	554,583
Loans Secured by Pledges	4,569,615	3,099,874	7,669,489	793,551	103,105	896,656
Traditional Loans	83,628,844	25,851,207	109,480,051	18,803,260	724,443	19,527,703
Current Account Overdrafts	32,996	-	32,996	37,946	-	37,946
Residential Mortgage	8,182,315	5,158,083	13,340,398	2,966,532	144,547	3,111,079
Provision of Services	127,438	-	127,438	137,697	-	137,697
Total	**125,954,233**	**39,344,136**	**165,298,369**	**30,502,997**	**1,118,798**	**31,621,795**

31 December 2014:

Segment	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Construction and CRE	31,357,944	6,256,879	37,614,823	6,868,773	238,842	7,107,615
Corporate	552,778	232,540	785,318	552,778	8,877	561,655
Loans Secured by Pledges	3,907,968	2,323,062	6,231,030	657,604	40,878	698,482
Traditional Loans	91,411,428	32,049,581	123,461,009	19,170,877	1,223,411	20,394,288
Current Account Overdrafts	37,754	-	37,754	43,416	-	43,416
Residential Mortgage	6,965,167	6,802,100	13,767,267	2,557,431	259,653	2,817,084
Provision of Services	132,098	-	132,098	142,864	-	142,864
Total	**134,365,137**	**47,664,162**	**182,029,299**	**29,993,743**	**1,771,661**	**31,765,404**

c.2) By sector of activity:

31 December 2015:

Sector of activity	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Wholesale and retail trade, repair, of motor vehicles	34,447,172	10,197,649	44,644,821	10,298,715	285,775	10,584,490
Construction	28,873,826	5,088,787	33,962,613	7,214,028	142,607	7,356,635
Individuals	16,713,644	11,298,984	28,012,628	5,226,538	332,873	5,559,411
Manufacturing industries	9,141,746	5,340,614	14,482,360	1,822,575	149,663	1,972,238
Financial activities and insurance	13,593,670	235,032	13,828,702	949,914	6,586	956,500
Agriculture, animal production, hunting, forestry and fisheries	5,084,454	808,828	5,893,282	1,647,736	22,666	1,670,402
Administrative and services support activities	5,062,409	283,279	5,345,688	804,218	7,938	812,156
Human health and social work activities	3,488,612	379,453	3,868,065	705,161	10,634	715,795
Hotels and restaurants	2,286,997	1,445,022	3,732,019	589,252	40,495	629,747
Consulting, scientific and technical activities	1,877,706	1,283,432	3,161,138	772,023	35,966	807,989
Other service activities	1,948,272	716,131	2,664,403	56,015	20,069	76,084
Transportation and storage	1,154,723	1,180,656	2,335,379	126,157	33,086	159,243
Arts, entertainment, sports and recreational activities	1,707,623	410,339	2,117,962	98,000	11,499	109,499
Education	561,240	149,178	710,418	192,324	4,181	196,505
Real estate activities	12,139	413,121	425,260	341	11,576	11,917
Information and communication activities	-	113,631	113,631	-	3,184	3,184
Total	**125,954,233**	**39,344,136**	**165,298,369**	**30,502,997**	**1,118,798**	**31,621,795**

31 December 2014:

Sector of activity	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
Wholesale and retail trade, repair, of motor vehicles	40,237,743	11,613,397	51,851,140	11,472,559	293,298	11,765,857
Construction	31,377,609	6,268,648	37,646,257	6,869,523	239,291	7,108,814
Individuals	14,551,447	12,790,346	27,341,793	4,665,068	440,442	5,105,510
Financial activities and insurance	15,319,036	230,778	15,549,814	839,018	8,809	847,827
Manufacturing industries	7,604,104	7,626,362	15,230,466	1,552,512	291,117	1,843,629
Consulting, scientific and technical activities	4,949,428	1,238,566	6,187,994	792,251	47,280	839,531
Administrative and services support activities	5,103,828	318,478	5,422,306	720,877	12,157	733,034
Hotels and restaurants	3,126,895	1,605,374	4,732,269	1,058,783	61,281	1,120,064
Agriculture, animal production, hunting, forestry and fisheries	3,172,146	879,130	4,051,276	1,074,735	33,559	1,108,294
Human health and social work activities	3,289,793	711,991	4,001,784	396,912	27,178	424,090
Transportation and storage	1,395,383	1,914,480	3,309,863	53,265	223,093	276,358
Other service activities	2,259,420	909,440	3,168,860	372,668	34,716	407,384
Arts, entertainment, sports and recreational activities	1,666,240	503,061	2,169,301	85,825	19,203	105,028
Education	299,927	202,431	502,358	39,284	7,727	47,011
Real estate activities	12,138	467,201	479,339	463	17,834	18,297
Activities of international bodies and other institutions	-	261,113	261,113	-	9,967	9,967
Information and communication activities	-	123,366	123,366	-	4,709	4,709
Total	**134,365,137**	**47,664,162**	**182,029,299**	**29,993,743**	**1,771,661**	**31,765,404**

c.3) By geographic location:

31 December 2015:

Geography	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
France	-	223,367	223,367	-	6,260	6,260
Portugal	125,954,233	38,984,702	164,938,935	30,502,997	1,108,727	31,611,724
Switzerland	-	91,082	91,082	-	2,552	2,552
United Kingdom	-	44,985	44,985	-	1,259	1,259
Total	**125,954,233**	**39,344,136**	**165,298,369**	**30,502,997**	**1,118,798**	**31,621,795**

31 December 2014:

Geography	Exposure			Impairment		
	Individual	Collective	Total	Individual	Collective	Total
France	-	254,405	254,405	-	9,711	9,711
Portugal	134,365,137	47,097,378	181,462,515	29,993,743	1,749,372	31,743,115
Switzerland	-	50,639	50,639	-	1,933	1,933
United Kingdom	-	627	627	-	678	678
United States	-	261,113	261,113	-	9,967	9,967
Total	**134,365,137**	**47,664,162**	**182,029,299**	**29,993,743**	**1,771,661**	**31,765,404**

d) Details of the restructured loan portfolio via applied restructuring:

As clearly stated in the preceding notes and information, the Bank's loan portfolio is structured as follows: (i) financing applied during the acquisition of real estate property for professional or corporate use; (ii) collateral made up of the legal ownership of the financed property (in the case of leasing) or first degree mortgage (in the case of mortgage loans); and (iii) it has a repayment structure that almost entirely has long term maturities (over 10 years).

Because of the nature of the credit operations in question, out of court resolution of situations of difficult compliance with repayment plans or non-fulfilment (as long as it can be overcome), involves traditional solutions that seek to adapt the Repayment Plan to the reality of the Customers' cash flow.

Accordingly, restructuring processes that can, as has been already stated, occasionally include capitalisation of past due amounts that have not yet been paid at the date of implementation involve attempting to reduce pressure on the Customers' cash flow, which can be attained, as has also already been stated, by extending the overall repayment time period or possibly by repaying part of the principal at the end of the contract.

Implementation of grace periods for principal, which are only considered for situations that are deemed to be transition periods and therefore comprise time periods that do not exceed 12 months, are only marginally used and when they are adopted, they do not lead to total suspension of the principal that is to be repaid periodically, given current low interest rates.

Although at the date of drafting these Notes restructured contracts have not yet been fully identified with a breakdown according to type or combination of the type of restructuring, we can safely say that individually: (i) adopting grace periods for principal (total or partial) as a means of restructuring contracts does not account for 15% of the total; and (ii) consolidated restructuring measures (involving full reformulation of the Repayment Plan) do not account for less than 85% of the total.

e) Changes in the restructured loan portfolio:

Initial balance of the portfolio of restructured loans (gross of impairment)	34,766,265
Loans restructured in the period	2,453,558
Accrued interest from the restructured portfolio	67,094
Settlement of restructured loan (partial or full)	(3,733,199)
Loans reclassified from 'restructured' to 'performing'	(2,515,672)
Final balance of the portfolio of restructured loans (gross of impairment)	**31,038,046**

f) Details of the fair value of the collaterals underlying the loan portfolio for the Corporate, Construction and Commercial Real Estate (CRE) and Residential Mortgage segments:

	Construction and CRE				Corporate				Residential Mortgage				Total			
31-12-2015	Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral	
Fair Value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<0,5 M€	144	14,515,387	1	3,993	-	-	-	-	154	8,009,833	-	-	298	22,525,220	1	3,993
<=0,5 M€ and <1 M€	30	7,176,352	-	-	-	-	-	-	12	5,125,037	-	-	42	12,301,389	-	-
<=1 M€ and <5 M€	9	9,130,338	-	-	-	-	1	129,077	1	35,219	-	-	10	9,165,557	1	129,077
Total	183	30,822,077	1	3,993	-	-	1	129,077	167	13,170,089	-	-	350	43,992,166	2	133,070

	Construction and CRE				Corporate				Residential Mortgage				Total			
31-12-2014	Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral		Real Estate		Other Real Collateral	
Fair Value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<0,5 M€	147	15,916,516	2	139,140	-	-	1	7,242	168	8,763,448	-	-	315	24,679,964	3	146,382
<=0,5 M€ and <1 M€	33	9,289,192	-	-	-	-	1	210,286	10	2,544,932	-	-	43	11,834,124	1	210,286
<=1 M€ and <5 M€	10	9,952,095	-	-	-	-	-	-	2	2,276,536	-	-	12	12,228,631	-	-
Total	190	35,157,803	2	139,140	-	-	2	217,528	180	13,584,916	-	-	370	48,742,719	4	356,668

g) LTV ratio for the Corporate, Construction and CRE, and Residential Mortgage segments:

	31-12-2015			
Segment / Ratio	**Number of Properties**	**Performing Loans**	**Default Loans**	**Impairment**
Construction and CRE				
With no collateral [1]	n,a,	48,038	3,070,509	1,008,836
<60 %	130	7,360,273	4,357,092	836,834
>=60% and <80%	25	3,189,086	8,429,422	1,774,816
>=80% and <100%	12	158,276	2,910,531	1,201,868
>=100%	17	-	4,421,391	2,533,778
	184	**10,755,673**	**23,188,945**	**7,356,132**
Corporate				
With no collateral	n,a,	48,217	526,086	550,966
<60 %	1	129,077	-	3,617
>=60% and <80%	-	-	-	-
>=80% and <100%	-	-	-	-
>=100%	-	-	-	-
	1	**177,294**	**526,086**	**554,583**
Residential Mortgage				
With no collateral	n,a,	112	130,460	200,904
<60 %	127	3,581,513	2,067,041	167,777
>=60% and <80%	22	2,241,350	562,859	113,894
>=80% and <100%	11	749,259	778,302	213,209
>=100%	8	-	3,229,502	2,415,295
	168	**6,572,234**	**6,768,164**	**3,111,079**

Properties	31-12-2014 Number of Properties	Performing Loans	Default Loans	Impairment
Construction and CRE				
With no collateral [1]	n,a,	951,091	1,202,536	706,151
<60 %	129	7,463,095	5,492,591	994,835
>=60% and <80%	30	3,145,979	5,664,924	939,035
>=80% and <100%	14	165,223	6,576,626	1,040,046
>=100%	21	1,357,034	5,595,725	3,427,546
	194	**13,082,421**	**24,532,402**	**7,107,615**
Corporate				
With no collateral	n,a,	24,012	552,778	553,694
<60 %	2	208,528	-	7,960
>=60% and <80%	-	-	-	-
>=80% and <100%	-	-	-	-
>=100%	-	-	-	-
	2	**232,540**	**552,778**	**561,654**
Residential Mortgage				
With no collateral	n,a,	925	137,889	206,701
<60 %	137	4,325,984	2,412,681	258,057
>=60% and <80%	23	1,523,127	365,325	108,853
>=80% and <100%	13	1,258,807	498,779	160,727
>=100%	8	256,106	2,987,644	2,082,747
	181	**7,364,949**	**6,402,318**	**2,817,084**

[1] These loans classified without associated collateral include loans that are associated with other loan contracts for the same customer, allocated to other segments, but in which the collateral was only associated with the other loan on an IT basis. Notwithstanding, for the purpose of determining impairment, the impairment model jointly takes into account the collateral associated with the contracts.

h) Details of fair value and net book value of real estate property received in lieu of payment, by type of asset and date:

i)

Assets	31-12-2015 Number of Properties	Fair Value of the Asset	Book value	31-12-2014 Number of Properties	Fair Value of the Asset	Book value
Land						
Urban	39	3,028,538	2,756,661	39	3,108,185	2,636,299
Rural	30	1,829,980	1,570,595	25	2,781,097	2,566,299
Built Properties						
Commercial	102	10,469,342	9,401,976	92	9,242,773	8,069,834
Residential	33	7,125,825	6,654,197	35	9,677,945	8,867,264
Other	31	8,276,160	6,437,410	37	9,276,837	8,015,998
Total	**235**	**30,729,845**	**26,820,839**	**228**	**34,086,837**	**30,155,694**

31 December 2015:

Time elapsed since repossession/disclosure	< 1 year	>= 1 year and < 2,5 years	>= 2,5 years and < 5 years	>= 5 years	Total
Land					
Urban	-	-	1,245,781	1,510,880	2,756,661
Rural	95,299	262,227	632,300	580,769	1,570,595
Built Properties					
Commercial	1,559,447	2,615,690	3,364,777	1,862,062	9,401,976
Residential	178,330	2,085,412	3,663,557	726,898	6,654,197
Other	579,525	1,175,068	2,759,417	1,923,400	6,437,410
	2,412,601	**6,138,397**	**11,665,832**	**6,604,009**	**26,820,839**

31 December 2014:

Time elapsed since repossession/disclosure	< 1 year	>= 1 year and < 2,5 years	>= 2,5 years and < 5 years	>= 5 years	Total
Land					
Urban	-	877,403	1,369,781	456,686	2,703,870
Rural	204,127	252,999	739,971	1,313,448	2,510,545
Built Properties					
Commercial	986,876	3,574,239	2,020,917	1,334,457	7,916,489
Residential	807,806	1,611,136	5,057,421	1,268,135	8,744,498
Other	862,987	2,232,222	4,311,883	873,200	8,280,292
	2,861,796	**8,547,999**	**13,499,973**	**5,245,926**	**30,155,694**

j) Breakdown of the loan portfolio by degrees of internal risk:

	31-12-2015						
	Low DR	Average DR		High DR			
	A	B	C	D	E	nd	Total
Construction and CRE	9,763,585	6,539,972	2,941,296	34,517	14,624,181	41,066	33,944,617
Corporate	153,087	24,207	-	-	526,086	-	703,380
Loans Secured by Pledges	-	-	-	-	411	7,669,078	7,669,489
Traditional Loans	45,631,432	29,531,390	16,303,914	3,456,845	14,556,470	-	109,480,051
Current Account Overdrafts	-	-	-	-	-	32,996	32,996
Residential Mortgage	5,099,944	2,105,201	1,695,353	779,078	3,660,822	-	13,340,398
Provision of Services	-	-	-	-	-	127,438	127,438
Total	**60,648,048**	**38,200,770**	**20,940,563**	**4,270,440**	**33,367,970**	**7,870,578**	**165,298,369**

	31-12-2014						
	Low DR	Average DR		High DR			
	A	B	C	D	E	nd	Total
Construction and CRE	11,910,739	4,924,389	2,849,479	1,605,465	16,283,588	41,163	37,614,823
Corporate	225,297	33,991	-	-	526,029	-	785,318
Loans Secured by Pledges	-	807	-	-	-	6,230,224	6,231,031
Traditional Loans	50,787,988	32,348,884	17,688,238	10,971,018	11,664,881	-	123,461,009
Current Account Overdrafts	-	-	-	-	-	37,754	37,754
Residential Mortgage	5,572,917	2,264,322	1,388,828	870,783	3,670,416	-	13,767,267
Provision of Services	-	-		-	-	132,098	132,098
Total	**68,496,941**	**39,572,392**	**21,926,544**	**13,447,266**	**32,144,914**	**6,441,240**	**182,029,299**

k) Disclosure of risk parameters associated to the collective impairment model by segment:

31-12-2015	Impairment			
	PD(%)			
	< 30 days with no signs of default	< 30 days with signs of default	Between 30-90 days	LGD
Segments				
Construction and CRE	7,381%	12,057%	52,572%	27,280%
Corporate	7,381%	-	-	27,280%
Loans Secured by Pledges	29,013%	45,041%	63,391%	17,366%
Traditional Loans	7,381%	12,057%	52,572%	27,280%
Residential Mortgage	7,381%	12,057%	52,572%	27,280%

31-12-2014	Impairment			
	PD(%)			
	< 30 days with no signs of default	< 30 days with signs of default	Between 30-90 days	LGD
Segments				
Construction and CRE	11,794%	26,947%	65,627%	25,430%
Corporate	11,794%	-	-	25,430%
Loans Secured by Pledges	23,606%	33,409%	52,161%	13,509%
Traditional Loans	11,794%	26,947%	65,627%	25,430%
Residential Mortgage	11,794%	26,947%	65,627%	25,430%

In relation to the credit risk control associated with capital markets, derivative product and exchange rate transactions, the Bank maintains procedures established through the investment approval process, the control of the fulfilment of strategies defined by the Board of Directors and the Investment Committee and the regular follow-up of the composition and evolution of the securities portfolio, which permit the adequate monitoring of the credit risk associated with the securities held in portfolio.

The Bank undertakes a mark-to-market revaluation, at any moment, of its exposure to derivative, exchange rate and capital market products, thus evaluating its potential and global exposure and the fulfilment of the exposure limits defined by sector and by country.

As at 31 December 2015 and 2014, the credit risk associated with the Bank's security portfolio, can be demonstrated via the rating attributed by a company specialised in risk assessment, being presented as follows:

	2015										
	Ratings										
	AAA	AA	A	BBB	BB	B	CCC	CC	C	N.R.	Total
Assets											
Financial assets held for trading	-	3,939,944	12,218,424	16,652,027	4,217,296	90,040	-	-	-	210,516	37,328,247
Financial assets available for sale	-	6,025,854	27,079,524	76,618,300	14,634,517	3,323,536	-	-	-	15,842,045	143,523,776
Investments held to maturity	-	-	10,322,793	56,541,530	22,606,907	10,644,058	-	-	-	-	100,115,289
Other loans and amounts receivable (securitised)	-	599,982	7,244,248	2,440,522	10,542,971	-	-	-	229,152	88,517,307	109,574,181
	-	**10,565,780**	**56,864,989**	**152,252,379**	**52,001,691**	**14,057,634**	**-**	**-**	**229,152**	**104,569,868**	**390,541,494**

	2014										
	Ratings										
	AAA	AA	A	BBB	BB	B	CCC	CC	C	N.R.	Total
Assets											
Financial assets held for trading	-	-	16,798,282	19,222,912	1,293,073	-	-	-	-	15,060,893	52,375,159
Financial assets available for sale	-	6,447,672	54,384,791	143,716,717	41,170,447	2,452,441	1,007,190	-	-	4,540,303	253,719,561
Investments held to maturity	2,566,684	-	15,480,118	43,256,659	15,976,778	-	-	-	-	-	77,280,239
Other loans and amounts receivable (securitised)	-	-	3,458,723	-	400,651	-	-	-	11,528	27,625,493	31,496,394
	2,566,684	**6,447,672**	**90,121,914**	**206,196,288**	**58,840,948**	**2,452,441**	**1,007,190**	**-**	**11,528**	**47,226,689**	**414,871,353**

N.R. – NotRated

As at 31 December 2015 and 2014, the exposure by country associated to the Bank's security portfolio, is presented as follows:

	2015				2014			
	Banks	Government Debt	Other	Total	Banks	Government Debt	Other	Total
Portugal	9,750,071	15,138,397	114,033,550	138,922,018	13,025,987	15,052,789	54,292,352	82,371,129
Spain	14,412,927	60,273,294	13,366,410	88,052,631	19,796,189	104,490,908	6,260,106	130,547,203
Netherlands	3,987,776	-	43,234,657	47,222,433	1,505,056	-	42,198,682	43,703,738
Italy	14,200,827	5,226,706	5,184,170	24,611,703	12,521,111	72,781,803	4,173,807	89,476,721
Ireland	9,226,129	10,322,793	1,153,452	20,702,374	15,078,178	10,322,968	2,869,684	28,270,831
USA	14,306,934	-	2,048,051	16,354,985	11,578,285	-	3,502,368	15,080,653
Great Britain	10,031,196	-	2,430,296	12,461,492	10,602,972	-	1,178,474	11,781,446
Canada	8,993,297	-	-	8,993,297	-	-	-	-
Germany	6,011,797	-	1,085,734	7,097,531	4,741,931	-	-	4,741,931
Outros	12,581,265	2,516,560	11,025,205	26,123,030	4,572,672	1,037,336	3,287,693	8,897,701
	103,502,219	**93,477,750**	**193,561,525**	**390,541,494**	**93,422,381**	**203,685,804**	**117,763,167**	**414,871,353**

Equity instruments, derivatives and regulatory provisions were not considered in the elaboration of these tables.

Liquidity risk

Liquidity risk is the possibility that an entity may not be able to meet its commitments through an inability to access the market in a sufficient amount and at a reasonable cost.

The risk control policy is subordinate to the overall strategy of the Bank, and aims to adequately finance its assets, increase them and detect any loss of liquidity.

The policies and procedures that control and limit liquidity risk regularly review the limits of the liquidity positions for different time frames, analysing simulations using different scenarios to permit effective liquidity management.

The Financial Department is responsible for the effective implementation of the risk strategy and all the liquidity policies established and approved by the Board.

Times to maturit

As at 31 December 2015 and 2014, the breakdown of the times to maturity of the financial instruments was as follows:

2015								
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	3,869,780	-	-	-	-	-	-	3,869,780
Amounts owed by other credit institutions	5,862,327	-	-	-	-	-	-	5,862,327
Financial assets held for trading	-	938,024	307,545	27,801,288	10,142,703	5,509,930	-	44,699,490
Financial assets available for sale	-	157,500	7,456,024	85,228,179	50,682,074	7,877,230	-	151,401,007
Deposits at credit institutions	-	-	400,000	-	-	180	-	400,180
Loans and advances to customers:								
- Loans not represented by securities	3,045,601	9,949,307	10,804,851	12,864,313	95,362,880	36,675,378	276,414	168,978,744
- Other Loans and amounts receivable (securitised)	-	39,888,835	6,304,986	46,973,049	17,180,618	-	-	110,347,488
Investments held to maturity	-	-	10,322,793	19,631,921	70,160,575	-	-	100,115,289
Debtors and other financial investments	-	-	-	-	38,100	595,456	-	633,556
	12,777,708	**50,933,666**	**35,596,199**	**192,498,750**	**243,566,950**	**50,658,174**	**276,414**	**586,307,861**
Liabilities								
Resources at central banks	-	101,000,000	40,000,000	-	-	-	6,232	141,006,232
Financial liabilities held for trading	-	60,820	114,456	131,186	-	-	-	306,462
Resources of other credit institutions	1,486,255	-	-	-	-	-	-	1,486,255
Resources from customers and other loans	57,025,169	81,748,621	172,325,167	22,056,471	49,254	-	3,521,347	336,726,029
Liabilities represented by securities	-	143,449	502,890	5,864,975	9,081,783	-	4,941	15,598,038
	58,511,424	**182,952,890**	**212,942,513**	**28,052,632**	**9,131,037**	**-**	**3,532,520**	**495,123,016**
Liquidity gap	**(45,733,716)**	**(132,019,224)**	**(177,346,314)**	**164,446,118**	**234,435,913**	**50,658,174**	**(3,256,106)**	**91,184,845**

2014								
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	2,236,466	-	-	-	-	-	-	2,236,466
Amounts owed by other credit institutions	7,168,012	-	-	-	-	-	-	7,168,012
Financial assets held for trading	-	12,523,919	2,222,471	31,863,008	8,170,591	4,208,171	-	58,988,160
Financial assets available for sale	-	8,764,540	104,794,200	49,202,255	91,235,707	8,059,106	-	262,055,808
Deposits at credit institutions	-	3,000,000	400,000	-	-	352	-	3,400,352
Loans and advances to customers								
- Loans not represented by securities	2,862,873	7,997,309	8,684,997	20,756,935	108,776,248	36,079,192	456,311	185,613,866
- Other Loans and amounts receivable (securitised)	-	-	1,009,253	25,818,323	4,857,467	-	-	31,685,043
Investments held to maturity	-	7,723,834	-	12,679,075	56,877,330	-	-	77,280,239
Debtors and other financial investments	-	-	-	-	38,100	439,826	-	477,926
	12,267,351	**40,009,602**	**117,110,922**	**140,319,596**	**269,955,443**	**48,786,647**	**456,311**	**628,905,871**
Liabilities								
Resources at central banks	-	215,000,000	-	-	-	-	1,704,549	216,704,549
Financial liabilities held for trading	-	200,182	200,507	77,924	14,943	-	-	493,556
Resources of other credit institutions	2,470,654	-	-	-	-	-	-	2,470,654
Resources from customers and other loans	37,606,996	63,640,552	121,430,132	52,187,093	-	-	3,255,727	278,120,500
Liabilities represented by securities	-	2,429,175	2,583,410	6,379,064	13,396,992	-	69,026	24,857,667
	40,077,650	**281,269,910**	**124,214,049**	**58,644,081**	**13,411,935**	**-**	**5,029,302**	**522,646,927**
Liquidity gap	**(27,810,299)**	**(241,260,308)**	**(7,103,127)**	**81,675,515**	**256,543,507**	**48,786,647**	**(4,572,991)**	**106,258,944**

(1) - The Column "Other" includes interest receivable and payable, and deferred sums already received and paid.

The main assumptions used to draw up the tables above are the following:

- the projected contractual cash flows of interest associated with financial assets and liabilities were not considered;
- the column "Other" corresponds to values already received or paid that are being deferred;
- for equity instruments their maturity was considered indeterminate, having been included in the "Indeterminate" column;
- in financial assets held for trading and available for sale it was considered that the instruments were only settled on their maturity date; and
- in loans and advances to customers it was considered that the principal repayment was made in full on the date of the last credit instalment.

The short-term liquidity gap is financed by resorting to the interbank monetary market, where the Bank has access to credit lines that allow it to finance this gap, and through discounts on securities issued by the ECB, which allows it to have access to immediate liquidity.

The deposit renewal rate has always fluctuated around the 90% level, and thus a large proportion of customers' resources are expected to remain unchanged.

During 2015, a very significant growth of the Bank's deposit base was recorded, corresponding to an increase of 17% relative to the end of 2014.

The attraction of deposits during 2014 was based on a strong remuneration policy of deposits of a low amount, which reduced the risk of concentration of the latter very significantly. This higher dispersion of deposits enabled their behaviour to be "normalised" in terms of monthly oscillations of the volume of the latter, contributing to greater stability of the bank's cash flow.

The short-term liquidity gap is associated to the funding of the Bank's bond portfolio. The total value of the securities portfolio is greater than the short-term gap. The Bank may at any moment reduce it by selling securities in the market. The said gap thus results from a strategic decision of the Bank to finance its securities portfolio in an efficient manner in economic terms and not from a structural deficiency of liquidity. The portfolio has been essentially financed through repurchase operations at the European Central Bank, although Banco Invest has repurchase contracts with different banking institutions.

Market risk

Banco Invest's business through financial instruments entails the assumption or transfer of one or several kinds of risk.

Market risks are those which arise from keeping financial instruments whose value can be affected by market fluctuations. Market risks include:

a) Exchange rate risk: this arises from fluctuations in foreign currency exchange rates;
b) Interest-rate risk: this arises from fluctuations in market interest rates;
c) Price risk: this arises from changes in market prices, either due to factors specific to the instrument or to factors that affect all the instruments traded on the market.

The control of market risk aims to assess and monitor the potential losses associated with changes in the price of the Bank's assets, discretionary portfolio management and the consequent loss of profits from an adverse movement of market prices. This assessment is conducted by defining procedures and limits for global portfolios and product categories. Strategies, positions and limits are assessed daily to generate income through trading and asset and liability management, while simultaneously controlling exposure to market risk.

Exchange risk

Exchange risk is the result of fluctuations in exchange rates, whenever there are “open positions” in these currencies.

The exchange rate activity of Banco Invest is of secondary importance and residual. The daily foreign currency balances and transactions carried out in foreign currency are controlled on a daily basis by the Operations Department and the Market Room.

Only US dollar and pound transactions have any relevance, with transactions in other currencies being almost non-existent. As at 31 December 2015 and 2014, the breakdown of financial instruments by currency was as follows:

	2015 Currency				
	Euros Gross	US Dollars	Pound Sterling	Other	Total
Assets					
Cash and deposits at Central Banks	3,869,780	-	-	-	3,869,780
Amounts owed by other credit institutions	4,224,011	760,004	429,524	448,788	5,862,327
Financial assets held for trading	41,038,029	2,192,960	1,137,136	331,365	44,699,490
Financial assets available for sale	151,384,979	16,028	-	-	151,401,007
Deposits at credit institutions	400,180	-	-	-	400,180
Loans and advances to customers	278,340,453	212,472	-	-	278,552,925
Investments held to maturity	85,954,121	9,357,255	4,803,913	-	100,115,289
Debtors and other financial investments	531,761	40,953	37,768	23,073	633,556
	565,743,314	**12,579,672**	**6,408,342**	**803,226**	**585,534,554**
Liabilities					
Resources from Central Banks	141,006,232	-	-	-	141,006,232
Financial liabilities held for trading	305,755	707	-	-	306,462
Resources of other credit institutions	1,366,807	119,448	-	-	1,486,255
Resources from customers and other loans	326,382,528	10,231,347	111,392	762	336,726,029
Liabilities represented by securities	15,598,038	-	-	-	15,598,038
	484,659,360	**10,351,502**	**111,392**	**762**	**495,123,015**
Net exposure (Currency Position)	**81,083,954**	**2,228,170**	**6,296,950**	**802,464**	**90,411,538**

	2014 Currency				
	Euros Gross	US Dollars	Pound Sterling	Other	Total
Assets					
Cash and deposits at Central Banks	2,236,466	-	-	-	2,236,466
Amounts owed by other credit institutions	4,528,655	1,769,373	687,690	182,293	7,168,012
Financial assets held for trading	56,875,101	1,738,405	374,654	-	58,988,160
Financial assets available for sale	257,419,842	172,798	4,463,169	-	262,055,808
Deposits at credit institutions	3,400,352	-	-	-	3,400,352
Loans and advances to customers	217,060,438	238,471	-	-	217,298,909
Investments held to maturity	73,052,813	4,227,426	-	-	77,280,239
Debtors and other financial investments	426,047	45,787	5,135	956	477,926
	614,999,714	**8,192,260**	**5,530,649**	**183,249**	**628,905,872**
Liabilities					
Resources from Central Banks	216,704,549	-	-	-	216,704,549
Financial liabilities held for trading	486,069	7,487	-	-	493,556
Resources of other credit institutions	2,321,465	149,189	-	-	2,470,654
Resources from customers and other loans	269,879,041	8,089,800	111,736	39,924	278,120,500
Liabilities represented by securities	24,857,667	-	-	-	24,857,667
	514,248,791	**8,246,476**	**111,736**	**39,924**	**522,646,927**
Net exposure (Currency Position)	**100,750,923**	**(54,217)**	**5,418,912**	**143,326**	**106,258,945**

The Bank considers that a 5% increase in the market exchange rates of the main currencies that the Bank is exposed to would not have a significant impact on the financial statements as at 31 December 2015 and 2014.

Interest-rate risk

Interest rate risk relates to the impact that interest rate changes have on income and on the entity's asset value. This risk arises from the varying times to maturity or re-appreciation of assets, liabilities and off-balance sheet positions with respect to the entity, in light of changes in the interest rate curve slope. Interest rate risk therefore corresponds to the risk that the current worth of future cash flows of a financial instrument may fluctuate through changes in market interest rates.

Management of the interest rate risk is subordinate to the overall strategy of the Institution, and aims to reduce the unwanted impact of interest rate changes on the Bank's overall profits.

The short-term interest rate risk basically arises from the mismatch of payments between the institution's liabilities and its loan assets.

As at 31 December 2015 and 2014, the type of exposure to interest rate risk was summarised as follows:

	2015			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	391,764	-	3,478,016	3,869,780
Amounts owed by other credit institutions	586,970	-	5,275,357	5,862,327
Financial assets held for trading:				
- Securities	5,480,048	20,274,462	17,053,781	42,808,291
- Derivatives	-	-	1,891,199	1,891,199
Financial assets available for sale	7,877,231	104,631,313	38,892,463	151,401,007
Deposits at credit institutions	-	-	400,180	400,180
Loans and advances to customers:				
- Loans not represented by securities	-	-	168,978,744	168,978,744
- Other loans and amounts receivable (securitised)	-	54,353,918	55,993,570	110,347,488
Investments held to maturity	-	89,792,496	10,322,793	100,115,289
Debtors and other financial investments	-	-	633,556	633,556
	14,336,013	**269,052,189**	**302,919,659**	**586,307,861**
Liabilities				
Resources from Central Banks	-	-	141,006,232	141,006,232
Financial liabilities held for trading				
- Derivatives	-	-	306,462	306,462
Resources of other credit institutions	-	-	1,486,255	1,486,255
Resources of customers and other loans	-	22,105,725	314,620,304	336,726,029
Liabilities represented by securities	-	-	15,598,038	15,598,038
	-	**22,105,725**	**473,017,291**	**495,123,016**
	14,336,013	**246,946,464**	**(170,097,632)**	**91,184,845**
Off-balance sheet				
Derivatives (notional amount)				
- Swaps	-	-	133,582,383	133,582,383
- Options	30,174,311	-	-	30,174,311
- Futures	5,766,123	-	118,379,189	124,145,312
	35,940,434	**-**	**251,961,572**	**287,902,006**

	2014			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	412,415	-	1,824,051	2,236,466
Amounts owed by other credit institutions	3,503,349	-	3,664,663	7,168,012
Financial assets held for trading:				
- Securities	4,247,852	20,943,164	31,431,993	56,623,009
- Derivatives	-	-	2,365,151	2,365,151
Financial assets available for sale	8,059,106	235,151,060	18,845,642	262,055,808
Deposits at credit institutions	-	-	3,400,352	3,400,352
Loans and advances to customers:				
- Loans not represented by securities	-	-	185,613,866	185,613,866
- Other loans and amounts receivable (securitised)	-	963,131	30,721,912	31,685,043
Investments held to maturity	-	77,280,239	-	77,280,239
Debtors and other financial investments	-	-	477,926	477,926
	16,222,722	**334,337,594**	**278,345,556**	**628,905,872**
Liabilities				
Resources from Central Banks	-	-	216,704,549	216,704,549
Financial liabilities held for trading				
- Derivatives	-	-	493,556	493,556
Resources of other credit institutions	-	-	2,470,654	2,470,654
Resources of customers and other loans	-	57,318,762	220,801,738	278,120,500
Liabilities represented by securities	-	-	24,857,667	24,857,667
	-	**57,318,762**	**465,328,164**	**522,646,926**
	16,222,722	**277,018,832**	**(186,982,608)**	**106,258,946**
Off-balance sheet				
Derivatives (notional amount)				
- Swaps	-	-	42,392,240	42,392,240
- Options	21,638,773	-	-	21,638,773
- Futures	-	-	9,206,886	9,206,886
	21,638,773	**-**	**51,599,126**	**73,237,899**

The variable rate concept includes all transactions with maturity times of less than one year, and all others whose rate can be redefined in terms of market indicators, including the swaps whose remuneration is indexed to the performance of certain underlying assets (shares and market indices, among others).

As at 31 December 2015 and 2014, the exposure to interest rate risk was broken down into the following periods:

	2015						
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Other (1)	Total
Assets							
Cash and deposits at Central Banks	3.869.780	-	-	-	-	-	3.869.780
Amounts owed by other credit institutions	5.862.327	-	-	-	-	-	5.862.327
Financial assets held for trading							
- Securities	5.480.048	17.163.268	50.517	10.949.532	9.164.926	-	42.808.291
- Derivatives	-	1.009.803	236.148	645.248	-	-	1.891.199
Financial assets available for sale	7.877.231	31.842.490	7.207.474	53.791.739	50.682.073	-	151.401.007
Deposits at credit institutions	-	-	400.000	-	-	180	400.180
Loans and advances to customers							
- Loans not represented by securities	3.045.600	109.424.836	19.556.515	-	-	36.951.793	168.978.744
- Other loans and values receivable (securitised)	-	52.014.021	43.503.654	10.226.243	4.603.570	-	110.347.488
Investments held to maturity	-	-	10.322.793	19.631.921	70.160.575	-	100.115.289
Debtors and other financial investments	-	-	-	-	38.100	595.456	633.556
	26.134.986	**211.454.418**	**81.277.101**	**95.244.683**	**134.649.244**	**37.547.429**	**586.307.861**
Liabilities							
Resources at Central Banks	-	101.000.000	40.000.000	-	-	6.232	141.006.232
Financial liabilities held for trading							
- Derivatives	-	59.489	115.787	131.186	-	-	306.462
Resources of other credit institutions	1.486.255	-	-	-	-	-	1.486.255
Resources from customers and other loans	57.020.514	81.748.621	172.325.167	22.056.471	49.254	3.526.002	336.726.029
Liabilities represented by securities	-	14.466.421	1.029.405	97.270	-	4.942	15.598.038
	58.506.769	**197.274.531**	**213.470.359**	**22.284.927**	**49.254**	**3.537.176**	**495.123.016**
	(32.371.783)	**14.179.887**	**(132.193.258)**	**72.959.756**	**134.599.990**	**34.010.253**	**91.184.845**

	2014						
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Other (1)	Total
Assets							
Cash and deposits at Central Banks	2,236,466	-	-	-	-	-	2,236,466
Amounts owed by other credit institutions	7,168,012	-	-	-	-	-	7,168,012
Financial assets held for trading							
- Securities	4,247,852	29,231,027	2,293,733	13,563,481	7,286,916	-	56,623,009
- Derivatives	-	1,587,094	127,160	650,897	-	-	2,365,151
Financial assets available for sale	8,059,106	13,494,944	116,847,038	36,628,581	87,026,139	-	262,055,808
Deposits at credit institutions	-	3,000,000	400,000	-	-	352	3,400,352
Loans and advances to customers							
- Loans not represented by securities	2,862,873	123,761,896	22,453,594	-	-	36,535,503	185,613,866
- Other loans and values receivable (securitised)	-	22,474,136	9,210,907	-	-	-	31,685,043
Investments held to maturity	-	7,723,834	-	12,679,075	56,877,330	-	77,280,239
Debtors and other financial investments	-	-	-	-	38,100	439,826	477,926
	24,574,309	**201,272,931**	**151,332,432**	**63,522,034**	**151,228,485**	**36,975,681**	**628,905,872**
Liabilities							
Resources at Central Banks	-	215,000,000	-	-	-	1,704,549	216,704,549
Financial liabilities held for trading							
- Derivatives	-	493,556	-	-	-	-	493,556
Resources of other credit institutions	2,470,654	-	-	-	-	-	2,470,654
Resources from customers and other loans	37,606,996	63,640,552	116,298,463	54,161,857	3,156,905	3,255,727	278,120,500
Liabilities represented by securities	-	21,210,980	3,327,661	250,000	-	69,026	24,857,667
	40,077,650	**300,345,088**	**119,626,124**	**54,411,857**	**3,156,905**	**5,029,302**	**522,646,926**
	(15,503,342)	**(99,072,158)**	**31,706,308**	**9,110,177**	**148,071,580**	**31,946,379**	**106,258,946**

(1) - The Column "Other" includes interest receivable and payable, and deferred sums already received and paid.

The Bank considers that the impact of a 0.5% increase in market interest rates would not have a significant impact on the financial statements as at 31 December 2015 and 2014.

Fair Value

The Bank calculates the fair value of financial instruments based on market prices. Where there is no market price, fair value is calculated using in-house models based on specific assumptions that vary in accordance with the financial instruments to be valued. Under exceptional circumstances, when it is not possible to reliably determine the fair value, assets are valued at historical cost.

The main considerations in the calculation of the fair value of financial assets and liabilities are:

- "Cash and deposits at Central Banks" and "Claims on other credit institutions": Given the short-term nature of these assets, the accounting value is considered a reasonable estimate of their fair value;

- "Amounts owed by and resources from other credit institutions" and "Resources from Central Banks": The calculation of fair value assumes that transactions are settled on the maturity dates and are updated in the "*cash flows*", using the rates curve created in the closing days of the year. Bearing in mind the maturity dates of the transactions and type of interest rate, Banco Invest estimates that the difference between the fair value and the book value is not significant;

- "Loans and advances to customers": Almost all loans and advances to customers bear interest at rates linked to the Euribor rate, the majority being pre-fixed in the short-term. Regarding the portfolio spreads in force, the Bank considers that the current loan business takes place at a residual pace (and values) relative to the dimension of the portfolio, and that the transactions undertaken, as well as the respective spreads attributed, are affected by the specific characteristics of each transaction, not being representative of the remaining loan portfolio.

Based on the fact that the current spreads in force exceed the average spread of the loan portfolio, the Bank calculated the fair value of the portfolio considering an additional spread of 1%. Based on this analysis, application of the fair value in the "Loans and advances to customers" item would result in a decline in its value of approximately 5,851,228 euros (7,107,536 euros on 31 December 2014).

It is important to point out that loan operations with pledges on financial assets and loans attributed to employees and Group companies were not included in this analysis.

In addition, debt securities are recorded in the item "Loans and advances to customers", whose fair value is calculated in accordance with the methodology defined for the "Financial assets and liabilities held for trading" (see below).

- "Resources from customers and other loans": For term deposits of less than a year, the accounting value is considered a reasonable estimate of fair value. For other deposits, the contracted spreads do not differ much from those practised in the most recent operations;

- "Financial assets and liabilities held for trading" and "Financial assets available for sale": These instruments are already recorded at fair value, calculated according to:

    - Prices in an active market;
    - Indicative prices provided by the financial information media, namely *Bloomberg*, largely through the *Bloomberg Generic index*;
    - Valuation methods and techniques, where there is no active market, supported by:
    - mathematical calculations based on recognised financial theories; or,
    - prices calculated based on similar assets or liabilities traded in active markets or based on statistical estimates or other quantitative methods;
    - Indicative prices provided by issuers, essentially for those cases in which, given the specific characteristics of the security, it was not possible to use the valuation methods described above;
    - Acquisition cost when it is considered to be similar to the fair value.

A market is considered active and therefore liquid when transactions take place regularly.

As at 31 December 2015 and 2014, the calculation of the fair value of the financial assets and liabilities of the Bank can be summed up as follows:

	2015					
		Financial instruments valued at fair value				
	Assets	Prices in an	Valuation techniques based on			
	valued at acquisition cost	active market (Level 1)	Market data (Level 2)	Other (Level 3)	Total	Book value
Assets						
Financial assets held for trading						
- Securities	-	5,743,281	37,058,246	6,764	42,808,291	42,808,291
- Derivatives	-	1,891,199	-	-	1,891,199	1,891,199
Financial assets available for sale	-	849,245	147,161,775	7,953,189	155,964,209	155,964,209
Investments held to maturity	-	-	108,317,117	-	108,317,117	100,115,289
Loans and advances to customers - debt securities	39,524,463	-	70,281,264	2,551	109,808,278	110,347,487
	39,524,463	**8,483,725**	**362,818,402**	**7,962,504**	**418,789,094**	**411,126,475**
Liabilities						
Financial liabilities held for trading						
- Derivatives	-	593,023	-	-	593,023	593,023

	2014					
		Financial instruments valued at fair value				
	Assets	Prices in an	Valuation techniques Based on:			
	valued at acquisition cost	active market (Level 1)	Market data (Level 2)	Other (Level 3)	Total	Book value
Assets						
Financial assets held for trading						
- Securities	13,734,092	4,239,210	38,641,064	8,643	56,623,009	56,623,009
- Derivatives	-	-	-	2,365,151	2,365,151	2,365,151
Financial assets available for sale	-	1,191,443	254,040,640	6,823,725	262,055,808	262,055,808
Investments held to maturity	-	-	89,844,123	-	89,844,123	77,280,239
Loans and advances to customers - debt securities	-	-	31,891,351	11,528	31,902,879	31,685,043
	13,734,092	**5,430,653**	**414,417,178**	**9,209,047**	**442,790,970**	**430,009,250**
Liabilities						
Financial liabilities held for trading						
- Instrumentos financeiros derivados	-	-	-	493.556	493.556	493.556

The main assumptions used to draw up the tables above are the following:

- The values relative to prices in an active market correspond to equity instruments listed on a Stock Exchange (Level 1);
- The portfolio securities whose valuation corresponds to indicative bids supplied by contributors external to the Bank or prices divulged through the financial information media, namely Bloomberg, were considered in "Valuation Techniques – Market data" (Level 2);
- The securities valued based on the Bank's internal models are presented in "Valuation techniques - Other" (Level 3). In addition, the financial assets and liabilities are classified at Level 3 if a significant proportion of its balance sheet value results from non-observable market inputs, namely:
    - Unlisted shares, bonds and derivative financial instruments that are valued based on internal models, with there being no general consensus in the market regarding which parameters to use; and
    - Bonds listed though indicative bids disclosed by third parties, based on theoretical models;
    - Closed Real Estate Investment Funds valued in accordance with the asset value disclosed by the respective Management Company; and
    - Derivative financial instruments not valued by the market.

Short-term investments in commercial paper, recorded in the trading portfolio, are valued at amortised cost, which does not differ significantly from fair value.

41. RECLASSIFICATION OF FINANCIAL ASSETS

IAS 39 (Amendment) and IFRS 7 (Amendment) – "Reclassification of financial assets" – With this amendment, approved by the IASB on 13 October 2008, it became possible to reclassify some financial assets classified as financial assets held for trading or available for sale into other categories. The reclassification of financial assets made up to 31 October 2008, benefitted from a transitional period, within the scope of which its application was permitted with retroactive effect to 1 July 2008.

As a result of the amendments to IAS 39 described above, Banco Invest reclassified bonds, with reference to 1 July 2008 (reclassification date), from "Financial assets held for trading", "Financial assets available for sale", "Loans and advances to customers" and "Investments held to maturity", as follows:

	Balance sheet value before reclassification	Reclassifications		Balance sheet value after reclassification
		Increases	Decreases	
Financial assets held for trading	106,016,910	-	(75,830,272)	30,186,638
Financial assets available for sale	206,991,461	18,822,059	(106,921,893)	118,891,628
Loans and advances to customers - debt securities	-	59,946,307	-	59,946,307
Investments held to maturity	10,278,861	103,983,798	-	114,262,659
	323,287,233	**182,752,165**	**(182,752,165)**	**323,287,233**

As at 31 December 2015 and 2014, the book value and fair value of the reclassified financial assets with reference to 1 July 2008 are as follows:

	2015		
	Balance sheet value at the reclassification date	Balance sheet value as at 31-12-2015	Fair value as at 31-12-2015
Financial assets available for sale	775,141	1,204,721	1,204,721
Loans and advances to customers - debt securitie	610,969	612,159	367,546
Investments held to maturity	-	-	-
	1,386,110	**1,816,880**	**1,572,268**
Securities sold until 31 December 2008	1,046,135	n.a.	n.a.
Securities sold in 2009	31,918,772	n.a.	n.a.
Securities sold in 2010	53,293,236	n.a.	n.a.
Securities sold in 2011	28,197,278	n.a.	n.a.
Securities sold in 2012	13,574,736	n.a.	n.a.
Securities sold in 2013	23,660,808	n.a.	n.a.
Securities sold in 2014	17,089,211	n.a.	n.a.
Securities sold in 2015	12,585,879	n.a.	n.a.
	182,752,165	**1,816,880**	**1,572,268**

2014			
	Balance sheet value at the reclassification date	Balance sheet value as at 31-12-2014	Fair value as at 31-12-2014
Financial assets available for sale	1,840,580	2,046,690	2,046,690
Loans and advances to customers - debt securities	4,632,747	4,660,682	3,871,861
Investments held to maturity	7,498,662	7,723,834	7,769,442
	13,971,990	**14,431,206**	**13,687,992**
Securities sold until 31 December 2008	1,046,135	n.a.	n.a.
Securities sold in 2009	31,918,771	n.a.	n.a.
Securities sold in 2010	53,293,236	n.a.	n.a.
Securities sold in 2011	28,197,278	n.a.	n.a.
Securities sold in 2012	13,574,736	n.a.	n.a.
Securities sold in 2013	23,660,809	n.a.	n.a.
Securities sold in 2014	17,089,211	n.a.	n.a.
	182,752,165	**14,431,206**	**13,687,992**

The fair value was calculated based on the methodologies described in Note 40.

After the reclassification date with reference to 1 July 2008, the accumulated gains / (losses) associated to the change in the fair value not recognised in profit and loss and the other gains / (losses) recognised in reserves and in net income for 2015 and 2014, are as follows:

	2015				
	Gains / (losses) associated to changes in fair value not recognised in:			Other gains / / (losses) recognised in:	
	Retained earnings	Net income for the year	Reserves	Reserves	Net income
Financial assets available for sale	(834,230)	(643,597)	198,371	173,751	99,236
Loans and advances to customers - debt securities	(44,267)	-	(44,267)	-	6,544
	(878,497)	**(643,597)**	**154,104**	**173,751**	**105,780**

	2014				
	Gains / (losses) associated to changes in fair value not recognised in:			Other gains / / (losses) recognised in:	
	Retained earnings	Net income for the year	Reserves	Reserves	Net income
Financial assets available for sale	206,110	505,810	173,751	(325,490)	99,236
Loans and advances to customers - debt securities	(895,235)	(125,167)	(770,068)	-	50,007
Investments held to maturity	-	-	(156,743)	-	200,000
	(689,126)	**380,643**	**(753,060)**	**(325,490)**	**349,244**

The values relative to gains / (losses) associated to the change in the fair value not recognised in net income for the year or in reserves correspond to gains / (losses) that would affect net income or reserves if the bonds were maintained in the Financial assets held for trading portfolio or Financial assets available for sale portfolio, respectively.

The values presented in Other gains / (losses) recognised in reserves and net income for the year include the amounts relative to interest, premiums / discounts and other expenses. The values presented in other gains / (losses) recognised in reserves refer to the change in the fair value of the financial assets available for sale after the reclassification date.

42. OWN FUNDS

The Bank maintains a conservative policy with respect to own funds management, maintaining a solvency ratio above the minimum levels required by the regulatory authorities. The Bank maintains a capital base composed exclusively by shareholders' equity, in addition to the capacity to issue several debt instruments.

The Bank's own funds are monitored monthly to assess the institution's degree of solvency, with variations in relation to previous periods and the existing margin between real values and minimum capital requirements being analysed.

The procedures adopted to calculate the Bank's prudential ratios and limits are based on the regulations issued by the Bank of Portugal, the same being applicable to all the matters that fall within the scope of the supervisory functions of the banking system. Those standards represent the legal and regulatory framework of the various matters of prudential nature.

According to the calculation method indicated above and considering the net income for the year, as at 31 December 2015 and 2014, the Bank presented a solvency ratio of 18.5% and 21.6%, respectively.

6. Legal Certification of Accounts

6. Legal Certification of Accounts

CONSOLIDATED ACCOUNTS
(Amounts in euros)

Introduction

1. We have examined the attached consolidated financial statements of Banco Invest, S.A. (Bank) and its subsidiaries, which consist of the consolidated balance sheet as at 31 December 2015, (which reports total assets of 603,426,834 euros and shareholders' equity of 100,054,973 euros, including net income for the year attributable to the Bank's shareholders of 2,868,919 euros), the consolidated income statement, the consolidated income and other comprehensive income statement, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the financial year ended on that date, and the corresponding Notes.

Responsibilities

2. The Board of Directors of the Bank is responsible for the preparation of consolidated financial statements that truly and fairly present the financial position of the group of entities included in the consolidation, the consolidated net income and comprehensive income of their operations, the changes in its consolidated shareholders' equity and its consolidated cash flows, as well as for adopting appropriate accounting policies and criteria and maintaining appropriate internal control systems. Our responsibility consists of expressing a professional and independent opinion on the aforementioned consolidated financial statements.

Scope

3. Our examination has been carried out in accordance with the Technical Standards and Directives for Auditing of the Ordem dos Revisores Oficiais de Contas (Portuguese Association of Statutory Auditors), which require that the same be planned and executed with the aim of achieving an acceptable degree of assurance that the consolidated financial statements are free of materially relevant distortions. This examination included the verification, on a sample basis, of the documents underlying the figures and disclosures contained in the consolidated financial statements and an evaluation of the estimates, based on judgements and criteria defined by the Bank's Board of Directors, used in their preparation. This examination also included verification of the consolidation operations and that the financial statements of the companies included in the consolidation have been properly audited; appraisal of the adequacy of the accounting policies employed, their consistent application and their disclosure, taking into account the circumstances; verification of the applicability of the going concern principle; and appraisal as to the adequacy, in overall terms, of the presentation of the consolidated financial statements. Our examination also included verification that the financial information contained in the consolidated management report is consistent with the consolidated financial statements. We consider that the examination provides an acceptable basis for expressing our opinion.

Opinion

4. In our opinion, the consolidated financial statements referred to in paragraph 1 above do truly and fairly present, in all materially relevant aspects, the consolidated financial position of Banco Invest, S.A. and its subsidiaries as at 31 December 2015, and the consolidated net income and comprehensive income of its operations, changes in consolidated shareholders' equity and consolidated cash flows in the financial year ending on that date, in conformity with the International Financial Reporting Standards as adopted in the European Union.

Report on other legal requirements

5. It is also our opinion that the financial information of 2015 included in the consolidated management report is consistent with the consolidated financial statements for the year.

Lisbon, 9 May 2016

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Luís Augusto Gonçalves Magalhães

7. Board of Auditor's Report

7. Board of Auditor's Report

CONSOLIDATED ACCOUNTS

To the Shareholders of
Banco Invest, S.A.

In compliance with current legislation and the powers conferred on us, we hereby submit for your consideration our Report and Opinion on our activity along with the documents rendering the consolidated accounts of Banco Invest, S.A. (Bank) relating to the financial year ending on 31 December 2015, which have been prepared by the Board of Directors.

We accompanied, with the frequency and to the extent we deemed appropriate, the operations of the Bank and of the main companies included in the consolidation, the management acts of the Boards of Directors, the orderliness of its accounting entries and its compliance with statutory and legal requirements in force and instructions issued by the Bank of Portugal, having received from the Board of Directors and the various departments of the Bank all the information and clarifications requested. We also verified the effectiveness of the risk management, internal control and internal audit systems.

Our examination included the consolidated financial statements of the Bank as at 31 December 2015, which consist of the balance sheet, the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the financial year ending on that date and the respective notes to the accounts, including the accounting policies and valuation criteria adopted. In addition, we conducted an analysis of the Management Report for 2015 prepared by the Board of Directors, which, in our opinion, clarifies the main aspects of the consolidated activity of the Bank in 2015.

We also monitored the work conducted by the Bank's Audit Firm over the year and examined the content of the Legal Certification of Accounts relative to the consolidated accounts, dated 9 May 2016, which contains no reservations and with which we agree.

In light of the above, we are of the opinion that the aforementioned consolidated financial statements and the Consolidated Management Report, as well as the proposal for the appropriation of results set forth therein, comply with the applicable accounting, legal and statutory provisions, for the purposes of their approval by the Shareholders' General Meeting.

We would also like to thank the Board of Directors and the various departments of the Bank and of the subsidiary companies for their help and cooperation.

Lisbon, 9 May 2016

The Board of Auditors

Artur Carmo Barreto
Chairman

Rosendo José
Member

Vítor Hugo Moreira Ferreira Lemos Sousa
Member

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