2019

BISON BANK

ANNUAL REPORT

Bison Bank

Bison Bank

2019 BISON BANK ANNUAL REPORT

CONTENTS

Message from the Chairwoman of the Board of Directors

Lijun Yang
Chairwoman of the Board of Directors

The year of 2019 remained particularly challenging for the economy in general and for the financial sector in particular. Global growth posted its weakest momentum since the global financial crisis a decade ago, reflecting common adverse factors across countries.

The rise of trade barriers and its associated uncertainty influenced business sentiment and all activity globally. Over the course of the year, Central Banks reacted actively to the weaker activity environment, cutting interest rates or restarting asset purchases.

In 2019, Bison Bank completed its first full anniversary of operations and ownership under the new shareholder structure and governance model. The new Strategic Plan for the three-year period 2020-2022 was duly established and initiated, with the view to turn the Bank fully functional and profitable in the coming years.

This strategic framework reshaped the business lines, that are now comprised of wealth management, investment banking, and depositary and custody services, to be conducted through two origination channels, headquarters in Lisbon and representative office in Hong Kong, which is in the final stage of approval.

The Bank intends to progressively achieve throughout the three-year period 2020-2022 a larger income breakdown split coming from Asia, showing the Bank's emphasis on the strategic goal of building the bridge to Asia.

On behalf of the Board of Directors, I would like to thank our Clients for their continued trust and belief on Bison Bank and to welcome prospective clients willing to join us in this exciting journey of developing an European regulated bank under the "Your Euro-Asian Partner" concept. We strive to shorten cultural gaps and geographic distances, making our Clients feel at home.

I also would like to thank our Employees for their hard work and commitment throughout the year.

The undergoing global COVID-19 pandemic has significant impact on the pace of implementation of our business plan in 2020. Nevertheless, the Bank is well-prepared for the new challenges and we are confident that a rigorous strategy execution will enable the Bank to deliver on its 2020-2022 targets, supported by our business, Asian and digital-oriented agenda.

Message from the Chief Executive Officer

Bian Fang
Chief Executive Officer

Endorsed with the support and acknowledgement of Bison Bank's Shareholder, all Board of Directors' members as well as Supervisory Board members, I feel privileged of having been appointed as the first CEO of Bison Bank. I hereby convey this message with great pleasure on behalf of our Executive Committee members.

In 2019, having in mind the significant challenges ahead for economies and the financial sector in particular, as well as for the Bank itself since it is in the early stages of activity, the Bank duly developed the new Strategic Plan for the three-year period 2020-2022 by putting forward 5 strategic pillars with the view to set the ground to turn the Bank fully functional and profitable in the coming years.

As per the Bank's strategy, since acquisition by the new Shareholder in mid-2018, the efforts were mainly directed to the first 2 strategic pillars, with the view to pave the ground for subsequent business development, under a safe and robust internal control environment - (i) undertaking an extensive internal structure reorganization process, covering people, systems, processes and governance, and (ii) devising a proper and balanced risk framework.

During 2019, the Bank undertook several strategic initiatives, including the revision and reshape of the Bank's team structure, AML/CFT, MIFID II and GDPR framework, documentation portfolio, corporate bodies regulations, risk appetite statement and risk policies, which allowed to develop and consolidate the first 2 strategic pillars.

After completion of such 2 strategic pillars, the Bank's focus moved to the remaining 3, basically business driven - (iii) launching and development of the wealth management services, (iv) initiating and expanding the investment banking services and (v) building the bridge to Asia.

The wealth management services had a low contribution in 2019, since they were launched only during the last quarter of the year. Nonetheless, they are planned to represent a substantial part of the Bank's total fee income by the end of the three-year period 2020-2022, demonstrating the strong commitment on strategic pillar three. This business line, that includes discretionary portfolio management, advisory and execution only activities, is set to be core to the Bank in the medium-long term, under a model mainly directed to attract and manage Asian-based individual and institutional Clients' wealth.

To support the wealth management services, the Bank launched its mobile banking app in 2019, mainly focusing on a better service to its Clients. The mobile banking app shall allow the Bank to further develop business across the Euro-Asian platform and to extend its Clients' banking experience to an online channel. This innovative milestone is the first step of a comprehensive digital innovation plan that will shape the Bank's services in a borderless and agile way, to the benefit of its Clients.

The investment banking business led the Bank to successfully perform roles in 2019 of Joint Global Coordinator, Joint Lead Manager and Joint Bookrunner in 5 benchmark and investment grade bond issues for Chinese asset management and real estate companies. The participation in these transactions not only enhanced the Bank's reputation in the bond market, but also expanded the Bank's already substantial Client base of European investors seeking Chinese assets, giving the Bank a solid foundation on primary bond issues. Cumulatively, the total issue size of the 5 issues reached $4.5 billion. It was also the first time for Bison Bank to execute USD denominated bonds overseas for a Chinese domestic A-share securities company.

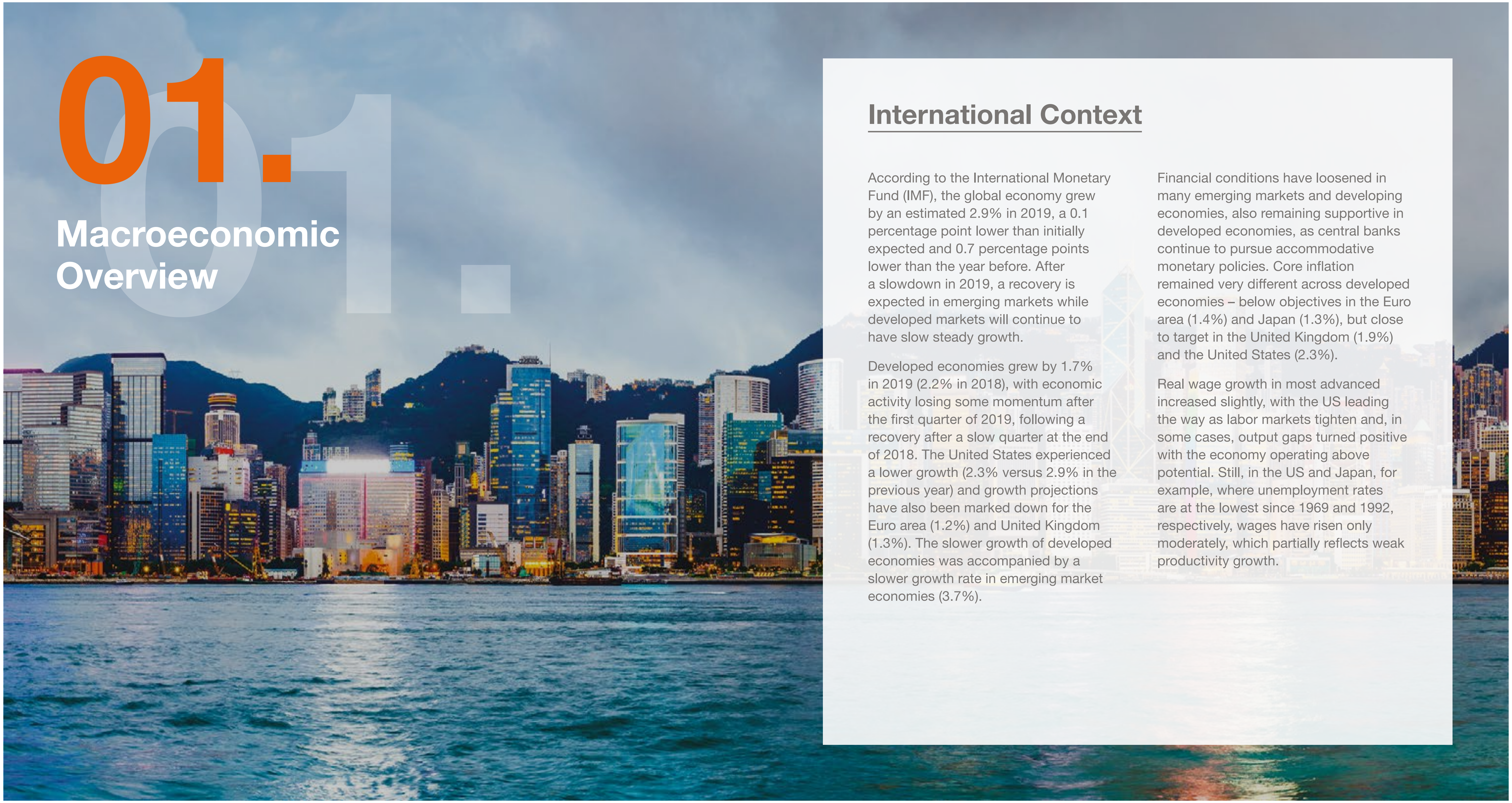
Together with the bond issues, the Bank participated in several M&A and asset disposal transactions, having given primacy to cross boarder deals across the European-Asian corridor. Even though investment banking business line has been initiated recently, the Bank has already achieved some important milestones in 2019 and is pursuing its further expansion in the future, in accordance with strategic pillar four.

In addition to the business services comprising strategic pillars three and four, the Bank also undertakes depositary and custody activities. The contribution of this business line remained stable in 2019, having kept sizable assets under management. This business line is basically Portuguese-based and benefits from the Bank's long track record and experience in this area.

In 2019, the Bank initiated the process of establishing a representative office in Hong Kong, that is set to be the Bank's main platform to materialize the bridge to Asia based clients. This process is in the final stage of approval. In addition, the Bank benefits from its Shareholder knowledge of Hong Kong and mainland China as well as from the current and envisaged institutional partnerships with local players, to further develop business and consolidate strategic pillar five.

Our sharp progress and achievements in 2019 were well recognized by the market – as a Bank we were awarded with the "Best FIG (Financial Institutions Group) Bond in 2019" by The Asset and the "Best Corporate Governance Bank in Portugal - 2019" by Global Banking & Finance Review.

At the conclusion of our profound achievements in 2019, I would like to thank our Employees, who serve Bison Bank and its Clients with commitment and dedication. I constantly convey to my people a very primary principle: always prioritize our Clients' needs in the first place. Our client-centric culture is the essence that enables us to strive and succeed in such a dynamic and competitive industry. I am confident that our strategic objectives, together with our strengthening core capabilities and new business endeavor, will allow us to create long-term substantiable values for the Bank's stakeholders, in 2020 and beyond.



01. Macroeconomic Overview

International Context

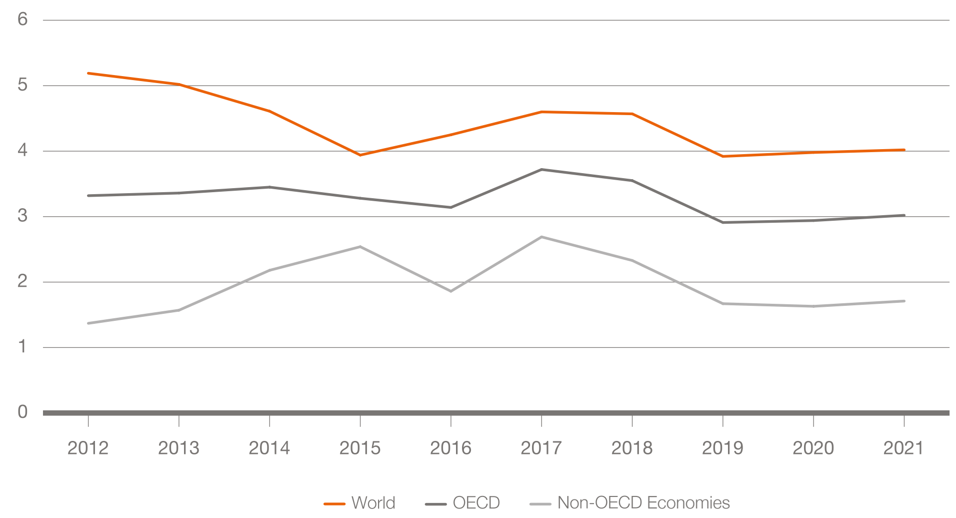
According to the International Monetary Fund (IMF), the global economy grew by an estimated 2.9% in 2019, a 0.1 percentage point lower than initially expected and 0.7 percentage points lower than the year before. After a slowdown in 2019, a recovery is expected in emerging markets while developed markets will continue to have slow steady growth.

Developed economies grew by 1.7% in 2019 (2.2% in 2018), with economic activity losing some momentum after the first quarter of 2019, following a recovery after a slow quarter at the end of 2018. The United States experienced a lower growth (2.3% versus 2.9% in the previous year) and growth projections have also been marked down for the Euro area (1.2%) and United Kingdom (1.3%). The slower growth of developed economies was accompanied by a slower growth rate in emerging market economies (3.7%).

Financial conditions have loosened in many emerging markets and developing economies, also remaining supportive in developed economies, as central banks continue to pursue accommodative monetary policies. Core inflation remained very different across developed economies – below objectives in the Euro area (1.4%) and Japan (1.3%), but close to target in the United Kingdom (1.9%) and the United States (2.3%).

Real wage growth in most advanced increased slightly, with the US leading the way as labor markets tighten and, in some cases, output gaps turned positive with the economy operating above potential. Still, in the US and Japan, for example, where unemployment rates are at the lowest since 1969 and 1992, respectively, wages have risen only moderately, which partially reflects weak productivity growth.

Global Growth



Source: OECD.

US economy grew by an estimated 2.3% in 2019 (IMF data), compared to 2.9% growth rate obtained in 2018 and somewhat lower than initially expected (2.5%). In quarterly terms, the Gross Domestic Product (GDP) grew at an annualized rate of 3.1% in Q1, before decelerating to 2.0% in Q2. Growth continuously gained momentum in Q3 (2.1%) and Q4 (estimated 2.3%), mainly thanks to resilient consumption levels, putting US on track for its longest post Second World War expansion.

In a context of economic prosperity, labor markets registered some improvements throughout 2019, with the unemployment finishing the year at 3.5%.

Due to increasing risks from US-China trade war during the first half of the year, the US Federal Reserve (FED) decreased its key interest rate by 75 basis points to 1.75% and started increasing the balance sheet once again.

In Europe, economic growth continued to decrease and continued to be desynchronized. According to the IMF's estimates, the Eurozone grew by 1.2% in 2019, from 1.9% in 2018, and lower than initially expected (1.9%). Severely hampered exports due to continued deterioration of external demand, coupled with mounting political uncertainties regarding Brexit and Italy, contributed to the Euro area deceleration.

This softness is mainly concentrated in the manufacturing sector, even though the service industry also shows signs of faltering.

Considering IMF´s estimates, the economy in Spain (2.2%) grew above the average growth rate for the region (1.2%) whilst growth in Germany (0.5%) and in France (1.3%) decelerated from the previous year (1.5% and 1.7%, respectively). In the United Kingdom, growth moderated more than anticipated (1.3%), with considerable volatility in the pound and uncertainty around Brexit affecting economic activity, as consumption and investment have weakened, whilst Italy experienced stagnation this year as trade uncertainty and lower external demand weighed on its economy (0,2 % from 0.8%).

Regarding prices, Eurozone inflation slowed down to 0.8% in the Q3 but rose again towards the end of the year reaching 1.3% by December. By excluding the most volatile components of the consumption basket, namely food and energy, the inflation reached 1.0%, remaining stable and at very low levels, far below the target of the European Central Bank (ECB) (a level converging to 2%).

Growth in China (6.1% according to the IMF estimates) kept at the official government growth target of between 6.0% and 6.5%, despite at a slower pace than in the previous year (6.6%).

Real GDP growth slowed to 5.9% in Q4 (estimate) from 6.0% yoy in 3Q, 6.2% yoy in 2Q and 6.4% yoy in 1Q. Fixed asset investment growth did remain low especially in the second half of 2019.

The economic slowdown can be observed through the weakening private investment, particularly in real estate, which the government is trying to offset with higher infrastructure spending. An apparent easing of the trade tensions can somewhat reverse this, through a recovering of consumer confidence and external demand. Consumption and business investment remain stable.

With restrictions to shadow banking, monetary conditions had been tightened but are now being eased, through cuts to minimum capital reserve rates and tax cuts. The Government also approved a new foreign investment law that will be crucial to assure that china remains an attractive investment destination.

If trade tensions don't improve further we could see China having the first negative current account balance since 1993, which would be caused by a decrease in the trade balance and surging Chinese tourism overseas.

Domestic Context

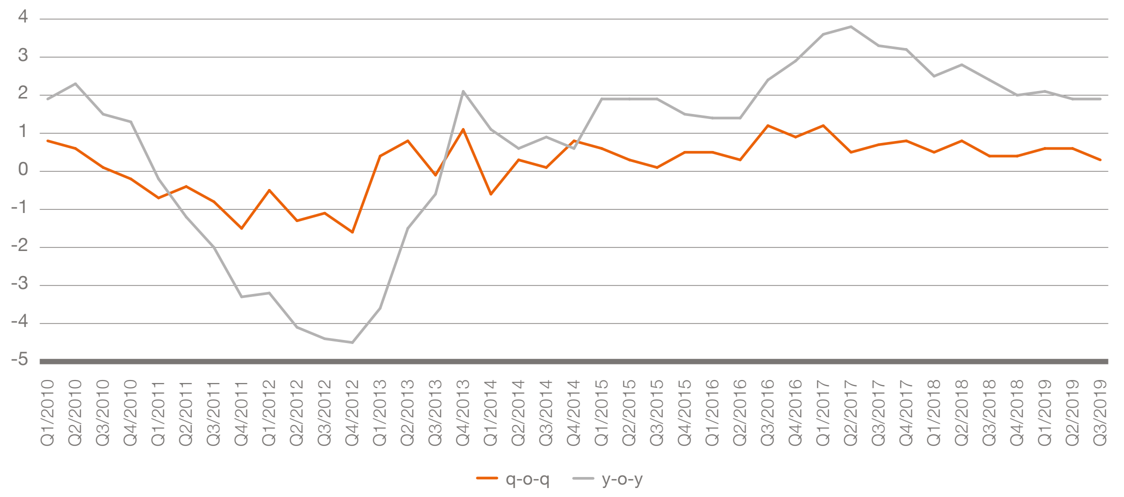
As per Bank of Portugal's Economic Bulletin of December, the Portuguese economy grew by 2.0% in 2019, from 2.4% in 2018, and above the average growth of the Eurozone (+1.2%), for the third consecutive year.

The recovery period after 2013 was characterized by the continued increase in the weight of exports in GDP, a trend that extends to all components, with emphasis on tourism, which presented the greatest cumulative growth. Corporate Gross Fixed Capital Formation (GFCF) accelerated considerably at the start of the year but slowed down considerably during the second and third quarters.

Private consumption is expected to have grown by 2.3% in 2019 (below the 3.1% rate of 2018). The evolution of the real disposable income was largely determined by the acceleration in wages, which the minimum wage increase also contributed, and by the dynamic growth in employment, with unemployment rate reaching 6.3% in December. Public consumption is expected to have risen by 0.5% in 2019, from 0.9% in 2018.

After a very significant fall in 2018 (5.8%), GFCF has soared to 7.3% in 2019, due to good private sector investment growth. Investment is expected to surpass the level recorded at the onset of the financial crisis in 2008, with its weight in GDP standing at a historical high level. Imports decelerated to 5.4% in 2019, from 5.8% in 2018 and exports slowed down to 2.8% in 2018 from .8% in the previous year. The current and capital account balance as a percentage of GDP fell slightly from 1.4% in 2018 to 0.4% in 2019.

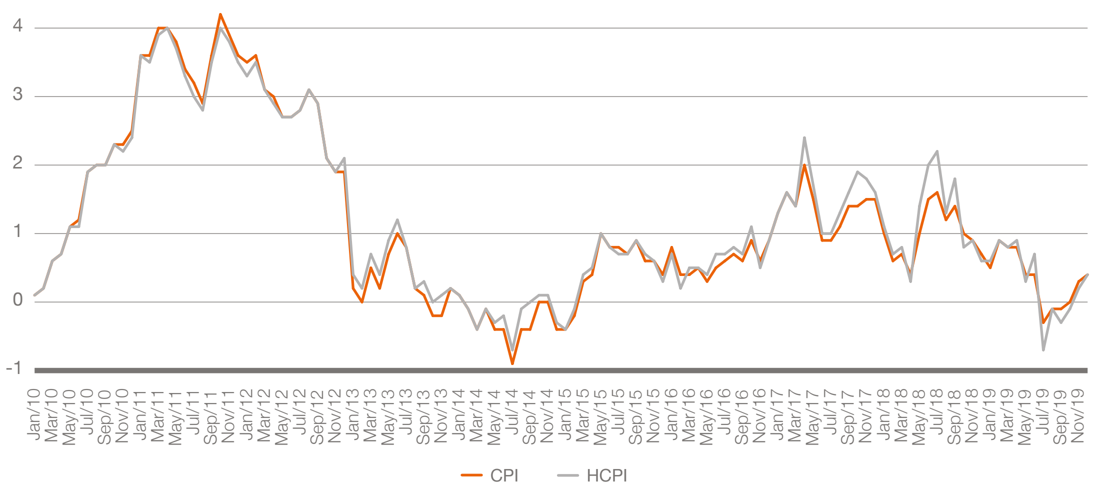
GDP - Volume Growth Rates



Source: OECD.

Within this positive context of growing confidence in the government's economic and budgetary targets, the major international rating agencies set notation of Portuguese Republic's rating on the investment grade level (Moody's: Baa3 / positive outlook; Standard & Poor's: BBB / positive outlook; Fitch: BBB / positive outlook).

Evolution of Inflation - Consumer Price Index (CPI)



Source: OECD & Eurostat.

The Harmonized index of consumer prices (HICP) rose by 0.3% in 2019 a significant decrease from 2018 (1.2%). The largest downward pressure came from energy, especially oil.

Financial Markets

Regarding financial markets, all asset classes appreciated throughout 2019. After a very negative end to 2018, 2019 was a very good year for equities, bonds and for some commodities.

This result can be attributed to reduced concerns over global economic slowdown, prospects of increased monetary stimulus, a de-escalation in the US-China trade war, an end in sight for the Brexit saga and an apparent decrease in euro-skepticism.

Regarding monetary policy, in the United States the Federal Reserve has reversed course regarding the normalization process of its monetary policy through three successive key interest rate cuts, down to 1.75%.

It also stopped the reversal process of the expansion of its balance sheet, deployed since 2009, through the purchase of treasuries and mortgage-backed securities issued by government agencies, by restarting investments in maturing securities.

In the Eurozone, the ECB restarted monthly asset purchasing program (APP): the program put on hold since December 2018 was ramped up to 20 billion Euros per month in November.

The ECB intends to maintain accommodative monetary policy for as long as necessary to achieve the target inflation rate of close to 2%, even considering lowering rates further or increasing APP if necessary.

The deceleration in the European economic growth and the absence of inflationary pressures have led former ECB President Mario Draghi to keep a cautious approach, restart APP and emphasize the need to maintain its key interest rate at historically low levels for the foreseeable future. The new President of the ECB Christine Lagarde has maintained the same narrative and incentivized governments to create fiscal stimulus.

In the United Kingdom, where the inflation rate is just below the 2% target, the Central Bank maintained the key interest rate at 0.75%. Among other advanced economies, the Central Bank of Canada also kept its rate unchanged.

The Bank of Japan (BoJ) is continuing its yield curve control policy maintaining 10-year government bonds at about zero percent. The BoJ also committed to maintain ultralow interest rates until CPI inflation (excluding fresh food) exceeds the 2% target and stays above it in a stable manner, meaning that interest rates are expected to stay at this level for a long time.

In China, the Central Bank decreased the one-year medium-term lending facility rate by 5 basis points in early November to support lending.

Stock markets registered significant appreciations. The China Benchmark CSI 300 Index, which finished the year 2019 up 36.07%, was the best performing market last year. The North American's stock market (S&P 500) appreciated by 28.88%, whilst the European (Eurostoxx 50 Pr) and Japanese (TOPIX INDEX (TOKYO)) markets ended the year with gains of 24.78% and 15.21%, respectively.

In Germany, the DAX rose by 25.48%, in Italy, the FTSE MIB increased by 28.28% and, in Portugal, PSI 20 appreciated by 10.20%. The MSCI index for emerging markets also rose by 18.42%, reflecting decreasing trade tensions and a more accommodative monetary policy in the US and Europe.

Regarding financial markets, all asset classes appreciated throughout 2019. After a very negative end to 2018, 2019 was a very good year for equities, bonds and for some commodities.

This result can be attributed to reduced concerns over global economic slowdown, prospects of increased monetary stimulus, a de-escalation in the US-China trade war, an end in sight for the Brexit saga and an apparent decrease in euro-skepticism.

Regarding monetary policy, in the United States the Federal Reserve has reversed course regarding the normalization process of its monetary policy through three successive key interest rate cuts, down to 1.75%.

It also stopped the reversal process of the expansion of its balance sheet, deployed since 2009, through the purchase of treasuries and mortgage-backed securities issued by government agencies, by restarting investments in maturing securities.

In the Eurozone, the ECB restarted monthly asset purchasing program (APP): the program put on hold since December 2018 was ramped up to 20 billion Euros per month in November.

The ECB intends to maintain accommodative monetary policy for as long as necessary to achieve the target inflation rate of close to 2%, even considering lowering rates further or increasing APP if necessary.

The deceleration in the European economic growth and the absence of inflationary pressures have led former ECB President Mario Draghi to keep a cautious approach, restart APP and emphasize the need to maintain its key interest rate at historically low levels for the foreseeable future. The new President of the ECB Christine Lagarde has maintained the same narrative and incentivized governments to create fiscal stimulus.

In the United Kingdom, where the inflation rate is just below the 2% target, the Central Bank maintained the key interest rate at 0.75%. Among other advanced economies, the Central Bank of Canada also kept its rate unchanged.

The Bank of Japan (BoJ) is continuing its yield curve control policy maintaining 10-year government bonds at about zero percent. The BoJ also committed to maintain ultralow interest rates until CPI inflation (excluding fresh food) exceeds the 2% target and stays above it in a stable manner, meaning that interest rates are expected to stay at this level for a long time.

In China, the Central Bank decreased the one-year medium-term lending facility rate by 5 basis points in early November to support lending.

Stock markets registered significant appreciations. The China Benchmark CSI 300 Index, which finished the year 2019 up 36.07%, was the best performing market last year. The North American's stock market (S&P 500) appreciated by 28.88%, whilst the European (Eurostoxx 50 Pr) and Japanese (TOPIX INDEX (TOKYO)) markets ended the year with gains of 24.78% and 15.21%, respectively.

In Germany, the DAX rose by 25.48%, in Italy, the FTSE MIB increased by 28.28% and, in Portugal, PSI 20 appreciated by 10.20%. The MSCI index for emerging markets also rose by 18.42%, reflecting decreasing trade tensions and a more accommodative monetary policy in the US and Europe.

Concerning sovereign debt, the performance was similar on both sides of the Atlantic. In the United States, 10-year sovereign debt yields fell from 2.71% to 1.87%. In Germany, sovereign debt yields with the same maturity declined from 0.28% to -0.22%, reflecting further increase of accommodative monetary policy on both sides.

Italian 10-year bond yields fell from 2.88% to 1.39% during the year as tensions between Rome and Brussels subsided. In Portugal, the continuous downward trend in risk premiums was due to the economic recovery and to the better-than-expected outcome from the budgetary consolidation. As a result, the 10-year sovereign Portuguese debt yields fell from 1.77% to 0.39%.

In terms of exchange rates, the year was highlighted by the appreciation of the dollar against the Euro (+3.2%), consistent with the interest rate gap and expected growth differentials. By comparison with the United States Dollar, the Japanese Yen appreciated by 1.54% over the year whilst the British Pound won 3.98% as a result of an apparent resolution to Brexit.
Regarding emerging currencies, the Turkish Lira rose by 12.6% on decreased macroeconomic and political instability, while the Brazilian Real depreciated by 3.46%, the South African Rand won 2.88% and the Chinese Renminbi depreciated by 2.29%.

Oil prices rose more than 20% this year but remains at contained levels despite geopolitical tensions, supply cuts, sanctions and Saudi Aramco attack. This is mainly due to muted demand. Despite above average returns in risk assets, gold also appreciated 15.52% in 2019.

02. Business Activity

2.1 Wealth Management Services

The Wealth Management services provided by Bison Bank combine financial planning expertise with investment management knowledge alongside a European execution platform for Individual and Institutional Clients. These services consist of Discretionary Portfolio Management, Investment Advisory and Order Execution.

During the first half of 2019, the Bank completed the development of a new offering of value-added services for the Bank's clients in terms of investment services - discretionary portfolio management and investment advisory. The standards, procedures and structure, fulfilling the requirements of MIFID II were defined, allowing the Bank to be fully prepared to offer these services to clients.

These investment services will enable the Bank to position itself in the market as a major interconnector between Europe and China. By combining financial planning expertise with investment management knowledge, our clients benefit from a fully integrated service. The Bank's focus on the clients' complete financial situation will allow it to choose the services that best meet their needs in terms of risk profile, investment horizon, objectives and return expectations, combining financial situation assessment, investment planning, and portfolio monitoring and review.

The Wealth Management services provided by Bison Bank combine financial planning expertise with investment management knowledge alongside a European execution platform for Individual and Institutional Clients. These services consist of Discretionary Portfolio Management, Investment Advisory and Order Execution.

During the first half of 2019, the Bank completed the development of a new offering of value-added services for the Bank's clients in terms of investment services - discretionary portfolio management and investment advisory. The standards, procedures and structure, fulfilling the requirements of MIFID II were defined, allowing the Bank to be fully prepared to offer these services to clients.

These investment services will enable the Bank to position itself in the market as a major interconnector between Europe and China. By combining financial planning expertise with investment management knowledge, our clients benefit from a fully integrated service. The Bank's focus on the clients' complete financial situation will allow it to choose the services that best meet their needs in terms of risk profile, investment horizon, objectives and return expectations, combining financial situation assessment, investment planning, and portfolio monitoring and review.

The investment framework is based on a global, unrestricted approach with greater flexibility and diversification across asset classes. The Product Specialist is responsible for evaluating and selecting the best instruments and solutions for the different areas of the Bank. The decision process is based on three steps to build a diversified portfolio: quantitative analysis, qualitative analysis and technical/trading analysis.

The discretionary portfolio management service is suitable for investors who do not have the availability, experience or desire to actively manage their portfolios and wish to delegate this responsibility. It is a personalized service that adjusts to the circumstances of the clients, investment objectives, risk profile and return expectations. Risk levels and asset allocation are continuously reviewed, monitored and evaluated by the Wealth Management Committee.

The Investment Advisory service is aimed at individuals and institutional clients. The idea generation process includes a global view of financial markets and proprietary analysis models for tactical investments as well as long-term opportunities in different asset classes. The service's perspective focuses on the "working with the investor" approach, accompanying clients through the three phases of the investment cycle: construction and implementation of portfolios, monitoring of portfolios and regular revaluations, and investment planning. The Bank believes in the value of a sound investment strategy, and the value of a disciplined approach to building, implementing and monitoring each solution presented.

The Bank offers for experienced Clients an order execution service, an option that allows clients to take control of their investment strategies.

The Bank offers clients global coverage with access to a wide range of investment opportunities in all major markets, investment options for different instruments and the world's largest third-party fund distribution network.

The Bank will continue to expand its wealth management solutions, products and services during 2020 to meet the needs of both European and Asian clients.

2019 was a year of intense work in several areas of the Client Management Department (CMD), in particular: (i) the successful completion of the restructuring and re-adaptation process of the Human Resources structure of the CMD, aligned with the objectives established for the year, (ii) the continuation of the plan for the identification and closure of accounts that do not fit into the current commercial strategy; (iii) the work carried out in conjunction with other Bison Bank Departments in the improvement of management information tools, account opening process, implementation of the Markets in Financial Instruments Directive (MiFID) and the General Data Protection Regulation (GDPR), Foreign Account Tax Compliance Act (FATCA) and Common Report Standards (CRS) reporting process, structuring of new products, mobile application for clients, among others, and (iv) all commercial activity.

The enrichment of the value proposition presented to high potential private clients, an important part of the commercial process, took the form of a new offer of a wide range of differentiated Products and Services, where the diversification of investment alternatives increased the degree of client satisfaction and positioned Bison Bank in the category of Wealth Management Bank.

It was also a year of strong investment in the Asian and Portuguese speaking markets, where Bison Bank works to be the reference bank in serving people, families and companies in these geographies, with a specialized team that speaks the same language, understands their needs and has a willingness to act that allows permanent assistance to clients.

In addition, in order to reinvigorate the Bank's client base, specialized areas have been created to improve the establishment of global partnerships with potential investors through alternative channels, which should expand the Bank's client base.

2.2 Depositary and Custody Services

Bison Bank has a long history of providing Depository Bank solutions to its Institutional Clients, covering vanilla to the most complex Investment Funds. The Bank distinguishes itself by the rigor, exclusivity and personalized monitoring of the Asset Management Companies, the Funds they manage and their participants. Bison Bank is also an asset servicing banking, offering a comprehensive range of services covering local and global custody, as well as payments, forex and cash management, to institutional investors, investment management companies, funds, banks, broker dealers and corporates.

The prospecting and segmentation of Clients for the Depositary and Custody services is also carried out by the Client Management Department (CMD).

Focusing on a strategy of proximity and partnership with Institutional Clients, namely Asset Management Companies, the Depositary and Custody Service is today a reference in the Portuguese market and it was with great satisfaction that we saw a significant increase in the number of Companies and Funds that entrusted us with the role of depositary and the custody bank of its Participants. Experience, innovation and agility are the basis of the success of this activity where Bison Bank has a long history, covering from the simplest to the most complex investment funds.

It is by privileging rigor in its actions and a personalized follow-up by a multidisciplinary, efficient and focused team, in all the needs arising from the relationship with the Asset Management Company, that Bison Bank builds the future based on a solid structure in the present and respecting its past.

2.3 Investment Banking Services

Bison Bank offers Financial Advisory services to public and private companies, private equity houses, family offices, funds, high net worth individuals and public sector entities, in domestic and cross-border deals. Bison Bank combines independent advisory focused on maintaining long-term relationships, with strong technical and sectorial expertise of its team.

In the Capital Markets business area, we offer services in the stock and debt securities markets and act as intermediaries in the evaluation of companies with financial needs through access to capital markets. Bison Bank can assist clients in Public Offerings, Private Placements of Bonds and Structured Products, as well as placing both debt and capital instruments of private banking clients and institutional investors.

Our Investment Banking team provides financial advisory services for the Clients' strategic transactions in all stages of the process, from the identification of investment opportunities, analysis, valuation and structuring of the transaction to the negotiation and completion of the transaction. It includes management buy-outs and management buy-ins, advisory on disposals, valuation, preparation of the information memorandum, identification and profiling of prospective buyers, analysis of proposals and support for the negotiations until the completion of the transaction.

We advise companies on how to re-arrange their balance sheet structure, to carve a sustainable capital structure and support growth through a potential business venture or to define a multi-product strategy.

Bison Bank provides independent valuation of companies, business units and investment projects based on internationally recognized and accepted methods, providing a credible valuation for the assets or business' in question. To accomplish this, we have acquired significant industry and local knowledge.

The Investment Banking Department (IBD) carries out the prospecting and segmentation for its own business lines. The Investment Banking Department ("IBD"), maintained its focus on identifying investment opportunities, of particular appeal to investors seeking cross-border transactions between Asia and Europe. Throughout 2019, IBD completed several transactions and advisory services, including M&A, Valuation services, M&A Integration planning, and Fundraising. IBD was extremely active in bond capital markets taking part in 5 issuances, for investment grade chinese issuers, which amounted to a total USD 4,5 Billion, performing duties either as Joint Global Coordinator, Joint Lead Manager or Joint Bookrunner. Bison Bank continued to perform paying agent services for sindicated Project Finance loans and for existing Commercial Paper Programs.

IBD maintains its approach to Asian Investors by articulating business investment portfolios on the following segments:

- Real Estate, by advising, structuring and executing on local real estate investments;
- Valuations by analysing and rendering valuation services on potential targets;
- M&A, by targeting and executing various deals with a special focus on cross-border deals;
- Structuring, by packaging solutions on credit and other fixed income alternatives, along with related financial services, providing integrated financial services with a strong focus on cross-border investors.

2.4 Treasury

During 2019, the Bank maintained as a fundamental rationale, a conservative profile of liquidity management and proprietary investment, which ensures adequate levels of liquidity robustness, but at the same time, ensures better levels of profitability.

Based on a liquidity structure with levels well above the levels required by the applicable regulation, the Bank promoted during this annual period, a dynamic investment approach, strategically framed within the parameters established by the Bank for its Risk Appetite Framework, as well as the current Liquidity Management Policy.

This approach also intends, in addition to assuring the necessary robustness in this area, to provide the necessary support for the development of the business lines established in its business model.

In terms of the Funding base, and considering its position of high structural liquidity, the Bank does not foresee, in the near future, resorting to the Capital Market as a source of financing.

In terms of customer deposits, the Bank maintained a solid base, in line with its objectives of increasing the financial margin and with a degree of diversification appropriate to its business model.

This stream of action addressed a solid evolution of liquidity ratios, on individual basis, at 31 December 2019, namely, a LCR (Liquidity Coverage Ratio) ratio of 526% and a NSFR (Net Stable Funding Ratio) ratio of 120%, levels substantially higher than those required by the applicable regulation.

03.

Supporting Areas

3.1 Human Resources

OUR PEOPLE

As part of its corporate strategy for human capital management, Bison Bank is committed to actively promoting the development of all employees, thus contributing to their motivation and commitment and to the Bank's sustainability. Human resources management processes, such as training management, aim to meet the training needs identified and ensure that our people are properly prepared for their daily challenges. Training actions of a transversal and strategic nature are also promoted, with the goal to promote organisational development.

The performance management process aims to align individual performances with the Bank's strategy, defining clear objectives for all employees with a focus on developing competencies and fostering a culture based on meritocracy and recognition.

Internal employee mobility is a practice we value and encourage at the Bank, as we believe in opportunities for internal growth, both in the allocation of resources to transversal projects and to meet specific know-how needs.

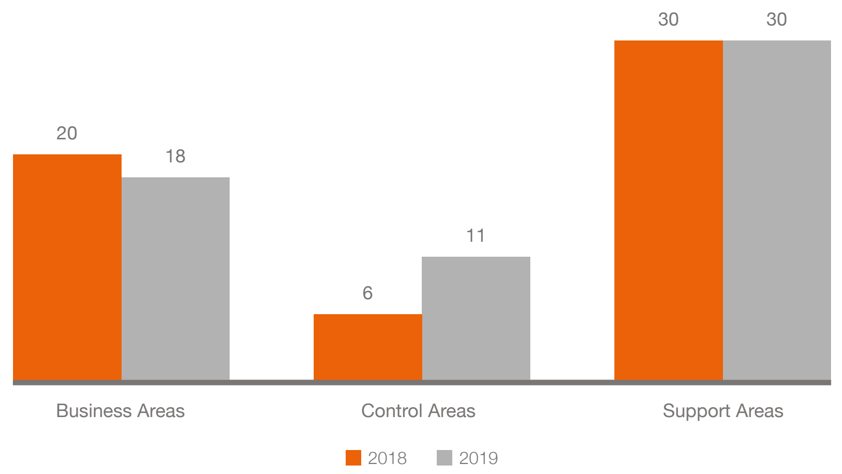
EMPLOYEE OVERVIEW

The employee data presented refer to full-time employees with permanent contracts with the Bank.

As of December 31 2019, Bison Bank employed 57 employees, compared to 59 as of December 31 2018.

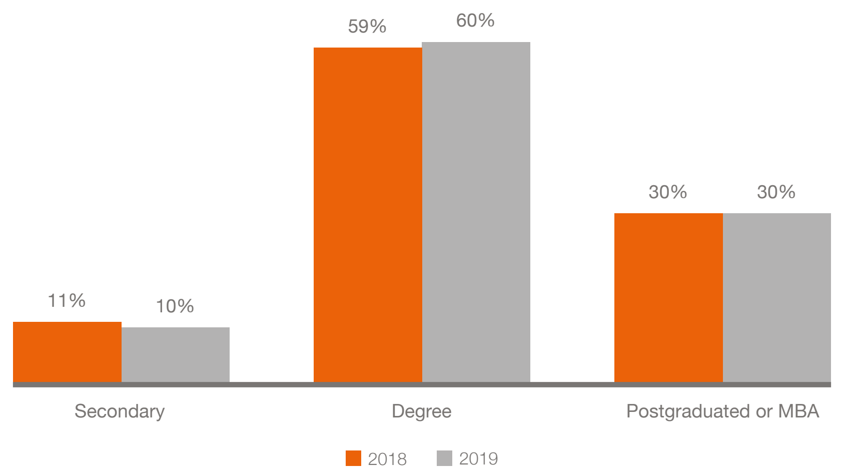
The reduction in 2019 was driven by voluntary departures that were not filled.

Distribution of employees by activity area (as of December 31, 2019)



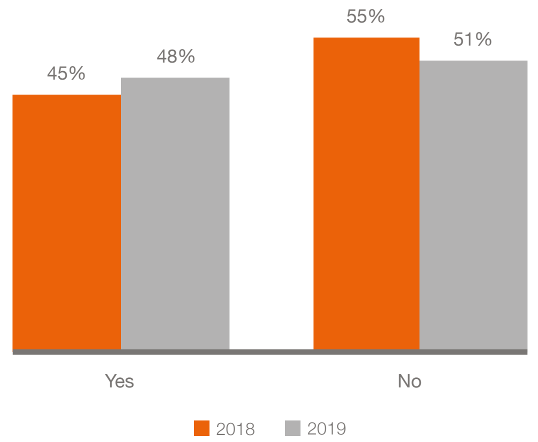
In 2019, Bison Bank made an effort to meet the needs of technical potential in the areas of control in order to meet all legal and regulatory requirements, thus significantly strengthening our staff in these areas.

Distribution of employees by academic qualifications (as of December 31, 2019)



Regarding academic qualifications, we continued to focus on the differentiation of our population by professionalisation, therefore we saw a slight increase in the percentage of both graduates and postgraduates, accompanied by a slight decrease in the percentage of employees only with secondary education.

Distribution of employees with international experience (as of December 31, 2019)



For Bison Bank it is important to continue to focus on strengthening staff with diversity skills and openness to new cultures, so in 2019 new recruitment processes have privileged international experience.

DIVERSITY AND INCLUSION

The objective of Bison Bank is to promote a diversified staff and an atmosphere that promotes inclusion, respect and support to all employees and that helps to improve the performance of the activities developed, providing equal opportunities for recruitment, promotion and training to all employees.

We are focused on progressively reducing the gap between men and women within the company and creating a diversified environment.

3.2 Information Technology

In 2019, Bison Bank's Information Technology Department (ITD) was involved in the implementation of some of the main Bison's Bank strategic initiatives:

- Increase the satisfaction level of the internal clients. During the year, ITD focused in increasing user's productivity by concluding several projects on this area, namely:
  - Introduction of cloud-based Microsoft Office 365 and related productivity tools, supported by an overall improvement of the workplace hardware;
  - Improvement of the existing management information system for a better support of commercial activity;
  - Support of several operational processes on a workflow tool.
- Ensure a robust and compliant internal control environment. In this area several steps were accomplished to increase performance, flexibility, resilience and security of Bison Bank's hardware, software and communications, namely:
  - A new AS400 system, hosting Bison Bank's core banking application were installed, along with other infra-structure upgrades;
  - New disaster recovery sites, covering all Bison Bank's critical applications and data, were installed and tested;
  - Several overall security improvements were deployed, as well as internal user security awareness initiatives.
- Improve Client Experience: Mobile Services & Online Banking:
  - A Bison Bank Mobile App was made available to clients, covering access to accounts balances and movements, as well as to client's global portfolio.
- Improve Client Experience: AML/FCT and other Control Functions:
  - The implementation of the new Bison Bank AML/FCT solution was concluded, as well as a new solution to support the internal control function;
  - Several improvements on the legal reporting framework were implemented, as well a new management tool of reporting production.
- Improve Client Experience: Wealth Management & Payments:
  - A new state-of-the-art solution to support the discretionary portfolio management and investment advisory activities were installed;
  - A new payment option "SEPA Direct Debits" was made available to Bison Bank's clients, supported by a newly deployed payments automation solution;
  - Payments Services Directive 2 (PSD2) related documentation and sandbox test system was made available to any 3rd party providers wishing to test a connection with Bison Bank.

3.3 Other Supporting Activities

ACCOUNTING AND PLANNING

In 2019, the Accounting and Planning Department (APD) once again expanded the scope of its activity, to include Procurement functions, while maintaining its name, Accounting and Planning Department, changed in 2018.

In addition to the recurrent activities carried out in the areas of accounting, planning and procurement, APD highlights the following projects and initiatives, developed in 2019:

Reorganization of financial and management information, reported internally through 3 specialized reports:

- Management Information System (MIS), already preexisting, reported monthly to the Board of Directors, focusing on the analysis of Balance Sheet and Income Statement (detail of operating costs, synthetic analysis of revenue and departmental performance in relation to approved budget), which was the target of a new review and expansion in 2019 of the scope of financial reporting, with new elements and details, with further improvements already planned for 2020,
- Analytical Information System (AIS), introduced in 2019 and prepared monthly, this report summarizes the analytical accounting model in force, presenting, in detail, the Income Statement directly and indirectly affecting the Bank's 4 business areas, based on allocation criteria established in 2019 and which, due to the model's youth and improvements due, have been subject to review. Nevertheless, this report was developed and implemented in 2019, having also served to adjust the financial reporting in the context of IFRS 8 - segment reporting,
- Business Information System (BIS), designed in the last quarter of 2019 and under development since the beginning of 2020, this report focuses in detailing the relevant business indicators and key performance indicators for each of the Bank's 4 business areas, measuring and analytically controlling these against approved budgets. Initially carried out on a monthly basis, ongoing developments foresee the subsequent availability daily.
- Preparation and conclusion of the Bison Bank budget reassessment in 2019 and revised budget for 2019-2022, interacting with all business, support and control areas, with comprehensive revision by the Board of Directors and shareholders' representatives.
- Incorporation of the Procurement function into the functional scope of APD, involving adaptation and introduction of specific procedures for this purpose, in order to facilitate integration with other APD functions, and vesting this function with additional data and tools to increase its effectiveness.
- Development and preparation of new mandatory reports previously not enforced to the Bank, of wide and relevant scope in the context of the Bank's activity.

ACCOUNTING AND PLANNING

In 2019, the Accounting and Planning Department (APD) once again expanded the scope of its activity, to include Procurement functions, while maintaining its name, Accounting and Planning Department, changed in 2018.

In addition to the recurrent activities carried out in the areas of accounting, planning and procurement, APD highlights the following projects and initiatives, developed in 2019:

Reorganization of financial and management information, reported internally through 3 specialized reports:

- Management Information System (MIS), already preexisting, reported monthly to the Board of Directors, focusing on the analysis of Balance Sheet and Income Statement (detail of operating costs, synthetic analysis of revenue and departmental performance in relation to approved budget), which was the target of a new review and expansion in 2019 of the scope of financial reporting, with new elements and details, with further improvements already planned for 2020,
- Analytical Information System (AIS), introduced in 2019 and prepared monthly, this report summarizes the analytical accounting model in force, presenting, in detail, the Income Statement directly and indirectly affecting the Bank's 4 business areas, based on allocation criteria established in 2019 and which, due to the model's youth and improvements due, have been subject to review. Nevertheless, this report was developed and implemented in 2019, having also served to adjust the financial reporting in the context of IFRS 8 - segment reporting,
- Business Information System (BIS), designed in the last quarter of 2019 and under development since the beginning of 2020, this report focuses in detailing the relevant business indicators and key performance indicators for each of the Bank's 4 business areas, measuring and analytically controlling these against approved budgets. Initially carried out on a monthly basis, ongoing developments foresee the subsequent availability daily.

- Preparation and conclusion of the Bison Bank budget reassessment in 2019 and revised budget for 2019-2022, interacting with all business, support and control areas, with comprehensive revision by the Board of Directors and shareholders' representatives.
- Incorporation of the Procurement function into the functional scope of APD, involving adaptation and introduction of specific procedures for this purpose, in order to facilitate integration with other APD functions, and vesting this function with additional data and tools to increase its effectiveness.
- Development and preparation of new mandatory reports previously not enforced to the Bank, of wide and relevant scope in the context of the Bank's activity.

OPERATIONS

The activity of the Operations Department (OPD) evolved significantly in 2019, following the implementation of the new business plan defined by the Bank.

In this context, intense action was taken to implement new projects and to comply with new legal and regulatory requirements which included, in addition to the operational activities developed by this Department, the following relevant projects:

- Customer requests new tool also for monitoring clients' accounts data quality;
- Reinforcement of Customer Asset Safeguard;
- Monitoring of financial variations, in order to maintain low levels of Operational Risk;
- Automation of the account opening process to improve efficiency (in progress);
- Development of a HUB tool for payments management and control. Diversification of the available ways of payment with participation in the European Direct Debit system.

The Operations Department has also been actively involved in the development of new commercial products and services, including the definition of operational and regulatory requirements.

LEGAL SUPPORT

The Legal Department (LED) is a high-level structure within the Bank's organizational hierarchy, reporting hierarchically to the Executive Committee through the responsible Director.

LED is responsible for providing legal support, in all aspects, to the Bank's banking and financial activities, particularly in the structuring, design and monitoring of the products and services provided.

During 2019, LED focused much of its activity on the following matters:

- Investment Services
  - Discretionary Portfolio Management
  - Advisory Services
- Custodian Bank
- Payment Services
- Capital market - debt placement
- M&A operations and consulting

SUPPORT TO THE EXECUTIVE BOARD

The Executive Board Office's (EBO) mission is to support the Board of Directors (BoD) and Executive Directors of the Bank by the following responsibilities:

- Corporate Strategy
- Portfolio and Project Management
- Process and Quality
- Corporate and Operational Marketing
- External Communication
- Governance & Secretarial Support
- Secretariat & Administrative Support

Regarding EBO's activity during 2019 the following initiatives can be highlighted:

1. Implementation of a project culture and framework, through the creation of specific rules and procedures for project evaluation and approval, and the establishment of a standard methodology for project management. Throughout the year, we carried out the management and supervision of the various projects in the Bank's Project Portfolio and the respective reporting to the Executive and Non-Executive Directors.
2. Restructuring of the specialised internal committees (Functional and Governance) in order to better sustain the Bank's new structure and organisational model. It should be noted that a significant number of meetings of the various committees were held during the 2019 financial year, as described in the Corporate Governance Report section.
3. Becoming an associate corporate member in five chambers of commerce and industry and placement of news and articles of institutional and commercial nature in the media. In 2019 Bison Bank strengthened its position as a "Euro-Asian partner" for its Clients, leading to an increase in the brand's notoriety and its core business areas.

04. Control Activities

4.1 Risk

The Risk Department (RID) is a top-line structure in Bison Bank's organisational hierarchy, that currently reports directly to the Executive Committee, through the Board member responsible for this area.

In addition, it maintains a permanent communication line with the Supervisory Board, namely through specific meetings and with the Risk and Compliance Committee, through bi-monthly meetings. Together with the Compliance Department and Internal Audit Department, RID establishes the Internal Control System of the Bank.

Throughout the year of 2019, RID in coordination with the Board Member responsible for this area, focused on the following activities:

- Designed and adapted the risk management policies, to be aligned with the Bank's strategy and business objectives (Risk Appetite Statement update, Limit Policies, Risk Management Policy, ICAAP government and methodology, etc);
- Implemented improvements to reinforce the Bank's Risk Management Information, based on complete and regular data, in order to timely access the risks and act accordingly. New controls were implemented and Risk monthly reports were revised – The new "Finance and Risk Report" includes information regarding all risk, compliance with internal and regulatory limits, as well as RAS and Recovery Plan indicators and ICAAP results;
- Elaborated and reported (on-time) the prudential reports for which it is responsible, within its scope of action, namely within Common Reporting (COREP OF; COREP LE, COREP LR, LCR, NSFR and ALMM), IRRBB, ICAAP, etc.;
- Contributed to other external reports, such as ILAAP, Internal Control Report, Recovery Plan (contribution on the definition of the stress scenarios and recovery measures, and computation of impacts on ratios and recovery indicators) and Resolution Plan of Least Significant Institutions;

The Risk Department (RID) is a top-line structure in Bison Bank's organisational hierarchy, that currently reports directly to the Executive Committee, through the Board member responsible for this area.

In addition, it maintains a permanent communication line with the Supervisory Board, namely through specific meetings and with the Risk and Compliance Committee, through bi-monthly meetings. Together with the Compliance Department and Internal Audit Department, RID establishes the Internal Control System of the Bank.

Throughout the year of 2019, RID in coordination with the Board Member responsible for this area, focused on the following activities:

- Designed and adapted the risk management policies, to be aligned with the Bank's strategy and business objectives (Risk Appetite Statement update, Limit Policies, Risk Management Policy, ICAAP government and methodology, etc);
- Implemented improvements to reinforce the Bank's Risk Management Information, based on complete and regular data, in order to timely access the risks and act accordingly. New controls were implemented and Risk monthly reports were revised – The new "Finance and Risk Report" includes information regarding all risk, compliance with internal and regulatory limits, as well as RAS and Recovery Plan indicators and ICAAP results;
- Elaborated and reported (on-time) the prudential reports for which it is responsible, within its scope of action, namely within Common Reporting (COREP OF; COREP LE, COREP LR, LCR, NSFR and ALMM), IRRBB, ICAAP, etc.;
- Contributed to other external reports, such as ILAAP, Internal Control Report, Recovery Plan (contribution on the definition of the stress scenarios and recovery measures, and computation of impacts on ratios and recovery indicators) and Resolution Plan of Least Significant Institutions;

• Issued opinions and participated in several work groups to develop new business activities/products;

• Promoted risk awareness campaigns (carried out by mail), addressing various risk issues.

The Department also had its activities enlarged, by the transfer of the Operational Risk Management and Risk Control Self-Assessment exercise from Compliance Department (COD) to Risk, which implicated a team reinforcement with an additional employee.

In addition, the Department answered several Bank of Portugal Risk self-assessment questionnaires throughout the year.

4.2 Compliance

The Compliance Department (COD) is a top-line structure in Bison Bank's organisational hierarchy, that currently reports directly to the Executive Committee, through the Board member responsible for this area.

In addition, it maintains a permanent communication line with the Supervisory Board, namely through specific meetings and with the Risk and Compliance Committee, through bi-monthly meetings. Together with the Risk Department and Internal Audit Department, COD establishes the Internal Control System of the Bank.

The Bank relies on an independent, permanent and effective Compliance Function that oversees the compliancy with all legal, regulatory, operational, ethical and conduct, requirements and duties that are incumbent on the Bank and their Employees.

During 2019, COD was essentially focused on the following activities:

- Implementation of 2019 Compliance Plan;
- Activities carried out in the scope of internal control;
- Activities carried out in the field of anti-money laundering, counter terrorism financing and restrictive measures;
- Implementation of the conflict of interest policy and respective procedures;
- Implementation of the whistleblowing policy and respective procedures;
- Coordination of the following projects:
  - General Data Protection Regulation (GDPR);
  - Markets in Financial Instruments Directive II (MiFID II);
  - Foreign Account Tax Compliance Act (FATCA) e Common Report Standards (CRS
  - Revision and upgrade of the documentation portfolio;
- Activities developed within the scope of complaints handling;
- Implementation (end phase) of the new AML/FCT tool.

COD has been actively working, in coordination with the Board of Directors, in adapting the Bank's compliance risk government environment to the business strategy, while simultaneously ensuring that it is aligned with the new regulatory requirements.

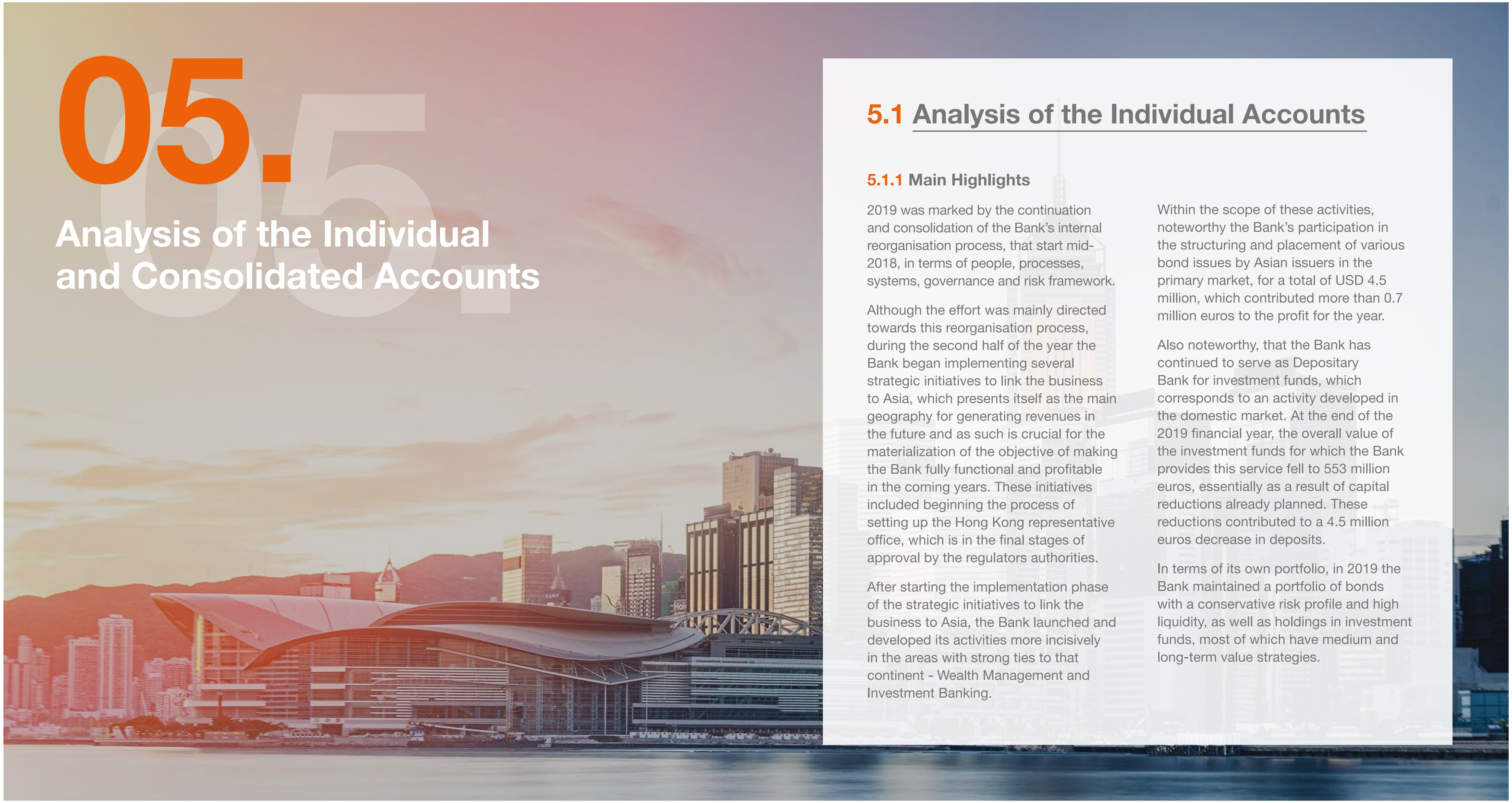
4.3 Internal Audit

The Internal Audit Department (IAD) is a top-line structure in Bison Bank's organisational hierarchy, that currently has a hierarchical reporting line to the Chief Executive Officer (mere administrative reporting) and a functional reporting line to the Board of Directors and the Supervisory Board. Together with the Risk Department and Compliance Department, IAD assure the Internal Control System of the Bank.

During the year of 2019, the Internal Audit Department developed the Annual Audit Plan, approved by the Board of Directors, performing its activities adjusted to the size and profile of the business of the Bank.

The IAD focused its activities on:

- Preparation of the Annual Audit Plan (aligned with the new strategy and business objectives, ensuring the monitoring of the relevant risks);
- Developing audit jobs, according to the Audit annual Plan approved;
- Developing IT tools to support its activity;
- Evolution control of the Business Plan´s implementation;
- Updating the organic statutes, internal documents, strategies and methodology, risk classification models;
- Report the relevant information about the activity to the Board of Directors and the Supervisory Board.



05.

Analysis of the Individual and Consolidated Accounts

5.1 Analysis of the Individual Accounts

5.1.1 Main Highlights

2019 was marked by the continuation and consolidation of the Bank's internal reorganisation process, that start mid-2018, in terms of people, processes, systems, governance and risk framework.

Although the effort was mainly directed towards this reorganisation process, during the second half of the year the Bank began implementing several strategic initiatives to link the business to Asia, which presents itself as the main geography for generating revenues in the future and as such is crucial for the materialization of the objective of making the Bank fully functional and profitable in the coming years. These initiatives included beginning the process of setting up the Hong Kong representative office, which is in the final stages of approval by the regulators authorities.

After starting the implementation phase of the strategic initiatives to link the business to Asia, the Bank launched and developed its activities more incisively in the areas with strong ties to that continent - Wealth Management and Investment Banking.

Within the scope of these activities, noteworthy the Bank's participation in the structuring and placement of various bond issues by Asian issuers in the primary market, for a total of USD 4.5 million, which contributed more than 0.7 million euros to the profit for the year.

Also noteworthy, that the Bank has continued to serve as Depositary Bank for investment funds, which corresponds to an activity developed in the domestic market. At the end of the 2019 financial year, the overall value of the investment funds for which the Bank provides this service fell to 553 million euros, essentially as a result of capital reductions already planned. These reductions contributed to a 4.5 million euros decrease in deposits.

In terms of its own portfolio, in 2019 the Bank maintained a portfolio of bonds with a conservative risk profile and high liquidity, as well as holdings in investment funds, most of which have medium and long-term value strategies.

In addition, the sale of the holding in Ascendi was concluded, with a balance sheet value of 3.3 million euros at 31 December 2018, and an agreement was signed in October with Oitante for the transfer of the 126,845 units in Banif US Real Estate, issued by Banif Multifund, which should have been included in the carve out agreement, the latter having no impact on the Bank's results.

Finally, also notable is the adoption of IFRS 16, as from January 1, 2019, which establishes a new regime regarding scope, classification, recognition and measurement of assets and liabilities for the lessee. As a result of the adoption of this new standard, at December 31, 2019 the Bank has recorded assets under usage rights amounting to 2.1 million euros and related lease liabilities amounting to 1.7 million euros.

5.1.2 Main Financial Statements Figures

As of December 31, 2019, the Bank has a balance sheet total of 87.9 million euros, representing a decrease of approximately 12.5 million euros compared with December 31, 2018, which mainly relates to the following:

- Reduction of 7.3 million euros in cash, cash balances at central banks and other current account deposits, as a result of the reduction in deposits from investment funds, securities and real estate, and deposits by individuals amounting to 4,500 thousand euros and 2,500 thousand euros, respectively;
- Reduction of 5.8 million euros in the item Financial assets at fair value through other comprehensive income, of which the sale of Ascendi with a balance sheet value of 3.3 million euros as at December 31, 2018 is noteworthy;
- Increase of 1.9 million euros under Property, plant and equipment, mainly due to the adoption of IFRS 16 on January 1, 2019.

In terms of the income statement, the Bank shows a total positive net operating income of 2.3 million euros, representing a recovery in the Bank's operating activity from 2018 when net operating income was negative by 125 thousand euros, due essentially to (i) 422 thousand increase in the financial margin, (ii) a reduction of 1.06 million euros in losses on financial assets and liabilities carried at fair value through profit or loss, which at 31 December 2018 related essentially to losses on carve-out, and (ili) the payment of 509 thousand euros received from the liquidation of Banif Finance Ltd.

In 2019, the income and commissions account, the Bank's main source of income, amounted to 2.3 million euros, representing an increase of 11% compared to 2018, of which 855 thousand euros related to the custodian bank commission, 707 thousand euros to structuring and placement commissions and 419 thousand euros to the securities custody commission.

Finally, staff costs amounted to 6 million euros, representing an increase of 5% compared to 2018, which is essentially due to the greater number of members in the management bodies, the internal reorganization that took place at the Bank and the consequent salary review. Other administrative expenses remained in line with the previous year's figures.

The Off-balance sheet items depend mainly on 2 services:

Fund Depository Bank Services, whose value of the Funds amounts to 553.2 million Euros as of December 31, 2019 (2018: 685.7 million Euros),

- Securities Custody Services for 614.5 million euros at December 31, 2019 (2018: 717 million euros), on behalf of the Bank's customers.

Deferred taxes again had no impact on Net Profit / Loss, since the indispensable approval of the transfer of tax losses by the competent tax authorities, following the acquisition by Bison Financial, is still pending at this date.

5.1.3 Main Liquidity and Solvency Indicators

In 2019, the Bank maintained a solid level of capitalisation, with a Tier 1 Common Equity ratio of 85.6% at year end. This ratio resulted from the combination of a high Tier 1 Capital of 49.1 million euros, corresponding to more than half of total assets, with a conservative risk-taking profile - average risk weighted asset ratio (RWA) of 57.0%. The liquidity ratios remained robust at 31/12/2019 - LCR of 526.2% and NSFR of 120.2%.

5.2 Analysis of the Consolidated Accounts

5.2.1 Consolidation Perimeter

At the beginning of the second half of 2018, as part of the non-recurring restructuring actions undertaken by Bison Bank in the context of its acquisition, the sale of 3 asset management companies, non-strategic subsidiaries, was concluded:

- Profile - Sociedade Gestora de Fundos de Investimento Mobiliário, SA, (Profile),
- Banif International Asset Management (BIAM), and
- Banif Multi Fund (BMF).

Of the 3 remaining subsidiaries, Art Invest - Fundo de Investimento Alternativo Fechado (Art Invest) although also considered non-strategic, due to the fact that it has been in liquidation since 2017, in order to avoid additional delays and bring unnecessary and complex complications to this liquidation process, was maintained until final liquidation, which took place in February 2019.

On 13 October 2019 Bison Bank and Bison Capital Financial Holdings (Hong Kong) signed an agreement with Oitante for the transfer of the 126,845 units of Banif US Real Estate, issued by Banif Multifund, which should have been included in the carve out agreement. This agreement did not involve any change in the selling price of Bison Bank, nor did it affect the Bank's results.

Thus, at 31 December 2019, only the subsidiary Turirent - Fundo de Investimento Imobiliário Fechado (Turirent) remained under consolidation.

5.2.2 Main Highlights

As of December 31, 2019, the consolidated balance sheet of Bison Bank is almost entirely coincident with the individual balance sheet and there are no additional relevant comments to be added to the above comments regarding the individual balance sheet, the same applying to the income statement. Only the increase in investment properties in the amount of 596 thousand euros, motivated by the finalization of the construction of 2 properties, belonging to Turirent, allows us to consider an improvement in their profitability prospects.

06. Outlook

The Bank's strategy is supported by an execution plan, which corresponds to a circular process that strives to manage the Bank in an effective and successful manner.

The 2020-22 Strategic Plan is sustained on five pillars and has strives to turn Bison Bank into a fully functional and profitable Institution in the following years.

The Bank's Strategic Pillars

01.

Reposition Bison Bank through people, systems, process and governance

Core skills and competencies regeneration, new critical systems acquisition, key processes and governance framework review

02.

Undertake a balanced risk management approach

Strong capital position, prudent credit risk profile, sound liquidity position and robust internal control environment.

05.

Play Euro-Asian partner role as a competitive advantage

Support Asian clients interested in investment and business opportunities in Europe, as well as international investors interested in Asia

03.

Launch and develop Wealth Management services

Holistic financial solutions, financial markets expertise and relationships based on transparency and trust

04.

Initiate and Expand Investment Banking services

High-quality and added value services in capital markets, mergers & acquisitions (M&A) and valuations.

During 2020-22 the Bank intends to progressively raise the breakdown of Income originated from Asia, showing a relevant increase on the importance of the strategic goal consisting in building a Euro-Asian bridge. This scenario foresees the affirmation of Wealth Management services as one of the Bank's core businesses, the sustained growth of Investment Banking services and the consolidation of Depositary Bank and Custody services.

Based on the strategic plan, the Bank developed its business plan, through which it established 3-year targets for the period 2020-22. According to the business plan, the Bank's central objective is to progressively increase the breakdown of revenues from Asia, thus demonstrating the growing importance of the strategic goal of building a Euro-Asian bridge. From a business area perspective, the business plan foresees the affirmation of Wealth Management services as one of the Bank's core businesses, the sustained growth of Investment Banking services and the consolidation of Custody and Depository Bank services.

The business plan was reviewed and approved at the end of 2019. Compared with the previous business plan approved in 2018, the Bank maintained the same strategic guidelines and only changed the level of execution effort by resizing it to provide more time for business development and revenue achievement. Thus, the main geography of revenue origin remains clearly Asia and the Bank's three business areas remain unchanged - Wealth Management, Investment Banking and Custody and Depository Bank.

The implementation of the business plan has been conditioned by the emergence and rapid dismantling of the COVID-19 pandemic. In particular, COVID-19 has had a significant impact on the pace of implementation of the strategic pillar associated with the establishment of the bridge to Asia and, consequently, on the development and materialization of revenues from the Bank's activities with strong links to Asia - Wealth Management and Investment Banking.

The extent and severity of this pandemic is not determinable at this time. Nevertheless, the Bank's solid capital and liquidity position allows it to be well prepared to absorb relevant shocks and respective deviations from its business plan. The Bank's capital and liquidity position will become even more robust following the capital increase of 19 million euros to June this year, as committed by the shareholder in mid-2018 as part of the Bank's acquisition process.

In order to guarantee a tangible connection between the strategic plan and the goals established in the business plan the Bank has defined a series of strategic initiatives that include all the structural projects to implement until 2022. The strategic initiatives were linked to each of the five strategic pillars and are sustained by a governance framework and operational model, to guarantee alignment with goals, effective management and successful implementation.

Within the strategic initiatives new business driven investments will be made, more specifically on the development of a new online and mobile client platform in 2020, along with other planned investments in specialized banking services & systems and control functions functionalities.

07.

Proposed Application of Results

In the course of its business activity in 2019, Bison Bank, SA incurred in a loss of 7,009,226.11 Euros (seven million, nine thousand, two hundred and twenty six euros and eleven cents).

The Board of Directors proposes, according no. 1(b) and no. 2 of Article 376 of the Portuguese Commercial Companies Law (Decree Law 262/86, of 2 September, “Código das Sociedades Comerciais”), that this loss of 7,009,226.11 Euros be transferred to Retained Earnings.

08.

Final Remarks

At the General Meeting held on April 26th, 2019, the Management Report and the Bank’s Accounts for the financial year 2018 were approved. The proposal of the Board of Directors for the application of the results of the financial year was also approved and the single shareholder approved a vote of confidence in the Board of Directors and the Supervisory Board, in recognition of all its work.

At that meeting was approved, as proposed by the Nomination and Remuneration Committee: i) the revised and updated version of the remuneration policy of the members of the management and supervisory bodies: ii) the revised and updated version of the selection and evaluation policy on the adequacy of the members of the management and supervisory bodies and essential functions.

At that same meeting it was also resolved i) to approve the appointment of Bian Fang as a new member for the Board of Directors, ii) to dismiss the same from the need to provide guaranties pursuant to Article 396(3) of the Commercial Companies Code and Article 19(2) of the Company's Articles of Association and iii) to decide on the annual remuneration allocated to this new member, in accordance with Article 399 of the Commercial Companies Code and with the Article 26 of the Company's Articles of Association and, in the Company's "Remuneration policy of the members of the management and supervisory bodies".

On May 3rd, 2019, at a meeting of the Board of Directors, it was resolved, pursuant to Article 22 of the Company's Articles of Association and Article 407 of the Commercial Companies Code, to establish an Executive Committee for the period 2018 to 2021, which will be composed by 5 members, as follows:

- Bian Fang (Chief Executive Officer)
- António Manuel Gouveia Ribeiro Henriques
- Pedro Manuel Ortigão Correia
- Francisco Alexandre Valente de Oliveira
- André Filipe Ventura Rendeiro

It was also decided that the Executive Committee Regulations should be defined by the members of this Committee and subsequently submitted to the Board of Directors for final approval.

At that meeting, it was decided to delegate in the Executive Committee the day-to-day management of the Bank with the powers listed in the delegation of powers document, and the board of directors also deliberated on the respective allocation of responsibilities.

On May 3rd, 2019, at a meeting of the Executive Committee it was resolved to approve the Executive Committee Regulations and submit the same to the Board of Directors for final approval.

On May 31st, 2019, at a meeting of the Board of Directors, the Board agreed with the Executive Committee decision to approve the Executive Committee Regulations.

On June 27th, of 2019, Bison Capital Financial Holdings (Hong Kong) Limited, in its capacity as Bank's sole shareholder, pursuant to Article 54 and Article 373 no. 1, both of the Commercial Companies Code, resolved in accordance with a proposal from the Nomination and Remuneration Committee as follows:

- (i) Approve the Bank's Prevention and Management of Conflicts of Interest Policy;
- (ii) Amend the Selection and Assessment Policy for the Suitability of Management and Supervisory Body Members and of Key Function Holders, with the purpose of specifying that the provisions regarding the prevention, communication and remedying of conflicts of interest, including related party transactions, applicable to members of the management and supervisory bodies and key functions holders, are part of the Bank´s Prevention and Management of Conflicts of Interest Policy ; and
- (iii) Revoke the Regulation on Prevention, Disclosure and Settlement of Conflicts of Interest, including Transactions with Related Parties, considering that those matters were integrated in the Bank´s Prevention and Management of Conflicts of Interest Policy.

On October 15th, 2019, Bison Capital Financial Holdings (Hong Kong) Limited, as the Bank's sole shareholder, pursuant to Article 54 and Article 373 no.1, both of the Commercial Companies Code, decided to proceed, with immediate effect, with the dismissal of Pedro Manuel Ortigão Correia from the position of executive member of the Board of Directors of Bison Bank and to recommend to the Board of Directors to decide on the redistribution of the corresponding responsibilities assigned to him.

On October 16th, 2019 the Board of Directors became aware of the Bank's sole shareholder's resolution on the dismissal of Pedro Manuel Ortigão Correia from the position of executive member of the Board of Directors of Bison Bank, with effect from 15 October 2019, and deliberated on the redistribution of the corresponding responsibilities assigned to him.

On October 31st, 2019, following the resolution of the Board of Directors held on October 16, 2019 and in accordance with Article 22 of the Company's Articles of Association, the Executive Committee deliberated on the new redistribution of the corresponding responsibilities previously assigned to Pedro Manuel Ortigão Correia and decide to submit this matter to the Board of Directors in order to make due adjustments to the Company's internal rules.

On November 12th, 2019, Bison Capital Financial Holdings (Hong Kong) Limited, as the Bank's sole shareholder, pursuant to Article 54 and Article 373 no. 1, both of the Commercial Companies Code, resolved the following:

In accordance with (i) Article 399 of the Commercial Companies Code, (ii) Article 26 of the Company's Articles of Association, (iii) the Remuneration Policy of the Members of the Management and Supervisory Bodies of the Company and, as well, (iv) the assessment conducted by the Nomination and Remuneration Committee, it was resolved to adjust the annual remuneration of the executive member of the Board of Directors, André Filipe Ventura Rendeiro, with effect on 1 November 2019.

On December 19th, 2019, the Executive Committee took note of Bank of Portugal letter, dated of 2019-12-13, which was immediately addressed to the shareholder, stating the need to carry out, no later than 30 June 2020, the completion of the remaining capital increase of 19 million euros, by Bison Capital Financial Holdings (Hong Kong) Limited in Bison Bank S.A.,

On December 20th, 2019, Bison Capital Financial Holdings (Hong Kong) Limited, in its capacity as the Bank's sole shareholder, pursuant to Article 54 and Article 373 no. 1, both of the Commercial Companies Code, decided to approve the new version of the Bank's Prevention and Management of Conflicts of Interest.

Each of the undersigned members of the Board of Directors, identified below, declares, on the basis of their own personal accountability, that, to the best of their knowledge, the management report, the annual accounts, the legal certification of accounts and other financial statements, as required by law or regulation, have been drawn up in accordance with the applicable accounting rules, and provide a true and fair view of the assets and liabilities, the financial position and the results of Bison Bank, and that the management report realistically describes the evolution of the business activities, the performance and the position of Bison Bank and also contains a description of the main risks and uncertainties the Company faces.

In concluding its report on the activity carried out during the financial year 2019, the Board of Directors expresses to the members of the Supervisory Board, the Statutory Auditor and supervisory authorities their thanks for the support and collaboration shown.

LIJUN YANG
(Chairman of the Board of Directors)

EVERT DERKS DROK
(Vice-President of the Board of Directors)

BIAN FANG
(Chief Executive Officer)

ANTÓNIO MANUEL GOUVEIA RIBEIRO HENRIQUES
(Vowel)

FRANCISCO ALEXANDRE VALENTE DE OLIVEIRA
(Vowel)

ANDRÉ FILIPE VENTURA RENDEIRO
(Vowel)

Lisbon, April, 2020

The Board of Directors


09.
Consolidated Financial Statements

BISON BANK, S.A.
Consolidated Balance Sheet Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	31/12/2019 Gross Amount	31/12/2019 Provisions, Impairment and Depreciation	31/12/2019 Net Amount	31/12/2018 Net Amount
Cash, cash balances at central banks and other demand deposits	5	27,246	-	27,246	35,465
Financial assets held for trading	6	161	-	161	162
Non-trading financial assets mandatorily at fair value through profit or loss	7	14,118	-	14,118	14,955
Financial assets at fair value through other comprehensive income	8	32,744	(25)	32,719	38,537
Financial assets at amortised cost	9	1,345	(1,101)	244	263
Non-current assets and disposal groups classified as held for sale	10	-	-	-	3
Investment property	11	8,290	-	8,290	7,694
Property, Plant and Equipment	12	2,912	(959)	1,953	51
Intangible assets	13	8,949	(8,335)	614	335
Current tax assets	14	153	-	153	204
Deferred tax assets	15	183	-	183	193
Other assets	16	2,729	(239)	2,490	2,696
Total Assets		**98,829**	**(10,659)**	**88,170**	**100,558**
Deposits and Liabilities from other credit institutions	17			5,947	4,982
Deposits from other clients	17			24,423	32,065
Provisions	18			2,105	2,757
Current tax liabilities	14			76	95
Deferred tax liabilities	15			82	130
Other liabilities	20			5,916	3,956
Total Liabilities				**38,548**	**43,985**
Capital	21			176,198	176,198
Revaluation Reserves	21			222	450
Other reserves	21			(119,789)	(109,047)
Profit (Loss) for the year	21			(7,009)	(11,028)
Total Equity				**49,622**	**56,573**
Total Equity and Total Liabilities				**88,170**	**100,558**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.
Consolidated Income Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	31/12/2019	31/12/2018
Interest Income	22	407	238
Interest Expenses	22	(152)	(405)
Net Interest Income		**255**	**(167)**
Dividend income	23	2	390
Fee and commission income	24	2,331	1,939
Fee and commission expense	24	(319)	(204)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	25	(657)	(2,510)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	25	775	(0)
Exchange differences, net	25	179	3
Other operating income, net	26	(149)	263
Total Operating Income, Net		**2,417**	**(286)**
Staff expenses	27	(6,005)	(5,715)
Other administrative expenses	28	(3,264)	(3,196)
Depreciation	12,13	(744)	(598)
Provisions or reversal of provisions	18	588	321
Impairment or reversal of impairment on financial assets	18	77	(36)
Impairment or reversal of impairment on non-financial assets	18	1	43
Impairment or reversal of impairment on credit	18	-	38
Profit or Loss before Tax from Continuing Operations		**(6,930)**	**(9,428)**
Taxes			
Current Taxes	14	(79)	(147)
Deferred Taxes	15	-	-
Profit or Loss after Tax From Continuing Operations		**(7,009)**	**(9,576)**
Profit or loss after tax from discontinued operations	29	-	(1,452)
Profit (Loss) for the year		**(7,009)**	**(11,028)**
Average weighted number of ordinary issued shares	31	35,239,674	31,139,674
Earnings per share (Euro per share)		**(0,20)**	**(0,35)**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.

Consolidated Comprehensive Income Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notas	31/12/2019	31/12/2018
Net Profit / (Loss) for the period	**21**	**(7,009)**	**(11,028)**
Items that will not be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	21	(241)	545
Deferred income taxes	21	17	(123)
Items that may be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	21	268	23
Deferred income taxes	21	49	(5)
Comprehensive Income		**93**	**440**
Total Comprehensive Income, net of tax		**(6,916)**	**(10,587)**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.

Consolidated Statement of Changes in Equity as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	Share Capital	Revaluation reserves (net of deferred taxes)	Other reserves and retained earnings	Net Profit/ (Loss) for the period	Total Equity
Balances as at 31-12-2017	**21**	**135 198**	**221**	**(102 081)**	**(6 116)**	**27 222**
Application of net profit / (loss) from the previous period						
Transfer to other reserves and retained earnings	21	-	-	(6 116)	6 116	-
Share capital increase	21	41 000	-	-	-	41 000
Other transactions - IFRS 9 Adjustment	21	-	(211)	852	-	641
Discontinued operations	21	-	-	(1 703)	-	(1 703)
Comprehensive income	21	-	440	-	(11 028)	(10 588)
Balances as at 31-12-2018	**21**	**176 198**	**450**	**(109 047)**	**(11 028)**	**56 573**
Application of net profit / (loss) from the previous period						
Transfer to other reserves and retained earnings	21	-	-	(11 028)	11 028	-
Share capital increase	21	-	-	-	-	-
Alienation of financial assets at fair value through other comprehensive income	21	-	(321)	321	-	-
Other operations	21	-	-	(34)	-	(34)
Comprehensive income	21	-	93	-	(7 009)	(6 916)
Balances as at 31-12-2019		**176 198**	**222**	**(119 789)**	**(7 009)**	**49 622**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.

Consolidated Statement of Cash Flows as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	31/12/2019	31/12/2018
OPERATING ACTIVITY		
Operating Income:		
Net profit/(loss) for the period	(7,009)	(11,028)
Credit Impairment	(54)	(38)
Impairment losses	(23)	(7)
Provisions for the period	(588)	-
Depreciations for the period	744	598
Tax appropriation for the period	79	147
Elimination of Balances with discontinued companies	-	33
Recognised dividends	(2)	(390)
Paid interests on subordinated liabilities	-	39
Interests	58	(126)
	(6,794)	**(9,190)**
Changes to Operating Assets and Liabilities:		
Changes to Operating Assets and Liabilities:		
(Increase)/Decrease in Financial Assets held for trading	1	23,037
(Increase)/Decrease in Financial Assets at fair value through profit and loss	837	25,369
Financial assets at fair value through other comprehensive income	5,982	(35,467)
(Increase)/Decrease in financial assets at amortised cost	73	58
Non-current assets and disposal groups classified as held for sale	(16)	27
Increase/(Decrease) in Other Assets	204	453
Increase/(Decrease) in Deposits	(6,671)	(20,195)
Increase/(Decrease) in Other Liabilities	-	(2,580)
Income taxes and others	6	(114)
	417	**(9,412)**
Operating Cash Flows	**(6,378)**	**(18,603)**

(Amounts expressed in thousands euros)

	31/12/2019	31/12/2018
INVESTING ACTIVITY		
Acquisition / Disposal of Tangible Assets	(687)	(743)
Acquisition / Disposal of Intangible Assets	(502)	(139)
Acquisition / Disposal of Investment Properties	(596)	-
Dividends received	2	390
Others	(59)	(67)
Cash flows from investing activity	**(1,841)**	**(559)**
FINANCING ACTIVITY		
Share Capital Increase	-	41,000
Interest paid on subordinated liabilities	-	(39)
Cash flows from financing activity	**-**	**40,961**
TOTAL	**(8,220)**	**21,799**
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	35,465	13,666
Cash and cash equivalents at the end of the period	27,246	35,465
	(8,220)	**21,799**
Balance sheet value of Cash and Cash Equivalents items as at 31 December		
Cash	-	-
On-demand deposits at Central Banks	1,484	1,867
On-demand deposits at Other Credit Institutions	25,761	33,598
	27,246	**35,465**

The Certified Accountant **The Board of Directors**

1. General Information

Bison Bank Group ("Group" or "BB Group") is composed of entities of specialized competence in the banking sector (wealth management and investment banking).

Bison Bank, SA ("Bank" or "Bison Bank"), previously designated, until November , 2018, by Banif - Banco de Investimento, SA ("BBI"), resulted from the division, made on 15 December 2000, of Ascor Dealer – Sociedade Financeira de Corretorgem, S.A. and which also resulted into the constitution of a new brokerage company denominated Banif Ascor – Sociedade Corretora, SA.

On 9 July 2018, Bison Capital Financial Holdings (Hong Kong) Limited ("Bison Financial") acquired the entire share capital of the Bank, in the amount of 135,198 thousand euros, from the previous shareholder, Oitante, S.A. ("Oitante").

Bison Financial is a Hong Kong-based financial holding company fully owned by Bison Capital Holding Company Limited.

On 20 July 2018, Bison Financial completed a capital increase of 41,000 thousand euros to 176,198 thousand Euros, this constituing the total share capital as at 31 December 2019. Bison Financial owns all of the Bank's shares.

The Group's headquarters are at Rua Barata Salgueiro, 33, , floor 0, in Lisbon, Portugal.

On 30 April of 2020, the Groups's Board of Directors reviewed and approved the Financial Statements and the Annex to the Consolidated Financial Statements as at 31 December 2019, and approved globally the Management Report, which, together with the Financial Statements, will be submitted to the Annual Shareholders' General Meeting for approval.

With the completion of the acquisition process by Bison Financial, the Groups Board of Directors approved a business plan for the three-year 2019-2021 and the new shareholder made a significant capitalization in 2018, as reflected in the evolution of capital ratios (Note 33).

In October 2019, Bison Bank's Board of Directors reviewed its business plan, strumming up to 2022.

In this context, with the success of this business plan review, the focus on attracting clients in the Asian Market through the Hong Kong representative office (which is in the process of approval by local entities) and future investments, the Board of Directors considers that the Group has a solid basis for achieving a sustained growth plan over the next three years.

This transformation, with internal and external impacts, seeks to aggregate value through the innovation of products and services, physical and digital channels and automation of key processes.

Bison Bank's deep transformation program is the top priority for all management and employees.

2. Summary of the main Accounting Policies

2.1 Account presentation basis

The Group's consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted in the European Union, and in force on 1 January 2019, as established by Regulation (EC) No. 1606/02 of the European Parliament and the Council of 19 July 2002, transposed into national law by Decree-Law No. 35/2005 of 17 February and Notice No. 1/2005 of 21 February of Bank of Portugal ("BoP").

The Group prepared consolidated financial statements for the first time with reference to the 2015 financial year. In previous years it was exempted from its presentation, as the shares were held 100% by Banif – Banco Internacional do Funchal, SA ("Banif"), holding company of Banif – Financial Group, the Bank's previous sole shareholder, which prepared its own consolidated financial statements.

This situation was amended by the resolution measure applied to Banif in December 2015, and as part of the Banif resolution, the participation in BBI was transferred to Oitante, as annex 2 of the resolution of the BdP Board of Directors taken on 20 December 2015. After the acquisition by Bison Financial, the Bank became part of the Bison Financial Group.

The financial statements are expressed in thousands of Euros, rounded to the nearest thousand.

These were prepared in accordance with the principle of historical cost, with the exception of financial assets and liabilities recorded at fair value, namely assets and liabilities held for trading (including derivatives), assets and liabilities at fair value through profit or other comprehensive income and real estate recorded in investment properties. The main accounting policies used by the Group are presented below.

2.2 Comparability

The accounting policies are consistent with those used in the preparation of the financial statements of the previous year, with the exception of the first adoption of IFRS 16, "Leases", on January 1, 2019, as referred to in Note 2.3, which established the new requirements regarding the scope, classification/ recognition and measurement of leases.

As recommended in IFRS 16, the Bank applied this standard retrospectively, with the transition impacts recognized on January 1, 2019.

Thus, comparative information has not been restated.

2.3 New standards and interpretations

Summary of new standards, changes, improvements published by the IASB and interpretations published by IFRIC, depending on the period in which they become effective, the nature of the changes and the potential impacts for the Group.

1. Standards (new and amendments) and interpretations effective as at 1 January 2019:

Description	Changes
IFRS 16 - Leases	New definition of lease. New accounting of lease contracts by lesses. No major changes to lessor leases accounting.
IFRS 9 - Financial Instruments	Exemption to financial assets at amortized cost classification for financial assets with prepayment negative compensation features
IAS 19 - Employee benefits	Requirement to use updated assumptions for the calculation of remaining responsabilities after an amendment, curtailment or settlement of benefits, with impact on income statement except for any reduced excess under “asset ceiling” accounting treatment
IAS 28 - Investments in associates and joint ventures	Clarification regarding long-term investments in associates ans joint ventures that are not being measured through the equity method
Annual improvements to IFRS 2015-2017	Clarifications: IAS 23, IAS 12, IFRS 3 e IFRS 11
IFRIC 23 - Uncertainly over income tax treatments	Clarifies how the recognition and measurement requirements of IAS 12 “Income Taxes” are applied where there in uncertainly over income tax treatments.

The adoption of these amendments, improvements and interpretations did not result in impacts on the Group, except for the application of IFRS 16 – Leases.

IFRS 16 – Leases, which was first applied on January 1, 2019, replaces IAS 17 – Leases and establishes a new regime for the scope, classification, recognition and measurement of assets and liabilities for the lessee.

The Group chose to apply the modified retrospective transition approach, without correcting the comparative values. According to the modified retrospective approach, the Group may opt for a rental basis to (i) measure the right-of-use asset with the same amount as the rental liability, or (ii) to measure the right of use to use retrospectively using the transition discount rate.

For the approach (ii), the resulting difference between the right-of-use asset and the lease liability will be recognized as an adjustment in the opening balance of the results carried over on the date of the first application. In the initial application, the Group will apply the approach (i) to leases classified as operating leases in accordance with IAS 17

The Group analyzed the impact of the initial application of IFRS 16 in the context of all subsidiaries, having only identified two locations, covered by IFRS 16, which refer to buildings, one related to the group’s headquarters building, on Barata Salgueiro Street, in Lisbon, Portugal, and another to an apartment on Avenida da República, in Lisbon, Portugal. The lease on the warehouse in Cacém, Portugal, was terminated by the Group in March 2019, without any financial impact.

Another category of rentals refers to service vehicles, although in this case and on 31 December 2018, they involved assets of very low value, since most of these rental contracts had already exceeded the contracted term (usually 4 years), having been extended for very short periods (typically 3 months). In 2019 the Group entered into new car rental contracts.

On 1 January 2019, the cumulative effect of the recognition of assets under right of use and the liabilities of the lease, , relates to lease agreements active on 1 January 2019 and with maturity remaining beyond 12 months. On the date of first application, the Group used the exemption provided for in the application of the definition of lease, and the exemption from not recording short-term contracts related to low-value assets in accordance with the general principles of IFRS 16, maintaining rents registered as operating expenses.

As regards the operating account, the impacts in 2019 were recorded at the level of depreciation for the year and financial margin, amounting to 500 thousand euros and 23 thousand euros respectively.

In terms of balance sheet, the adoption of IFRS 16 as at 1 January 2019, led to an increase in tangible fixed assets and other liabilities of EUR 1,938 thousand and EUR 1,800 thousand respectively.

In this way the amounts recognized at the time of the transition were as follows:

	IAS 17 12/31/2018	Impact	IFRS 16 1/1/2019
Tangible Assets	51	1,938	1,989
Other Assets	2,696	(138)	2,558
Other Liabilities	3,956	1,800	5,756

2. Amendments to standards that will become effective, on or after 1 January 2020, already endorsed by the EU as at 31 December 2019

Description	Changes
IAS 1 - Presentation of financial statements; IAS 8 - Accounting policies, changes in accounting estimates and errors	Revision of the definition of material, and the implication on the preparation of financial statements as a whole.
Conceptual framework - Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset/liability and expense/income

Although the Group is still analyzing the impacts of this regulation, no impact on the financial statements is expected.

3. Standards (new and amendments) that will become effective, on or after 1 January 2020, not yet endorsed by the EU

Description	Changes
IFRS 3 - Business combinations	Revision of the definition of business
IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	Provide certain reliefs in connection with hedge accounting with the objective that interest rate benchmark reform does not cause hedge accounting to terminate
IFRS 17 - Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.

Although the Group is still analyzing the impacts of this regulation, no impact on the financial statements is expected.

2.4 Use of estimates in the preparation of financial statements

The preparation of the financial statements requires the preparation of estimates and the adoption of assumptions by the Group Management, which affect the value of assets and liabilities, revenues and costs, as well as of contingent liabilities disclosed. In the preparation of these estimates, management used its judgment, as well as the best information available on the date of preparation of the financial statements. Consequently, the actual future values achieved may differ from the estimates made. The situations where the use of estimates is most significant are as follows:

CONTINUITY OF OPERATIONS

The financial statements were prepared on the assumption of the continuity of operations, based on the arguments described in Chapter 06 - Future Perspectives of the Management Report and other notes of this Annex.

FAIR VALUE OF FINANCIAL INSTRUMENTS (SEE NOTES 6, 7 AND 8)

When the fair values of financial instruments cannot be determined by marked to market quotes on active markets, they are determined by using valuation techniques that include (marked to model). Input data in these models are, where possible, observable market data, but where this is not possible a degree of judgment is required to establish fair values, in particular in terms of liquidity, correlation and volatility.

IMPAIRMENT ON CUSTOMER CREDITS (SEE NOTE 9)

Accounting estimates for the loss of recoverable value of financial assets are critical accounting estimates because the underlying assumptions used may change from one time period to the next and may significantly affect the Group's operating results.

In the valuation of assets for impairment clearance, a management judgment is necessary, particularly in the projection of future economic information and scenarios, in particular in circumstances of economic and financial uncertainty, where the expected cash flow developments and changes can occur with greater speed and less predictability. The current amount of future cash flows and the time of their consideration may differ from the estimates used by management and, consequently, may cause actual losses to differ from the provisions and impairment recorded.

The determination of expected credit losses in stages 1 and 2 is performed by using statistical models of expected loss. The model incorporates several estimates and judgments. The Group conducts a regular review of the model and the underlying data and assumptions. The probability of non-compliance and the recovery rates of losses, among other criteria, are incorporated into this clearance.

Thus, the Group carries out an assessment of its credit portfolio on a periodic basis in order to assess the existence of evidence of impairment.

In this context, customers identified with non-compliance credit and whose total liabilities are considered to be of significant amount to the Group are subject to individual analysis to assess impairment loss reporting needs.

These estimates are based on assumptions about a number of factors that may change in the future and consequently change impairment amounts.

The claims analyzed individually, for which the objective existence of impairment has not occurred, are grouped, based on similar risk characteristics, and evaluated collectively for impairment purposes.

Where a claim is considered unrecoverable and all recovery efforts are made, and its loss by an estimated impairment of 100% of the credit amount is made, its accounting cancellation is made in return for the amount of the loss. The credit is thus written-off from asset.

If written-off credits are recovered, the amount recovered is credited to results under the heading "Net credit impairment of recoveries and reversals".

DEFERRED TAX ASSETS (SEE NOTE 14)

Deferred tax assets for unused tax losses are recognized to the extent that positive tax results are likely to exist within the future period established by law. For this purpose, judgments are made for determining the amount of deferred tax assets that can be recognized, based on the level of expected future tax results according to economic and financial projections under uncertain conditions as to the assumptions used. If these estimates do not materialize, there is a risk of causing material adjustment in the value of the deferred tax asset in future years.

VALUATION OF REAL ESTATE ASSETS (SEE NOTE 11)

The valuation service is provided by independent external companies registered with the Securities Market Commission ("CMVM") and with qualifications, recognised competence and professional experience, appropriate to the performance of their duties. The reports comply with the requirements established by the CMVM, BoP and Insurance Institute of Portugal, as well as the criteria defined by the European Accounting Standardisation and the guidelines of International Institutions, such as RICS and TEGoVA. All reports are analysed and validated by the internal technical structure.

The evaluation procedures assume the collection of accurate information, either of up-to-date documentation, either in an inspection of the property and surrounding area, with the municipal councils and other bodies, or in the analysis of the market, transactions, supply/demand ratio and development prospects. The treatment of this information, areas and uses and market values, allows the adoption of base values for the calculation, by application of the methods and their comparison.

The comparative market method is always used either directly or as a basis for development cash flows, updated at the time of the evaluation at rates incorporating project risk. The replacement cost method also has direct use in the valuation of properties in continuous use and an indispensable contribution in the development scenarios mentioned. The value of these assets is dependent on the future evolution of real estate market condition.

LOCATIONS

In determining the lease period, the Board of Directors considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease is extended (or not terminated).

Given the absence of a tax framework in Portugal, as to the acceptance as a tax cost of the registration of the Asset under right of use and its subsequent depreciation, and the lease liabilities and associated financial expenses, as provided for in IFRS 16, the Board of Directors decided to record low-value and short-term leases as expenses for the year when incurred, for the entire term of the lease in accordance with IFRS 16 application scheme.

2.5 Consolidation principles

The consolidated financial statements include the accounts of Bison Bank and the Entities controlled by it (called "subsidiaries"), including investment funds in which the Group, through a significant judgment, determines that these entities are controlled and consequently included in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is acquired by the Group, being excluded from consolidation from the moment when control is ceased.

Whenever applicable, the accounts of the subsidiaries are adjusted to reflect the use of the Group's accounting policies.

Balances and transactions between Group Entities, resulting from intra-group transactions, are eliminated in the consolidation process. Unrealized losses are also eliminated, unless they constitute an impairment loss on the transferred asset.

2.6 Foreign currency transactions

Foreign currency transactions are recorded based on the exchange rates contracted on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted to Euros at the exchange rate in force on the balance sheet date. Non-monetary items, which are valued at fair value, are converted based on the exchange rate in force on the date of the last valuation. Non-monetary items, which are maintained at historical cost, are maintained at the original exchange rate.

Exchange differences on conversion are recognized as gains or losses for the period in the income statement, with the exception of those originating from non-monetary financial instruments classified as available for sale, which are recorded against a specific equity item until disposal of the asset.

2.7 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include national and foreign currency, in cash, demand deposits with central banks, demand deposits with other banks in the country and abroad and checks to be collected on other banks. Values with maturities of up to 3 months and with a reduced fair value fluctuation risk are classified as cash and equivalents.

2.8 Financial instruments

2.8.1 Recognition and initial measurement of financial instruments

Purchases of financial assets and assumed financial liabilities that imply the delivery of assets according to the established terms, by regulation or convention in the market, are recognized on the date of the transaction, that is, on the date on which the purchase or sale commitment is assumed.

The classification of financial instruments on the initial recognition date, depends on their characteristics and the business model.

All financial instruments are initially measured at fair value plus costs directly attributable to the purchase or issue, except in the case of assets and liabilities at fair value through profit or loss in which such costs are recognized directly in the income statement.

2.8.2 Subsequent measurement of financial assets

The Group classifies financial assets in accordance with the classification and measurement requirements of IFRS 9, in which financial instruments are classified based on the business models used to manage the respective financial instrument and the contractual characteristics of the respective cash flows (through a test called "SPPI" - Solely Payments of Principal and Interest). Three alternative business models are envisaged:

- A debt financial instrument that (i) is managed under a business model whose objective is to keep the financial assets in the portfolio and receive all of its contractual cash flows and (2) have contractual cash flows on specific dates that correspond exclusively the payment of principal and interest on capital outstanding - must be measured at amortized cost, unless it is designated at fair value through profit or loss under the fair value option - "Hold to Collect".
- A debt financial instrument that (i) is managed under a business model whose objective is achieved either through the receipt of contractual cash flows or through the sale of financial assets and (2) include contractual clauses that give rise to cash flows that correspond exclusively to the payment of principal and interest on capital outstanding - must be measured at fair value through other comprehensive income ("FVTOCI"), unless it is designated at fair value through profit or loss under the fair value option - " Hold to Collect & Sale ".
- All other financial instruments that do not meet the "Hold to Collect" or "Hold to Collect and Sell" criteria must be measured at fair value through profit or loss ("FVPL").

The evaluation of the business model to be considered requires a judgment on the date of the initial measurement.

As part of this assessment, the Group considers quantitative factors (for example, the frequency and expected volume of sales) and qualitative factors, such as how the performance of the business model and the financial assets held within that business model are assessed and reported to the Group's management bodies.

In addition to taking into account the risks that affect the performance of the business model and the financial assets held within that business model, in particular, the way in which these market and credit risks are managed, and how the business managers are compensated (for example, if the remuneration is based on the fair value of the managed assets or the contractual cash flows obtained), this valuation may result in the reclassification of assets to a "Hold to Collect" or "Hold to Collect and Sell "or other business model.

If the Group holds a financial asset classified under the "Hold to Collect" or "Hold to Collect and Sell" business model, an assessment is required on initial recognition to determine whether the contractual cash flows of the financial asset meet the SPPI criteria on the recorded balance. Contractual cash flows that meet the SPPI criteria in relation to the balance recorded, must be consistent with a basic loan agreement.

The interest on a basic loan agreement corresponds to the value of money over time and the credit risk associated with the value of the balance recorded over a given period of time. It may also include consideration of other basic loan risks (for example, liquidity risk) and costs (for example, administrative costs) associated with maintaining the financial asset for a specified period of time; and a profit margin consistent with a basic loan agreement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are classified at fair value through profit or loss if they are maintained in a business model of assets held for trading ("Held for Trading") or if they do not meet the criteria for classification in a "Hold to Collect" or "Hold" model to Collect and Sell ". In addition, this category may include financial assets that meet the criteria for classification in the "Hold to Collect" or "Hold to Collect and Sell" model, but in which the financial asset does not meet the SPPI criteria, or even when the Group determined the specific classification in this category.

Financial assets classified as Financial assets at fair value through profit or loss are measured at fair value with realized and unrealized gains and losses, recorded in net gains/(losses) under financial assets/ liabilities at fair value through profit or loss. Interest on interest-earning assets, such as commercial loans and debt securities, is shown in the Interest and Similar Income item.
Financial assets measured at fair value through profit or loss are recognized or derecognised on the trading date, in the items specified below, the trading date being the date on which the Group commits to buy or sell the asset:

FINANCIAL ASSETS HELD FOR TRADING

Financial assets are classified as held for trading if they were originated, acquired or obtained mainly for the purpose of sale or repurchase in the near future, or are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence recent real pattern of making short-term profits. Trading assets include debt and equity securities, derivatives held for trading purposes and commercial loans.

NON-NEGOTIABLE FINANCIAL ASSETS MUST BE ACCOUNTED FOR AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group considers any financial asset that is not held for trading does not meet the criteria for classification in the "Hold to Collect" or "Hold to Collect and Sell" model in the "Other" business model and classifies it as a Financial asset non-negotiable must be accounted for at fair value through profit or loss. This predominantly includes shares in companies that are maintained and managed based on fair value criteria. In addition, any financial asset that meets the criteria for classification in a "Hold to Collect" or "Hold to Collect and Sell" model but whose contractual cash flows do not meet the SPPI criteria is classified by the Group as a non-negotiable financial asset mandatorily accounted for at fair value through profit or loss.

FINANCIAL ASSETS ACCOUNTED FOR AT FAIR VALUE THROUGH PROFIT OR LOSS

Certain financial assets, which would subsequently be measured at amortized cost or at fair value through other comprehensive income, may be recorded at fair value through profit or loss if this registration eliminates or significantly reduces an inconsistency in measurement or recognition. The possibility of using this option, under IFRS 9, is limited.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A financial asset is classified and measured at fair value through other comprehensive income ("FVOCI"), if the financial asset is maintained in a "Hold to Collect" or "Hold to Collect and Sell" model, and if the cash flows contractual cash flows comply with the SPPI criteria, unless it is designated at fair value through profit or loss under the fair value option.

According to the FVOCI criterion, a financial asset is measured at its fair value, with any changes recognized in Other Comprehensive Income ("OCI"), and assessed for impairment in accordance with the credit loss model provided for in IFRS 9, of according to which provisions are recorded in the income statement based on expectations of potential credit losses due to impairment. The currency conversion effect for assets recorded under the FVOCI criterion is recognized in the income statement, as well as the interest component, using the effective interest method. The amortization of premiums and the addition of discounts are recorded in the income and interest expense items. Realized gains and losses are recorded in net gains / (losses) on financial assets in FVOCI. Generally, the weighted average cost method is used to determine the cost of FVOCI's financial assets.

Financial assets classified as FVOCI are recognized or derecognised on the trade date, the trade date being the date on which the Group undertakes to buy or sell the asset.

FINANCIAL ASSETS AT AMORTIZED COST´

A financial asset is classified and subsequently measured at amortized cost if the financial asset is maintained in a "Hold to Collect" model and the contractual cash flows comply with the SPPI criteria.

Under this measurement category, the financial asset is measured at fair value upon initial recognition. Subsequently, the book value is reduced from payments of principal, increased or deducted from the accumulated amortization using the effective interest method. The financial asset is assessed for impairment by impairment according to the expected credit loss model under IFRS 9, in which provisions are recognized based on expectations of potential credit losses. Financial assets measured at amortized cost are recognized on the financial settlement date.

Financial assets at amortized cost predominantly include loans at amortized cost and other amounts receivable presented in Other assets.

2.8.3 Modification of financial assets

Whenever the terms of a financial asset are renegotiated or modified and the modification does not result in derecognition, a gain or loss is recognized in the income statement, corresponding to the difference between the original contractual cash flows and the modified cash flows discounted at the rate original effective. The modified financial asset will continue to accrue interest in the original registration account.

Commercial or non-credit-related renegotiations, in which there is no significant increase in the debtor's credit risk since the origin of the contract and there is a readily exercisable right to early terminate the financial asset, results in the derecognition of the original contract and recognition of a new financial asset based on the commercial terms negotiated.

For credit-related changes (changes due to a significant increase in credit risk since the origin of the contract) or where the debtor does not have the right to early termination, the Group assesses whether the modified terms result in a significantly modified financial asset and, consequently , unrecognized.

This assessment includes a quantitative assessment of the impact of the change in cash flows from the modification of the contractual terms and, in addition and whenever necessary, a qualitative assessment of the impact of the change in the contractual terms. Whenever it is concluded that these changes are not significant, the financial asset is not derecognised and is recorded as a change, as described above.

If the changes are found to be significant, the previous financial asset is derecognised and a new financial asset is recognized. Whenever a change results in the recognition of a new financial asset, the date of the change is the date of the initial recognition of the new financial asset. The Group recognizes a provision for losses based on expected credit losses for 12 months on each date of preparation of the financial statements.

However, if after a modification that results in the derecognition of the original financial asset, there is evidence that the new financial asset has credit impairment at initial recognition, the new financial asset should be recognized as a financial asset with credit impairment, originated and initially classified on Stage 3.

2.8.4 Impairment of Financial Assets

The impairment requirements of IFRS 9 apply to all credit exposures that are measured at amortized cost or FVOCI, off-balance sheet loan commitments, such as loan commitments and bank guarantees, and other assets. For the purpose of the impairment policy described below, these instruments are called “Financial assets”.

The determination of impairment and provisions for impairment is made based on the expected credit loss model according to which the impairment is recorded on the date of the initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

Step-by-step approach in determining expected credit impairment losses.

IFRS 9 introduces a three stage approach (“stage”) for the determination of impairment for Financial Assets that do not present credit losses on the date of origination or purchase. This approach can be summarized as follows:

- Stage 1: financial assets are classified in stage 1 whenever there is no significant increase in credit risk since the date of their initial recognition. For these assets, the expected loss from credit impairment resulting from default events occurring during the 12 months after the reporting date should be recognized in the income statement;
- Stage 2: incorporates financial assets in which there has been a significant increase in credit risk since the date of its initial recognition. For these financial assets, an expected credit loss (“ECL”) is calculated and expected impairment losses are recognized over the life of the assets (“lifetime”). However, interest will continue to be calculated on the gross amount of the asset. Impairment for credit losses are higher at this stage due to the increase in credit risk and the impact of considering a longer time period, compared to the 12 months considered in stage 1;
- Stage 3: the assets classified at this stage present on the reporting date objective evidence of impairment, as a result of one or more events that have already occurred that result in a loss. In this case, the expected loss from credit impairment during the expected residual life of the financial assets will be recognized in the income statement. Interest is calculated on the net balance sheet value of the assets.

SIGNIFICANT INCREASE IN CREDIT RISK

According to IFRS 9, when it is determined that the credit risk (that is, default risk) of a financial asset has increased significantly since the initial recognition, the Group considers reasonable and supported information that is relevant and available at no cost. or excessive effort.

This includes quantitative and qualitative information based on the Group’s historical experience, credit risk assessment and forward-looking information (including macroeconomic factors). Assessing significant credit deterioration is critical in determining when to move from measuring a 12 month ECL-based loss to measuring ECLs over the life of the assets (ie transferring from stage 1 to stage 2).

The Group’s structure for determining whether there has been a significant increase in credit risk is in line with the internal Credit Risk Management (“C”) process and includes indicators related to the process and rating (Note 32).

FINANCIAL ASSETS WITH CREDIT IMPAIRMENT AT STAGE 3

The Group aligned its definition of credit impairment under IFRS 9 for when a Financial Asset entered into default for regulatory purposes.

The determination of whether a financial asset is impaired in credit and, therefore, stage 3, focuses exclusively on default risk, without taking into account the effects of credit risk mitigants, such as guarantees or collateral. Specifically, a financial asset is impaired on stage 3 credit when:

- The Group considers that it is unlikely that the debtor will pay its credit obligations to the Group; or
- Contractual payments of principal or interest by the debtor have been due for more than 90 days.

For Financial Assets considered to be credit impaired, the value of ECL includes the amount of loss that the Group should suffer. The estimation of ECLs is done on a case-by-case basis. This estimate includes the use of discounted cash flows that are adjusted for scenarios.

Forecasts of future economic conditions in the calculation of ECLs are taken into account.

The expected losses over the life are estimated based on the present value weighted by the probability of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.

ANNULMENTS

The Group derecognizes the gross book value of a financial asset whenever there is no reasonable expectation of recovery. Annulments can be related to a financial asset in whole or to a part of it, constituting an event of derecognition.

The Group considers all relevant information when making this determination, including, but not limited to:

- Implementing actions carried out by the Group that have not been successful or have a high probability of not being successful;
- Settlement through collateral or collateral that does not have or does not permit considerable recoveries; and
- Situations in which additional recoveries are not expected.

Annulments may occur prior to the completion of legal proceedings against the borrower to recover the debt, and an annulment does not imply that the Group loses its legal right to recover the debt.

GUARANTEE AND COLLATERAL FOR FINANCIAL ASSETS CONSIDERED IN THE IMPAIRMENT ANALYSIS

IFRS 9 requires that the expected cash flows from collateral, collateral and other credit risk mitigators are reflected in the calculation of the ECL. The main aspects to consider in relation to guarantees and collateral in this context are:

- Eligibility of guarantees, that is, which guarantees should be considered when calculating the ECL;

- Collateral evaluation, that is, what collateral value (settlement) should be used; and
- Projection of the guarantee value available during the life of a transaction.

2.8.5 Subsequent measurement of financial liabilities

The group classifies financial liabilities as measured at amortized cost, except (i) financial liabilities at fair value through other comprehensive income, with this classification being mandatorily applied to derivative financial instruments, to Financial liabilities that arise when a transfer of a financial asset does not satisfies the conditions for derecognition, contingent payment assumed in the context of a concentration of operational activities; (ii) financial guarantee contracts and loan commitments; and iii) other financial liabilities designated as such on the date of initial recognition, to eliminate inconsistencies (“accounting mismatch”) with the measurement of associated financial assets at fair value.

2.8.6 Derecognition of financial assets and liabilities

FINANCIAL ASSETS

A financial asset (or when part of a financial asset or part of a group of financial assets applies) is derecognised when:

1. The rights to receive cash flows from the asset expire; or
2. The rights to receive cash flows have been transferred, or the obligation to fully pay the cash flows receivable, without significant delay, to third parties under a pass-through arrangement has been assumed; and
3. The risks and benefits of the asset have been substantially transferred, or the risks and benefits have not been transferred or retained, but control over the asset has been transferred.

If the rights to receive cash flows are transferred or a pass-through agreement has been entered into, and substantially all the risks and benefits of the asset have not been transferred or retained, nor has control been transferred over the asset, the asset has been transferred or retained. Financial is recognized to the extent of continued involvement, which is measured at the lower of the original value of the asset and the maximum payment amount that the Group may be required to pay.

When continued involvement takes the form of a call option on the transferred asset, the extent of continued involvement is the amount of the asset that can be repurchased, except in the case of a measurable put option at fair value, where the value of continued involvement it is limited to the lowest of the asset’s fair value and the option’s strike price.

FINANCIAL LIABILITIES

A financial liability is derecognised when the underlying obligation expires or is cancelled. When an existing financial liability is replaced by another with the same counterparty on terms substantially different from those initially established, or the initial terms are substantially changed, this replacement or change is treated as a derecognition of the original liability and the recognition of a new liability and any difference between the respective amounts is recognized in the income statement for the year.

Short sale securities are considered financial liabilities for trading. These operations are recorded in the balance sheet at fair value, with subsequent changes in their fair value recorded in the income statement for the year, in the respective item “Income from assets and liabilities measured at fair value through profit or loss”.

2.9 Fair value of assets and liabilities

Financial instruments recorded on the balance sheet at fair value were measured according to valuation techniques and assumptions, which correspond to different levels of fair value, according to the hierarchy of fair value defined by IFRS 13 - Fair value.

Level 1: In addition to the financial instruments admitted to trading on a regulated market, bonds and units of funds, valued based on prices / quotations in active markets, are included in this category.

Level 2: Level 2 is considered to be financial instruments that are not traded on an active market or that are valued using valuation methodologies based on market data for financial instruments with identical or similar characteristics according to the rules below.

Level 3: Financial instruments are classified at level 3 whenever they do not meet the criteria to be classified as level 1 or level 2, or their value results from the use of information not observable in the market, namely:

a) financial instruments not admitted to trading on a regulated market, which are valued using valuation models and there is no generally accepted consensus on the market on the criteria to be used, namely:

   i) assessment made based on the “Net Asset Value” of non-harmonized funds, updated and disclosed by the respective management companies;

   ii) valuation based on indicative prices disclosed by entities that participated in the issue of certain financial instruments, without an active market; or,

   iii) assessment made based on the performance of impairment tests, using performance indicators of the underlying transactions (e.g. degree of protection by subordination to the tranches held, delinquency rates of the underlying assets, evolution of the ratings, etc.).

b) financial instruments valued through indicative purchase prices based on theoretical valuation models, disclosed by specialized third parties.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale whenever it is determined that their balance sheet value will be recovered through sale.

This condition only occurs when the sale is highly probable, and the asset is available for immediate sale in its current state.

The sale operation should take place up to a maximum period of one year after being classified under this item. An extension of the period during which the sale is required to close does not exclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and if the commitment remains selling the asset.

The Group registers as non-current assets held for sale the financial holdings on which there is an intention and expectation of sale in the short term (1 year). The Group also records in this account properties received by repayment of own credit.

The assets recorded in this category are valued at the lower of the acquisition cost and the fair value, determined based on evaluations by independent experts, less costs to be incurred in the sale, or based on their sale price already agreed with a third party. These assets are not amortized.

2.11 Tangible fixed assets

The item of property, plant and equipment includes properties for own use, vehicles and other equipment.

The properties used by the Group to carry out its activities are classified as properties for own use. Own service properties are valued at historical cost, less subsequent depreciation.

The remaining tangible fixed assets are recorded at cost, less subsequent depreciation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognized as a cost when they occur.

Property, plant and equipment are depreciated on a straight-line basis, according to their expected useful life, which is:

Properties [10 – 50] anos

Vehicles [3 - 4] anos

Other equipment [2 – 15] anos

Depreciation of improvements built on third-party property is depreciated to the lowest between its useful life and the contractual occupation period estimated by the Board of Directors.

A tangible asset is derecognised when sold or when future economic benefits from its use or sale are not expected. On the date of derecognition, the gain or loss calculated by the difference between the net sale value and the net book value is recognized in the income statement under "Other operating income".

2.12 Intangible assets

Intangible assets, which essentially correspond to "software", are recorded at acquisition cost, less accumulated amortization and impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets, which is currently between 3 and 8 years.

Intangible assets may include capitalized internal expense amounts, namely with internal software development. For this purpose, expenses are only capitalized as soon as the conditions set out in IAS 38 are met, namely the requirements inherent to the development phase.

2.13 Investment properties

Properties recorded in the investment property category are initially recognized at acquisition cost, including transaction costs, and are subsequently revalued at fair value. The assessments carried out are conducted by independent appraisers registered with the CMVM. The fair value of investment properties reflects market conditions at the balance sheet date (having the best use that would be attributable to the property in the market underlying), the respective variations being recognized in the income statement.

Investment properties are derecognised when they are disposed of or when future economic benefits from holding them are no longer expected. In the sale, the difference between the net sale value and the recorded asset value is recognized in the income statement in the period of the sale.

2.14 Leases

ACCOUNTING POLICY APPLIED AS OF JANUARY 1, 2019

At the start date of each contract, the Group assesses whether the scope of the contract corresponds to a lease or whether it contains a lease. A lease is defined as a contract, or part of a contract, whereby the right to control the use of an identifiable asset for a specified period of time is granted in exchange for a fee.

To determine whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Group assesses whether, during the period of use of the asset, it cumulatively has: i) the right to obtain substantially all economic benefits derived from the use of identifiable assets; and ii) the right to control the use of the identifiable asset.

RECOGNITION

The Group recognizes an asset under the right to use and a lease liability on the date the lease agreement comes into force.

The asset under the right of use is initially measured at cost, which comprises the initial value of the lease liability adjusted for any lease payments made on or before the effective date of the lease, in addition to any initial direct costs incurred, as well as an estimate of the costs of dismantling and removing the underlying asset (if applicable), less any incentives obtained.

Lease agreements can contain both rental and non-lease components. The Group proceeds to separate the service components from the lease components, counting them as a single lease component, in determining the lease liability.

The lease liability is initially recognized at the present value of the lease components of rents not yet paid on the date the lease agreement comes into force, discounted at the implicit interest rate, or in the event that it is not possible to determine this rate easily, using the Group's incremental interest rate.

The lease payments included in the measurement of the lease liability correspond to the fixed payments less any incentives receivable.

To determine the lease term, the Board of Directors considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability. The term is revised only if a significant event or a significant change in circumstances occurs that affects this assessment and is under the control of the lessee.

The Group opted to record low-value and short-term leases as expenses for the year when incurred, for the entire term of the lease as provided for in the IFRS 16 application regime.

SUBSEQUENT MEASUREMENT

Assets under right of use are measured in accordance with the cost model, with depreciation recorded on a straight-line basis until the end of the lease term, being adjusted by remeasurements of the lease liability.

Assets under right of use are tested for impairment whenever there are indicators of impairment, in accordance with IAS 36 - Impairment of assets.

The lease liability is measured at amortized cost, using the effective interest method, and is remeasured when there are changes in future payments resulting from a change in the rate or index, as well as when there are changes in the lease contracts.

Modifications to the contract are considered to exist when the Group negotiates new conditions with the lessor with regard to the scope and/or payments of the lease.

ACCOUNTING POLICY APPLIED UNTIL DECEMBER 31, 2018

The Group considers that it is part of a lease when, on the basis of an agreement, the lessor transfers to the lessee, in exchange for a payment or series of payments, the right to use a tangible fixed asset for an agreed period of time.

Leases of property, plant and equipment, for which the Entity substantially holds all the risks and benefits inherent in ownership of the asset are classified as finance leases. Agreements in which the analysis of one or more particular situations of the contract point to this nature are also classified as finance leases.

All other leases are classified as operating leases.

Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the start date of the contract. The debt resulting from a finance lease agreement is recorded net of financial charges, under the heading “Loans obtained”.

Financial charges included in rent and the depreciation of leased assets are recognized in the separate income statement and other comprehensive income, in the period to which they relate.

Property, plant and equipment acquired through finance leases are depreciated over the shorter of the asset’s useful life and the lease period when the Entity has no call option at the end of the contract, or over the estimated useful life when the Entity intends to acquire the assets at the end of the contract.

In operating leases, rents payable are recognized as a cost in the income statement and other comprehensive income on a straight-line basis over the lease period.

2.15 Income taxes

The expenses or income recognized with income taxes correspond to the sum of the expense or income recognized with current tax and the expense or income recognized with deferred tax.

Current tax is calculated based on the tax rate in force.

The Group records as deferred tax liabilities or assets the amounts relating to the recognition of taxes payable/recoverable in the future, arising from unused tax losses and taxable/deductible temporary differences, namely related to provisions, revaluations of securities and derivatives only taxable in the at the time of its realization, the regime for taxing liability for pensions and other employee benefits and capital gains not taxed by reinvestment.

Deferred tax assets and liabilities are calculated and valued on an annual basis, using the tax rates that are expected to be in force on the date of the reversal of temporary differences, which correspond to the rates approved or substantially approved on the balance sheet date. Deferred tax liabilities are always recorded, except for those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction do not affect the accounting or tax result. Deferred tax assets are only recorded to the extent that it is probable that there will be future taxable profits that allow their use.

It should be noted that the Group complied with the requirements for adhering to the special regime for converting deferred tax assets (special regime) into tax credits, provided for by Law No. 61/2014 of 26 August. As a result of this adhesion and the determination of a negative net result in 2015, the Group believes that the conditions that allow it to convert the aforementioned deferred tax asset into tax credit are fulfilled under the terms of article 6 of the special regime.

Thus, for the purposes of the previous paragraph, in 2016 the Group converted the deferred tax asset into tax credit in the amount of 442 thousand euros, maintaining the value of 313 thousand euros in deferred tax assets, and simultaneously constituted an special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 486 thousand euros (note 21).

As a result of the negative net result, calculated for the 2016 fiscal year, in 2017, the Group converted the deferred tax asset into tax credit in the amount of 65 thousand euros, maintaining the value of 248 thousand euros in deferred tax assets, and simultaneously constituted a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 71 thousand euros (note 21).

As a result of the negative net result, determined for the 2017 financial year, in 2018 the Group converted the deferred tax asset into tax credit in the amount of 55 thousand euros, maintaining the value of 183 thousand euros in deferred tax assets, and simultaneously it constituted a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 50 thousand euros (note 21).

Finally, and as a result of the net loss incurred in 2018, the Group proceeded, in 2019, to convert deferred tax assets into tax credit in the amount of 28 thousand euros. At the same time, the Group created a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand euros (note 22). As at 31 December 2019, the Group maintains the amount of 165 thousand euros of deferred tax assets covered by REAID.

The registration of the special reserve implies the simultaneous constitution of conversion rights attributed to the State.

In this context, the Group issued 404,669 conversion rights in favour of the Portuguese State for 2015 and, separately issued 83,109 and 70,162 conversion rights for the years 2016 and 2017.

These rights were registered with the Central Securities/Interbolsa on December 11, 2017 and October 19, 2018, respectively. As of the date of issue of this report, the Group has not yet issued conversion rights in favour of the Portuguese State for the 2018 financial year.

Under the aforementioned regime, such conversion rights correspond to securities that give the State the right to require the Group to issue and deliver free ordinary shares, following the capital increase through the incorporation of the reserve amount. However, the Group's shareholder is granted the potestative right to acquire conversion rights from the State, under the terms defined in Ordinance No. 293-A / 2016, of 18 November.

If the shareholder does not exercise the potestative right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the exercise in which the State exercises these rights, it will require the Group to increase its capital by incorporating the amount of the special reserve and the consequent issue and free delivery of ordinary shares representing the Group's share capital.

Income taxes (current or deferred) are reflected in the income statement for the year, except in cases where the transactions that originated them have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, without affecting the income for the year.

2.16 Contingent provisions and liabilities

A provision is set up when there is a present obligation (legal or constructive) resulting from past events where the future expenditure of resources is likely, and this can be reliably determined. The provision corresponds to the Group's best estimate of any amounts that would have to be disbursed to settle the liability on the balance sheet date. If the temporal effect of the cost of money is significant, the provisions are discounted using an interest rate before tax that reflects the specific risk of the liability. In these cases, the increase in the provision due to the passage of time is recognized in financial costs.

If the future expenditure of resources is not probable, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their realization is remote, except with respect to contingent liabilities associated with the acquisition of businesses, which are recognized in accordance with IFRS 3.

Within the scope of the activity carried out by the Group, financial guarantees are given and credit commitments are made to third parties, which, being off-balance sheet items (see Note 31), and therefore contingent liabilities, can be converted into credit exposures to be recorded in the balance sheet. Group. The Group assesses, at each reporting date, the potential credit risk involved in these contracts according to the ECL model (see Note 2.9) and whenever it estimates credit risk losses, it records the respective provision in the balance sheet.

Provisions for ongoing legal proceedings, except for tax proceedings in progress with AT in respect of income tax, are recognized when the Group estimates that it is more likely than not that it will have to pay the disputed amounts.

.

2.17 Recognition of income and costs

In general, income and costs are recognized according to the period of validity of the operations in accordance with the accrual accounting principle, that is, they are recorded as they are generated, regardless of when they are collected or paid. Income is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured.

For financial instruments measured at amortized cost and for debt financial instruments classified as “Financial assets at fair value through other comprehensive income”, interest is recognized using the effective rate method, which corresponds to the rate that exactly discounts the set of future cash receipts or payments until maturity, or until the next repricing date, for the currently recorded net amount of the financial asset or liability.

When calculating the effective interest rate, future cash flows are estimated considering the contractual terms and considering all other income or charges directly attributable to the contracts.

2.18 Dividend recognition

Dividends are recognized when their receipt by the Group is virtually certain, as they are already duly and formally approved by the competent bodies of the subsidiaries for distribution. In addition, this treatment is not opposed by BoP under the provisions of Circular No. 18/2004/DSB.

2.19 Revenue from services and commissions

The Group charges commissions to its customers for providing a wide range of services. These include commissions for the continuous provision of services, for which customers are usually charged on a periodic basis, or commissions charged for carrying out a certain significant act.

Commissions charged for services provided during a given period are recognized over the period of service. Commissions related to the performance of a significant act are recognized when the said act occurs.

Commissions and charges associated with financial instruments are included in their effective interest rate.

2.20 Specialization of exercises

The Group follows the accounting principle of accrual accounting in relation to most items in the financial statements. Thus, costs and income are recognized as they are generated, regardless of when they are paid or received.

3. Group Entities

The entities that comprise the Group are as follows:

31-12-2019					
Entity	**Consolidation %**	**Consolidation Method**	**Net Assets**	**Equity**	**Net Profit/(Loss)**
Bison Bank, S.A. *	100.00%	Integral	87,902	49,622	(7,009)
Turirent	100.00%	Integral	8,400	8,037	(358)

* Previously named Banif Banco de Investimentos, S.A.

The following Group entities have audited accounts: Bison Bank and Turirent.

In 2018, the holdings in Profile, Banif International Asset Management, Banif Multi Fund and MCO2 were sold to Oitante (notes 10 and 26), in the context of a carve-out transaction provided for in the purchase and sale agreement established on 11 August 2016 with Bison Financial. Under the terms of this agreement, it was established that, when the purchase and sale was completed, the Group's holdings listed above would no longer be part of the Group's asset base, being Oitante, responsible for the disposal of these holdings.

On February 25, 2019, Art Invest completed its voluntary liquidation process and ceased to be a subsidiary of Bison Bank. No relevant impacts emerged from this event

On October 13, 2019, Bison Bank and Bison Capital Financial Holdings (Hong Kong) signed an agreement with Oitante to transfer the 126,845 units of Banif US Real Estate, issued by Banif Multifund, which should have been contemplated in the carve-out agreement. This agreement did not substantiate any change in the sale price of Bison Bank.

4. Segment Reporting

NIn assessing the various businesses developed by the Group's companies, the Board of Directors considers that the activities developed by Bison Bank on an individual level correspond to reporting segments, considering the Board of Directors to Turirent as an investment line.

In 2018 and considering that the remaining units of the Group were classified as discontinued operations, the reporting by segments was likewise carried out only at the individual level.

The information used by the Board of Directors is essentially based on accounting information, with no differences between the measurements of income, losses, assets and liabilities of the segments.

In the Bank's segment reporting, with reference to 31 December 2019 and 2018, the identified operating segments include: Investment Banking, Sales & Trading, Wealth Management, Client Management and other activities. In the "Others" segment, the most representative activity is Treasury Management.

During the last quarter of 2018 following the acquisition by Bison Financial on June 9, 2018, the Bank reorganized its structure and implemented a cost accounting approach, implemented in 2019, abandoning the presentation of discontinued business segments.

Thus, the operating segments reported by the Bank in 2019 and 2018 include the following business areas:

- **Investment Banking:** Corporate Finance; Structuring of bond issues; Origination and management of commercial paper programs;
- **Sales & Trading:** Brokerage;
- **Wealth Management:** Investment Advisory; Discretionary Management;
- **Client Management:** Corporate & Private Banking; Depositary Bank of Funds;
- **Others:** Other activities not included in the above segments, namely Treasury Management, which includes the management of its own portfolio, comprising securities in the portfolio prior to the acquisition of Bison Financial (funds and shares), Financial Holdings and Properties in the process of sale.

As of December 31, 2018, the Bank's structural costs, namely personnel expenses, other administrative expenses, reinforcement or reversal of provisions, impairment or reversal of impairment of financial and non-financial assets and taxes are allocated to the "Other" segment ".

On December 31, 2019, and for the purposes of better analysis of the Bank's business segments, the Board of Directors allocated Personnel Expenses and Other administrative expenses to each of the identified segments.

Operating segments on December 31, 2019

	Investment Banking	Sales & Trading	Wealth Management	Client Management	Outros	Total
Interest Income	-	-	-		407	407
Interest Expenses	-	-	-		(152)	(152)
Net Interest Income	**-**	**-**	**-**	**-**	**255**	**255**
Dividend income	-	-	-	-	2	2
Fee and commission income	780	32	2	1,525	1	2,340
Fee and commission expense	(45)	-	(43)	-	(188)	(276)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-	-	-	(1,015)	(1,015)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	-	-	-	775	775
Exchange differences, net	-	-	-	-	179	179
Other operating income, net	-	-	-	-	91	91
Total Operating Income, Net	**735**	**32**	**(41)**	**1,525**	**100**	**2,351**
Staff expenses	(444)	(135)	(466)	(506)	(4,455)	(6,005)
Other administrative expenses	(48)	(10)	(19)	(43)	(3,078)	(3,198)
Depreciation	-	-	-	-	(744)	(744)
Provisions or reversal of provisions	-	-	-	-	588	588
Impairment or reversal of impairment on financial assets	-	-	-	-	77	77
Impairment or reversal of impairment on non-financial assets	-	-	-	-	1	1
Profit or Loss before Tax from Continuing Operations	**243**	**(113)**	**(526)**	**976**	**(7,511)**	**(6,930)**
Taxes	-	-	-	-	(79)	(79)
Profit or Loss after Tax From Continuing Operations	**243**	**(113)**	**(526)**	**976**	**(7,590)**	**(7,009)**
Profit or loss after tax from discontinued operations	-	-	-	-	-	-
Profit (Loss) for the year	**243**	**(113)**	**(526)**	**976**	**(7,590)**	**(7,009)**

Operating segments as of December 31, 2018:

	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Interest Income	-	-	-	17	221	238
Interest Expenses	-	-	-	(183)	(222)	(405)
Net Interest Income	**-**	**-**	**-**	**(166)**	**(1)**	**(167)**
Dividend income	390	-	-	-	-	390
Fee and commission income	171	95	-	1,291	553	2,110
Fee and commission expense	-	(29)	-	(122)	(10)	(161)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-	-	-	(2,078)	(2,078)
Exchange differences, net	-	-	-	-	3	3
Other operating income, net	-	-	-	-	(222)	(222)
Total Operating Income, Net	**561**	**66**	**-**	**1,004**	**(1,756)**	**(125)**
Staff expenses	-	-	-	-	(5,715)	(5,715)
Other administrative expenses	-	-	-	-	(3,196)	(3,196)
Depreciation	-	-	-	-	(598)	(598)
Provisions or reversal of provisions	-	-	-	-	321	321
Impairment or reversal of impairment on financial assets	-	-	-	-	1	1
Impairment or reversal of impairment on non-financial assets	-	-	-	-	41	41
Profit or Loss before Tax from Continuing Operations	**561**	**66**	**-**	**1,004**	**(10,902)**	**(9,271)**
Taxes	-	-	-	-	(147)	(147)
Profit or Loss after Tax From Continuing Operations	**561**	**66**	**-**	**1,004**	**(11,049)**	**(9,418)**
Profit or loss after tax from discontinued operations	-	-	-	-	-	-
Profit (Loss) for the year	**561**	**66**	**-**	**1,004**	**(11,049)**	**(9,418)**

In 2018, the interest shown in the operating segments incorporates intra-segment interest related to the cost of funding and / or investment of funds raised. This interest in 2019 was allocated to the item, to Others (Treasury Management).

REVENUE BY GEOGRAPHIC AREA

The Group mainly develops its activity in Portugal, constituting the representative office in Hong Kong currently under approval by the Hong Kong Monetary Authority a business capture structure. Activity outside Portugal is currently immaterial in the context of the Group.

5. Cash, Cash Balances at Central Banks and other Demand Deposits

The item breaks down as follows:

	31/12/2019	31/12/2018
Cash	0	-
On-Demand Deposits with Bank of Portugal	1,484	1,867
On-Demand Deposits		
In Portugal		
Currency EUR	17,230	29,023
Currency USD	7,913	3,158
Others currencies	108	95
Abroad		
Currency EUR	434	1,233
Currency USD	46	56
Currency GBP	3	3
Currency CHF	21	1
Others currencies	7	29
	27,246	**35,465**

The “Demand Deposits with Bank of Portugal” item includes the deposits set up with the Bank of Portugal to meet the Eurosystem’s Minimum Reserve Requirements. The minimum reserve corresponds to 1% of deposits and debt securities with maturities of up to 2 years, excluding any liabilities to other institutions subject to, but not exempt from, the same minimum reserve requirement and the liabilities to the European Central Bank and to National Central Banks participating in the euro area.

The remaining amounts recorded under this item are available for movement.

6. Financial Assets Held for Trading

This item is composed of debt instruments and equity instruments, which are overall classified as held for trading, as detailed as follows.

Details of the securities portfolio as at 31 December 2019:

31/12/2019					
Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Book Value
Debt Instruments					**161**
Issued by Residents					
Portuguese Public Debt					
CONSOLIDADO/1943	EUR	0.72	0.71	Fair Value	0
CONSOLIDADO/1942	EUR	0.19	0.74	Fair Value	0
COBRIGAÇÕES DO TESOURO 2.2 10/17/22	EUR	150 000	1.07	Fair Value	161
Equity Instruments					
Issued by residents					
BEIRA VOUGA 88 S.A.	EUR	5 190	0.00	Fair Value	-
BEIRA VOUGA 88 S.B.	EUR	5 190	0.00	Fair Value	-
KENDALL, PINTO BASTO & CªLDA	EUR	264 470	0.00	Fair Value	-
PRODIS	EUR	33	0.25	Fair Value	-
INCAL	EUR	100	0.00	Fair Value	-
G.A.P. - S.G.P.S.	EUR	16	0.00	Fair Value	-
S.P.E. PORTADOR	EUR	29	0.00	Fair Value	-
GREGORIO & COMP.	EUR	100	0.00	Fair Value	-
F.N.MARGARINAS	EUR	5	0.00	Fair Value	-
FIACO	EUR	10	0.00	Fair Value	-
FONCAR - IND.COM.TEXTIL	EUR	3	0.00	Fair Value	-
COPINAQUE	EUR	40	0.00	Fair Value	-
AMADEU GAUDENCIO	EUR	320	0.00	Fair Value	-
TRANSBEL-TRANSP.TRANS.INTERNAC.	EUR	5	0.00	Fair Value	-
NUNO MESQUITA PIRES, SA	EUR	90	0.00	Fair Value	-
FNACINVEST - S.G.P.S.	EUR	180	0.00	Fair Value	-
BANIF - BANCO INT. FUNCHAL, S.S.	EUR	565 574	0.16	Fair Value	-
BEIRA VOUGA 95 (ACCOES)	EUR	1 509	0.00	Fair Value	-
S.P.E. NOMINATIVAS	EUR	122	0.00	Fair Value	-
BUCIQUEIRA-S.G.P.S.,S.A.	EUR	10	0.00	Fair Value	-
Total					**161**

As of December 31, 2019, and under the terms of paragraph c), paragraph 2, of BdP Instruction No. 18/2005, no securities in the portfolio are due within one year. The Treasury Bonds identified above as "TREASURY OBLIGATIONS 2.2 10/17/22", in the amount of 161 thousand euros, are pledged to the investor compensation system.

As of December 31, 2019, the Bank is not using the intraday credit line.

Details of the securities portfolio as at 31 December 2018:

12/31/2018					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Debt Instruments					**162**
Issued by Residents					
Portuguese Public Debt					
CONSOLIDADO/1943	EUR	0.72	0.67	Fair Value	0
CONSOLIDADO/1942	EUR	0.19	0.74	Fair Value	0
COBRIGAÇÕES DO TESOURO 2.2 10/17/22	EUR	150 000	1.08	Fair Value	162
Equity Instruments					
Issued by residents					
BEIRA VOUGA 88 S.A.	EUR	5 190	0.00	Fair Value	-
BEIRA VOUGA 88 S.B.	EUR	5 190	0.00	Fair Value	-
KENDALL, PINTO BASTO & CªLDA	EUR	264 470	0.00	Fair Value	-
PRODIS	EUR	33	0.25	Fair Value	-
INCAL	EUR	100	0.00	Fair Value	-
G.A.P. - S.G.P.S.	EUR	16	0.00	Fair Value	-
S.P.E. PORTADOR	EUR	29	0.00	Fair Value	-
GREGORIO & COMP.	EUR	100	0.00	Fair Value	-
F.N.MARGARINAS	EUR	5	0.00	Fair Value	-
FIACO	EUR	10	0.00	Fair Value	-
FONCAR - IND.COM.TEXTIL	EUR	3	0.00	Fair Value	-
COPINAQUE	EUR	40	0.00	Fair Value	-
AMADEU GAUDENCIO	EUR	320	0.00	Fair Value	-
TRANSBEL-TRANSP.TRANS.INTERNAC.	EUR	5	0.00	Fair Value	-
NUNO MESQUITA PIRES, SA	EUR	90	0.00	Fair Value	-
FNACINVEST - S.G.P.S.	EUR	180	0.00	Fair Value	-
BANIF - BANCO INT. FUNCHAL, S.S.	EUR	565 574	0.00	Fair Value	-
BEIRA VOUGA 95 (ACCOES)	EUR	1 509	0.00	Fair Value	-
S.P.E. NOMINATIVAS	EUR	122	0.00	Fair Value	-
BUCIQUEIRA-S.G.P.S.,S.A.	EUR	10	0.00	Fair Value	-
Total					**162**

7. Non-Negotiable Financial Assets Mandatory at the Fair Value Through Profit and Loss

The details of this item in 2019 are as follows:

	balance Sheet Value
On 1th January 2019	**14,955**
Acquisitions	132
Alienation	(312)
Fair Value Variation	(657)
On 31st December 2019	**14,118**

The disposals that occurred in 2019 refer to the interests held in Artinvest, and Fine Art Fund, JPM Greater China Fund, Banif US Real Estate and PREFF-PAN European Real State Fund..

As of December 31, 2019, the details of this item are as follows:

12/31/2019					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Equity Instruments					**14 118**
Issued by residents					
GALERIAS NAZONI	EUR	750	-	Fair Value	-
SEA ROAD	EUR	200 000	-	Fair Value	-
FLORESTA ATLÂNTICA - SGFII (CL B)	EUR	40 000	26.76	Fair Value	1 070
Issued by non-residents					
SHOTGUN PICTURES	EUR	10 000	0.00	Fair Value	0
DISCOVERY PORTUGAL REF, SICAV-FIS	EUR	13 165	984.43	Fair Value	12 960
PREFF-PAN EUROPEAN REAL STATE FUND	EUR	373	63.62	Fair Value	24
JP MORGAN EUROPEAN PROPERTY FUND	EUR	0	6,414.56	Fair Value	2
PRADERA EUROPEAN RETAIL FUND CLASS1	EUR	300 000	0.06	Fair Value	17
GREFF GLOBAL REAL ESTATE FUND A	EUR	396	79.16	Fair Value	31
BELMONT RX SPC FI SEP08	USD	2	11.74	Fair Value	0
BELMONT RX SPC FI DEC08	USD	406	35.93	Fair Value	14
Total					**14 118**

On 13 October 2019, Bison Bank and Bison Capital Financial Holdings (Hong Kong) signed an agreement with Oitante to transfer the 126,845 units of Banif US Real Estate, issued by Banif Multifund, which should have been contemplated in the carve-out agreement. This agreement did not substantiate any change in the sale price of Bison Bank.

As of December 31, 2018, the details of this item are as follows:

12/31/2018					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Equity Instruments					**14 955**
Issued by residents					
GALERIAS NAZONI	EUR	750	0.00	Fair Value	-
SEA ROAD	EUR	200 000	0.00	Fair Value	-
FLORESTA ATLÂNTICA - SGFII (CL B)	EUR	40 000	48.54	Fair Value	1 942
Issued by non-residents					
SHOTGUN PICTURES	EUR	10 000	0.00	Fair Value	-
FINE ART	USD	18 169	10.77	Fair Value	171
DISCOVERY PORTUGAL REF, SICAV-FIS	EUR	13 054	961.89	Fair Value	12 556
PREFF-PAN EUROPEAN REAL STATE FUND	EUR	1 152	71.47	Fair Value	82
JP MORGAN EUROPEAN PROPERTY FUND	EUR	3	9,471.29	Fair Value	3
FINE ART FUND (CP)	USD	12 645	10.77	Fair Value	119
PRADERA EUROPEAN RETAIL FUND CLASS1	EUR	396	80.28	Fair Value	36
GREFF GLOBAL REAL ESTATE FUND A	EUR	599	53.14	Fair Value	32
JPM GREATER CHINA PROF FUND CAY LP	USD	207 141 363	0.00	Fair Value	-
BELMONT RX SPC FI DEC08	USD	2	11.74	Fair Value	0
BELMONT RX SPC FI SEP08	USD	406	35.93	Fair Value	13
Total					**14 955**

The main assumptions used in the valuation of the unlisted equity instruments are:

- Units in Investment Funds - quote based on the last NAV available for the UP's acquired until the date of that quote; and
- Securities received in lieu - record of 100% impairment on the balance sheet value if there are no prospects of recoverability. The prospects of recoverability are determined on the basis of individual internally conducted analyses.

8. Financial Assets at Fair Value Through other Compregensive Income

The movements occurred in this item, in 2019, were as follows:

	Balance Sheet Value
On 1st January 2019	**38 537**
Acquisitions	20 273
Alienation of Equity Instruments	(3 130)
Alienation of Debt Instruments	(23 228)
Debts instruments fair Value Variation	399
Equity instruments fair Value Variation	(241)
Accured Interests Variation	109
On 31st December 2019	**32 719**

The details of this item, as at 31 December 2019, were as follows:

12/31/2019					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Equity Instruments					**32 689**
Issued by residents					
REP PORTUGUESA/3.85 OB 20210415	EUR	70 000	1.11	Fair Value	76
IGCP EPE/VAR OB 20210812	EUR	814 000	1.05	Fair Value	847
IGCP EPE/VAR OB 20220412	EUR	207 000	1.06	Fair Value	216
IGCP EPE/VAR OB 20211130	EUR	1 824 000	1.06	Fair Value	1 898
IGCP EPE/VAR OB 20220802	EUR	438 000	1.05	Fair Value	459
REP PORTUGUESA/VAR OB 20221205	EUR	342 000	1.03	Fair Value	353
PORTUGAL, REPUB/VAR BD 20150723	EUR	5 424 000	1.03	Fair Value	5 617
CAIXABANK S.A./2.375 ASST BKD MT	EUR	5 000 000	1.05	Fair Value	5 479
PGB 1.95 06/15/29	EUR	2 000 000	1.15	Fair Value	2 302
BRISA C ROD SA/2.375 OB 20270510	EUR	500 000	1.12	Fair Value	557
TRANSPORTES AER/4.375 BD 20270510	EUR	500 000	1.02	Fair Value	501
CAIXA GERAL DE DEP 1,25 19-2024	EUR	500 000	1.00	Fair Value	506
MOTA ENGIL SGPS/4.375 OB 20241030	EUR	500 000	1.00	Fair Value	504
Issued by residents					
RENEPL 1 3/4 06/01/23	EUR	3 000 000	1.04	Fair Value	3 197
BANK OF CHINA/FRANKFURT	EUR	5 000 000	1.00	Fair Value	5 014
BKIA/0.875 BO 20240325	EUR	2 500 000	1.01	Fair Value	2 573
ITALIA/0.65 BTP 20231015	EUR	2 000 000	1.01	Fair Value	2 029
VOLKSWAGEN INTE/2.625EUR NT 2027 111	EUR	500 000	1.12	Fair Value	561
Equity Instruments					**30**
Issued by residents					
Floresta Atlântica - SGFII, SA	EUR	10 125	2.96	Fair Value	30
Total					**32 719**

This amount was deducted from the amount paid between 1 January 2018 and the closing date of the transaction as dividends, repayment of capital or interest, so in May 2019 Bison Bank received the amount of 3,130 thousand euros.

The acquisitions recorded in 2019 refer to the subscription of bonds issued by private domestic and foreign entities, with a rating between BB - A and fixed and variable remuneration rates between 0.25% to 4.375%.

As at December 31, 2019, and under the terms of paragraph c), paragraph 2, of Instruction nº 18/2005 of the BoP, no securities in portfolio mature within one year.

As of December 31, 2019, the Bank is not using the intraday credit facility.

The details of this item, as at 31 December 2018, were as follows:

12/31/2018					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Debt Instruments					**35 069**
Issued by residents					
PORTUGUESE OT'S PGB3.85 04/15/21	EUR	70 000	1.09	Fair Value	78
IGCP EPE/VAR OB 202120812	EUR	814 000	1.05	Fair Value	862
IGCP EPE/VAR OB 20220412	EUR	207 000	1.05	Fair Value	218
IGCP EPE/VAR OB 20211130	EUR	1 824 000	1.05	Fair Value	1 920
IGCP EPE/VAR OB 20220802	EUR	438 000	1.04	Fair Value	459
REP PORTUGUESA/VAR OB 20221205	EUR	342 000	1.03	Fair Value	351
PORTUGAL, REPUB/VAR BD 20150723	EUR	4 866 000	1.02	Fair Value	5 006
Issued by non-residents					
ITALIA/0.35 BTP 20200615	EUR	5 000 000	1.00	Fair Value	4 996
spgb 0.35 07/30/23	EUR	5 000 000	1.00	Fair Value	5 012
RENEPL 1 3/4 06/01/23	EUR	3 000 000	1.03	Fair Value	3 128
CABKSM 1.125 01/12/23	EUR	5 000 000	0.98	Fair Value	4 952
SANTAN 1.375 12/14/22	EUR	3 000 000	1.03	Fair Value	3 086
CSI FINANCIAL P/0.7 MTN 20191023	EUR	5 000 000	1.00	Fair Value	5 000
Equity Instruments					**3 468**
Issued by residents					
ASCENDI OPERADORA BLA	EUR	63	15.96	Amortised Cost	1
ASCENDI OPERADORA CP	EUR	63	15.56	Amortised Cost	1
ASCENDI OPERADORA NT	EUR	97	221.22	Amortised Cost	21
ASCENDI BEIRAS LITORAL E ALTA	EUR	32 460	34.11	Amortised Cost	1 107
ASCENDI COSTA DE PRATA	EUR	14 129	16.42	Amortised Cost	232
ASCENDI NORTE	EUR	54 199	22.89	Amortised Cost	1 204
ASCENDI COSTA DE PRATA	EUR	16 345	1.00	Amortised Cost	0
ASCENDI NORTE	EUR	663 007	1.00	Amortised Cost	663
ASCENDI CBEIRA LITORAL	EUR	72 539	1.00	Amortised Cost	73
Issued by non-residents					
Floresta Atlântica - SGFII, SA	EUR	10 125	12.81	Fair Value	130
Total					**38 537**

In 2018, the valuation of ASCENDI equity instruments, detailed in the table above, corresponds to the value of the acquisition offer made by an unrelated party and accepted by the Bank.

The main assumptions used in the valuation of instruments representing unquoted capital are:

- Units in Investment Funds – market price based on the last NAV available for units in investment funds acquired up to the date of that price;
- Securities received in lieu – record of 100% impairment on the balance sheet value if there are no prospects of recoverability. The prospects of recoverability are determined on the basis of individual internally conducted analyses.

9. Financial Assets at Amortized Cost

As at 31 December 2019 and 2018, this item breaks down as follows:

	31/12/2019	31/12/2019
Domestic Loans		
Corporates		
Other Loans	7	50
Overdrafts and on demand deposits	289	315
External Loans		
Others	-	9 961
	296	**10 327**
Overdue Loans and Interests	1 049	1 068
	1 345	**11 395**
Securities Portfolio		**-**
	1 345	**11 395**
Impairment	(1 101)	(11 132)
	244	**263**

Principal and overdue accrued interests in arrears break down as follows:

Tenor (months)	Amount 31/12/2019	31/12/2019
<= a 3m	-	-
> 03m <= 06m	-	-
> 06m <= 09m	-	-
> 09m <= 12m	-	-
> 12m <= 15m	-	1
> 15m <=18m	-	-
> 18m <= 24m	-	-
> 24m <= 30m	-	1
> 30m <= 36m	183	176
> 36m <= 48m	-	-
> 48m <= 60m	-	890
> 60m	866	-
Total	**1,049**	**1,068**

On December 31, 2019, the securities portfolio classified in this category shows the following detail:

31/12/2019						
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Gross Value**	**Net Value**
Debt Instruments						
BANIF FINANCE LTD 3 12/31/19	EUR	3,825,000	0.00	Amortised Cost	-	-
Total					**0**	**0**

In December 2019, the Group received part of the capital and accrued interest from the bonds referred to above, in the amount of 509 thousand euros, which were recorded in the item Gains or losses on the derecognition of financial assets and liabilities not measured at fair value through the results, net value (see Note 24).

As at 31 December 2018, the details of securities portfolio were as follows:

31/12/2018						
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Gross Value**	**Net Value**
Debt Instruments						
BANIF FINANCE LTD 3 12/31/19	EUR	3,825,000	0.00	Amortised Cost	-	-
Total					**0**	**0**

Note 2.4 details the policy adopted by the Group in relation to the classification of securities in this category.

The Group considers restructured loans to be those loans in relation to which there have been changes in contractual conditions, particularly in terms of extensions to the repayment period, the introduction of grace periods or the capitalization of interest, due to the financial difficulties of the borrower, regardless of whether or not there have been delays in the payment of principal and interests.

10. Non-Current Assets and Disposal Groups Classified as Held for Sale

This item refers to December 31, 2019 and 2018, and breaks down as follows:

Description	Balance as at 31-12-2018			Changes from year 2019			Balance as at 31-12-2019		
	Gross Amount	Impairment	Net Amount	Acquisitions	Disposals	Increase/ (Reduction)	Gross Amount	Impairment	Net Amount
Discontinued Units	-	-	-	-	-	-	-	-	-
Foreclosed Real Estate Properties	3	-	-	(3)	-	-	-	-	-
Total	**3**	**-**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**

As of December 31, 2018, the Group only held one property, which was received in lieu with a residual value.

On July 25, 2019, this property was sold for 80 thousand euros.

11. Investment Properties

This item refers to December 31, 2019 and 2018, and breaks down as follows:

Category	31-12-2018	Changes from year 2019			31-12-2019
		Acquisitions	Disposals	Revaluations	
Real Estate Properties	7 694	810	-	(214)	8 290
	7 694	**810**	**-**	**(214)**	**8 290**

Category	31-12-2017	Changes from year 2018			31-12-2018
		Acquisitions	Disposals	Revaluations	
Real Estate Properties	6,991	-	-	703	7, 694
	6,991	**-**	**-**	**703**	**7, 694**

The properties held by the subsidiary Turirent – Fundo de Investimento Imobiliário Fechado and carried as investment properties, as at 31 December 2019 and 2019, are registered at fair value and were valued by independent appraisers registered with CMVM in October 2019 and November 2018 respectively.

The fair value of these investment properties reflects the market conditions at the balance sheet date, and the respective changes are recognized in the profit and loss income statement for the period.

In terms of fair value hierarchy, these properties fall under level 3 of fair value (see Note 2.9 - Fair value of assets and liabilities).

The summary of the assumptions used in the assessments referred to above is as follows:

12/31/2019			Main Assumptions		
Real Estate Property	Type	Status	Area (m2)	Price m2 (euros)	Valuation
Quinta da Areeira - Plot 1	Developed Land	Not rented	288	674	194
Quinta da Areeira - Plot 13	Developed Land	Not rented	288	2 375	684
Quinta da Areeira - Plot 2	Developed Land	Not rented	288	653	188
Quinta da Areeira - Plot 25	Developed Land	Not rented	396	480	190
Quinta da Areeira - Plot 27	Developed Land	Not rented	285	733	209
Quinta da Areeira - Plot 29	Developed Land	Not rented	285	428	122
Quinta da Areeira - Plot 6	Developed Land	Not rented	288	2 757	794
Quinta da Areeira - Plot 8	Developed Land	Not rented	340	3 676	1 250
Quinta da Areeira - Plot 9	Developed Land	Not rented	320	4 313	1 380
Terreno Barão de São Miguel - Esparteira - Vila do Bispo	Bare Land	Bare Land	46 760	1	60
Rua João de Freitas Branco, Plot 1, Lisboa - F	Finished Builing - Others	Rented	78	1 859	145
Rua João de Freitas Branco, Plot 1, Lisboa - AO	Finished Builing - Others	Not rented	112	3 438	385
4 Fractions Bloco C -Estrada da Ribeira, Alcabideche - Cascai	Finished Builing - Others	Not rented	543	1 694	920
Casa da Areia, Cascais	Finished Builing - Others	Not rented	10 608	109	1 151
4 Fractions Rua João de Freitas Branco, Lote 1, Lisboa	Finished Builing - Others	Not rented	317	1 678	532
4 Fractions Rua João de Freitas Branco, Lote 1, Lisboa	Finished Builing - Others	Not rented	144	597	86
					8 290

12/31/2018			Main Assumptions		
Real Estate Property	**Type**	**Status**	**Area (m2)**	**Price m2 (euros)**	**Valuation**
Quinta da Areeira - Plot 1	Developed Land	Not rented	288	719	207
Quinta da Areeira - Plot 13	Developed Land	Not rented	288	2 604	750
Quinta da Areeira - Plot 2	Developed Land	Not rented	288	6508	175
Quinta da Areeira - Plot 25	Developed Land	Not rented	396	505	200
Quinta da Areeira - Plot 27	Developed Land	Not rented	285	670	191
Quinta da Areeira - Plot 29	Developed Land	Not rented	285	411	117
Quinta da Areeira - Plot 6	Developed Land	Not rented	288	2 861	824
Quinta da Areeira - Plot 8	Developed Land	Not rented	340	3 865	974
Quinta da Areeira - Plot 9	Developed Land	Not rented	320	3 347	1 071
Terreno Barão de São Miguel - Esparteira - Vila do Bispo	Bare Land	Bare land	46 760	1	60
Rua João de Freitas Branco, Plot 1, Lisboa - F	Finished Builing - Business	Rented	78	1 692	132
Rua João de Freitas Branco, Plot 1, Lisboa - AO	Finished Builing - Housing	Developed Land	112	3 375	378
4 Fractions Bloco C -Estrada da Ribeira, Alcabideche - Cascais	Finished Builing - Housing	Developed Land	543	1 613	876
Casa da Areia, Cascais	Finished Builing - Housing	Developed Land	10 608	107	1 137
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	Finished Builing - Business	Developed Land	317	1 625	515
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	Finished Builing - Others	Developed Land	144	604	87
					7 694

The fair value of investment properties will be increased or decreased if there is an increase or decrease in the valuation value per m2.

On 5 December 2018, Bison Bank increased its investment in Turirent by 1,250 thousand euros, with the aim of completing the construction of buildings 8 and 9 in Camarate and increasing the fund's liquidity.

Those works, were completed in 2019, as evidenced in the movement map above, allowing an improvement i n the Fund's profitability prospects.

The results generated with investment properties for the years ended December 31, 2019 and 2018 are detailed as follows:

31/12/2019		
Real Estate Property	**Rental Income**	**Gains/Losses fair value**
Quinta da Areeira - Plot 1	-	(13)
Quinta da Areeira - Plot 13	-	(66)
Quinta da Areeira - Plot 2	-	13
Quinta da Areeira - Plot 25	-	(10)
Quinta da Areeira - Plot 27	-	18
Quinta da Areeira - Plot 29	-	5
Quinta da Areeira - Plot 6	-	(30)
Quinta da Areeira - Plot 8	-	(86)
Quinta da Areeira - Plot 9	-	(139)
Terreno Barão de São Miguel - Esparteira - Vila do Bispo	-	-
Rua João de Freitas Branco, Plot 1, Lisboa - F	8	13
Rua João de Freitas Branco, Plot 1, Lisboa - AO	-	7
4 Fractions Bloco C -Estrada da Ribeira, Alcabideche - Cascais	-	44
Casa da Areia, Cascais	-	14
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	-	17
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	-	(1)
	8	**(214)**

31/12/2018		
Real Estate Property	**Rental Income**	**Gains/Losses fair value**
Quinta da Areeira - Plot 1	-	72
Quinta da Areeira - Plot 13	-	86
Quinta da Areeira - Plot 2	-	57
Quinta da Areeira - Plot 25	-	55
Quinta da Areeira - Plot 27	-	49
Quinta da Areeira - Plot 29	-	-
Quinta da Areeira - Plot 6	-	74
Quinta da Areeira - Plot 8	-	92
Quinta da Areeira - Plot 9	-	(29)
Terreno Barão de São Miguel - Esparteira - Vila do Bispo	-	(40)
Rua João de Freitas Branco, Plot 1, Lisboa - F	8	2
Rua João de Freitas Branco, Plor 1, Lisboa - AO	-	54
4 Fractions Bloco C -Estrada da Ribeira, Alcabideche - Cascais	-	151
Casa da Areia, Cascais	-	69
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	-	(7)
4 Fractions Rua João de Freitas Branco, Plot 1, Lisboa	-	19
	8	**703**

In terms of operating expenses with investment properties, they amounted to 81 thousand euros and 101 thousand euros, in the years 2019 and 2018 respectively, and refer to expenses with the Municipal Property Tax, appraisals, condominium expenses and insurance.

12. Tangible Fixed Assets

The Group's tangible fixed assets as at 31 December 2018 and 2019 are summarized to Bison Bank's tangible fixed assets, with the breakdown and movements occurred in the year in the following table:

Descrition	31-12-2018			Changes from year 2019				31-12-2019		
				Acquisitions	Write-offs		Amortization for the year			
	Gross Amount	Amortization	Net Amount		Gross Amount	Amortization		Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Work on leahold real estate properties	40	40	-	-	(40)	(40)	-	-	-	-
Assets under financial lease	-	-	-	2 120	(39)	(21)	458	2 081	437	1 644
	40	40		2 120	**(79)**	**(61)**	458	2 081	437	**1 644**
Equipment										
Office furniture and material	424	408	16	-	(144)	(144)	-	280	264	16
Machinery and tools	99	99	-	1	(84)	(84)	1	16	16	-
IT equipment	1 513	1 488	25	20	(1 351)	(1 351)	14	181	151	30
Inner facilities	60	50	10	6	(54)	(51)	3	12	2	10
Transport equipment	33	33	-	-	(13)	(13)	-	20	20	-
Assets under financial lease - cars	-	-	-	274	-	-	42	274	42	232
Security Equipment	23	23	-	23	(23)	(23)	2	23	2	21
Other Equipment	56	56	-	-	(32)	(32)	-	24	24	-
	2 208	**2 157**	**51**	**323**	**(1 703)**	**(1 700)**	**62**	**828**	**519**	**309**
	2 248	**2, 198**	**51**	**2 443**	**(1 782)**	**(1 761)**	**518**	**2 909**	**956**	**1 953**

The impact of IFRS 16 resulted in an increase in gross fixed assets of 2,120 thousand euros for properties and of 274 thousand euros for vehicles.

The impact of the adoption of IFRS 16 on 1 January 2019 is described in note 2.3.

In 2019, the Bank proceeded to the disposal equipment in the amount of 1,701 thousand euros, of which about 80% relate exclusively to IT equipment purchased between 2001 and 2017, and which was already fully amortized.

The movement occurred in the previous period was as follows:

Descrition	31-12-2017			Changes from year 2018				31-12-2018		
				Acquisitions	Write-offs		Amortization for the year			
	Gross Amount	Amortization	Net Amount		Gross Amount	Amortization		Gross Amount	Amortizaçtion	Net Amount
Other Tangible Assets										
Real Estate Properties										
Work on leahold real estate properties	40	4	36	-	-	-	36	40	40	-
	40	**4**	**36**	**-**	**-**	**-**	**36**	**40**	**40**	**-**
Equipment										
Office furniture and material	424	407	17	-	-	-	1	424	408	16
Machinery and tools	97	96	1	2	-	-	3	99	99	-
IT equipment	1 482	1 467	15	33	(2)	(1)	22	1 513	1 488	25
Inner facilities	54	45	9	6	-	-	5	60	50	10
Transport equipment	33	32	1	-	-	-	1	33	33	-
Security equipment	23	23	-	-	-	-	-	23	23	-
Other equipment	56	51	5	-	-	-	5	56	56	-
	2 169	**2 121**	**48**	**41**	**(2)**	**(1)**	**37**	**2 208**	**2 157**	**51**
	2 209	**2 125**	**84**	**41**	**(2)**	**(1)**	**73**	**2 248**	**2 197**	**51**

13. Intangible Assets

As at 31 December 2019 and 2018, the Group's intangible assets are summarized as Bison Bank's intangible assets, as shown in the following table:

Description	31-12-2018			Changes for the year 2019		31-12-2019		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	8,447	8,111	335	502	224	8,949	8,335	614
	8,447	**8,111**	**335**	**502**	**224**	**8,949**	**8,335**	**614**

Description	31-12-2017			Changes for the year 2018		31-12-2018		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	8,307	7,586	721	140	525	8,447	8,111	335
	8,307	**7,586**	**721**	**140**	**525**	**8,447**	**8,111**	**335**

The acquisitions in 2019 refer essentially to the investment made in the Bank's operational software and in a new mobile home banking application.

14. Current Tax Assets and Liabilities

As of 31 December 2019, and 2018, current tax assets and liabilities are summarized as follows:

	31-12-2019	31-12-2018
Current Income Tax Assets		
Special Payment Account ("Pagamento Especial por Conta")	153	153
With holding Property Taxes ("Retenções Prediais")	-	51
	153	**204**
Current Income Tax Liabilities		
Estimated Income Tax	(76)	(95)
	(76)	**(95)**
	77	**109**

Current and deferred taxes recorded in the income statement for the year are explained as follows:

	2019	2018
Profit / (Losses) before income tax	**(7,009)**	**(9,271)**
Income Tax Rate	21.00%	21.00%
Additional tax over Income Tax	1.50%	1.50%
Assessed Corporate Income Tax		
Autonomous Taxation	(76)	95
Banking Sector Tax	(3)	52
Total Current Income Tax	**(79)**	**147**
Deferred Income Tax	-	-
Total Tax Burden	**(79)**	**147**

15. Deferred Tax Asets and Liabilities

Deferred tax assets and liabilities recorded by the Group at 31 December 2019 and 2018 refer exclusively to Bison Bank and are summarized as follows:

	31-12-2019	31-12-2018
Deferred tax assets	183	193
Deferred tax liabilities	(82)	(130)
	101	**63**

DEFERRED TAX ASSETS

Regarding deferred tax assets, recorded amounts are fully related with conversion scheme of deferred tax assets into tax credits, performed according to Portuguese law and explained as follows.

On 21 November 2014, the Bank verified to have met the requirements for the special scheme for the conversion of deferred tax assets ("special scheme") into tax credits.

These tax assets result from the non-deduction of expenses and negative equity changes due to impairment losses on loans and post-employment benefits or long-term employee benefits, as provided for in Law no. 61/2014, of 26 August. Thus, as a result of the net loss in the 2015 financial year, the Bank recorded deferred tax assets, in the amount of 755 thousand euros, for the balance of impairment losses on non-performing non-mortgage loans, that were above the limits established for in BoP's Notice no. 3/95.

The referred amount was covered by the special scheme. After having signed up for this scheme and following the calculation of a net loss for 2015, the Bank believes it meets the requirements for converting the said deferred tax asset into a tax credit, under article 6 of the special scheme. Thus in 2016, and for the purposes of the preceding paragraph, the Bank converted deferred tax assets in the amount of 442 thousand euros into tax credits.

The Bank simultaneously set up a special reserve in favour of the State in an amount equivalent to the tax credit plus a margin of 10%, totaling 486 thousand euros (see note 21).

As at 31 December 2016, the Bank maintained the amount of 313 thousand euros recorded as deferred tax assets. As a result from net loss incurred in the financial year of 2016, the Bank proceeded, in 2017, with the deferred tax assets conversion into tax credits in an amount of 65 thousand euros. Simultaneously, the Bank created a special reserve in favour of the State equivalent to the tax credit plus a margin of 10%, in the amount of 71 thousand euros (see note 21).

As at 31 December 2017, the Bank maintains the amount of 248 thousand euros recorded as deferred tax assets. Finally, as a result from net loss incurred in the financial year of 2017, the Bank proceeded, in 2018, with the deferred tax assets conversion into tax credits in an amount of 55 thousand euros. Simultaneously, the Bank created a special reserve in favour of the State equivalent to the tax credit plus a margin of 10%, in the amount of 60 thousand euros (see note 21).

The creation of a special reserve requires the constitution of conversion rights attributed to the Portuguese State.

In this context, the Bank has proceeded with an issue of 404,669 conversion rights in favour of the Portuguese State relating to 2015, and separately issued 83,109 and 70,162 conversion rights relating to 2016 and 2017 financial years, respectively.

These rights were registered with the Central Securities Depository (Central de Valores Mobiliários / Interbolsa) as at 11th December 2017 and 6th September 2018, respectively. Under the above-mentioned scheme, such conversion rights correspond to securities which entitle the State the right to claim from the Bank the issue and free delivery of ordinary shares, following the share capital increase through the incorporation of the reserve amount.

However, under the terms set out by the Ministerial Order no. 293-A/2016, as at 18 November, a compulsory acquisition right of the conversion rights from the State is granted to the Bank's shareholder. In case the shareholder doesn't exercise the compulsory acquisition right of the conversion rights issued and allocated to the Portuguese State within the deadline established for this purpose, on the financial year in which the State exercises these rights, it will require the Bank the respective share capital increase through the incorporation of the special reserve amount and consequent issue and free delivery of ordinary shares representative of the Bank's share capital.

Finally, and as a result of the net loss incurred in 2018, the Bank proceeded, in 2019, to convert deferred tax assets into tax credit in the amount of 28 thousand euros. At the same time, the Bank created a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand euros (note 22). As at 31 December 2019, the Bank maintains the amount of 165 thousand euros of deferred tax assets covered by REAID.

DEFERRED TAX LIABILITIES

As of 31 December, 2019, and 2018, the deferred tax liabilities recorded are fully related to the revaluation reserves of proprietary securities portfolio, classified as Financial assets at fair value through other comprehensive income.

TAX LOSSES

As provided for in article 52, no. 8 of the Corporate Tax Code (IRC), an entity may lose the right to deduct tax losses from previous years if there is a change in the ownership of more than 50% of its share capital or of a majority of the voting rights.

Following the resolution measure applied to Banif, SA, which was the entity that owned 100% of BBI's share capital until 20 December 2015, there was a change in the ownership of more than 50% of BBI's share capital. As a result, BBI submitted an application, within the legal deadline, to be allowed to maintain the tax losses determined for the reporting periods between 2012 and 2014, in the terms of article 52, no. 12, of the Corporate Tax Code (IRC).

Following the acquisition process of the Bank by Bison Financial, that was concluded with the signing of the closing certificate on 9th July 2018, for the entire quota capital of the Bank and its shareholder credits, there was a new change in the ownership of more than 50% of the Bank's share capital. Again, and as a result, the bank applied, within the legal deadline, to be allowed to maintain the tax losses determined for the eligible reporting periods finishing in 2017, under the terms of article 52, no. 12, of the Corporate Tax Code (IRC).

Considering the Bank's current situation and the lack of reasonable expectations regarding the existence of future taxable profits, no deferred tax assets are recognized for tax losses.

In the table below we detail the tax losses and the respective associated potential deferred tax asset, which the Group did not accounted for, as a precaution, in its financial statements of 31 December 2019:

Tax Period	Reportable Tax Losses	Potential Deferred Taxes	Carry forward Period (Years)	Carry forward Last Year
2014	59,838	12,566	12	2026
2015	17,092	3,589	12	2027
2016	8,951	1,880	12	2028
2017	5,341	1,122	5	2022
2018	14 165	2 975	5	2023
	105 387	**22 131**		

16. Other Assets

This item breaks down as follows:

	31-12-2019	31-12-2018
Sundry Debtors		
Debtors	2,179	3,639
Tax Credit	305	55
Income Receivable		
Expenses with deferred charges	223	314
Other asset transactions pending regularisation	22	
	2,729	**4,008**
Impairment losses on other assets	**(239)**	**(1,312)**
	2,490	**2,696**

As at 31 December 2019, in the "Sundry debtors" caption includes the following main amounts:

- Margin account, with Clearnet, in the amount of 1,389 thousand euros, compared to 1,409 thousand euros recorded as at 31 December 2018;
- Commissions of depositary bank service for investment funds.

The increase of the item "Sundry Debtors - Tax Credit" is mainly due to the recognition of amounts receivable by the Bank, related to the tax contingency, existing in the Luso Carbon Fund / MCO2, and which refers to a moment before the carve out, which under the Share Purchase and Sale Agreement constitutes a liability outside the sphere of Bison Bank, SA. In addition, under the REAID, the amount of tax credit of 28 thousand euros was recognized in 2019 and the respective special reserve booked in favour of the State in the amount of 30 thousand euros was recognized (see Note 21).

Impairment losses on other assets are essentially related to commissions, already due, for providing the service of investment funds depository bank, and with balances of other debtors, whose expectation of receipt is reduced and which as of 31 December, 2019 were already due and invoiced to customers whose expectation of collection is also reduced.

The reduction in impairment losses relates to the transfer of Banif US Real Estate Fund to Oitante, with a reduction in the amount of tax receivable by this entity, of 1,107 thousand euros and the respective impairment.

17. Deposits and Liabilities from other Credit Institutions and Other Clients

This item breaks down as follows:

	31-12-2019	31-12-2018
From credit institutions in Portugal		
Short term deposits	203	142
Term deposits	3 410	4 840
	3 613	**4 982**
From credit institutions abroad		
Deposits	2 334	
	2 334	
From other Clients		
On demand deposits	15 272	18 037
Term deposits	9 151	14 028
	24 423	**32 065**
	30 370	**37 047**

Deposits received "from other credit institutions", bear interest at an average interest rate of 0.31% and have a residual maturity as at 31 December 2019 between 2 to 4 months.

Deposits "from other customers" refer to deposits by individuals and legal entities that are not credit institutions. The decrease observed mainly concerns deposits from investment funds, securities and real estate, and deposits from individuals in the amount of 4.5 million euros and 2.5 million euros, respectively.

18. Impairment, Provisions and Contingent Liabilities

Changes over the year were as follows:

Description	Balance as at 31-12-2018	Reinforcements	Applications and Others	Reinstatements	Exchange Rate Differences	Balance as at 31-12-2019
Assets						
Financial assets available for sale	34	24	14	(46)		25
Loans and advances to clients	11 132	4	(9 977)	(58)		1 101
Other assets	1 312	146	(1 073)	(146)		239
	12 478	**174**	**(11 037)**	**(250)**		**1 365**
Liabilities						
Guarantees and other commitments	2 216			(114)		2 102
Fiscal contingencies and other provisions	541		(64)	(474)		3
	2 757		**(64)**	**(588)**		**2 105**
	15 235	**174**	**(11 101)**	**(838)**		**3 470**

The utilization amount of 9,977 thousand euros and 1,073 thousand euros refer to impairments recorded on Credits granted by Banif US Real Estate to Banif Securities Holdings (see Note 9) and on the amount of tax receivable by Banif US Real Estate (see Note 16). As mentioned in Note 3, the units of Banif US Real Estate were transferred to Oitante following the agreement signed between it, Bison Bank and Bison Financial Holdings (Hong Kong) on 13 October 2019.

The provisions for guarantees provided and other loans refer to the estimated impairment within the application of the estimated credit loss model (see Note 2.16) on the off-balance sheet items presented in Note 30.

Changes over the previous period were:

Description	Balance as at 31-12-2017	Reinforcements	Applications and Others	Reinstatements	Exchange Rate Differences	Balance as at 31-12-2018
Assets						
Financial assets available for sale	9 101	53	(9 074)	(47)		34
Loans and advances to clients	14 346	14	(3 605)	(96)	473	11 132
Other assets	1 684	61	(403)	(30)		1 312
	25 131	**129**	**(13 081)**	**(173)**	**473**	**12 478**
Liabilities						
Guarantees and other commitments	2 270			(53)		2 216
Fiscal contingencies and other provisions	874	130	(66)	(397)		541
	3 144	**130**	**(66)**	**(450)**		**2 757**
	28 274	**258**	**(13 147)**	**(624)**	**473**	**15 235**

On December 31, 2019 and 2018, the guarantees provided correspond to the following nominal values recorded in off-balance sheet accounts of guaranties and sureties:

	31-12-2019	31-12-2018
Financial Guarantees	1,060	1,174
Performance guarantees	1,934	2,104
	2,994	**3,278**

CONTINGENT LIABILITIES ORIGINATED BY THE RESOLUTION FUND

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law no. 31-A / 2012 of 10 February, which is governed by the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras - "RGICSF") and by its own regulation, whose mission is to provide financial assistance for the resolution measures implemented by the Bank of Portugal, acting as the national resolution authority, and to perform all other functions conferred by law in the execution of such measures.

The Bank, like most financial institutions operating in Portugal, is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal based essentially on the amount of its liabilities.

In 2019, the periodic contribution made by the Bank amounted to 22 thousand euros (in 2018: 25 thousand euros), calculated based on the contribution rate of 0.057% (in 2018: 0.0291%).

RESOLUTION MEASURE APPLIED TO BANCO ESPÍRITO SANTO, SA

As part of its responsibility as a supervisory and resolution authority for the Portuguese financial sector, Banco de Portugal decided, on 3 August 2014, to apply to Banco Espírito Santo, SA ("BES") a resolution under the number 5 of Article 145g of RGICSF, which consisted in transferring the majority of its activity to a transition bank, named Novo Banco, S.A. ("Novo Banco"), specially created for this purpose. In order to realise the share capital of Novo Banco, the Resolution Fund, as sole shareholder, has provided 4,900 million Euros, from which 365 million euros corresponded to its own financial resources.

A loan was also granted by a banking syndicate to the Resolution Fund, amounting to 700 million euros, and the participation of each credit institution was weighted according to several factors, including its size.

The remaining amount (3,900 million euros) was originated by means of a repayable loan, granted by the Portuguese State.

Following the implementation of this resolution measure, on 7 July 2016, the Resolution Fund stated that it would analyse and evaluate the steps to be taken following the publication of the report on the results of the independent evaluation exercise, carried out to estimate the level of credit recovery for each class of creditors in the hypothetical scenario of BES's normal insolvency proceedings on 3 August 2014. Under the applicable law, if it is concluded that creditors whose claims have not been transferred to Novo Banco assume a loss in excess of the amount that would have been hypothetically assessed if BES had entered into liquidation proceedings immediately prior to the application of the resolution measure, these creditors are entitled to receive the excess from the Resolution Fund.

On 31 March, 2017, Banco de Portugal announced that the Lone Star Fund was selected for the purchase of Novo Banco, which was completed on 17 October, 2017, through the injection of a new share capital increase of 750 million euros from the new shareholder, following which a new capital injection of 250 million euros will be implemented within a period of up to three years. This operation provoked that Novo Bank ceased to be a transition bank, with the Lone Star Fund now holding 75% of Novo Banco and the Resolution Fund the remaining 25%, although without corresponding voting rights.

On 26 February 2018, the European Commission published the non-confidential version of the decision approving the State aid that underlies the process of sale of Novo Banco, which includes a contingent capitalisation mechanism, under which the Resolution Fund , as a shareholder, may be required to make additional capital injections in the event that certain conditions related to the performance of a restricted set of Novo Banco assets and the evolution of the bank's capital levels materialised. This mechanism is activated annually, based on the annual accounts of Novo Banco, certified by the respective auditor, and the possibility of intra-annual assessments is foreseen only in the event of failure from Novo Banco to comply with prudential requirements.

For the purposes of this mechanism, differences in the valuation of assets (positive or negative) are considered in relation to their book value, net of impairment, as of 30 June, 2016 (approximately 7.9 billion euros, according to the information provided by Novo Banco).

Thus, economic losses or gains, resulting from, for example, the sale of assets or the restructuring of credits, as well as impairments, or reversals, recorded by Novo Banco in accordance with accounting standards, as well as costs associated with the maintenance of assets in Novo Banco's balance sheet, are relevant for this purpose.

Under the aforementioned mechanism, on 24 May, 2018, the Resolution Fund paid 791,695 thousand euros to Novo Banco with reference to the accounts for 2017, using its own financial resources resulting from contributions paid directly or indirectly by the banking sector, complemented by a loan from the Portuguese State, in the amount of 430 million euros, under the framework agreement between the Portuguese State and the Resolution Fund. According to information provided by Novo Banco as at 31 December 2017, the net value of the assets covered by the perimeter of the contingent capitalisation mechanism was approximately 5.4 billion euros.

In the interim report of Novo Banco with reference to 30 June, 2018, it is stated that, on that date, an amount receivable from the Resolution Fund under the contingent capitalisation mechanism of 726,369 thousand euros (according to the information provided, this amount has a net value of the assets included in the perimeter of the contingent capitalisation mechanism of around 4.9 billion euros) is due.

It is also stated that since this amount depends on the losses occurring on all the assets included in the perimeter of the said contingent capitalisation mechanism and on the regulatory ratios in force at the time of their determination, this amount is provisional and requires further update with reference on 31 December 2018.

This mechanism is effective until 31 December 2025 (it may be extended until 31 December 2026) and is limited to an absolute maximum amount of 3,890 million euros.

Under applicable law, if it were found, at the close of the bes settlement, that creditors whose claims have not been transferred to Novo Banco assume a loss greater than what they would hypothetically assume if BES had entered liquidation proceedings immediately prior to the application of the resolution measure, those creditors are entitled to receive the difference from the Resolution Fund. Finally, indications have been made public that legal proceedings have been initiated against the Resolution Fund.

BANIF RESOLUTION MEASURE - BANCO INTERNACIONAL DO FUNCHAL, SA

On 19 December, 2015, Banco de Portugal decided to declare that Banif - Banco Internacional do Funchal, SA ("Banif") was "at risk or in a situation of insolvency" and decided to initiate an urgent resolution action of the institution in the form of a partial or total divestment of its business, which materialised in the sale on 20 December, 2015 to Banco Santander Totta SA ("Santander Totta") of rights and obligations, constituting assets, liabilities, off-balance sheet items and assets under management of Banif for 150 million euros.

Most of the assets that were not disposed of, were transferred to an asset management vehicle named Oitante, S.A. ("Oitante"), created specifically for this purpose, which has, as sole shareholder, the Resolution Fund. Oitante issued debt obligations amounting to 746 million euros, a guarantee was provided by the Resolution Fund and a counter-guarantee by the Portuguese State.

This operation involved an estimated public support of 2,255 million euros to cover future contingencies, which was financed by the Resolution Fund and 487 million euros directly by the Portuguese State.

GENERAL / COMPLEMENTARY ASPECTS

In order to repay the loans and other liabilities, obtained by the Resolution Fund, it is concluded that the Resolution Fund Resolution has to be taken regarding the resolution measures mentioned above, the Resolution Fund essentially disposes of the contributions of the participating institutions (including the Group) and the contribution on the banking sector.

By public announcement of September 28, 2016, the Resolution Fund announced that it had agreed with the Ministry of Finance the revision of the loan of 3 900 000 thousand euros originally granted by the State to the Resolution Fund in 2014 to finance the resolution measure applied to BES.

According to the Resolution Fund, the extension of the loan's maturity aims to ensure the Resolution Fund's ability to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed.

On the same day, the Office of the Minister of Finance also announced that increases in liabilities resulting from the materialization of future contingencies, will determine the maturity adjustment of State and Bank loans to the Resolution Fund, in order to maintain the contributory effort required of the banking sector at current levels.

Additionally, according to the Resolution Fund statement of March 21, 2017:

- "The conditions for loans obtained by the Fund to finance resolution measures have been changed in what applies to Banco Espírito Santo, SA and Banif - Banco Internacional do Funchal, SA." These loans amount to 4,953,000 thousand euros, of which 4,253 million euros are granted by the State and 700,000 thousand euros are granted by a banking syndicate, of which 116,000 thousand euros granted by the Bank.
- "Those loans are now due in December 2046, without prejudice to the possibility of a repayment advance based on the use of the Resolution Fund's revenues. The maturity will be adjusted in terms that guarantee the Resolution Fund's ability to fully meet its obligations based on regular revenues and without the need of recurring to special contributions or any other type of extraordinary contributions." The responsibilities arising from the contracts obtained by the Resolution Fund with the State and a banking union following the resolution measures of BES and Banif compete in pari passu with each other.
- "The review of loan conditions aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector".
- "The new conditions allow the full payment of the Resolution Fund's liabilities to be ensured, as well as the respective remuneration, without the need of recurring to special contributions or any other type of extraordinary contributions by the banking sector".

In the statement of the Bank of Portugal, dated 31 March 2017, the following was mentioned, among other aspects:

- "Bank of Portugal, today selected Lone Star to conclude the sale operation of Novo Banco, with the Resolution Fund signing the contractual documents for the operation."
- "By means of the capital injection to be made, Lone Star will hold 75% of Novo Banco's share capital and the Resolution Fund will keep 25% of the capital;"
- "The agreed conditions also include the existence of a contingent capitalization mechanism, under which the Resolution Fund, as a shareholder, undertakes to make capital injections in the event of certain cumulative conditions, related to: i) the performance of a delimited set of assets of Novo Banco and ii) the evolution of the bank's capitalization levels;"
- "The conditions agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, alignment of incentives and supervision, despite the limitations resulting from the application of State".
- "The conclusion of the sale transaction is dependent on obtaining the usual regulatory authorizations (including by the European Central Bank and the European Commission) and also on carrying out a liability management exercise, subject to the bondholders' adhesion, which will cover Novo Banco's non-subordinated obligations and which, through the offer of new bonds, allows generating at least 500 million euros of own funds eligible for the calculation of the CET1 ratio. "

On October 2, 2017, the Council of Ministers approved a resolution in which it authorized the celebration, by the Portuguese State, as the ultimate guarantor of financial stability, of a framework agreement with the Resolution Fund, with a view to making financial resources available to the Resolution Fund, if and when deemed necessary, for the satisfaction of contractual obligations that may eventually arise from the operation sale of the 75% interest in Novo Banco, SA.

The aforementioned framework agreement was signed on the same date and provides for the necessary funds to be made available to the fulfilment of the responsibilities assumed in the scope of the Novo Banco sale process, it being also defined that the respective reimbursement will bear in mind that one of the objectives of this framework agreement is to ensure the stability of the contributory effort that falls on the banking sector, that is, without special contributions or any other type of extraordinary contribution should be charged to participants in the Resolution Fund.

On October 18, 2017, Banco de Portugal and the Resolution Fund announced the completion of the sale of Novo Banco to Lone Star.

On March 1, 2019, and after the acknowledgment of the capital call of Novo Banco for the financial year 2018, a communication, came from the Ministry of Finance to confirm "(…) its commitment to the goals assumed and to the promotion of the banking sector's stability to fulfil them."

On the present date, it is not possible to estimate the possible effects for the Resolution Fund resulting from: (i) the sale of the participation at Novo Banco; (ii) the application of the principle that no creditor of the credit institution under resolution can assume a greater loss than the one that would have assumed if that institution had gone into liquidation; (iii) the guarantee provided to the bonds issued by the Oitante, and (iv) other liabilities that are concluded to have to be assumed by the Resolution Fund.

Notwithstanding the possibility provided for in the applicable legislation for collecting special contributions, given the renegotiation of conditions of loans granted to the Resolution Fund by the State and by a banking syndicate, in which the Bank is included, and to public announcements made by the Resolution Fund and the Office of the Minister of Finance that state that this possibility will not be used, the financial statements as of December 31, 2019 reflect the Board of Directors' expectation that the Bank will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liability assumed by the Resolution Fund.

Any changes in this regard may have relevant implications for the Group's financial statements.

19. Other Subordinated Liabilities

In 2007, 15,000 perpetual subordinated bonds with a nominal value of 1,000 euros were issued.

The interest on these book-entry and bearer bonds were paid quarterly, from the issue date, on 28 February, 28 May, 28 August and 28 November of each year ("Interest Payment Dates").

The bonds were subject to an optional early redemption and the first payment was made on 28 August 2007 and the last payment made on the early redemption date(s), if such occurred.

Interest up to, but not including, 28 May 2017 (First Early Redemption Date at the Issuer's Option) was calculated on the basis of the 3-month Euribor rate on the second "target business day" immediately prior to the start date of each interest period, plus 1.35% p.a. and, from this date onwards, at the 3-month Euribor rate plus 2.35% p.a. (step-up of 1.00%).

The Group had the option to fully or partially redeem the bonds on any interest payment date from and including 28 May 2017 (first redemption date at the issuer's option) onwards. To do so, the Group needed to provide bondholders a minimum of 30 days and a maximum of 60 days' prior notice (this notice is irrevocable). Bonds are redeemed at par plus any accrued interest (if any) on the date selected for redemption.

The BoP must give its prior approval to the exercise of this redemption option. The Bank has already bought back the amount of 12,822 thousand euros until the end of 2017 and bought back the remaining 2,178 thousand euros in November 2018, fully reimbursing these bonds.

20. Other Liabilities

As at 31 December 2019 and 2018, this item breaks down as follows:

	31-12-2019	31-12-2018
Creditors and other resources	2,969	2,557
Financial leases Liabilities	1,738	0
Public Sector	512	1,114
Revenues with deferred income	0	2
Other liabilities transactions pending regularisation	697	283
	5,916	**3,956**

As of 31 December 2019, the item lease liabilities, refers to balances resulting from the entry into force of IFRS 16 and the corresponding accounting of the lease contracts by the Group, as lessee.

The amounts in Public and administrative sector essentially include withholding income taxes, stamp duty and social security contributions. The charges payable mainly relate to specializations of employee charges and other charges.

The other liabilities to be settled in the amount of 697 thousand euros (283 thousand euros in 2018) refer to operations with customers.

21. Share Capital

As at 31 December 2019 and 2018, the Equity item had the following breakdown:

	31-12-2019	31-12-2018
Share Capital	176 198	176 198
Securities Revaluation Reserves	222	450
Legal Reserve	3 300	3 300
Other Reserves	14 196	16 043
Rights issued and attributable to the Portuguese Government 2015 (REAID) (note 15)	486	486
Rights issued and attributable to the Portuguese Government 2015 (REAID) (note 15)	71	71
Rights issued and attributable to the Portuguese Government 2017 (REAID) (note 15)	60	60
Rights issued and attributable to the Portuguese Government 2018 (REAID) (note 15)	30	
Other transactions - IFRS 9 Adjustment	852	852
Retained Earnings	(138 784)	(129 860)
Net Profit / (Loss) for the year	(7 009)	(11 028)
	49 622	56 573

On 9 July, 2018, Bison Financial acquired the entire share capital of the Bank, amounting to 135,198 thousand euros and represented by 27,039,674 shares, with a nominal value of 5 euros each, to the former shareholder, Oitante, S.A..

On 20 July, 2018, Bison Financial concluded a capital increase of 41,000 thousand euros to 176,198 thousand euros, by issuing 8.20 million new shares with a nominal value of 5 euros each.

As a result, the Bank's share capital at 31 December 2018 amounted to 176,198 thousand euros, represented by 35,239,674 shares, with a nominal value of 5 euros each.

The impact of the sale of Ascendi (concessionaires and operators) resulted in a gain of approximately 321 thousand euros, accounted for in other reserves.

The Group meets the minimum capital requirements, with a Core Tier 1 ratio of 84.7% and 84.7% of Core Total (in 2018, the Core Tier 1 ratio was 94.3% and 94.3% in Core Total).

Revaluation reserves fully refer to the securities portfolio classified as financial assets at fair value through other comprehensive income.

Revaluation Reserves	
Balance as at 31-12-2017	**221**
Reserves emerging from the valuation at fair value of the financial assets	229
Reserves recognised in the profit and loss account from the disposal of assets	
Balance as at 31-12-2018	**450**
Reserves emerging from the valuation at fair value of the financial assets	158
Reserves recognised in the profit and loss account from the disposal of assets	(266)
Reserves recognised in retained earnings from the disposal of assets	(321)
Reserves recognised through deferred taxes	66
Reserves recognised in the profit and loss account through impairment and effective rate adjustment	135
Balance as at 31-12-2019	**222**

22. Interest Revenue and Expenses

This item breaks down as follows:

	2019	2018
Interest and similar income		
Interests on financial assets at amortised cost	191	18
Interests on financial assets held for trading	3	10
Interests on financial assets mandatorily at fair value through profit or loss and through other comprehensive income	212	210
	407	238
Interests and similar charges		
IFRS 16 interests	23	0
Interests on deposits from other clients	107	183
Interests on depositsand liabilities from other credit institutions	22	183
Interests on other subordinated liabilities		39
	152	**405**

23. Dividend Revenue

This item breaks down as follows:

	2019	2018
Ascendi	2	222
Floresta Atlântica		117
MCO2		51
	2	**390**

24. Revenue from Services and Commissions

This item breaks down as follows:

Commissions Income	2019	2018
Comission Income		
Rendered Services of administration, custodian and securities deposit	419	386
Securities transactions	243	95
Guarantees provided	6	39
Other rendered services		277
Other Comission Income		
Custodian Comissions	42	1,086
Trading & Brokerage Comissions	1,621	55
	2,331	**1,939**
Comission Expenses		
Banking Services provided by third parties	213	181
Securities transactions	4	18
Other comission expenses	102	5
	319	**204**

As explained in note 4, the Group only reports by segments in its individual accounts, and the following information refers to the Bank´s individual accounts.

Income and charges for services and commissions by business segment can be presented as follows:

31-12-2019	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Commissions Income	780	32	2	1,525	1	2,340
(Commissions Expense)	(45)		(43)		(188)	(276)
Net Commissions	**735**	**32**	**(41)**	**1,525**	**(187)**	**2,064**

31-12-2018	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Commissions Income	171	95		1,291	553	2,110
(Commissions Expense)		(29)		(122)	(10)	(161)
Net Commissions	**171**	**66**		**1,170**	**542**	**1,949**

As mentioned above, the table refers solely to Bison bank's individual financial statements.

The difference between those amounts and the consolidated financial statements refer to the commissions collected intra-group, and as such annulled in the consolidation process, and the commissions charged by third parties to other Group entities.

The increase in net commissions is essentially due to services provided by Investment Banking and Client Management segments, the strategic areas for the growth of the Group's business.

25. Profit / (Loss) in Financial Operations

This item breaks down as follows:

	2019	2018
Gains on Financial Transactions		
Gains on other financial assets valued at fair value trough profit and loss	269	711
Gains on financial assets and liabilities held for trading	-	53
Gains on financial assets through other comprehensive income	266	-
"Gains on derecognition of financial assets and liabilities not measured at fair value through profit or loss"	509	-
Gains on foreign exchange differences	753	171
	1,797	**934**
Losses on Financial Transactions		
Losses on other financial assets valued at fair value trough profit and loss	925	3,210
Losses on financial assets and liabilities held for trading	1	64
"Losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss"	-	-
Losses on foreign exchange differences	574	168
	1,500	**3,441**
Profit / (Loss) from assets and liabilities valued at fair value through profit and loss	**(657)**	**(2,510)**
"Profit / (Loss) from derecognition of financial assets and liabilities not measured at fair value"	**775**	**-**
Profit / (Loss) from foreign exchange differences	**179**	**3**

During 2019 Bison Bank received 509 thousand euros from the partial liquidation process of Banif Finance (Note 8).

The foreign exchange position, by currency, as at 31 December 2019 is presented in Note 32.

On 9 July 2018, several assets held by the Bank were sold to Oitante in the context of a carve-out transaction, agreed in the sale and purchase agreement entered on 11 August 2016 with Bison Financial. Under the terms of this agreement, it was established that by the time the purchase and sale of the Bank's entire capital was completed, these assets would not be part of the balance sheet of the Bank, and Oitante was entrusted with the disposal of these holdings (Note 7).

These assets were sold by the Bank to Oitante, settled through the account maintained by Oitante with Bison Bank, including an average discount of 12% on its respective the book value, resulting in a net loss of 3,319 thousand euros, which can be summarised as follows:

Participation	Book Value as of carve-out date	Sale amount	Carve-out net loss
Banif Imopredial	16,645	14,638	(2,007)
Banif Imogest	3,805	3,346	(459)
GED Sur FCR - CL B	2,792	2,455	(337)
Porto Novo FIIF	1,123	988	(135)
Banif Global Private Equity Fund	-	-	-
Banif Property	673	591	(81)
GED Sur Capital SA, SGECR	25	22	(3)
PROFILE - SGFIM, SA	2,137	1,879	(258)
BAP	-	-	-
MCO2	38	33	(5)
BIAM	284	250	(34)
	27,522	**24,203**	**(3,319)**

26. Other Operating Income and Expenses

This item breaks down as follows:

	31-12-2019	31-12-2018
Other operating income and revenue	347	1 046
Other operating charges ans expenses	(400)	(671)
Other charges	(96)	(112)
	(149)	**264**

The decrease, reflected in the caption "other operating income and revenue" refers to the difference between the amounts recorded in the 2018 financial year, related to the valuation of investment properties in the amount of 703 thousand euros.

In 2019, the Group recorded a loss of 214 thousand euros (Note 11).

27. Staff Expenses

This item has breaks down as follows:

	2019	2018
Remuneration of management and supervisory board members	1,200	697
Remuneration of employees		
Remuneration of employees	2,398	1,626
Remuneration of employees	585	480
Lunch allowance	108	92
Other additional remunerations	281	477
	3,372	**2,675**
Compulsory social security charges:		
Charges relating to remuneration	1,064	835
Charges with pension funds	104	68
Other social security charges	74	42
	1,242	**945**
Other personnel costs	191	1,400
	6,005	**5,715**

In 2018 and following the acquisition by Bison Financial, the Bank restructured its organisational chart and conducted significant dismissals of employees related to legacy business, and hired new staff in accordance with the new business plan orientations, thus strongly increasing dismissal charges amounts whilst maintaining a net steady number of employees.

The Bank and its employees contribute to a defined contribution pension fund managed by Real Vida Pensões, granting its members individualised acquired rights.

The increase in 2019, referring to the remuneration headings of Management and employees, respects changes in functions resulting from the Bank's new business plan, and consequent salary adjustment.

28. Other Administrative Expenses

This item breaks down as follows:

	2019	2018
Informática	1 178	1 001
Retainers and fees	565	472
Information services	328	475
Rentals and leases	292	437
Travel, accommodation and representation	210	64
External advisers and external auditors	169	386
Other specialised services	157	120
Communications	88	52
Training	62	15
Maintenance and Repair	55	21
Water, energy and fuel	53	45
Advertising and publications	36	32
Cleaning	29	6
Consumables	24	29
Insurance	11	14
Legal, litigation and notary expenses	8	4
Transports	0	11
External evaluations		13
	3 264	**3 197**

The "lease and rental" item refers to expenses with short-term lease contracts and non-leasing components of lease contracts. The reduction reflected in relation to the previous year is due to the adoption of IFRS 16 (Note 2.3).

Details of the total fees invoiced by the Statutory Auditor of Bison Bank for the financial years ending 31 December 2019 and 2018 are as follows, according to the nature of the service provided:

	2019	2018
Statutory audits account	59	79
Other reliability assurance services	53	54
	112	**133**

Note: Values do not include VAT.

The item “Other reliability assurance services” includes fees related to the review of the Bank’s internal control system, review of procedures and measures related to safeguarding of customer assets, review of the internal control system in the specific scope of prevention of money laundering and terrorist financing and with certification under the special regime applicable to deferred tax assets.

In 2018, the item “External consultants and external auditors” includes extraordinary consultancy services contracted related to MiFID II, GDPR and other relevant regulations.

29. Profit / (Loss) from Discontinued Operations

The contribution by subsidiary to the profit/loss of the entities classified as discontinued units is as follows:

	31-12-2019	31-12-2018
Profile	-	(1,252)
Banif Multi Fund	-	(203)
Banif International Asset Management	-	4
Banif Capital	-	-
MCO2	-	-
Banif US Real Estate	-	-
	-	**(1,452)**

30. Off Balance Sheet Responsabilities

The breakdown for off-balance sheet responsibilities, with reference to 31 December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
Guarantees provided	2 994	3,278
Encumbred Assets	237	241
Commitments to third parties (of which)		
Irrevocable Commitments	56	56
Revocable Commitments	-	-
	3 287	**3 575**

The breakdown for contingencies and commitments to third parties, but not recognised in the Financial Statements, with reference to 31 December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
Millennium BCP Deposits	1 500	200
Bank of Portugal Deposits	200	200
Clearnet Margin Deposits	1 389	1 409
Portuguese Republic Securities	161	162
	3 250	**1 971**

31. Results Per Share

Basic earnings per share may be presented as follows:

	31-12-2019	31-12-2018
Net Profit / (Loss) for the year (expressed in euros)	(7 009 226)	(11 028 038)
Weighted average number of issued ordinary shares	35 239 674	31 139 674
Basic earnings per share (expressed in euro per share)	(0,20)	(0,35)

32. Risks of Financial and Non-Financial Instruments

32.1 Risk management policies and main risks

Risk is managed according to strategies and policies defined by the Board of Directors (BoD), and by the Board Member responsible for risk management (CRO). Daily management of risks is delegated to the director responsible for daily risk management.

The risk management structure at Bison Bank considers an active involvement of the entire Bank, in particular:

- Board of Directors (BoD);
- Executive Committee (EC), responsible for the implementation and maintenance of a risk management system based on the government, strategy and risk policies approved by the Board;
- Functional Committees, such as the Asset and Liability (ALCO) and Risk Management Committee, the Compliance Committee, and the Risk and Compliance Committee, a governance committee;
- The Risk Department (RID), Compliance Department (COD), Internal Audit Department (IAD) and the Supervisory Board (SB).

O CA é o órgão responsável por definir a política de gestão de risco. O CE, composto pelos membros executivos da administração, é responsável por conduzir as políticas de risco e pelas decisões executivas de medidas e ações de gestão de risco.

The BoD is the body responsible for defining the risk management policy. The EC, composed by the executive members of the management, is responsible for conducting risk policies and for the executive decisions of risk management measures and actions. The Risk and Compliance Committee, a governance committee, which is composed by non-executive directors and members of the SB, has the responsibility to advise and support the Board, in the exercise of its supervisory functions, in decision-making processes related to risk management, compliance and internal control.

In functional terms, Bison Bank's risk management and monitoring is centralized in the Risk Department (RID). This unit is independent of the risk origination departments, having all the necessary organic and functional autonomy, as well as access to all activities and necessary information it needs to carry out its duties. Its main function is the implementation of an integrated risk management system that is appropriate to the nature and risk profile of the Group.

RID takes an active role in terms of influencing the decision-making process, issuing analyzes, opinions, guidelines and recommendations on operations involving risk taking, ensuring regular reporting of information to the Board, governing bodies and other key members of the management team, aiming at understanding and monitoring the Group's main risks.

The risk management system is supported by a set of principles indicated below and is aligned with the strategy, business model, risk appetite and guidance of the supervisor, and meets the principle of proportionality:

- Direct involvement of the Board;
- Permanent promotion of a strong risk culture, which should be present in all processes, particularly those involving strategic and business decision-making;
- Permanent adjustments to good practices and regulatory requirements;
- Implementation of comprehensive risk management that incorporates all the Bank's current or potential risks.

Risk management is carried out through three lines of defense in the Bank's organizational structure:

1st Line of Defense: Business Departments (risk-takers);

2nd Line of Defense: Independent Control Functions (Risk and Compliance);

3rd Line of Defense: Internal Audit.

For more effective risk monitoring and decision making by the BoD, two functional committees (advisory bodies) were established:

- Asset and Liability (ALCO) and Risk Management Committee - held quarterly under the supervision of TED (Liability) and RID (Risk Management). In general terms, it is responsible for analyzing the different risk exposures (early warning signs) and their suitability in light of the risk structure, such as the RAS KRI, proposing the adoption of mitigation / corrective measures, monitoring and controlling all matters related to liquidity risk; and
- Compliance Committee - held quarterly under the supervision of COD. Its competences include analyzing and evaluating situations related to money laundering and terrorist financing, whenever their relevance or associated risk is significant, proposing corrective and preventive measures for situations within the scope of the compliance function.

In addition to the functional committees, Bison Bank's global risk structure and monitoring of the evolution of risks are also addressed to the Risk and Compliance Committee, a governance committee, which has the responsibility to advise and support the BoD in the exercise of its supervisory function.

Bison Bank has implemented an Internal Control System (ICS) that allows the Bank to properly manage the risks arising from its business, considering its risk profile, appetite, and risk tolerance.

The Bank has implemented processes for identifying internal and external risks that, in relation to each risk category, may affect its ability to achieve strategic objectives. In addition to the risks arising from its balance sheet exposure, as well as guarantees and commitments assumed (financial risks), the system allows the identification of non-financial risks.

The identification of non-financial risks is based on the risk self-assessment process (Risk Self-Assessment Process or Risk Control Self-Assessment - RCSA) through which the Bank's units/departments assess the risks to which they are exposed in the development of their activities. The main objective of the RCSA exercise is to assess the Bank's (inherent and residual) risks in the development of its business, as well as the quality of related controls.

The Bank opted for a conservative and holistic approach to risks, treating all risks to which it is exposed, as well as the risks contained in BoP Notice no.5/2008 as material/relevant to the Bank.

Bison Bank recognizes that financial activity is carried out in a complex context, with significant and interconnected risks. In this sense and using a certain number of definitions provided by the BoP, the main risks to which the Bank is exposed are identified and characterized.

The Bank ensures that its management is carried out with solid and strong risk control. To this end, the Bank establishes regular reviews (periodic reviews of its risk management policies and procedures, in order to reflect changes in regulations, markets, products and best practices) and monitors the procedures for its activities, as well as limits of prudent risk exposure, defining the Risk Appetite Statement (RAS).

Facing this background, the Bison Bank Board of Directors declares that the risk management system implemented, as well as the processes and measures designed to ensure that the defined risk limits are met, is adequate to ensure the correct development of the business strategy, taking into account the profile and size of the Group.

In addition, Bison Bank's BoD declares that the Group's risk management policies are based on a conservative approach, resulting in robust capital ratios and liquidity position. As a fundamental principle underlying the management and formulation of risk strategies is the understanding of the risks to which the institution is exposed, and the implementation of a comprehensive risk appetite structure for the Group.

In this sense, the Bank defined, in its RAS, the following principles as the most relevant to the risk strategy:

- Ensure adequate levels of solvency and liquidity: a) Maintaining the level of capital above regulatory requirements, in both normal and adverse scenarios; b) Ensuring a stable, solid and secure liquidity position capable of withstanding adverse events; and c) Maintaining a stable financing capacity and levels of liquidity intervals that allow the Balance Sheet structure to adapt to existing circumstances;
- Ensure the adoption of good practices for risk management: a) Operating in accordance with sound principles for risk management, with an effective risk governance model and policies that cover all risks to which it is exposed, ensuring compliance with laws and regulations; b) Developing a strong risk management culture focused on preserving the Bank's solvency and its financing capacity.

RID is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the Board. Compliance with the RAS KRI, as well as regulatory ratios and internal limits, is carried out on a monthly basis in the "Finance & Risk Report", prepared by RID and sent to the EC and BoD for monitoring.

The Bank has established a reporting structure that ensures exhaustive monitoring of the various risks by the relevant areas and management bodies. Such monitoring follows a specific timetable:

- Monthly report to the BoD ("Finance & Risk Report") that evaluates, reviews, and discusses the current risk situation, cases of limits/tolerances reached and updating of individual metrics;
- Quarterly/biweekly presentation to the Asset and Liability Committee (ALCO) and Risk Management and the Risk and Compliance Committee in order to review and discuss the performance of the overall risk, assess the status of metrics achieved, discussion of individual metrics and continuous verification of effectiveness and adequacy of RAS.

The risk management system in place, including risk reduction, hedging policies and strategies and processes for controlling their effectiveness, aim to ensure that the risks to which the Bank is exposed remain at the level defined by the Board and that do not significantly affect the Bank's financial situation, thus enabling the proper implementation of the strategy, the fulfillment of objectives and the taking of necessary measures.

In this sense, within the scope of the risk management system, the Bank acts to ensure, in a timely manner, the prevention of non-compliance or potential non-compliance situations and its detection, if they occur, so that immediate corrective risk mitigation measures' adoption is possible.

In this context, the Bank approved the RAS, through which it defined the global and specific objectives with regard to the risk profile and the degree of tolerance to risk, covering the risk categories to which it is exposed, as well as the governance process in case limits or tolerances are exceeded.

In summary, the RAS provides for permanent monitoring of the risks that affect the business, through all the indicators and respective limits established in the framework of the RAS. Regular monitoring of compliance with RAS metrics and tolerance limits allows the BoD to control and proactively manage current or potential risk appetite breaches.

Compliance with the KRI (Key Risk Indicators) established in the RAS is updated monthly and is included in the "Finance & Risk Report", prepared by RID and sent to the EC and the BoD for monitoring. In summary, RID, within the scope of its regular functions, is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the Board, as well as to the Risk Committees.

FINANCIAL RISKS

a) Credit risk

Credit risk is the likelihood of negative impacts on results or equity that arises from the inability of a counterparty to meet its financial commitments to the Bank, including possible restrictions on the transfer of payments from abroad. This risk manifests itself in the possibility of negative variation in the economic value of a given instrument as a result of the deterioration in the credit risk quality of the counterparty (e.g. external ratings). Credit risk is Bison Bank's main financial risk.

In the Group, the credit risk underlying the activity essentially results from its securities portfolio, which is essentially composed by bonds, liquidity exposure to financial institutions and, to a lesser extent, credit granted and guarantees provided to customers.

During the year, the Group had no credit activity (as of 31 December 2019, the net customer loan portfolio as a % of total assets was 0.28% against 0.26% as of 31 December 2018).

IMPAIRMENT

The credit risk ultimately materializes in the impairment losses realized by the Group. These are the best estimates of losses on the reference date and may or may not become actual losses.

The Bank recognizes impairment losses for financial assets measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have associated credit risk, other debtors as well as off balance sheet exposures.

IFRS 9 stipulates that the concept of impairment is determined based on expected losses, designating a set of classification and measurement criteria for expected losses arising from impairment of financial assets. Financial assets subject to impairment losses must be classified in different stages ("stages"), which depend on the change in credit risk from the date of initial recognition and not depending on the credit risk at the reporting date:

- Stage 1: financial assets must be classified in stage 1 whenever there is no significant increase in credit risk since the date of their initial recognition;
- Stage 2: includes financial assets in which there has been a significant increase in credit risk since the date of its initial recognition;
- Stage 3: assets classified at this stage on the balance sheet date show objective evidence of impairment, as a result of one or more events that have already occurred, resulting in a loss.

As mentioned above, the main difference between impairment measured for financial assets classified as stage 1 or 2 is the respective time horizon in the calculation of the PD. The expected losses for financial assets at stage 1 are calculated using a 12-month PD, while the expected losses at stage 2 use a permanent PD. The calculation of the expected loss for financial assets under stage 3 was leveraged in the existing procedures for the estimate of impairment developed by management.

For segments for which information is not available, but for which it is possible to determine the external rating for the debtor, the Group uses external information disclosed by the rating agency Moody's or market data, such as spreads from Credit Default Swaps or Yields of bonds (methodology adopted for debt instruments), for segments without information available, but in which it is possible to determine the borrower's external rating.

For the small number of segments for which there is no historical data and/or loss experience, the Group adopts a simplified measurement approach that may differ from that described above. More specifically, and in relation to the item "Other assets" (derived from the invoiced amounts), which in the case of Bison Bank are mainly fee income from the depositary bank service, a simplified measurement approach was chosen and a historical analysis was carried out. over the past 6 years to calculate the PD.

LOAN IMPAIRMENT

A loan is considered impaired if one or more events occur that imply that the recoverable amount is less than the book value. If there is objective evidence that an event caused an impairment loss, the amount of that loss should be calculated as the difference between the balance sheet value and the present value of estimated future cash flows (excluding losses caused by an event that has not occurred).

Given the size and nature of exposures to loans to customers (most with 100% impairment - Phase 3 - Individual analysis), the calculation of impairment losses is essentially carried out on an individual or case by case basis, taking into account the specificities of each operation and the best estimate of the recoverable amount (loans and guarantees) on the valuation date, taking into account the guidelines of Circular Letter no. 62/2018 of BoP and Law no. 16/2015, of 24 February.

The level of individual impairment stipulated for any one-off analysis of an operation is calculated with caution. This approach considers the contract, the customer's economic and financial situation and the collateral received as a guarantee.

The present value of cash flows incorporated in the estimate of future recoverability that results from the application of these factors is updated at the contracted rate.

The best estimate of recoverable values is based on reasonable assumptions and is supported by observable and documented data, on the measurement date of the recoverable value, relating to the customer's ability to make payments or the need to resort to execution or receive cash payment in the form of a guarantee. The present value of cash flows is updated based on the estimated future recoverability resulting from the application of these factors.

The balance sheet value to be considered covers all the amounts recorded in the balance sheet of the loan in question, namely the principal outstanding, the principal due, accrued interest and accrued interest. The estimated future cash flows included in the calculation refer to the contractual amounts of the loans, adjusted for any amounts that are not expected to be recovered and for the period of time during which such cash flows are expected to occur.

The Bank classifies past-due installments of principal and accrued interest as overdue loans that continue to be due after the due date. Despite the immateriality of the customer loan portfolio, the Bank regularly assesses the evolution of impairment in its loan portfolio.

Considering the current size and characteristics of the Loan Portfolio for Customers and off-balance sheet exposures, the determination of impairment losses is carried out primarily at individual or case-by-case level, taking into account the specificities of the operation and the best estimate of the recoverable value (credit and guarantees) at the date of analysis.

There is evidence of impairment when, as a result of observing objective indicators and/or the integrated analysis of subjective indicators, there is predictable that a customer will not fulfill its responsibilities to the bank.

The objective criteria for impairment are as follows: a) Overdue loans at the Bank for more than 90 days in the payment of principal or interest, regardless of the amount owed; b) Credit in litigation; c) Client in insolvency; d) Credit restructured due to deterioration of the borrower's capacity for less than 1 year, whose restructured operation or operations, when restructuring, presented one of the events indicated above. Credits that have the previous characteristics are called default credits.

The Bank does not consider a minimum materiality threshold, that is, since they are more than 90 days overdue, all operations are classified as default, subject to an individual analysis procedure. In addition, if a customer in default belongs to an economic group, all customers in that group will be classified with signs of impairment.

Subjective impairment indicators are a set of indicators that, when analyzed in an integrated manner or in subsets, may give rise to the existence of evidence of impairment. These indicators can be signs of impairment, or risk indicators.

FINANCIAL ASSETS (BONDS) AND OTHER ASSETS

The IFRS 9 concept of expected losses also covers debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other assets, financial guarantees, and loan commitments not measured at fair value.

In what concerns with debt instruments measured at fair value through other comprehensive income, the identification and the measure of significant increase of credit risk lays, among other criteria, on the analysis of the following variables: 1) rating evolution (or its loss) of the security compared with it rating in the acquisition date and the elapsed time; 2) Fluctuation in the market price against amortized cost; 3) delays on interest payments and/or capital above 30 days.

The changes at credit risk level of debt instruments has, as its reference date, the origination date (initial recognition vs report date). As such, the migrations between the 3 stages are triggered by changes related with the credit risk and not by the credit risk at the report date.

The monitoring of the issuers' ratings, as well as other relevant information for the impairment calculation, is performed regularly (monthly), having as key basis the information diffused by Bloomberg.

FINANCIAL ASSETS BY ACCOUNTING ITEM

For the purpose of analyzing Bison Bank's credit risk at a consolidated level, the securities portfolio, credit granted to customers (including off-balance sheet liabilities), Cash and Deposits in Credit Institutions were considered.

Financial assets, by balance sheet item, present the following exposure to credit risk as at 31 December 2019 and 2018:

(Amounts expressed in thousands euros)

	31-12-2019				31-12-2018			
	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]
Cash, cash balances at central banks and other demand deposits	27,246	0	0	27,246	35,465	0	0	35,465
Financial assets held for trading	161	0	0	161	162	0	0	162
Non-trading financial assets mandatory at fair value through profit or loss	0	0	0	0	0	0	0	0
financial assets at fairvalue through other comprehensive income[4]	32,703	14	0	32,689	35,069	30	0	35,039
Debt Instruments	32,703	14	0	32,689	35,069	30	0	35,039
Financial assets at amortised cost	1,345	1,101	248	-4	11,395	11,132	267	-4
Loans and Advances	1,345	1,101	248	-4	11,395	11,132	267	-4
Other Assets	2,730	239	0	2,490	4,007	1,312	0	2,696
Sub-Total	64,184	1,354	248	62,582	86,098	12,473	267	73,358
Guarantees provided and Commitments	2,994	2,102	0	892	3,278	2,216	0	1,062
Irrevocable Credit Lines	56	0	0	56	56	0	0	56
Sub-Total	3,050	2, 102	0	948	3,334	2,216	0	1,118
Total Credit Risk Exposure	**67, 234**	**3,456**	**248**	**63,530**	**89,432**	**14,689**	**267**	**74,477**

[1]**Gross Exposure:** refers to the gross balance sheet value.
[2]**Collateral:** Value of the collateral associated with an operation limited to its net value.
[3]**Effective Exposure:** Refers to the gross exposure less impaiment and the mitigation effect that is deemed as a reducer of the credit risk. It does not include sureties or other low value collateral.
[4] Excludes equity instruments.

As at 31 December 2019, the value of credit granted to customers, net of impairment, amounted to approximately 244 thousand euros. At this date, the coverage ratio for collateral was around 101.6% (real collateral - Mortgages).

Regarding off-balance sheet liabilities, in the total amount of 3,287 thousand euros (in December 2018: 3,570 thousand euros), 3,050 thousand euros refer to guarantees provided by the Bank and other irrevocable commitments (in December 2018: 3,300 thousand euros).

Off-balance sheet liabilities also include assets pledged in the amount of 237 thousand euros (in December 2018: 241 thousand euros).

It should be noted that, as of 31 December 2019, the net customer loan portfolio remains immaterial (0.28% of total net assets).

Details of Debt Instruments - Impairment:

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands euros)

		31-12-2019						31-12-2018		
Financial Assets measured at FVOCI	ISIN	Gross Book Value	Stage 1	Stage 2	Stage 3	POCI (*)	Impairment	Gross Book Value	Stage 1	Impairment
Debt Instruments		32,703	32,703				3	35,069	35,069	30
Portuguese PUBLIC dEBT		11,771	11,771				3	8,895	8,895	5
PORTUGUESE OT'S PGB3.85 04/15/21	PTOTEYOE0007	76	76				0	78	78	0
IGCP EPE/VAR OB 20210812	PTOTVHOE0007	847	847				0	862	862	0
IGCP EPE/VAR OB 20220412	PTOTVJOE0005	216	216				0	218	218	0
IGCP EPE/VAR OB 20211130	PTOTVIOE0006	1,898	1,898				1	1,920	1,920	1
PGB 1.95 06/15/29	PTOTEXOE0024	2,302	2,302				1			
IGCP EPE/VAR OB 20220802	PTOTVIOE0002	459	459				0	459	459	0
REP PORTUGUESA/VAR OB 20221205	PTOTVLOE0001	353	353				0	351	351	0
PORTUGAL, REPUB/VAR BD 20250723	PTOTVMOE0000	5,619	5,619				2	5,006	5,006	3
Foreign Public Debt		2,031	2,031				2	10,007	10,007	14
ITALIA/0.65 BTP 20231015	IT0005215246	2,031	2,031				2			
ITALIA/0.35 BTP 20200615	IT0005250946							4,996	4,996	10
SPGB 0.35 07/30/23	ES0000012B62							5,012	5,012	4
Other Debt Instruments		18,901	18,901				9	16,166	16,166	11
RENEPL 1 3/4 06/01/23	XS1423826798	3,198	3,198				1	3,128	3,128	2
BANK OF CHINA/FRANKFURT	XS1979297238	5,016	5,016				1			
CAIXABANK S.S./2.375 ASST BKD MT	XS1936805776	5,482	5,482				3			
BKIA/0.875 BO 20240325	ES0313307201	2,575	2,575				1			
VOLKSVAWGEN INTE/2.625EUR NT 2027	XS1910948162	561	561				0			
BRISA C ROD SA/2.375 OB 20270510	PTBSSLOM0002	557	557				0			
TRANSPORTES AER/4.375 BD 2023062	PTTAPBOM007	501	501				0			
MOTA ENGIL SGPS/4.375 OB 20241030	PTMENXOM006	505	505				0			
CAIXA GERAL DE DEP 1,25 19-2024	PTCGDMOM0027	507	507				1			
CABKSM 1.125 01/12/23	XS1679158094							4,952	4,952	4
SANTAN 1.375 12/14/22	XS1330948818							3,086	3,086	1
CSI FINANCIAL P/0.7 MTN 20191023	XS1899053273							5,000	5,000	4
Total		**32,703**	**32,703**				**14**	**35,069**	**35,069**	**30**

(*)Purchased or originated credit-impairment ('POCI') de ativos financeiros

During the year of 2019, there were no changes in the stage of credit loss risk in which financial assets at fair value through other comprehensive income were classified in 2018. This stem, among other aspects, from the conservative character of the debt portfolio, which investment strategy lays in high liquidity criteria of the assets (50% eligible as collateral for European Central Bank), securities mainly classified as HQLA, duration less than 5 years, etc. As at 31 December 2019, the public debt instruments represented 42% of total portfolio and 95% of this was composed by securities classified as HQLA.

In the ICAAP's exercise, the Bank develops an analysis approximated to IRB (Internal ratings-based) approach) recalculating the 12-month PD for the debt securities. In the baseline scenario, to estimate the PD, are used the issuers' cumulative default rates, at 1 year, obtained through the Moody's Investors Service's tables, available ate the report "Sovereign Default and Recovery Rates 1983-2018".

The sovereign cumulative default rates were used for sovereign debt securities, while the corporate default rates were used for corporate debt securities.

In the adverse scenario the methodology follows the one described above for the baseline scenario, however, considering a more conservative perspective and the degradation of macroeconomic scenario, it is assumed the decrease of one notch in the rating of all debt securities. As such, for several debt securities in the Bank's portfolio, the PD obtained increases.

AMORTIZED COST

	31-12-2019		31-12-2018	
Financial Assets measured at Amortized Cost	Gross Exposure	Impairment	Gross Exposure	Impairment
Stage 1	0	0	-	-
Stage 2	-	-	-	-
Stage 3	1,345	1,101	1,433	1,170
Total	**1,345**	**1,101**	**1,433**	**1,170**

With regard to credit quality, the table below shows the main ratios for Bison Bank, with reference to 31 December 2019 and 2018:

Credit Quality	31-12-2019	31-12-2018
Total Impairment / Loans to customers	81.9%	81.7%
Restructured credit / Loans to Customers	84.8%	81.5%
NPL > 90 days / Loans to customers	79.74%	99.99%

Concentration by sector of activity:

As of December 31, 2019:

(Amounts expressed in thousands euros)

	31-12-2019					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	3,197	4%	0	0%	3,197	4%
Construction	0	0%	0	0%	0	0%
Industry	2,123	3%	0	0%	2,123	3%
Public Sector	13,958	19%	0	0%	13,958	19%
Other Sectors	14,362	19%	248	100%	14,114	20%
Financial institutions and insurance companies	40,848	55%	0	0%	40,848	55%
Private clients	0	0%	0	0%	-	0%
Total	**74,487**	**100%**	**248**	**100%**	**74,240**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

The item “Other sectors” is mostly (98%) composed by securities portfolios.

As of December 31, 2018:

(Amounts expressed in thousands euros)

	31-12-2018					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	3,128	4%		0%	3,128	4%
Construction		0%		0%		0%
Industry	3,339	4%		0%	3,339	4%
Public Sector	19,065	21%		0%	19,065	21%
Other Sectors	15,218	17%	267	100%	14,951	18%
Financial institutions and insurance companies	48,633	54%		0%	48,633	55%
Private clients		0%		0%		0%
Total	**89,383**	**100%**	**267**	**100%**	**89,116**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

Concentration by geographic region:

As of December 31, 2019:

(Amounts expressed in thousands euros)

	31-12-2019					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	58,233	78%	248	100%	57,986	78%
European Union	11,227	15%	0	0%	11,227	15%
North America	0	0%	0	0%	0	0%
Rest of the Worl	5,027	7%	0	0%	5,027	7%
Total	**74,487**	**100%**	**248**	**100%**	**74,240**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

As of December 31, 2018:

(Amounts expressed in thousands euros)

	31-12-2018					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	65,581	73%	267	100%	65,314	73%
European Union	18,498	21%		0%	18,498	21%
North America	290	0%		0%	290	0%
Rest of the Worl	5,013	6%		0%	5,013	6%
Total	**89,383**	**100%**	**267**	**100%**	**89,116**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

The following tables show the breakdown of all financial assets by credit quality, whose ratings are based on the mapping of the external ratings assigned by the main international agencies Moody’s, Fitch, and S&P. The rating assignment metric followed the Basel standard methodology, choosing the worst of the two best ratings in the event of different ratings for the same asset. Credit positions or securities that do not have an external rating assigned by any of the three main international agencies are classified as “Not Rated”.

Among the exposures without external rating, in the total amount of 21,000 thousand euros, the main slice concerns the portfolio “Other financial assets at fair value”, which as at 31 December 2019 amounted to approximately 14,100 thousand euros, corresponding to the investment in fund units.

Breakdown of financial assets by credit quality, by balance sheet item, as of 31 December 2019:

(Amounts expressed in thousands euros)

31-12-2019	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	15,087	0	6,561	5,598	27,246
Financial assets held for trading	0	161	0	0	161
Other financial assets at fair value through profit or loss	0	0	0	14,118	14,118
Financial assets available for sale	5,014	26,163	506	1,036	32,719
Loans and advances to clients	0	0	0	244	244
	0	0	0	0	0
Derivatives	0	0	0	0	0
Total	**20,102**	**26,324**	**7,067**	**20,995**	**74,487**
In %	**27.0%**	**35.3%**	**9.5%**	**28.2%**	**100%**

Note: Net balance sheet exposure. It does not include the item "Other Assets".

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

31-12-2018	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	13,025	0	19,126	3,314	35,465
Financial assets held for trading	0	162	0	0	162
Other financial assets at fair value through profit or loss	0	0	0	14,955	14,955
Financial assets available for sale	3,086	26,983	0	8,468	38,537
Loans and advances to clients	0	0	0	263	263
	0	0	0	0	0
Derivatives	0	0	0	0	0
Total	**16,111**	**27,145**	**19,126**	**27,000**	**89,383**
In %	**18.0%**	**30.4%**	**21.4%**	**30.2%**	**100%**

Note: Net balance sheet exposure. It does not include the item "Other Assets".

Classification	
High Grade	[AAA to A-]
Standard Grade	[BBB+ to BBB-]
Sub-Standard Grade	< = BB+
Not Rated	NR

Key Controls / Reports:

- RID supervises risks through the monthly report "Finance and risk Report", report from the bank portfolio ("Equity Portfolio" report), which are sent by email and which details the variations of the Bank's holdings in real estate funds and a series of other controls described below;
- Given the immateriality of the customer loan portfolio, specific reports are not produced for this exposure category. Even so, a global analysis of the evolution of this credit portfolio and other credit risk exposures is carried out periodically in the report of the risk department;
- The credit risk inherent in the exposure of securities in the banking portfolio is controlled through the preparation of specific reports that include an analysis of the portfolio in accordance with the approved limits, including the various dimensions, namely credit quality (based on external ratings attributed by the main international agencies) but also exposure limits to individual counterparties, sectors and countries. The report includes, among others, an aggregated analysis of the exposure to credit risk, concentration of credit risk, changes in the risk profile, exposures against the risk limits of the portfolio. This analysis is sent by email to the area that manages the portfolio and is included in the "Finance and Risk Report";
- RID is responsible for monitoring credit risk and calculating impairments;
- Monitoring of credit risk, including real estate and concentration, is addressed in the ICAAP exercise. The results for the year and the semiannual update are included in the monthly Risk report ("Finance and Risk Report");
- Compliance with the RAS objectives relating to credit risk including real estate and concentration is also monitored by RID on a monthly basis and included in the "Finance and Risk Report";
- RID calculates, on an annual basis, the individual and sectoral concentration indices, in accordance with BoP Instruction no. 5/2011 (Herfindahl-Hirschman Index).

b) Market Risk

Market risk is defined as the likelihood of negative impacts on results or equity, due to unfavorable movements in the market price of instruments in the trading portfolio caused, namely, by fluctuations in interest rates, exchange rates, listed share prices or commodity prices. Market risk primarily arises from taking short-term positions in debt and equity securities, currencies, commodities, and derivatives.

Considering the business areas in which it operates, the main market risks to which the Group is subject are those resulting from changes in interest rates, exchange rates and market prices underlying the securities.

At Bison Bank, market risk arises essentially from exposures to securities held in the trading portfolio ("Financial assets held for trading").

During 2019, the Bank did not have an active trading portfolio (portfolio consisting essentially of a public debt security amounting to 161 thousand euros), so it was not necessary to monitor risk via daily VaR calculation, similarly previous years for this portfolio. In order to support the activity of placing debt securities on the primary market, namely debt of Chinese issuers, and to deal with any firm underwriting that may occur, in 2019 the Bank created a specific portfolio for this purpose, however until 31 December 2019 the portfolio was not used.

(Amounts expressed in thousands euros)

	Portoflio Value		
	Total €th	Long Post. €th	Short Pos.€th
31-12-2018	162	162	-
31-12-2019	161	161	-

Although the trading portfolio is of minor importance, the Group has a policy of reducing market risk, based on various measures to mitigate this risk in order to reduce the potential for negative impact of it from the perspective of residual risk, in particular the definition of aggregate exposure limits and detention period.

The Bank's securities portfolio held for liquidity management purposes (bank debt securities portfolio) is exposed to interest rate risk and spread risk (credit), i.e., potential decrease in market value due to perceived changes in credit quality of the issuers of the securities held in the portfolio. The portfolio position is managed independently by the Treasury Department (TED), the limits have been defined and monitoring is carried out on a regular basis by RID.

The Bank uses the Value-at-Risk (VaR) methodology as the main indicator of market risk, estimating potential losses under adverse market conditions. The system chosen for this purpose, Bloomberg, allows analyzing the risk of the portfolios disaggregated by several explanatory factors, and measuring the correlation between the assets, both at the top level and at the different levels of risk disaggregation. RID is responsible for monitoring the limits defined by the BoD in relation to the VaR of the portfolios, as well as the respective calculation, using the historical model.

For the calculation of this risk metric, the Bank uses the specialized software from Bloomberg, having calculated the VaR according to the historical model, for a horizon of 10 days and 1 day, with a confidence interval of 99%, based on a period of 2-year observation, in line with international best practices.

KEY CONTROLS / REPORTING:

- RID supervises these risks through the monthly report "Finance and Risk Report", and through several other controls described below;
- The VaR of the Bank's Treasury portfolio is calculated on a biweekly basis and a copy is sent to the email of all BoD members. The email body includes an alert regarding compliance with approved limits;
- RID regularly produces (monthly) exposure control tables - stock portfolio/fixed income - which offers an analysis by type of security, business sector, geography, and capital consumption by type of security;
- For the Treasury portfolio, there is regular (monthly) reporting, ensuring compliance with the limits defined for this portfolio;
- The ICAAP's results for market risk are included in the monthly Risk report ("Finance and Risk Report");
- Monitoring of compliance with the market risk limits according to the objectives of the RAS is carried out monthly by RID and included in the "Finance and Risk Report".

c) Foreign Exchange Risk

Foreign Exchange Risk (FX) represents the fluctuations in value that assets expressed in foreign currency may experience as a result of changes in exchange rates.

Limits are set to restrict overnight open positions, i.e., the net face value of assets and liabilities in each foreign currency.

The exposure maximums per currency are defined and, as such, the global exposure limit is also defined. TED is responsible for designing and implementing financial policies and for managing structural risks in the balance sheet, such as foreign exchange risk.

The following table shows the foreign exchange position, by currency, as of 31 December 2019:

(Amounts expressed in thousands euros)

Currency	Long Position	Short Position
USD	2,653	0
GBP	101	0
CHF	30	0
BRL	0	0
SEK	4	0
NOK	2	0
AUD	0	0
JPY	0	0
HKD	0	0
Others	0	0
CAD	0	0
PLN	0	6
Total	**2,791**	**6**

Note: Net Position.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

Currency	Long Position	Short Position
USD	258	0
GBP	0	5
CHF	31	0
BRL	0	0
SEK	4	0
NOK	2	0
AUD	0	0
JPY	0	0
HKD	0	0
Others	0	0
CAD	0	2
PLN	0	6
Total	**296**	**13**

Note: Net Position.

On December 31, 2019, the largest exposure corresponded to the USD currency with long positions of around 2.6 million euros (95% of the total), with the remaining currencies insignificant. Compared to 31 December 2018, Bison Bank's foreign exchange position rose 806%, essentially due to the increase in exposure to USD.

The Group did not carry out a sensitivity analysis of foreign exchange risk, considering that the EUR and USD currencies show similar behavior.

KEY CONTROLS / REPORTING:

- The Bank systematically monitors its global exposure to foreign exchange risk. There is a daily routine that calculates the currency position in the main currencies, which is sent by email to RID and TED. This includes spot positions arising mainly from transactions in the trading portfolio, as well as changes in the Bank's results (potential or real) resulting from conversions of each balance sheet account, using the ECB's exchange rate;
- TED monitors the position in foreign currency (spot and future) and all foreign currency transactions. Daily control is carried out by TED, based on information provided by the Bank's core system about the spot position. When necessary, the exchange rate risk is covered on a regular basis, which may approach the limits defined by the Board, using appropriate instruments (for example: spots, forwards, swaps).
- Monthly, RID monitors compliance with FX limits and sends this information to TED;
- The foreign exchange position is treated under ICAAP's exercise. The results for the year and the semiannual update are included in the monthly Risk report ("Finance and Risk Report").

d) Interest Rate Risk

Interest Rate Risk is defined as the probability of financial losses, in the result or capital, resulting from adverse movements in interest rates, considering the structure of the Bank's Balance Sheet. This type of risk is assessed in a systematic and long-term manner. The assessment deals with bank portfolio exposures according to the refixation periods, in line with the best market practices and following the recommendations of Basel and BoP (Instruction no. 34/2018 - IRRBB, in effect during 2019).

The interest rate risk of the banking portfolio is measured using various measurement techniques that make it possible to analyze the Bank's positioning and the risk situation and analyzing the cumulative impacts of the interest rate of sensitive instruments on the net result and on the financial margin, including:

- Static gap: shows the contractual distribution of maturity terms and interest rate revaluation differences for Balance Sheet items and/or applicable off-balance sheet, aggregated on a specific date, for global and monetary values (EUR and USD). The gap analysis is based on the comparison of the values of assets and liabilities that are revalued or mature in the same period
- Balance sheet economic value: it is calculated as the sum of the net fair value of interest-rate sensitive assets and liabilities in the balance sheet, the fair value of off-balance sheet items, and the net book values of interest-sensitive assets and liabilities;
- Economic Value Sensitivity: the economic value of balance sheet and off-balance sheet items is calculated from a parallel shock on the interest rate curve. The metric related to the interest rate risk subject to a limit mentioned in the RAS is based on the calculation of the impact on net worth, measured as a percentage of own funds, of the 200 basis point variation of the yield curves in EUR and USD, considering the bands according to Instruction 34/2018.

TED is responsible for implementing financial policies and for managing structural risks in the balance sheet, such as interest rate risk. The coverage of interest rate risk is ensured through the contracting of interest rate derivative financial instruments, which allow the maturity and maturity of average rates of these assets to be matched with those resulting from liabilities.

The breakdown of financial assets and liabilities by interest rate fixation terms as of 31 December 2019 is as follows:

(Amounts expressed in thousands euros)

	Residual Maturities									
31-12-2019										
	Non Sensive	**Up to 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**5-10 Years**	**> 10 Years**	**Total Sensitive**	**Total**
Assets										
Money market / liquidity	17,899	5,977	1,869	1,500	0	0	0	0	9,347	27,246
Reverse repos	237	7	0	0	0	0	0	0	7	244
Loans	0	6,923	2,467	0	5,252	14,789	3,419	0	32,850	32,850
Leased Assets	14,148	0	0	0	0	0	0	0	0	14,148
Shares & Funds	1,874	0	0	0	0	0	0	0	0	1,874
Other Assets	11,809	0	0	0	0	0	0	0	0	11,809
Total Assets	**45,967**	**12,908**	**4,336**	**1,500**	**5,252**	**14,789**	**3,419**	**0**	**42,204**	**88,170**
Liabilities										
Money market / Loro Accounts	2,530	0	0	0	0	0	0	0	0	2,530
Term Deposits	27	6,171	5,291	1,029	50	0	0	0	12,541	12,568
On-demand Deposits	15,272	0	0	0	0	0	0	0	0	15,272
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease liabilities	1,738	0	0	0	0	0	0	0	0	1,738
Other liabilities	6,440	0	0	0	0	0	0	0	0	6,440
Equity	49,622	0	0	0	0	0	0	0	0	49,622
Total Liabilities + Equity	**75,629**	**6,171**	**5,291**	**1,029**	**50**	**0**	**0**	**0**	**12,541**	**88,170**
GAP	**(29,663)**	**6,736**	**(955)**	**471**	**5,202**	**14,789**	**3,419**	**0**	**29,663**	**0**
Comulative GAP		**6,736**	**5,781**	**6,253**	**11,454**	**26,243**	**29,663**	**29,663**		

Note: Net Impairment values.

As at 31 December 2019, 52% of Bison Bank's assets and 86% of Bison Bank's liabilities and equity were not sensitive to interest rate risk, being unaffected by interest rate fluctuations, by fixing steps.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

	Residual Maturities									
31-12-2018										
	Non Sensive	**Up to 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**5-10 Years**	**> 10 Years**	**Total Sensitive**	**Total**
Assets										
Money market / liquidity	32,208	1,223	-	2,034	-	-	-	-	3,257	35,465
Reverse repos	213	-	-	-	50	-	-	-	50	263
Loans	-	6,327	2,489	5,000	5,074	16,340	-	-	35,230	35,230
Shares & Funds	18,423	-	-	-	-	-	-	-	-	18,423
Other Assets	11,045	-	-	-	-	-	-	-	-	11,045
Total Assets	**61,889**	**7,550**	**2,489**	**7,034**	**5,124**	**16,340**	**-**	**-**	**38,537**	**100,426**
Liabilities										
Money market / Loro Accounts	135	-	-	-	-	-	-	-	-	135
Term Deposits	33	10,978	4,690	2,795	378	-	-	-	18,841	18,874
On-demand Deposits	18,037	-	-	-	-	-	-	-	-	18,037
Subordinated Debt	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,808	-	-	-	-	-	-	-	-	6,808
Equity	56,573	-	-	-	-	-	-	-	-	56,573
Total Liabilities + Equity	**81,586**	**10,978**	**4,690**	**2,795**	**378**	**-**	**-**	**-**	**18,841**	**100,426**
GAP	**(19,697)**	**(3,428)**	**(2,201)**	**4,239**	**4,746**	**16,340**	**-**	**-**	**19,679**	**-**
Comulative GAP	**--**	**(3,428)**	**(5,629)**	**(1,390)**	**3,356**	**19,697**	**19,697**	**19,697**	**--**	**--**

Note: Net Impairment values.

The table below presents a sensitivity analysis of the interest rate risk of the banking portfolio, based on the reporting maps to the supervisory entity. This analysis is based on the scenario of a standard shock of 200 basis points in the interest rate, and the respective impact on the Bank's net position and annual financial margin, in individual terms.

(Amounts expressed in thousands euros)

31-12-2019					
Remaining term	**Assets**	**Liabilities**	**Off-Balance Sheet**		**Position**
	(+)	(-)	(+)	(-)	(+/-)
Overnight	5,977	0	0	0	5,977
> 1 day and < = 1 months	5,617	50	0	0	5,567
> 1 and < = 3 months	1,313	6,121	0	0	-4,808
> 3 and < = 6 months	4,336	5,291	0	0	-955
> 6 and < = 9 months	1,500	0	0	0	1,500
> 9 and < = 12 months	0	1,029	0	0	-1,029
> 12 months and < = 1.5 years	76	50	0	0	26
> 1.5 and < = 2 years	0	0	0	0	0
> 2 and < = 3 years	5,014	0	0	0	5,014
> 3 and < = 4 years	5,727	0	0	0	5,727
> 4 and < = 5 years	9,062	0	0	0	9,062
> 5 and < = 6 years	0	0	0	0	0
> 6 and < = 7 years	0	0	0	0	0
> 7 and < = 8 years	1,118	0	0	0	1,118
> 8 and < = 9 years	0	0	0	0	2,302
> 9 and < = 10 years	2,302	0	0	0	0
> 10 and < = 15 years	0	0	0	0	0
> 15 and < = 20 years	0	0	0	0	0
> 20 years	0	0	0	0	
	42,041	**12,541**	**0**	**0**	
	Net Work		**Weighted exposure**		**-1,910**

(Amounts expressed in thousands euros)

Remaining Term	**Assets**	**Liabilities**	**Off-Balance Sheet**		**Position**	**Interest Margin**
	(+)	(-)	(+)	(-)	(+/-)	Weighted exposure
Overnight	5,977	0	0	0	5,977	**118**
> 1 day and < = 1 month	5,617	50	0	0	5,567	**105**
> 1 and < = 2 month	1,313	1,621	0	0	-308	-5
> 2 and < = 3 month	0	4,500	0	0	-4,500	-70
> 3 and < = 4 month	2016	2,890	0	0	-2,674	-38
> 4 and < = 5 month	3,767	2,271	0	0	1,496	**17**
> 5 and < = 6 month	353	130	0	0	222	3
> 6 and < = 7 month	0	0	0	0	0	**0**
> 7 and < = 8 month	0	0	0	0	0	0
> 8 and < = 9 month	1,500	0	0	0	1,500	**9**
> 9 and < = 10 month	0	0	0	0	0	**0**
> 10 and < = 11 month	0	0	0	0	0	0
> 11 and < = 12 month	0	1,029	0	0	-1,029	**-2**
	18,744	**12,491**	**0**	**0**		**138**

Sensitivity analysis of the impact of a 200 basis point change in the interest rate curve for relevant currencies, as of 31 December 2019 and 2018:

(Amounts expressed in thousands euros)

		Dec-19	**Dec-18**
EUR	Impact on Net Worth	-1,909	-1,551
	Own Funds	49,100	56,260
	Impact on Own Funds, in %	-4%	-3%
	Impact on Net Interest Income, at 12 months	19	-81
	Net Interest Income	255	-167
	Impact on Net Interest Income annual, in %	8%	48%
USD	Impact in Net Worth	-1	0
	Own Funds	53,828	56,260
	Impact on Own Funds, in %	0%	0%
	Impact on Net Interest Income, at 12 months	131	24
	Net Interest Income	280	-167
	Impact on NET Interest Income annual, in %	47%	-14%
TOTAL	Impact on Net Worth	-1,910	-1,549
	Own Funds	49,100	56,260
	Impact on Own Funds, in %	-4%	-3%
	Impact on Net Interest Income, at 12 months	138	-58
	Net Interest Income	255	-167
	Impact on NET Interest Income annual, in %	54%	35%

The results of the sensitivity analysis indicate that an increase in market rates will have a positive impact on the Financial Margin and a negative impact on the Net Position.

Interest Rate Risk is continuously monitored and controlled, and some mitigation measures are in place to reduce the potential negative impact, including contracting interest rate futures and setting limits on the RAS

KEY CONTROLS / REPORTING:

- RID supervises these risks through the monthly report "Finance and Risk Report", and through several other controls described below;
- RID produces exposure control charts on a regular basis, which include the calculation of assets and liabilities by maturity dates, in global terms. In addition, a separate analysis is carried out on the banking and trading portfolios, by the major currencies, highlighting potential mismatches in the periods for fixing the rates of assets and liabilities. This analysis is sent by email monthly and included in the "Finance and Risk Report";
- The sensitivity analysis of the economic value of the bank portfolio, based on a standard shock of 200 basis points in the interest rate, is carried out monthly and is sent by email and included in the "Finance and Risk Report". This incorporates the assumptions of BoP Instruction no. 34/2018;
- Interest rate risk is also dealt with in the scope of the ICAAP exercise. The income for the year and the semiannual update is included in the monthly risk report ("Finance and Risk Report");
- Compliance with the objectives defined in the RAS for interest rate risk, as well as compliance with regulatory ratios are monitored by RID on a monthly basis (Finance and Risk Report).

e) Liquidity Risk

Liquidity risk is defined as the likelihood of negative impacts arising from the Institution's inability to immediately have liquid funds to meet its financial obligations in a timely manner and if these are insured under reasonable conditions. In the Group, liquidity levels are adapted according to the amounts and terms of the commitments assumed and the resources obtained, through the identification of gaps.

The Bank defined as one of the general principles of the RAS that it intends to continue to ensure a solid, sound and secure liquidity position, capable of withstanding adverse events and maintaining a stable financing capacity and adequate levels of liquidity reserve that allow to have a structure of balance adaptable to existing circumstances.

Liquidity management is under the responsibility of TED, which should ensure a stable and robust liquidity position by controlling any liquidity deficits and holding liquid assets, ensuring compliance with the specific indicators, limits and tolerances approved by the Board and monitoring/anticipate possible changes that may affect the basic assumptions of the approved Liquidity Management Policy.

RID acts as a joint body and supervisor of liquidity risk, contributing to the definition of the strategy and implementation of policies and procedures for the management of liquidity risk, within a framework of compliance with applicable legal and regulatory rules, while ensuring consistency between the Liquidity Management Policy and the Bank's risk management exercises, such as the FCP (Financing and Capital Plan), ICAAP (Internal Capital Adequacy Self-Assessment Process) and ILAAP (Internal Liquidity Adequacy Self-Assessment Process), as well as monitoring and evaluating the effectiveness of associated controls.

Within the scope of liquidity management and its control, several mitigation measures are defined to reduce the potential impact of liquidity risk, including the definition of tolerances and limits according to the RAS, liquidity contingency measures, recovery plan and others regulatory requirements. To this end, the Bank establishes several internal metrics that are defined in the Liquidity Management Policy, such as:

- Minimum liquidity reserves that establish a minimum ratio based on the volume of deposits calculated based on the monthly average;
- Compliance with the limits established for the LCR (regulatory and internal) - whose objective involves promoting short-term liquidity, ensuring the holding of high-quality, unencumbered liquid assets to withstand a 30-day stress period;
- Compliance with the limits established for the NSFR (regulatory and internal) - which promotes the sustainability of the Institution's financial structure in a longer time horizon, considering a medium to long term liquidity coverage.

In addition to the metrics already mentioned, other metrics that result from assumptions and internal requirements are considered within the scope of the Liquidity Management Policy, in line with the appetite limits established in the RAS, namely with regard to primary liquidity and structural liquidity.

At the end of 2019, liquidity was mostly invested in an investment portfolio of HQLA (High Quality Liquid Assets) in UCIs through the money market, which calculates for the calculation of LCR (Liquidity Coverage Ratio).

The Bank maintained a robust liquidity structure throughout the year, ending the year with liquidity ratios, the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio), substantially above the regulatory minimums.

	31-12-2019	31-12-2018
LCR	**527.0%**	**385.8%**
Liquidity buffer	17,090	20,259
Net liquidity outflow	3,243	5,251
NSFR	**144.4%**	**115,21%**

The breakdown of financial assets and liabilities by residual maturity at 31 December 2019 is as follows:

(Amounts expressed in thousands euros)

31-12-2019	Residual Maturities								
	Non Sensive	Up to 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	> 10 Years	Total Interest Rate	Total
Assets										
Money market / liquidity	17,899	5,977	1,869	1,500	0	0	0	0	9,347	27,246
Loans	237	7	0	0	0	0	0	0	7	244
Debt Securities	0	0	0	0	9,024	14,789	9,037	0	32,850	32,850
Shares and Investment Funds	14,148	0	0	0	0	0	0	0	0	14,148
Leased Assets	0	0	0	0	0	1,874	0	0	1,874	1,874
Other Assets	11,809	0	0	0	0	0	0	0	0	11,809
Total Assets	**44,093**	**5,985**	**1,869**	**1,500**	**9,024**	**16,662**	**9,037**	**0**	**42,204**	**88,170**
Liabilities										
Money market / Loro Accounts	2,530	0	0	0	0	0	0	0	0	2,530
Term Deposits	27	6,171	5,291	1,029	50	0	0	0	12,541	12,568
On-demand Deposits	15,272	0	0	0	0	0	0	0	0	15,272
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	1,738	0	0	1,738	1,738
Other liabilities	6,440	0	0	0	0	0	0	0	0	6,440
Equity	49,622	0	0	0	0	0	0	0	0	49,622
Total Liabilities + Equity	**73,891**	**6,171**	**5,291**	**1,029**	**50**	**1,738**	**0**	**0**	**12,541**	**88,170**
GAP	**-29,798**	**-187**	**-3,422**	**471**	**8,974**	**14,925**	**9,037**	**0**	**29,798**	**0**
Comulative GAP		**-187**	**-3,609**	**-3,137**	**5,837**	**20,762**	**29,798**	**29,798**		

Note: Net Impairment values.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

31-12-2018	Residual Maturities								
	Non Sensive	Up to 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	> 10 Years	Total Interest Rate	Total
Assets										
Money market / liquidity	32,208	1,223	-	2,034	-	-	-	-	3,257	35,465
Loans	213	-	-	-	50	-	-	-	50	263
Debt Securities	-	-	-	5,000	7,857	17,369	5,006	-	35,231	35,231
Shares and Investment Funds	18,423	-	-	-	-	-	-	-	-	18,423
Other Assets	11,045	-	-	-	-	-	-	-	-	11,045
Total Assets	**61,890**	**1,223**	**-**	**7,034**	**7,907**	**17,369**	**5,006**	**-**	**38,538**	**100,428**
Liabilities										
Money market / Loro Accounts	135	-	-	-	-	-	-	-	-	135
Term Deposits	33	10,978	4,690	2,795	378	-	-	-	18,841	18,874
On-demand Deposits	18,037	-	-	-	-	-	-	-	-	18,037
Subordinated Debt	-	-	-	-	-	-	-	-	-	-
Other Liabilities	6,808	-	-	-	-	-	-	-	-	6,808
Equity	56,573	-	-	-	-	-	-	-	-	56,573
Total Liabilities + Equity	**81,587**	**10,978**	**4,690**	**2,795**	**378**	**-**	**-**	**-**	**18,841**	**100,428**
GAP	**(19,697)**	**(9,755)**	**(4,690)**	**4,239**	**7,529**	**17,369**	**5,006**	**-**	**19,679**	**-**
Comulative GAP	**---**	**(9,755)**	**(14,446)**	**(10,206)**	**(2,678)**	**14,691**	**19,697**	**19,697**	**---**	**---**

Note: Net Impairment values.

The most significant difference in liquidity is recorded in the “interval of 3 to 6 months” and is managed through an intervention on the liability side. According to the remaining amount of Time Deposits, the Group acts preventively through its Client Management area, promoting the renewal of time deposits with its customers.

KEY CONTROLS / REPORTING:

- TED supervises the intraday liquidity position and prepares daily liquidity projection maps that cover a range of possibilities for liquidity evolution scenarios and through an analysis of the maturities of assets and liabilities. These cover different development scenarios, including the demobilization of Term Deposits and the exit of Demand Deposits. The stress tests of the treasury position are carried out on a daily basis focusing on 3 different scenarios (Base, Conservative and Stress) to forecast the evolution of the Bank's liquidity situation up to 3 months;
- TED monitors the balance of the Bank's account with the BoP in real time, accessing the system directly. The Operations Department (OPD) controls the balances of other accounts (namely Clearstream and with UCIs) and reports them daily to TED;
- TED also monitors the deposit concentration ratios (demand and time), as well as the total balance of accounts belonging to customers most exposed to Bison Bank. Deposit concentration limits are also monitored by RID on a monthly basis;
- Liquidity risk is also dealt within the ILAAP exercise on an annual basis;
- RID calculates regulatory liquidity ratios and periodically submits prudential reports (LCR, NSFR and ALMM) to the regulator;
- Compliance with RAS objectives and regulatory liquidity risk ratios are monitored by RID on a monthly basis.

ASSET ENCUMBRANCE

(Amounts expressed in thousands euros)

31-12-2019				
Assets	Carryig amount of encumbered assets	Fair value of encumbered assets	Carrying amout of unencumbered assets	Fair value of encumbered assets
Assets of the reporting institution	437	-	86,762	-
Deposits and Applications with Credit Institutions	200	-	27,289	-
Equity instruments	-	-	14,148	14,148
Debt securities	237	237	32,613	32,613
Other assets	-	-	12,712	-

(Amounts expressed in thousands euros)

31-12-2019		
Collateral received	Fair value of unencumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered asstes, encumbered collateral received and matching liabilities	Matching liabilities, contingent liabilities and securities lent	Asseets, collateral received and own debt securities issued than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	-	1,627

(Amounts expressed in thousands euros)

31-12-2018				
Assets	Carryig amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	441	-	98,715	-
Equity instruments	-	-	18,423	18,423
Debt securities	241	241	34,990	34,990
Other assets	-	-	9,780	-

(Amounts expressed in thousands euros)

31-12-2018		
Collateral received	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered asstes, encumbered collateral received and matching liabilities	Matching liabilities, contingent liabilities and securities lent	Asseets, collateral received and own debt securities issued than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	-	1,650

The Group's encumbered assets relate to regulatory/prudential requirements, namely intra-daily credit, the investor compensation system, and the deposit guarantee fund. Total encumbered assets represent only 0.5% of the Group's total assets.

NON-FINANCIAL RISKS

Non-financial risks are essentially associated with various failures, namely of operational nature (operational risk), inadequacy of information and technology systems (information technology risk), conduct errors, non-compliance with regulations (compliance risk), inadequate definition or implementation of strategic decisions (strategy risk), negative perception of public image (reputational risk), which may arise in the development of its activity.

The measurement of non-financial risks is essentially based on the exercise of risk self-assessment (Risk and Control Self-Assessment Process or by Risk Control Self-Assessment - RCSA) through which the units/departments of the Bank assess the risks to which are exposed in the development of their activities.

Aware of its importance, the Bank defined in its RAS, a set of KPI's whose evolution is regularly monitored and disclosed to the Board, namely in the monthly report "Finance & Risk Report".

32.2 Capital risk

Capital risk is the risk of lacking sufficient capital, either quantitatively or qualitatively, for the Group to meet its business objectives and regulatory requirements. Bison Bank has defined it as one of its general principles of RAS that aims to maintain a level of capital above regulatory requirements. Taking this into account, objectives were established, maintained on a permanent basis, for the total capital ratio (Pillar I) and for the total economic capital ratio (Pillar 2), for the Base and Adverse scenarios.

Capital risk control is part of the Group's risk monitoring structure, which involves a series of exercises, such as the annual budgeting exercise, the financing and capital plan, capital adequacy, monitoring and reporting and data disclosure of capital.

OWN FUNDS AND CAPITAL RATIOS

Prudential Ratios as at 31 December 2019

(Amounts expressed in thousands euros)

	31-12-2019	31-12-2018
As per the rules CRD IV / CRR fully implemented		
Common Equity Tier 1 capital	49,100	56,260
Total Own Funds	49,100	56,260
Risk Weighted Assets (RWAs)	57,980	59,649
Common Equity Tier 1 Ratio	**84.7%**	**94.3%**
Total Ratio	**84.7%**	**94.3%**
Leverage Ratio	**54.6%**	**54.6%**

Nota: The leverage ratio is calculated between Tier 1 capital and the total value of the balance sheet assets and off-balance sheet items, not being subject to wighting coefficients as occurs in the calculation of risk-weighted assets.
Source: COREP_OF.

On 31 December 2019, Common Equity Tier 1 (CET 1) capital calculated according to the CRD IV / CRR rules applicable in 2019 totaled 49.1 million euros, which corresponded to a CET 1 ratio of 84.0%. The decrease in the ratio compared to 2018, resulted from the degradation of Own Funds, affected by the loss recorded in the year.

Bison Bank does not disclose own funds ratios calculated on a basis different from that provided for in Regulation (EU) no. 575/2013 (CRR) and there are no differences between the accounting basis and the prudential basis for calculating the respective ratios.

Accounting detail of Own Funds, as at 31 December 2019

(Amounts expressed in thousands euros)

	FULL	FULL
	2019	2018
Own Funds		
Share Capital	176,198	176,198
Reserves and Retained Earnings	(119,789)	(109,047)
Net Income	(7,009)	(11,028)
Securities Revaluation Reserves	222	450
Deductions		
Intangible Assets	(476)	(260)
Other Deductions: Prudent valuation on the regulation 2016/101 of 26 October 2015	(47)	(54)
Total Own Funds and Common Equity Tier 1 Capital	**49,100**	**56,260**

BREAKDOWN OF OWN FUNDS, AS AT 31 DECEMBER 2019

(Amounts expressed in thousands euros)

	31-12-2019	31-12-2018
Own Funds	49,100	56,260
Tier 1 Capital	49,100	56,260
Common Equity Tier 1 Capital	49,100	56,260
Capital Instruments eligible as CET1 Capital	176,198	176,198
Paid up capital instruments	176,198	176,198
(-) Own CET1 instruments	-	-
Retained earnings	(126,798)	(120,076)
Previous years retained earnings	(119,789)	(109,047)
Profit or loss eligible	(7,009)	(11,028)
Accumulated other cpmprehensive income	222	450
Other reserves	-	-
Minority interest given recognition in CETQ1 caputal	-	-
Transitional adjustments due to additional minority interests	-	-
(-) Value adjustments due to the requirements for prudent valuation	(47)	(54)
(-) Other intangible assets	(476)	(260)
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-
(-) Defined benefit pension fund assets	-	-
(-) Excess of deduction frim AT1 items over AT1 Capital (deducted in CET1)	-	-
(-) Amount exceeding the 15% threshold	-	-
Other transitional adjustments to CET1 Capital	-	-
Additonal Tier 1 Capital	-	-
Instruments issued by subsidiaries that are given recognition in AT1 Capital	-	-
Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries	-	-
Tier 2 Capital	-	-
Capital instruments and subordinated loans eligible as T2 Capital	-	-
Paid up Capital instruments and subordinated loans	-	-
Instruments issued by subsidiaries that are given recognition in T2 Capital	-	-
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	-	-
(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-
Other transitional adjustments to T2 Capital	-	-

OWN FUND REQUIREMENTS

For the calculation of capital requirements, the Group uses the standard method to calculate the amounts of positions weighted by credit risk, in accordance with the prudential rules in force on the reference date. With regard to operational risk, the Group uses the basic indicator method. As for market risk, the standard method is used, both for the trading book and for currency exposure. Whenever necessary to determine capital requirements, 8% of risk weighted exposure amounts are considered in accordance with Regulation (EU) No. 575/2013 (CRR).

(Amounts expressed in thousands euros)

		31-12-2019		31-12-2018	
		RWAs	Minimum Capital requirements	RWAs	Minimum Capital requirements
	Credit Risk (excluding CCR)				
Art 438 (c)(d)	of which: standardised approach	50,489	4,039	53,144	4,252
Art 438 (c)(d)	of which: Internal ratings based approach (IRB Basic)	-	-	-	-
Art 438 (c)(d)	of which: Internal ratings advanced approach (IRB Advanced)	-	-	-	-
Art 438 (d)	of which: IRB actions according to the weighted method by simple risk or IMA (Internal Models Approach)	-	-	-	-
Art 107	CCR	-	-	-	-
	of which: market value (MM)	-	-	-	-
	of which: original method of exposure	-	-	-	-
	of which: standardised approach	-	-	-	-
Art 438 (c)(d)	of which: Internal Model Approach	-	-	-	-
	of which: total risk exposure for contributions to the Default Fund of a CCP	-	-	-	-
	of which: Credit Valuation Adjustment	-	-	-	-
Art 438 (e)	Settlement / Delivery Risk	0	0	0	0
Art 449 (o)(i)	Banking Book Securitisation Exposure (net)				
	of which: IRB approach	-	-	-	-
	of which: Supervisory Formula Method (SFM)	-	-	-	-
	of which: Internal Model Approach	-	-	-	-
	of which: standardised approach	-	-	-	-
Art 438 (e)	Market Risk				
	of which: standardised approach	2,832	227	365	29
	of which: Internal Models Approach (IMA)	-	-	-	-
Art 438 (e)	Large Exposures	-	-	-	-
Art 438 (f)	Operational Risk				
	of which: basic indicator approach method	4,658	373	6,139	491
	of which: standardised approach	-	-	-	-
	of which: advanced measurement approach method	-	-	-	-
Art 437 (2), Art 48 and Art 60	**Amounts inferior to the minimum threshold for deduction (subject to RW of 250%)**	0	0	0	0
Art 500	**Threshold Adjustment**	-	-	-	-
	Total	57,980	4,639	59,649	4,772

As at 31 December 2019, risk-weighted assets amounted to 58.4 million euros and represented 66% of total net assets.

Credit risk is the most significant risk, representing around 87% of risk-weighted assets. As of December 31, 2019, operational risk is the second most relevant and represents around 8% of the total.

(Amounts expressed in thousands euros)

	31-12-2019		31-12-2018	
Own Funds Requirements	**4,638**	**100%**	**4,772**	**100%**
For Credit Risk, Counterparty Credit Risk and Free Deliveries	**4,039**	**87%**	**4,252**	**89%**
Standardised Approach	**4,039**	**87%**	**4,252**	**89%**
Standardised Approach exposure classes excluding securitisation positions	**4,039**	**87%**	**4,252**	**89%**
Central governments or central banks	-	0%	-	0%
Regional governments or local authorities	-	0%	-	0%
Public sector entities	-	0%	-	0%
Multilateral Development Banks	-	0%	-	0%
International Organisations	-	0%	-	0%
Institutions	1,263	27%	943	20%
Corporates	461	10%	690	14%
Retail Portfolio	7	0%	6	0%
Secured by mortgages on real estate property	-	0%	-	0%
Exposures in default	-	0%	-	0%
Items associated with particular high risks	-	0%	-	0%
Covered bonds	-	0%	-	0%
Claims on institutions and corporates with a short-term credit assessement	-	0%	-	0%
Collective investments undertakings (CIU)	1,408	30%	1,611	34%
Equity	2	0%	277	6%
Other items	898	19%	723	15%
Securitisation Positions in the Standardised Approach (SA)	**-**	**0%**	**-**	**0%**
Internal Ratings Based Approach	**-**	**0%**	**-**	**0%**
Own Funds requirements for adjustment risk of credit valuation	**-**	**0%**	**-**	**0%**
Settlement / Delivery Risk	**-**	**0%**	**-**	**0%**
Own Funds requirements for position, foreign exchange and commodities risk	**227**	**5%**	**29**	**1%**
Standardised Approach	227	5%	29	1%
Debt Instruments	3	0%	4	0%
Equity Securities	0	0%	-	0%
Foreign exchange risks	224	5%	25	1%
Commodities risks	-	0%	-	0%
Internal Models Approach	-	0%	-	0%
Own Funds requirements for operational risk	**372**	**8%**	**491**	**10%**
Basic Indicator Approach	373	8%	491	10%
Standardised Approach	-	0%	-	0%
Advanced Measurement Approaches	-	0%	-	0%
Own Funds requirements related to large risk exposures in the trading book	**-**	**0%**	**-**	**0%**
Other Own Funds requirements	**-**	**0%**	**-**	**0%**

Nota: A 31 de Dezembro de 2019 e 2018, o Bison Bank não detinha em carteira exposições relativas a titularizações e a derivados.

For the purpose of determining the capital requirements for credit risk, used to calculate the prudential solvency ratio, Bison Bank uses the standardized method, as provided for in Part III, Title II, Chapter 2 of the CRR.

(Amounts expressed in thousands euros)

Net Exposures										
Exposure Classes	**On-balance-sheet amount**		**Off-balance-sheet amount**		**Securities Financing Transactions**		**Derivatives**		**Total Net Exposures**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Central Governments or Central Banks	15,586	15,398							15,586	15,398
Regional Governments or Local Authorities										
Public Sector Entities										
Multilateral Development Banks										
International Organisations										
Institutions	40,723	59,577	2	2					40,725	59,578
Corporates	5,564	8,496	805	805					6,369	9,301
Retail	2	0	141	141					143	141
Secured by mortgages on immovable property										
Exposures in default										
Items associated with particularly high risk										
Covered bonds										
Claims on institutions and corporates with a short-term credit assessment										
Collective Investment Undertakings	14,118	23,440							14,118	23,440
Equity exposures	30	137							30	137
Other exposures	11,373	1,407							11,373	1,407
Total	**87,395**	**108,455**	**948**	**948**					88,343	109,403

(Amounts expressed in thousands euros)

Risk Weighted Exposure Amount (RWA)

Exposure Classes	On-balance-sheet amount		Off-balance-sheet amount		Securities Financing Transactions		Derivatives		Total Net Exposures		Densidade de RWA	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Central Governments or Central Banks											0%	0%
Regional Governments or Local Authorities												
Public Sector Entities												
Multilateral Development Banks												
International Organisations												
Institutions	15,789	18,132	2	2					15,791	18,134	39%	30%
Corporates	5,564	8,496	205	205					5,768	8,700	91%	94%
Retail	1	0	81	81					82	81	57%	57%
Secured by mortgages on immovable property												
Exposures in default												
Items associated with particularly high risk												
Covered bonds												
Claims on institutions and corporates with a short-term credit assessment												
Collective Investment Undertakings	17,598	26,961							17,598	26,961	125%	115%
Equity exposures	30	137							30	137	100%	100%
Other exposures	11,220	1,202							11,220	1,202	99%	85%
Total	**50,202**	**54,928**	**287**	**287**					50,489	55,215	57%	50%

This methodology implies a weighting of all the Bank's risk exposures by a set of pre-defined weights, unless deducted from own funds. These weights, for some asset classes, depend on the existence (or not) of external ratings and the better or worse credit quality that is indicated by those same ratings. The ratings used by the Bank to classify its assets for the purpose of obtaining risk weights, as stipulated in Part III, Title II, Chapter 2, Section 4 of the CRR, come from the rating agencies Moody's, Standard & Poor's and Fitch (see breakdown of financial assets by credit quality).

The risk classes for which an ECAI (External Credit Assessment Institutions) is used are the corporate classes, central administrations or central banks, Collective Investment Institutions and Bodies.

(Amounts expressed in thousands euros)

Net exposures - Rating

Exposure Classes	HIGH GRADE	STANDARD GRADE	SUB-STANDARD GRADE	NOT RATED	Total Net Exposures
	2019	2019	2019	2019	2019
Central Governments or Central Banks	-	15,586	-	-	15,586
Regional Governments or Local Authorities	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-
International Organisations	-	-	-	-	-
Institutions	5,014	7,066	22,709	5,935	40,725
Corporates	-	-	4,314	2,054	6,369
Retail	-	-	-	143	143
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-		-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective Investment Undertakings	-	-	-	14,118	14,118
Equity exposures	-	-	-	30	30
Other exposures	-	-	-	11,373	11,373
Total	**5,014**	**22,652**	**27,023**	**33,653**	**88,343**

Note: Exposure net of Value Adjustments and Provisions

KEY / REPORTING CONTROLS:

- RID supervises this risk through the monthly risk report "Finance and Risk Report", and through several other controls described below;
- Monthly monitoring of the evolution of the capital position developed by RID, with the support of APD in terms of own funds;
- RID monitors changes in own funds and solvency ratios. A monthly report details these changes and provides an analysis of the situation compared to the minimum regulatory levels. The report also includes an analysis of changes to the balance sheet structure and RWA's by type of risk. This analysis supports the calculation/explanation of changes to RWA's and their impacts in terms of the Group's solvency ratios;
- RID, in collaboration with APD, periodically calculates and submits prudential reports on the Group's capital situation (COREP OF) to the supervisory authorities;
- Compliance with capital ratios according to RAS is monitored monthly;
- RID, on a semiannual basis, updates the quantification of the main risks of the ICAAP, and reports the results to the Bank's senior management. The results are also addressed to the Asset and Liability Committee (ALCO) and Risk Management and the Risk and Compliance Committee.

ASSESSMENT AND ADEQUACY OF INTERNAL CAPITAL

In compliance with the prudential requirements currently in force, the Bank carries out a self-assessment exercise on the adequacy of internal capital (ICAAP) provided under Pillar II of Basel III and Instruction No. 3/2019, of Bank of Portugal. The ICAAP is a fundamental part of Bison Bank's risk management, as it allows a direct assessment and determination of the internal capital levels underlying the Institution's risk profile, in the development of its business strategy (current and projected).

The objective of the ICAAP exercise is to contribute to the Bank's continuity of the capital perspective (going concern), ensuring that it has sufficient capital to face its risks, absorb losses and continue, even during a prolonged adverse period - to define the levels of capital required to capture unexpected losses, considering a certain confidence interval and time horizon. The process should ensure that the risks to which the institutions are exposed (Pillar I and Pillar II risks) are properly assessed and that the Institution's internal capital is in accordance with the risk profile established in the Bank's RAS.

The Group took a conservative perspective regarding economic capital requirements, defining them with the maximum between regulatory and internal capital requirements, by risk category.

To quantify the risks, the Bank has developed several methodologies for calculating internal capital requirements that estimate the maximum potential loss over a period of one year. The table below summarizes the risks considered relevant to Bison and the calculation methodology applied to each one (used in 2018):

Risks	Regulatory capital Requirements	Internal Capital Requirements ICAAP
Credit Risk	**Reak Estate Risk + Credit Risk for other Assets**	**Reak Estate Risk + Credit Risk for other Assets**
Real Estate Risk	Standard Model	VaR (Value ar Risk)
Credit Risk for other Assets	Combined Model between Standard Model+ IRB (Internal Ratings - Based)	Sum of Max (IRB; Req. Capital Pilar I) for Debt Securities and Standar model for other assets
Market Risk	**Standard Model**	**Standard Model + Brownian Motion**
Operational Risk	**BIA (Basic Indicator Approach)**	**Max (BIA; Modelo Standard)**
Credit Concentration Risk	-	**Add-on to Credit RWA**
Interest Rate Risk	-	**Sensitivity analysis**
Reputational Risk	-	**Rebranding costs + commissions haircut**
Compliance Risk	-	**Add-on to Operation Risk Requirements**
Strategic/Business Risk	-	**Risk evolution + Commissions haircut**

As a result of this process, the Group is provided with an overview of the evolution of its own funds and the internal requirements of Pillar II. It is also assessed its resilience in the Base and Adverse scenarios, thus fulfilling one of the main purposes of this process.

The ICAAP is the responsibility of the Board, however it delegates the obligation to carry out this process in RID. Thus, RID is responsible for preparing and coordinating the ICAAP report. The Group has internally defined an organizational structure to support the ICAAP process with the following elements:

- RID;
- ALCO & Risk Management Committee - coordinated by RID and the TED;
- Accounting and Planning Department (APD);
- Audit Department (IAD);
- Executive Committee (EC);
- Risk and Compliance Committee.

The main objective of the ICAAP process is to determine the capital requirements for all risks to which the institution is, or may be, subject. Thus, the Pillar I risks (Credit Risk, Market Risk and Operational Risk) are considered and, in addition, the Concentration Risk, Interest Rate Risk, Reputational Risk, Compliance Risk, Strategy Risk, etc.

RID is responsible for risk management, which includes, among others, the calculation and permanent monitoring of the institution's capital consumption, namely: a) defining the risk levels that Bison Bank is willing to assume: Identify, quantify and monitor the various risks assumed; b) calculate the capital consumption of the different risks to which the Bank is exposed in Pillar I; c) ensure the development and regulatory reporting of the ICAAP exercise.

The ALCO & Risk Management Committee, coordinated by TED and RID, is responsible for monitoring global levels of risk and for defining the model of Internal Economic Capital, which supports the exercise of ICAAP. In terms of ICAAP, we highlight the responsibility to present and analyze the current and prospective capital position and to propose mitigation measures, when necessary.

KEY REPORTING CONTROLS:

- RID supervises this risk through the monthly risk report "Finance and Risk Report", and through several other controls described below;
- Monthly monitoring of the evolution of the capital position developed by RID, with the support of APD in terms of own funds;
- RID monitors changes in own funds and solvency ratios. A monthly report details these changes and provides an analysis of the situation compared to the minimum regulatory levels. The report also includes an analysis of changes to the balance sheet structure and RWA's by type of risk. This analysis supports the calculation/explanation of changes to RWA's and their impacts in terms of the Group's solvency ratios;
- RID, in collaboration with APD, periodically calculates and submits prudential reports on the Group's capital situation (COREP OF) to the supervisory authorities;
- Compliance with capital ratios according to RAS is monitored monthly;
- RID, on a semiannual basis, updates the quantification of the main risks of the ICAAP, and reports the results to the Bank's senior management. The results are also addressed to the Asset and Liability Committee (ALCO) and Risk Management and the Risk and Compliance Committee.

LEVERAGE RATIO

The leverage ratio (leverage ratio) is the relationship between capital (Tier 1, in the numerator) and total accounting exposure on and off balance sheet (total value of assets on balance sheet and off-balance sheet exposures weighted by credit risk factors, in the denominator). The ratio is calculated according to the current regulatory standards, namely the guidelines of Regulation (EU) No. 575/2013, updated by Delegated Regulation (EU) No. 2015/62 of the European Commission of 10 October 2014 and in accordance with Implementing Regulation (EU) No. 2016/200 of the European Commission of 15 February 2016.

The minimum reference level is 3% (mandatory minimum in Pillar I), mandatory since 1 January 2018. It is a simple and transparent ratio that aims to limit excessive balance sheet growth in relation to available capital.

(Amounts expressed in thousands euros)

		31-12-2019	31-12-2018
Own Funds and Total Exposure Measurement (*phasing-in*)			
	Tier 1 Capital	49,100	56,260
	Total Exposure for the purpose of leverage ratio	89,923	102,950
	Leverage Ratio	55%	55%
Decision on the transitional provisions and on the amount of derecognised fiduciary items			
UE-23	Decision on the transitional provisions towards the definition of Own Funds Measure	Transitional definition	
UE-24	Amount of the derecognised fiduciary items as per article 429, no 11, of Regulation (EU) no 575/2013		

As of December 31, 2019, the Group's leverage ratio was 54%, much higher than the prudential minimum. The ratio is monitored on a quarterly basis.

(Amounts expressed in thousands euros)

		CRR Leverage Raio Exposures (2019)
On-Balance Sheet Exposures (excluding derivatives and SFTs)		
	On-Balance Sheet Items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	87,395
	(Asset amounts deducted in determining Tier 1 capital)	-523
	Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	86,873
Risk exposures arising from Derivative Instruments		
	Replacement cost associated with derivatives transactions	-
	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	-
	Exposure determined under Original Exposure Method	-
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
	(Exempted CCP leg of client-cleared trade exposures)	-
	Adjusted effective notional amount of written credit derivatives	-
	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
	Total derivatives exposures	-
SFT Exposures		
	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
	Counterparty credit risk exposure for SFT assets	-
	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
	Total securities financing transaction exposures	-
Off-Balance Sheet Exposures		3,050
(Exposures exempted in accordance with Article 429 (7) and (14) of Regulation (EU) No 575/2013		
	(Intragroup exposures (solo basis) exempted in accordance with Article 429 (7) of Regulation (EU) No 575/2013	-
	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013	-

OWN FUNDS PRUDENTIAL RESERVES

According to BoP deliberation, the percentage of countercyclical reserve applicable to credit exposures to the Portuguese non-financial private sector, which were in force in 2019, was 0% of the total amount of exposures. Thus, Bison Bank's specific countercyclical reserve will be 0% since the relevant credit risk positions are located in the national territory.

LIMIT TO LARGE EXPOSURES

As at 31 December 2019, the Group complied with the limit for large exposures provided for in article 395° of Regulation (EC) no. 575/2013, of June 26, 2013.

33. Fair Value of the Securities Portfolio and other Financial Instruments

The fair value of financial instruments is always estimated, where possible, through reference to active market prices. A market is deemed active and liquid when it is used by equally knowledgeable counterparts and transactions are carried out in a regular manner. For those financial instruments for which there are no active market, due to a lack of liquidity or of regular transactions, valuation methods and techniques are employed to determine the fair value. The financial instruments were classified into levels according to the hierarchy stipulated in IFRS 13.

FINANCIAL INSTRUMENTS CARRIED ON THE BALANCE SHEET AT FAIR VALUE

As at 31 December 2019 and 2018, this item breaks down as follows:

	Valuation Techniques			
31-12-2018	**Market Value or Market Price**	**Market Analysis**	**Others**	**Total**
Assets				
Financial assets held for trading	161	-	-	161
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	14 118	14 118
Financial assets at fair value through other comprehensive income	352,069	-	30	32 719
Liabilities				
Financial liabilities held for trading	-	-	-	-

	Valuation Techniques			
31-12-2018	**Market Value or Market Price**	**AMarket Analysi**	**Others**	**Total**
Assets				
Financial assets held for trading	162	-	-	162
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	14,955	14,955
Financial assets at fair value through other comprehensive income	35,069	-	3,468	38,537
Liabilities				
Financial liabilities held for trading	-	-	-	-

In the construction of the table indicated above, fair value levels were used, according to the fair value hierarchy (see Note 2.9)

The disclosures on the fair value related to investment properties, is disclosed in Note 11.

There are no changes in relation to 2018 to the valuation criteria for financial assets that are classified as market analysis valuation technique.

In the internal valuation models of financial instruments at fair value through other comprehensive income and fair value through profit and loss, market interest rates are calculated based on information disseminated by Bloomberg.

The terms up to one year are for the market rates of the interbank money market, while the terms of more than one year are through the quotes of interest rate swaps. The interest rate curve obtained is further adjusted against the values of short-term interest rate futures. Interest rates for specific time frames are determined by interpolation methods. The same interest rate curves are also used in the projection of non-deterministic cash flows such as indexants.

The interest rates used for the clearance of the interest rate curve with reference to 31 December 2019 and 2018 for the EUR and USD currencies are as follows:

	EUR		USD	
Maturity	**31-12-2019**	**31-12-2018**	**31-12-2019**	**31-12-2018**
1 day	-0,600%	-0.468%	1,543%	2.378%
7 days	-0,499%	-0.435%	1,630%	2.411%
1 month	-0,499%	-0.409%	1,763%	2.503%
2 months	-	-0.380%	1,833%	2.614%
3 months	-0,383%	-0.356%	1,908%	2.808%
6 months	-0,324%	-0.303%	1,912%	2.876%
1 year	-0,249%	-0.183%	1,996%	3.005%
2 years	-0,292%	-0.174%	1,698%	2.639%
3 years	-0,238%	-0.070%	1,689%	2.574%
4 years	-0,175%	0.060%	1,703%	2.555%
5 years	-0,111%	0.198%	1,729%	2.559%
6 years	-0,047%	0.337%	1,763%	2.580%
7 years	-0,018%	0.469%	1,798%	2.609%
8 years	-0,083%	0.594%	1,830%	2.639%
9 years	-0,147%	0.708%	1,863%	2.669%
10 years	-0,212%	0.812%	1,865%	2.698%
20 years	-0,604%	1.168%	2,066%	2.792%
30 years	-0,621%	1.325%	2,091%	2.823%

FINANCIAL INSTRUMENTS AT COST OR AMORTISED COST

As at 31 December 2019 and 2018 the detail of this item is as follows:

31-12-2019	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demands	27 246	27 246
Financial assets at amortised cost	244	244
Other assets	2 490	2 490
Deposits	(30 370)	(30 370)
Other liabilities	(5 916)	(5 916)

31-12-2018	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demands	35,465	35,465
Financial assets at amortised cost	263	263
Other assets	2,696	2,696
Deposits	(37 047)	(37 047)
Other liabilities	(3,956)	(3,956)

For the financial instruments carried on the balance sheet at amortised cost, the Bank calculates the respective fair value using valuation techniques.

The presented fair value may not correspond to the realised value of these financial instruments in a sales or liquidation scenario and has not been determined with this specific purpose.

The valuation techniques used by the Bank seek to make use of the market conditions applicable to similar operations at the reference date for the financial statements, namely the value of the respective cash flows, discounted using the interest rates deemed most appropriate.

For floating rate and very short-term loans not in default, the balance sheet value is deemed to be the best approximation of fair value.

34. Balances and Transactions with Related Entities

Transactions with related parties are analyzed in accordance with the criteria applicable to similar third-party transactions and are conducted under normal market conditions.

These transactions are subject to the approval by the Board of Directors. Due to the significant change both in the shareholder structure (Note 22) and in the Board of Directors, figures presented below are presented as follows:

- Both 31 December 2019 and 2018 balances and transactions regarding Key Management Staff refer to all below disclosed “Key Members of Management and Supervisory Board”, either in functions or not as at 31 December of 2019 and 2018.

	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	Other Key Management Staff		Shareholders	
Deposits	-	-	2,001	730
Other Liabilities	-	-	-	-
Interests / Guarantees Commissions	-	-	7	7
Income from Commissions	-	-	-	-
Personnel Expenses	1,492	862	-	-

The related parties are the following:

KEY ELEMENTS OF MANAGEMENT AND SUPERVISORY BOARD:

- Li Jun Yang
- Evert Derks Drok
- Bian Fang – started functions in May 2019
- Pedro Manuel Ortigão Correia – ceased functions in October 2019
- Francisco Alexandre Valente de Oliveira
- André Filipe Ventura Rendeiro
- António Manuel Gouveia Ribeiro Henriques
- Bernardo Maya Múrias Afonso - ceased functions in August 2018
- Joaquim António Pereira Cadete – ceased functions in June 2018
- Issuf Ahmad
- Elsa Cristina Costa Pires Santana Ramalho - ceased functions in July 2018
- Ernesto Jorge de Macedo Lopes Ferreira
- Ting Wang

GROUP ENTITIES UNTIL 9 JULY 2018:

- Oitante
- Banif Imobiliária
- Vegas Altas
- Banca Pueyo
- WIL
- BIAM
- Profile
- Banif Multi Fund
- MCO2
- Pabyfundo
- Banif US Real Estate
- Art Invest
- Imogest
- Banif Renda Habitação
- Banif Gestão Imobiliária
- Gestarquipark
- Banif Real Estate Polska
- Tiner Polska
- Imopredial
- Pedidos Liz
- Banif Property
- Turirent
- Porto Novo
- GCC Lisboa
- Aplicação Urbana XIII
- Aplicação Urbana XIV
- Citation
- Banif Portugal Crescimento

GROUP ENTITIES FROM 9 JULY 2018:

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Banif US Real Estate
- Art Invest
- Turirent

GROUP ENTITIES FROM 25 FEBRUARY 2019

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Banif US Real Estate
- Turirent

GROUP ENTITIES FROM 13 OCTOBER 2019

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Turirent

35. Events after the Balance Sheet Date

On March 11, 2020, the World Health Organization characterized the COVID-19 virus as a pandemic.

As at the date of approval of this Report and Accounts, the pandemic continues to expand globally. Its global impacts will depend essentially on the ability to contain the spread of the virus and the economic and financial measures taken by governments.

Given Bison Bank's balance sheet structure, with a residual loan portfolio and its assets consisting essentially of a portfolio of investment grade and high liquidity bonds and liquidity with first-rate financial institutions, no relevant impacts are anticipated for the Bank resulting from COVID-19.

However, the implementation of the business plan for the three-year period 2020-2022, revised and approved at the end of 2019, has been conditioned by the emergence and rapid spread of the COVID-19 pandemic. In particular, COVID-19 has had a significant impact on the pace of implementation of the strategic pillar associated with the establishment of the bridge to Asia, which includes the decision to open the Hong Kong representative office currently under approval by the Hong Kong Monetary Authority, and, consequently, on the development and materialization of revenues from the Bank's activities with a strong connection to Asia – Wealth Management and Investment Banking. In addition, COVID-19, through its effects on the capital markets, led to a devaluation of the Bank's securities portfolio during March.

This devaluation, however recovered in part in April, had no material expression on the Bank, reflecting the conservative credit risk profile and the high level of liquidity of the securities portfolio.

The extent and severity of this pandemic are not determinable at this date. Nevertheless, the solid capital and liquidity position allows the Bank to be well prepared to absorb relevant shocks and their deviations from its business plan. The Bank's capital and liquidity position will become even more robust following the capital increase of 19 million euros to occur by June of this year, as part of the bank's acquisition process.

The Board of Directors has implemented a contingency plan to prevent contagion of its employees and is actively monitoring the impact on its assets.

10.

Individual Financial Statements

BISON BANK, S.A.

Individual Balance Sheet Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

		31-12-2019			31-12-2018
	Notes	Gross Amount	Provisions, Impairment and Depreciation	Net Amount	Net Amount
Cash, cash balances at central banks and other demand deposits	4	27,222	-	27,222	34,563
Financial assets held for trading	5	161	-	161	162
Non-trading financial assets mandatority at fair value through profit or loss	6	22,156	-	22,156	23,445
Financial assets at fair value through other comprehensive income	7	32,744	(25)	32,719	38,537
Financial assets at amortised cost	8	1,345	(1,101)	244	263
Non-current assets and disposal groups classified as held for sale	9	-	-	-	3
Property, Plant and Equipment	10	2,912	(959)	1,953	51
Intangible assets	11	8,949	(8,335)	614	335
Current tax assets	12	153	-	153	204
Deferred tax assets	13	183	-	183	193
Other assets	14	2,737	(239)	2,498	2,600
Total Assets		**98,561**	**(10,659)**	**87,902**	**100,357**
Deposits and Liabilities from other credit institutions	15			5,947	4,982
Deposits from other clients	15			24,432	32,434
Provisions	16			2,168	2,757
Current tax liabilities	12			76	95
Deferred tax liabilities	13			82	130
Debt securities issued	17			-	-
Other liabilities	18			5,575	3,422
Total Liabilities				**38,280**	**43,819**
Capital	19			176,198	176,198
Revaluation Reserves	19			222	449
Other reserves	19			(119,789)	(110,692)
Profit (Loss) for the year	19			(7,009)	(9,418)
Total Equity				**49,622**	**56,538**
Total Equity and Total Liabilities				**87,902**	**100,357**
The Certified Accountant				**The Board of Directors**	

BISON BANK, S.A.

Individual Income Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	31-12-2019	31-12-2018
Interest Income	20	407	238
Interest Expenses	20	(152)	(405)
Net Interest Income		**255**	**(167)**
Dividend income	21	2	390
Fee and commission income	22	2,340	2,110
Fee and commission expense	22	(276)	(161)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	23	(1,015)	(2,078)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	23	775	(0)
Exchange differences, net	23	179	3
Other operating income, net	24	91	(222)
Total Operating Income, Net		**2,351**	**(125)**
Staff expenses	25	(6,005)	(5,715)
Other administrative expenses	26	(3,199)	(3,196)
Depreciation	10,11	(744)	(598)
Provisions or reversal of provisions	16	589	321
Impairment or reversal of impairment on financial assets not measured at fair value through profit loss	16	77	1
Impairment or reversal of impairment on non-financial assets	16	1	41
Profit or Loss before Tax from Continuing Operations		**(6,930)**	**(9,271)**
Taxes			
Current Taxes	12	(79)	(147)
Profit (Loss) for the year		**(7,009)**	**(9,418)**
Average weighted number of ordinary issued shares	28	**35,239,674**	**31,139,674**
Earnings per share (Euro per share)		(0.20)	(0.30)
The Certified Accountant			**The Board of Directors**

BISON BANK, S.A.

Individual Comprehensive Income Statement as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	31-12-2019	31-12-2018
Net Profit / (Loss) for the period	**19**	**(7,009)**	**(9,418)**
Items that will not be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	19	(241)	545
Deferred income taxes	19	17	(123)
Items that may be reclassified to profit or loss			
Gains/ (losses) at fair value on financial assets through other comprehensive income	19	268	23
Deferred income taxes	19	49	(5)
Total Comprehensive Income, net of tax	**19**	**(6,916)**	**(8,978)**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.

Individual Statement of Changes in Equity as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	Notes	Share Capital	Revaluation reserves (net of deferred taxes)	Other reserves and retained earnings	Net Profit/ (Loss) for the period	Total Equity
Balances as at 31-12-2017	**19**	**135,198**	**220**	**(104,764)**	**(6,779)**	**23,875**
Application of net profit / (loss) from the previous period	19					
Transfer to other reserves and retained earnings		-	-	(6,779)	6,779	-
Share capital increase	19	41,000	-	-	-	41,000
Other transactions - IFRS 9 Adjustment	19	-	(211)	852	-	641
Comprehensive income	19	-	440	-	(9,418)	(8,977)
Balances as at 31-12-2018	**19**	**176,198**	**449**	**(110,692)**	**(9,418)**	**56,538**
Application of net profit / (loss) from the previous period	19					
Transfer to other reserves and retained earnings		-	-	(9,418)	9,418	-
Share capital increase	19	-	-	-	-	-
Other transactions - Ascendi	19	-	(321)	321	-	-
Comprehensive income	19	-	93	-	(7,009)	(6,916)
Balances as at 31-12-2019		**176,198**	**222**	**(119,789)**	**(7,009)**	**49,622**

The Certified Accountant **The Board of Directors**

BISON BANK, S.A.

Individual Statement of Cash Flows as at 31 December 2019 and 2018.

(Amounts expressed in thousands euros)

	31-12-2019	31-12-2018
OPERATING ACTIVITY		
Operating Income:		
Net profit/(loss) for the period	(7,009)	(9,418)
Credit Impairment	(54)	(38)
Impairment losses	(23)	(4)
Provisions for the period	(588)	(321)
Depreciations for the period	744	598
Tax appropriation for the period	79	147
Recognised dividends	(2)	(390)
Paid interests on subordinated liabilities	-	39
Other interests	(58)	(126)
	(6,796)	**(9,513)**
Changes to Operating Assets and Liabilities:		
Changes to Operating Assets and Liabilities:		
(Increase)/Decrease in Financial Assets held for trading	1	23,037
(Increase)/Decrease in Financial Assets at fair value through profit and loss	1,290	23,682
Financial assets at fair value through other comprehensive income	5,982	(35,467)
(Increase)/Decrease in financial assets at amortised cost	73	58
Non-current assets and disposal groups classified as held for sale	(16)	2,484
Other assets	99	605
Increase/(Decrease) in Deposits	(7,030)	(22,313)
Increase/(Decrease) in Other Subordinated Liabilities	-	(2,178)
Increase/(Decrease) in Other liabilities	416	(430)
Income taxes	(152)	(113)
Operating Cash Flows	**(6,131)**	**(20,149)**
INVESTING ACTIVITY		
Acquisition / Disposal of Tangible Assets	(686)	(40)
Acquisition / Disposal of Intangible Assets	(502)	(140)
Dividends received	2	390
Others	(25)	(20)
Cash flows from investing activity	**(1,210)**	**190**
FINANCING ACTIVITY		
Share Capital Increase	-	41,000
Interest paid on subordinated liabilities	-	(39)
Cash flows from financing activity	**-**	**40,961**
TOTAL	**7,342**	**21,002**
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	34,563	13,561
Cash and cash equivalents at the end of the period	27,222	34,563
	(7,342)	21,002
Balance sheet value of Cash and Cash Equivalents items as at 31 December		
Cash	0	-
On-demand deposits at Central Banks	1,484	1,867
On-demand deposits at Other Credit Institutions	25,738	32,696
	27,222	34,563

The Certified Accountant **The Board of Directors**

1. General Information

Bison Bank, S.A. ("Bank" or "Bison Bank"), formerly named, until 23 November 2018, Banif – Banco de Investimento, S.A. ("BBI") resulted from the demerger, on 15 December 2000, of Ascor Dealer Sociedade Financeira de Corretagem, S.A.. The demerger also led to the setting up of a new brokerage firm known as Banif Ascor – Sociedade Corretora, S.A..

On 9 July 2018, Bison Capital Financial Holdings (Hong Kong) Limited ("Bison Financial") bought the whole of the Bank's share capital, in the amount of 135,198 thousand euros to the previous shareholder, Oitante, S.A. ("Oitante"), vehicle incorporated under the resolution measure decided by the Bank of Portugal to Banif - Banco Internacional do Funchal, S.A..

Bison Financial is a Hong Kong based financial holding, fully owned by Bison Capital Holding Company Limited.

On 20 July 2018, Bison Financial completed a share capital increase of the Bank in an amount of 41,000 thousand Euros, to 176,198 thousand Euros, which is the current share capital position of the bank on 31 December 2019. Bison Financial owns 100% of the Bank's shares.

The Bank's registered office is at Rua Barata Salgueiro, R/C, in Lisbon, Portugal.

In October 2019, Bison Bank's Board of Directors reviewed its business plan, covering the period up to 2022.

In this context, with the success of the aforementioned business plan review, the focus on attracting customers in the Asian market through the representative office in Hong Kong, and future investments, it is the belief of the Board that the Bank has a solid basis to carry out a sustained growth plan for the next three years.

As at 31 December 2019, the only entity over which Bison Bank exercises control is Turirent -Closed Real Estate Fund, which is measured at fair value and classified under the heading "Non-negotiable financial assets, mandatorily at fair value through profit and loss ", (Note 6)

On 30 April 2020, the Bank's Board of Directors reviewed and approved the Financial Statements and the Annex to the Consolidated Financial Statements as at 31 December 20190. It also gave its general approval to the Management Report, which, together with the Financial Statements, will be submitted to the Annual General Meeting of Shareholders for approval.

2. Summary of Main Accounting Policies

2.1 Basis of presentation of accounts

The Bank's individual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS - International Financial Reporting Standards), as adopted in the European Union, and in effect on 1 January 2019, as established by Regulation (EC) 1606/02 of the European Parliament and of the Council, of 19 July 2002, transposed into national law by Decree-Law no. 35/2005, of 17 February and by Notice no. 1/2005, of 21 February, of Bank of Portugal ("BoP").

The Bank has prepared the individual financial statements in accordance with IFRS since 1 January 2016, as determined by Bank of Portugal, through the provisions of Notice no. 5/2015, which established that, as from 1 January 2016, all institutions under their supervision should prepare the financial statements on an individual basis and on a consolidated basis in accordance with the International Financial Reporting Standards ("IAS / IFRS"), adopted by the European Union, replacing the Adjusted Accounting Standards established by Bank of Portugal .

The financial statements are expressed in thousands of Euros, rounded to the nearest thousand.

These financial statements were prepared in accordance with the historical cost principle, with the exception of financial assets and liabilities recorded at fair value, namely assets and liabilities held for trading (including derivatives), assets and liabilities at fair value through profit or loss or through other comprehensive income.

The main accounting policies used by the Bank are presented below.

2.2 Comparative information

The accounting policies are consistent with those used in the preparation of the financial statements of the previous year, with the exception of the first adoption of IFRS 16, "Leases", on January 1, 2019, as referred to in Note 2.3, which established the new requirements regarding the scope, classification/ recognition and measurement of leases. As recommended in IFRS 16, the Bank applied this standard retrospectively, with the transition impacts recognized on January 1, 2019. Thus, comparative information has not been restated.

2.3 New rules and interpretations applicable to the 2019 financial year

Summary of new standards, changes, improvements published by the IASB and interpretations published by IFRIC, according to the period in which they become effective, the nature of the changes and the potential impacts for the Bank.

1. Impact of the adoption of the changes to the standards that became effective on 1 January 2019:

Description	Changes
• IFRS 16 – Leases	New definition of lease. New accounting of lease contracts by lessees. No major changes to lessor lease accounting.
• IFRS 9 – Financial instruments	Exemption to financial assets at amortised cost classification for financial assets with prepayment negative compensation features.
• IAS 19 – Employee benefits	Requirement to use updated assumptions for the calculation of remaining responsibilities after an amendment, curtailment or settlement of benefits, with impact on income statement except for any reduced excess under "asset ceiling' accounting treatment.
• IAS 28 – Investments in associates and joint ventures	Clarification regarding long-term investments in associates and joint ventures that are not being measured through the equity method.
• Annual improvements to IFRS 2015 – 2017	Clarifications: IAS 23, IAS 12, IFRS 3, IFRS 11
• IFRIC 23 – Uncertainty over income tax treatments	Clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments.

The adoption of these changes, improvements and interpretations did not have any impact on the Bank, except for the application of IFRS 16 - Leases.

IFRS 16 - Leases, which was first applied on January 1, 2019, replaces IAS 17 - Leases and establishes a new regime regarding the scope, classification, recognition and measurement of assets and liabilities, for the lessee.

The Bank chose to apply the modified retrospective transition approach, without correcting the comparative values. In accordance with the modified retrospective approach, the Bank may choose a lease-to-lease basis to (i) measure the right-to-use asset at the same amount as the lease liability, or (ii) to measure the right-to-use asset retrospectively using the transition discount rate.

For approach (ii), the resulting difference between the asset under right-of-use and the lease liability was recognized as an adjustment to the opening balance of retained earnings on the date of the first investment. In the initial application, the Bank applied approach (i) to leases classified as operating leases in accordance with IAS 17.

The Bank analysed the impact of the initial application of IFRS 16, having identified only two leases, covered by IFRS 16, which refer to buildings, one relating to the Bank's Headquarters building, at Rua Barata Salgueiro, in Lisbon, Portugal, and another to an apartment on Avenida da República, in Lisbon, Portugal. The lease related to the warehouse in Cacém, in Portugal, was terminated by the Bank in March 2019, without any financial impacts.

Another category of leases refers to service vehicles, although in this case and on December 31, 2018, they involved very low value assets, since most of these lease contracts had already exceeded the contracted term (normally 4 years), having been extended for very short periods (typically 3 months). In 2019, the Bank entered into new car rental contracts.

On January 1, 2019, the cumulative effect of the recognition of assets under right of use and lease liabilities, , refers to lease contracts active on January 1, 2019 and with a remaining maturity beyond 12 months. On the date of the first application, the Bank used the exemption provided for the application of the lease definition, and the exemption from not registering short-term contracts and from low value assets in the light of the general principles of IFRS 16, maintaining the registration income as operating expenses.

Regarding the operating account, the impacts in 2019 were recorded at the level of depreciation for the year and net interest income, in the amount of, respectively, 500 thousand euros and 23 thousand euros.

In terms of the balance sheet, the adoption of IFRS 16, as at January 1, 2019, resulted in an increase in tangible fixed assets and other liabilities, of 1,938 thousand euros and 1,800 thousand euros, respectively.

Thus, the amounts recognized during the transition were as follows:

	IAS 17 12/31/2018	Impact	IFRS 16 1/1/2019
Tangible Assets	51	1,938	1,989
Other Assets	2,696	(138)	2,558
Other Liabilities	3,956	1,800	5,756

2. Published standards (amendments), the application of which is mandatory for periods beginning on or after 1 January 2020, already endorsed by the EU as at 31 December 2019:

Description	Changes
• IAS 1 - Presentation of financial statements; IAS 8 – Accounting policies, changes in accounting estimates and errors	Revision of the definition of material, and the implication on the preparation of financial statements as a whole.
• Conceptual framework - Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset / liability and expense / income

Although the Bank is still analysing the impacts of this standard, no impact is expected on the financial statements.

3. Published standards (new and amendments) that will become effective, on or after 1 January 2020, not endorsed by the EU as at 31 December 2019:

Description	Changes
• IFRS 3 - Business combinations	Revision of the definition of business
• IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	Provide certain reliefs in connection with hedge accounting with the objective that interest rate benchmark reform does not cause hedge accounting to terminate
• IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.

Although the Bank is still analysing the impacts of this standard, no impact is expected on the financial statements.

2.4 Use of estimates in the preparation of financial statements

The preparation of the financial statements requires the Bank´s Management to produce estimates and adopt assumptions that affect the disclosed value of assets and liabilities, revenues and costs and the contingent liabilities.

In making these estimates, the Management used its judgment, together with the available information on the date the financial statements were prepared.

Consequently, the realised future amounts may differ from the estimates made.

The use of such estimates is more significant in the following situations:

GOING CONCERN PRINCIPLE

The financial statements were prepared on a going-concern basis, for the reasons set out in Management Report Chapter 06 – Outlook of the Management Report and other notes from this annex.

FAIR VALUE OF FINANCIAL INSTRUMENTS (SEE NOTES, 5, 6 AND 7)

When the fair value of the financial instruments cannot be determined through the active market prices (marked to market), these are determined using valuation techniques that include mathematical models (marked to model). Input data for these models are, whenever possible, observable market data.

When this is not possible, a degree of judgment is required to establish fair values, particularly regarding liquidity levels, correlation and volatility.

IMPAIRMENT IN LOANS AND ADVANCES TO CUSTOMERS (SEE NOTE 8)

The Bank carries out a valuation of its loan portfolio, on a regular basis, in order to assess the existence of evidence of impairment.

In this context, the identified customers with non-performing loans and whose outstanding total liabilities are considered to represent a significant exposure for the Bank, are assessed on an individual basis in order to evaluate the needs for the impairment losses recognition.

These estimations are based on assumptions about a number of factors that may change in the future and, as a result, alter impairment amounts. Loans assessed on an individual basis, for which the existence of an objective evidence of impairment has not been identified, are grouped together, according to similar risk characteristics, and collectively assessed for impairment purposes.

Whenever a loan is considered as nonperforming, and after all efforts upon recovery have been made, its impairment loss is estimated at 100% of the total loan amount and it is assured the respective accounting write-off through the loss value.

The loan is thus written-off from the total asset. If reversals on loans written-off occur, the recovered amount is credited into the income statement under the heading “Loans impairment net of recoveries and reversals”.

DEFERRED TAX ASSETS (SEE NOTE 13)

Deferred tax assets are recognized for unused tax losses, insofar as it is probable that positive tax results will exist in the future term established by law.

For this purpose, judgments are made to determine the amount of deferred tax assets that can be recognized, based on the level of expected future tax results according to economic and financial projections under conditions of uncertainty as to the assumptions used. If these estimates do not materialize, there is a risk of causing a material adjustment to the deferred tax asset value in future years.

CONTINGENT PROVISIONS AND LIABILITIES

The description of the nature of these estimates is described in Note 2.15 and by judgments made by management, in Note 16.

LEASES

In determining the lease term, the Board of Directors considers all the facts and circumstances that create an economic incentive to exercise an option of extension, or not to exercise an option of termination. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated).

2.5 Foreign currency transactions

Foreign currency transactions are recorded based on the foreign exchange rates contracted on the transaction date.

Monetary assets and liabilities expressed in foreign currency are converted into euros at the exchange rate prevailing on the balance sheet date.

Non-monetary items, valued at fair value, are converted based on the prevailing exchange rate on the last valuation date. Non-monetary items, kept at historical cost, are reported at the original exchange rate.

Foreign currency exchange differences resulting from the conversion are recognised as gains or losses for the period in the income statement, except for those resulting from non-monetary financial instruments classified as available for sale. These latter are counter-entered in a specific equity item until the asset is disposed of.

2.6 Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalents include domestic and foreign currency, in cash, demand deposits with central banks, demand deposits with other banks in the country and abroad and checks to be collected on other banks.

Values with maturities of up to 3 months and with a reduced fair value fluctuation risk are classified as cash and equivalents.

2.7 Investments in subsidiaries and associates

Subsidiaries are all entities over which the Bank has control. The Bank controls an entity when it is exposed to, or has rights to, the variable returns generated as a result of its involvement with the entity, and has the ability to affect those variable returns through the power it exercises over the relevant activities of the entity.

Associates are all entities over which the Bank has significant influence whenever the Bank directly or indirectly holds more than 20% of the voting rights. Investments in associates are measured at acquisition cost, less any impairment losses.

Subsidiaries are measured at cost, unless they qualify as investment entities and are measured at fair value and classified as financial assets at fair value through profit or loss.

As at 31 December 2019, the only entity over which Bison Bank exercises control is Turirent -Closed Real Estate Fund, which is measured at fair value and classified under the heading "Non-negotiable financial assets, mandatorily at fair value through profit and loss ".

A substantial part of investments in subsidiaries were classified up to 2018, in "Non-Current Assets Held for Sale" and measured in accordance with the accounting policy presented in Note 2.10, and the subsidiaries held for sale, were considered as discontinued units. As of December 31, 2019, the Bank has no investment in subsidiaries or associates classified as "held for sale".

2.8. Financial instruments

2.8.1Recognition and initial measurement of financial instruments

Purchases and sales of financial assets that involve the delivery of assets according to the established terms, by regulation or convention in the market, are recognized on the date of the transaction, that is, on the date on which the commitment to purchase or sale is assumed.

Derivative financial instruments are also recognized on the transaction date.

The classification of financial instruments on the initial recognition date depends on their characteristics and the intention to acquire them. All financial instruments are initially measured at fair value plus directly attributable costs to the purchase or issue, except in the case of assets and liabilities at fair value through profit or loss in which such costs are recognized directly in the income statement.

2.8.2 Subsequent measurement of financial instruments

The Bank classifies financial assets in accordance with the classification and measurement requirements of IFRS 9, in which financial instruments are classified based on the business models used in the management of the respective financial instrument and the contractual characteristics of the respective cash flows (through test called "SPPI" - Solely Payments of Principal and Interest). Three alternative business models are envisaged:

- A debt financial instrument that (i) is managed under a business model whose objective is to keep the financial assets in the portfolio and receive all its contractual cash flows and (ii) have contractual cash flows on specific dates that correspond exclusively the payment of principal and interest on capital outstanding - must be measured at amortized cost, unless it is designated at fair value through profit or loss under the fair value option - "Hold to Collect".
- A debt financial instrument that (i) is managed under a business model whose objective is achieved either through the receipt of contractual cash flows or through the sale of financial assets and (ii) include contractual clauses that give rise to cash flows that correspond exclusively to the payment of principal and interest on capital outstanding - must be measured at fair value against other comprehensive income (equity) ("FVTOCI"), unless it is designated at fair value through profit or loss under the fair value option - " Hold to Collect & Sale ".
- All other financial instruments that do not comply with the "Hold to Collect" or "Hold to Collect and Sell" criteria must be measured at their fair value against results ("FVPL").

The assessment of the appropriate business model requires judgment on the date of the initial measurement.

As part of that assessment, the Bank considers quantitative factors (for example, the frequency and expected volume of sales) and qualitative factors, such as how the performance of the business model and the financial assets held within that business model are assessed and reported to the Bank's Management Bodies.

In addition to taking into account the risks that affect the performance of the business model and the financial assets held within that business model, in particular, the way these market and credit risks are managed, and how the business managers are compensated (For example, if the remuneration is based on the fair value of the assets managed or the contractual cash flows obtained), this valuation may result in the reclassification of assets to a "Hold to Collect" or "Hold to Collect and Sell" model " or other business model.

If the Bank holds a financial asset classified in the "Hold to Collect" or "Hold to Collect and Sell" business model, an assessment is required at initial recognition to determine whether the contractual cash flows of the financial asset meet the "SPPI" criteria on the recorded balance. Contractual cash flows that meet the "SPPI" criteria in relation to the balance recorded, must be consistent with a basic loan agreement.

The interest on a basic loan agreement corresponds to the value of money over time and the credit risk associated with the value of the balance recorded over a given period of time. It may also include consideration of other basic loan risks (for example, liquidity risk) and costs (for example, administrative costs) associated with maintaining the financial asset for a specified period of time, and a profit margin consistent with a basic loan agreement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are classified at fair value through profit or loss if they are maintained in a business model of assets held for trading ("Held for Trading") or if they do not meet the criteria for classification in a "Hold to Collect" or "Hold to Collect and Sell ". In addition, this category may include financial assets that meet the criteria for classification in the "Hold to Collect" or "Hold to Collect and Sell" model, but in which the financial asset does not meet the "SPPI" criteria, or even when the Bank determined the specific classification in this category.

Financial assets classified as Financial Assets at Fair Value through profit or loss are measured at fair value with realized and unrealized gains and losses, recorded in net gains / (losses) under financial assets / liabilities at fair value through profit or loss. Interest on interest-earning assets, such as commercial loans and debt securities, is shown in the Interest and Similar Income heading.

Financial assets measured at fair value through profit or loss are recognized or derecognised on the trading date in the items specified below, the trading date being the date on which the Bank commits to buy or sell the asset:

FINANCIAL ASSETS HELD FOR TRADING

Financial assets are classified as held for trading if they were originated, acquired or obtained mainly for the purpose of sale or repurchase in the near future, or are part of a portfolio of identified financial instruments that are jointly managed and for which there is evidence recent real pattern of making short-term profits. Trading assets include debt and equity securities, derivatives held for trading purposes and commercial loans.

NON-NEGOTIABLE FINANCIAL ASSETS MUST BE ACCOUNTED FOR AT FAIR VALUE THROUGH PROFIT OR LOSS

The Bank considers any financial asset that is not held for trading, does not meet the criteria for classification in the "Hold to Collect" or "Hold to Collect and Sell" model in the "Other" business model and classifies it as an Asset non-negotiable financial asset must be accounted for at fair value through profit or loss. This predominantly includes shares in companies that are maintained and managed based on fair value criteria. In addition, any financial asset that meets the criteria for classification in a "Hold to Collect" or "Hold to Collect and Sell" model but whose contractual cash flows do not meet the "SPPI" criteria is classified by the Bank as a non-negotiable financial asset mandatorily recorded at fair value through profit or loss.

FINANCIAL ASSETS RECORDED AT FAIR VALUE THROUGH PROFIT OR LOSS

Certain financial assets, which would subsequently be measured at amortized cost or at fair value through other comprehensive income, may be recorded at fair value through profit or loss if this registration eliminates or significantly reduces an inconsistency in measurement or recognition.

The possibility of using this option, under IFRS 9, is limited.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A financial asset is classified and measured at fair value through other comprehensive income ("FVOCI"), if the financial asset is maintained in a "Hold to Collect" or "Hold to Collect and Sell" model, and if the cash flows contractual cash flows comply with the "SPPI" criteria, unless it is designated at fair value through profit or loss under the fair value option.

According to the FVOCI criterion, a financial asset is measured at its fair value, with any changes recognized in Other Comprehensive Income ("OCI"), and assessed for impairment in accordance with the expected credit loss model provided for in IFRS 9, according to which provisions are recorded in the income statement based on expectations of potential credit losses due to impairment. The currency conversion effect for assets recorded under the FVOCI criterion is recognized in the income statement, as well as the interest component, using the effective interest method. The amortization of premiums and the addition of discounts are recorded in the income and interest expense items. Realized gains and losses are recorded in net gains / (losses) on financial assets in FVOCI.

Usually, financial assets classified as FVOCI are recognized or derecognised on the trade date, the trade date being the date on which the Bank commits to buy or sell the asset.

FINANCIAL ASSETS AT AMORTIZED COST

A financial asset is classified and subsequently measured at amortized cost if the financial asset is maintained in a "Hold to Collect" model and the contractual cash flows comply with the "SPPI" criteria.

Under this measurement category, the financial asset is measured at fair value upon initial recognition. Subsequently, the book value is reduced for payments of the principal, increased or deducted from the accumulated amortization using the effective interest method. The financial asset is assessed for impairment by impairment according to the expected credit loss model under IFRS 9, in which provisions are recognized based on expected credit loss expectations. Financial assets measured at amortized cost are recognized on the financial settlement date.

Financial assets at amortized cost include predominantly loans at amortized cost and other amounts receivable presented in Other assets.

2.8.3 Modification of financial assets

Whenever the terms of a financial asset are renegotiated or modified and the modification does not result in derecognition, a gain or loss is recognized in the income statement, corresponding to the difference between the original contractual cash flows and the modified cash flows discounted at the rate original effective rate. The modified financial asset will continue to accrue interest in the original registration account.

Commercial or non-credit-related renegotiations, in which there is no significant increase in the debtor's credit risk since the origin of the contract and there is a readily exercisable right to early terminate the financial asset, resulting in the derecognition of the original contract and recognition of a new financial asset based on commercial terms negotiated

For credit-related changes (changes due to a significant increase in credit risk since the origin of the contract) or where the debtor does not have the right to early termination, the Bank assesses whether the modified terms result in a significantly modified financial asset and, consequently , unrecognized.

This assessment includes a quantitative measurement of the impact of the change in cash flows from the modification of the contractual terms and, additionally and whenever necessary, a qualitative assessment of the impact of the change in the contractual terms. Whenever it is concluded that these changes are not significant, the financial asset is not derecognised and is recorded as a change, as described above.

If the changes are found to be significant, the previous financial asset is derecognised, and a new financial asset is recognized. Whenever a change results in the recognition of a new financial asset, the date of the change is the date of the initial recognition of the new financial asset. The Bank recognizes a provision for losses based on expected credit losses for 12 months on each date of preparation of the financial statements.

However, if after a modification that results in the derecognition of the original financial asset, there is evidence that the new financial asset presents credit impairment at initial recognition, the new financial asset should be recognized as a financial asset with credit impairment, originated and initially classified on Stage 3.

2.8.4 Impairment of financial assets

The impairment requirements of IFRS 9 apply to all credit exposures that are measured at amortized cost or "FVOCI", off-balance sheet loan commitments, such as loan commitments and bank guarantees, and other assets. For the purpose of the impairment policy described below, these instruments are called "Financial assets".

The determination of impairment and provisions for impairment is made based on the expected credit loss model according to which the impairment is recorded on the date of the initial recognition of the financial asset, based on the expectations of potential credit losses.

STAGED APPROACH TO THE DETERMINATION OF EXPECTED CREDIT LOSSES

IFRS 9 introduced a three-Stage approach ("Stages") for the determination of impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach can be summarized as follows:

- Stage 1: financial assets are classified as Stage 1 whenever there is no significant increase in credit risk since the date of their initial recognition. For these assets, the expected loss from credit impairment resulting from default events occurring during the 12 months after the reporting date should be recognized in the income statement;
- Stage 2: includes financial assets for which there has been a significant increase in credit risk since the date of their initial recognition. For these financial assets, an expected credit loss ("ECL") is calculated and expected impairment losses are recognized over the life of the assets ("lifetime"). However, interest will continue to be calculated on the gross amount of the asset. Impairment for credit losses are higher at this Stage due to the increase in credit risk and the impact of considering a longer time period, compared to the 12 months considered in Stage 1;
- Stage 3: the assets classified in this Stage, at the reporting date, bear objective evidence of impairment, as a result of one or more events that have already occurred that resulted in a loss. In this case, the expected credit impairment loss will be recognized in the income statement during the expected residual life of the financial assets. The interest is calculated based on the net asset value of the assets.

SIGNIFICANT INCREASE IN CREDIT RISK

Under IFRS 9, when determining whether the credit risk (that is, default risk) of a financial asset has increased significantly since the initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes quantitative and qualitative information based on the Bank's historical experience, credit risk assessment and forward-looking information (including macroeconomic factors). Assessing significant credit deterioration is key in determining when to move from measuring a 12-month ECL-based loss to an ECL-based measurement for the life of the assets (i.e. transfer from Stage 1 to Stage 2).

The Bank's framework for determining if there has been a significant increase in credit risk aligns with the internal Credit Risk Management ("CRM") process and covers rating related and process related indicators (Note 29).

CREDIT-IMPAIRED FINANCIAL ASSETS IN STAGE 3

The Bank has aligned its definition of credit-impaired under IFRS 9 to when a Financial Asset has defaulted for regulatory purposes.

The determination of whether a Financial Asset is credit-impaired and therefore in Stage 3 focusses exclusively on default risk, without taking into consideration the effects of credit risk mitigants such as collateral or guarantees.

Specifically, a Financial Asset is credit-impaired and in Stage 3 when:

- The Bank considers the obligor is unlikely to pay i ts credit obligations; or
- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the Bank is expected to suffer. The estimation of ECLs is done on a case-by-case basis. This estimate includes the use of discounted cash flows that are adjusted for scenarios.

Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between the contractual cash flows that are due to the Bank under the contract and the cash flows that the Bank expects to receive

WRITE-OFFS

The Bank reduces the gross carrying amount of a Financial Asset when there is no reasonable expectation of recovery. Write-offs can relate to a Financial Asset in its entirety, or to a portion of it, and constitute a derecognition event.

The Bank considers all relevant information in making this determination, including but not limited to:

- Foreclosure actions taken by the Bank which have not been successful or have a high probability of not being successful,
- Collateral liquidation which has not, or will not lead to further considerable recoveries,
- Situations where no further recoveries are reasonably expected.

Write-offs can take place before legal actions against the borrower to recover the debt have been concluded, and a write-off does not involve the Bank forfeiting its legal right to recover the debt.

COLLATERAL FOR FINANCIAL ASSETS CONSIDERED IN THE IMPAIRMENT ANALYSIS

IFRS 9 requires cash flows expected from collateral and other credit risk mitigants to be reflected in the ECL calculation. The following are key aspects with respect to collateral and guarantees:

- Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;
- Collateral evaluation, i.e. what collateral (liquidation) value should be used;
- Projection of the available collateral amount over the life of a transaction.

2.8.5 Subsequent measurement of financial liabilities

The Bank classifies financial liabilities as measured at amortized cost, except: (i) financial liabilities at fair value through other comprehensive income, being this classification mandatorily applied to financial derivative instruments, to financial liabilities that arise when a transfer of a financial asset does not comply with the conditions for derecognition, a contingent payment assumed in the context of a combination of operating activities; (ii) financial guarantee contracts and loan commitments, and; (iii) other financial liabilities designated as such on the date of initial recognition, to eliminate inconsistencies ("accounting mismatch") with the measurement of associated financial assets at fair value.

2.8.6 Derecognition of financial assets and liabilities

FINANCIAL ASSETS

A financial asset (or when part of a financial asset or part of a group of financial assets applies) is derecognised when:

- the rights to receive cash flows from the asset expire; or
- the rights to receive cash flows have been transferred, or the obligation to fully pay cash flows receivable, without significant delay, to third parties under a pass-through arrangement has been assumed; and
- The risks and benefits of the asset have been substantially transferred, or the risks and benefits have not been transferred or retained, but control over the asset has been transferred.

If the rights to receive cash flows are transferred or a pass-through agreement has been entered into, and substantially all the risks and benefits of the asset have not been transferred or retained, nor the control over it has been transferred, the asset financial is recognized to the extent of continued involvement, which is measured at the lower of the original value of the asset and the maximum payment amount that the Bank may be required to pay.

When continued involvement takes the form of a call option on the transferred asset, the extent of continued involvement is the amount of the asset that can be repurchased, except in the case of a measurable put option at fair value, where the value of continued involvement it is limited to the lowest of the asset's fair value and the option's strike price.

FINANCIAL LIABILITIES

A financial liability is derecognised when the underlying obligation expires or is cancelled. When an existing financial liability is replaced by another with the same counterparty on terms substantially different from those initially established, or the initial terms are substantially changed, this replacement or change is treated as a derecognition of the original liability and the recognition of a new liability and any difference between the respective amounts is recognized in the income statement.

Short sale securities are considered financial liabilities for trading. These operations are recorded in the balance sheet at fair value, with subsequent changes in their fair value recorded in the income statement for the year, in the respective item "Income from assets and liabilities measured at fair value through profit or loss".

2.9 Fair value of assets and liabilities

Financial instruments recorded on the balance sheet at fair value were measured in accordance with valuation techniques and assumptions, which correspond to different levels of fair value, according to the hierarchy of fair value defined by IFRS 13 - Fair value.

Level 1: In addition to the financial instruments admitted to trading on a regulated market, bonds and fund units, which are valued based on prices / quotations in active markets, are included in this category;

Level 2: This category includes financial instruments that are not traded on an active market or that are valued using valuation methodologies based on market data for financial instruments with identical or similar characteristics according to the rules below;

Level 3: This category includes financial instruments that do not meet the criteria to be classified as level 1 or level 2, or their value results from the use of information not observable in the market, such as:

a) Financial instruments not admitted to trading on a regulated market, which are valued using valuation models and there is no generally accepted consensus on the market on the criteria to be used, namely:

- valuation based on the "Net Asset Value" of non-harmonized funds, updated and disclosed by the respective management companies;
- valuation based on indicative prices disclosed by the entities that participated in the issue of certain financial instruments, without an active market; or,
- valuation carried out based on the performance of impairment tests, using performance indicators of the underlying transactions (e.g. degree of protection by subordination to the tranches held, delinquency rates of the underlying assets, evolution of the ratings, etc.).

b) Financial instruments valued through indicative purchase prices based on theoretical valuation models, disclosed by specialized third parties.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale whenever it is determined that their balance sheet value will be recovered through sale. This condition only occurs when such a sale is highly likely, and the asset is available for immediate sale in its current condition. The sale transaction should take place within a maximum period of one year following classification in this item. An extension of the period during which the sale must be completed does not exclude an asset (or disposal group) from being classified as held for sale if the delay is caused by even or circumstances beyond the Bank's control and the commitment to sell the asset is preserved.

The Bank registers as non-current assets held for sale, the financial holdings on which there is an intention and expectation of sale in the short term (1 year). The Bank also recognises in this item, the properties received in payment of own credit.

Assets recognised in this category are measured at the lower of their acquisition cost and their fair value, determined on the basis of expert independent valuations, less costs incurred in the sale, or at their sale price already agreed with a third party. These assets are not amortised.

Should the assets classified into this category no longer meet the requirements for immediate sale, they are reclassified into the "Investment properties" item, in case of properties, and into the "Investments in subsidiaries and associates" item, in case of financial holdings. The principles underpinning the use of estimates are applied to the valuation of real estate properties (see Note 2.4).

2.11 Property, plant and equipment

The "Property, Plant and Equipment" item includes tangible assets such as properties for own use, vehicles and other equipment. Properties used by the Bank for its own business purposes are classified as properties for own use. Properties for own use are valued at historic cost and are revalued in accordance with the applicable legal provisions, less any subsequent depreciations.

The remaining tangible fixed assets are recorded at their cost, less subsequent depreciation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognised as costs when they occur.

Tangible assets are depreciated on a linear basis, according to their expected useful life, which is:

Properties [10 – 50] anos
Vehicles [3 - 4] anos
Other equipmento [2 – 15] anos

A tangible asset is derecognised when sold or when no future economic benefits are expected to accrue from its use or sale. On the derecognition date, the gain or loss calculated as the difference between the net sale value and the net book value is recognised in the "Other operating income" item.

2.12 Intangible assets

The "Intangible assets" item essentially correspond to software, and are recorded at acquisition cost, less accumulated depreciation and impairment losses. Depreciations are recorded on a linear basis, over the estimated useful life of the assets, which is currently set between 3 and 8 years.

Intangible assets may include capitalised internal expenditure, namely associated with in-house software development. For this purpose, these expenses are only capitalised from the point at which the conditions stipulated in standard IAS 38 are met, namely the requirements inherent to the development phase.

2.13 Leases

ACCOUNTING POLICY APPLIED AS OF JANUARY 1, 2019

On the beginning date of each contract, the Bank assesses whether the scope of the contract corresponds to a lease or whether it contains a lease. A lease is defined as a contract, or part of a contract, whereby the right to control the use of an identifiable asset for a specified period is granted in exchange of a fee.

To determine whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Bank assesses whether, during the period of use of the asset, it cumulatively detains: i) the right to acquire substantially all of the economic benefits derived from the use of the identifiable asset; and; ii) the right to control the use of the identifiable asset.

RECOGNITION

The Bank recognizes an asset under the right to use, and a lease liability on the date the lease agreement comes into force.

The asset under the right of use is initially measured at cost, which comprises the initial value of the lease liability adjusted for any lease payments made on, or before, the effective date of the lease, in addition to any initial direct costs incurred, as well as an estimate of the costs of decommissioning and removing the underlying asset (if applicable), less any incentives obtained.

Lease agreements can contain both rental and non-lease components. The Bank detaches the service components from the lease components, accounting them as a single lease component, in determining the lease liability.

The lease liability is initially recognized at the present value of the lease components of rents not paid on the date that the lease agreement comes into force, discounted at the implicit interest rate, or in the event that it is not possible to determine this rate easily, using the Bank's incremental interest rate.

The lease payments included in the measurement of the lease liability correspond to the fixed payments less any incentives receivable.

To determine the lease term, the Board of Directors considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability. These terms are revised only if a significant event or a significant change in circumstances occurs that affects this assessment and is under the lessee's control.

The Bank opted to record low-value and short-term leases as expenses of the year when they incur, for the entire term of the lease, as considered for in the IFRS 16 application regime.

SUBSEQUENT MEASUREMENT

Assets under right of use, are measured in accordance with the cost model, with depreciation recorded on a straight-line basis until the end of the lease term, being adjusted by remeasurements of the lease liability.

Assets under right of use are tested for impairment whenever there are indicators of impairment, in accordance with IAS 36 - Impairment of assets.

The lease liability is measured at amortized cost, using the effective interest method, and is remeasured when there are changes in future payments resulting from a change in the rate or index, as well as when there are changes in the lease contracts.

Modifications to the contract are considered to exist when the Bank negotiates new conditions with the lessor related to the scope and / or payments of the lease.

ACCOUNTING POLICY APPLIED UNTIL DECEMBER 31, 2018

The Bank considers that it is part of a lease when, on the basis of an agreement, the lessor transfers to the lessee, in exchange for a payment or series of payments, the right to use a tangible fixed asset for an agreed period of time.

Leases of property, plant and equipment, for which the Bank has substantially all the risks and benefits inherent in ownership of the asset are classified as finance leases. Agreements in which the analysis of one or more specific situations of the contract point to this nature are also classified as finance leases.

All other leases are classified as operating leases.

Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the start date of the contract. The debt resulting from a finance lease agreement is recorded net of financial charges, under "Other liabilities".

Financial charges included in rent and the depreciation of leased assets are recognized in the separate income statement and other comprehensive income, for the period to which they relate.

Property, plant and equipment acquired through finance leases are depreciated over the shorter of the asset's useful life and the lease period when the Bank has no call option at the end of the contract, or over the estimated useful life when the Bank intends to acquire the assets at the end of the contract.

In operating leases, rents payable are recognized as a cost in the income statement on a straight-line basis over the lease period.

2.14 Income taxes

The expenses or income recognised as income taxes correspond to the sum of current tax on earnings expense or income and deferred tax on earnings expense or income. Current tax is calculated on the basis of the prevailing tax rate.

The Bank reports as deferred tax liabilities or deferred tax assets those amounts relating to the recognition of taxes payable / taxes recoverable in the future and which result from unrealised tax losses and temporary taxable/ deductible differences, particularly those related to provisions, revaluations of securities and derivatives that are only taxable at the time of realisation, the tax regime for pension liabilities and other employee benefits and non-taxable capital gains for reinvestment.

Deferred tax assets and deferred tax liabilities are calculated and assessed on an annual basis, using the tax rates expected to be in force at the date of reversal of the temporary differences. In practice, these are the rates approved or substantially approved at the balance sheet date.

DEFERRED TAX LIABILITIES ARE ALWAYS REPORTED

Deferred tax assets are only recorded to the extent that it is likely that there will be sufficient future taxable income to allow their use. It should be noted that the Bank met the requirements for the special scheme for the conversion of deferred tax assets ("special scheme") into tax credits, as provided for in Law no. 61/2014, of 26 August.

After having signed up for this scheme and following the calculation of a net loss for 2015, the Bank believes it meets the requirements for converting the mentioned deferred tax asset into a tax credit, under article 6 of the special scheme.

In 2016, and for the purposes of the preceding paragraph, the Bank converted deferred tax assets in the amount of 442 thousand euros into tax credits, maintaining the amount of 313 thousand euros in deferred tax assets.

At the same time, it set up a special reserve in favour of the State in the amount of the tax credit, plus a margin of 10%, which therefore totalled 486 thousand euros (Note 19). As a result from the negative net loss incurred in the reporting year 2016, the Bank proceeded in 2017 with the conversion of the deferred tax assets into tax credits in the amount of 65 thousand euros, maintaining the amount of 248 thousand euros in deferred tax assets. At the same time, it set up a special reserve in favour of the State in the amount of the tax credit, plus a margin of 10%, which therefore totalized 71 thousand euros (Note 19).

As a result of the negative net result for the 2017 financial year, in 2018, the Bank converted deferred tax assets into tax credits in the amount of 55 thousand euros, maintaining the value of 183 thousand euros in deferred tax assets and simultaneously constituted a special reserve in favor of the State in the amount of the tax credit, increased by 10%, in the amount of 60 thousand euros (Note 19).

Finally, and as a result of the net loss incurred in 2018, the Bank proceeded, in 2019, to convert deferred tax assets into tax credit in the amount of 28 thousand euros.

Simultaneously, the Bank created a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand euros (Note 19). As at 31 December 2019, the Bank maintains the amount of 165 thousand euros of deferred tax assets covered by REAID.

The registration of the special reserve implies the simultaneous constitution of conversion rights attributed to the State.

In this context, the Bank issued 404,669 conversion rights in favour of the Portuguese State for 2015 and, separately issued 83,109 and 70,162 conversion rights for the years 2016 and 2017. These rights were registered with the Central Securities / Interbolsa on December 11, 2017 and October 19, 2018, respectively. As of the date of issue of this report, the Bank has not yet issued conversion rights in favour of the Portuguese State for the 2018 financial year.

Under the aforementioned regime, such conversion rights correspond to securities that give the Portuguese State the right to require the Bank to issue and deliver free ordinary shares, following the capital increase through the incorporation of the reserve amount.

However, the Bank's shareholder has the potestative right to acquire conversion rights from the State, under the terms defined in Ordinance No. 293-A / 2016, of 18 November.

If the shareholder does not exercise the potestative right to acquire the conversion rights issued and attributed to the Portuguese State within the period established for that purpose, in the exercise in which the State exercises these rights, it will require the Bank to increase its capital

by incorporating the amount of the special reserve and the consequent issue and free delivery of ordinary shares representing the Bank's share capital.

Income taxes (current or deferred) are reflected in the income statement for the year, except in cases where the transactions that originated them have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, without affecting the income for the year.

2.15 Provisions and contingent liabilities

A provision is set up when there is a present obligation (legal or constructive) resulting from past events where the future expenditure of resources is likely, and this can be reliably determined. The provision corresponds to the Bank's best estimate of any amounts that would have to be disbursed to settle the liability on the balance sheet date. If the time effect of the cost of money is significant, the provisions are discounted using a pre-tax interest rate that reflects the specific risk of the liability. In these cases, the increase in the provision over time is recognized in financial costs.

If the future expenditure of resources is not likely, a contingent liability is recorded.

Contingent liabilities are only subject to disclosure, unless the possibility of their realization is remote. This rule does not apply to contingent liabilities associated with the acquisition of businesses, as they are recognized in accordance with IFRS 3.

Within the scope of the activity carried out by the Bank, financial guarantees are given and credit commitments are made to third parties, which are off balance sheet items (see Note 27), and therefore contingent liabilities, can be converted into credit exposures to be recorded in the Bank's balance sheet.

The Bank assesses, at each reporting date, the potential credit risk involved in these contracts according to the ECL model (see Note 2.8) and whenever it estimates credit risk losses, it records the respective provision in the balance sheet.

Provisions for ongoing legal proceedings, except for tax proceedings in progress with AT in respect of income tax, are recognized when the Bank estimates that it is more likely than not that it will have to pay the disputed amounts.

2.16 Recognition of income and costs

Income and costs are generally recognized according to the period of validity of the operations in accordance with the accrual accounting principle, that is, they are recorded as they are generated, regardless of when they are collected or paid.

Income is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Bank and the amount of revenue can be reliably measured.

For financial instruments measured at amortized cost and for financial instruments classified as "Financial assets available for sale", interest is recognized using the effective rate method, which corresponds to the rate that exactly discounts the set of future cash receipts or payments until maturity, or until the next repricing date, for the currently recorded net amount of the financial asset or liability.

When the effective interest rate is calculated, future cash flows are estimated considering the contractual terms and considering all other income or charges directly attributable to the contracts.

2.17 Recognition of dividends

Dividends are recognised whenever the Bank is virtually certain to receive them, insofar as they are duly and formally recognised by the competent bodies of its subsidiaries, in conformity with paragraph 30 of IAS 18, corroborated by the provisions of paragraph 33 of IAS 37, on virtually certain assets, and by the fact that there are no provisions in IAS 10 on subsequent events, that contradict this framework. Moreover, the provisions of BoP's Notice no. 18/2004/DSB do not oppose any such approach.

2.18 Income and charges for services and commissions

The Bank charges fees to their customers for providing a broad range of services. These include fees for the provision of ongoing services, for which customers are usually debited on a periodic basis, or fees charged for carrying out a specific significant act.

Fees charged for services provided during a given period are recognised over the length period of the service. Fees related to the performance of a significant act are recognised at the moment the act in question occurs. The fees and charges associated with financial instruments are included in the effective interest rate of such instruments.

2.19 Accrual-based accounting

The Bank applies the accrual-based accounting principle to most of the items in its financial statements. Thus, income and costs are recognised as they are generated, regardless of when they are actually paid or received.

3. Segment Reporting

In the Bank's segment report, as at 31 December 2019, the primary reporting is based on business areas, which includes Investment Banking, Sales & Trading, Wealth Management, Client Management and other activities. Within the segment "other activities", the activity with the higher weight is the Treasury segment.

The division amongst the various business processes considered the nature of the processes, the similarities between them, the organisation and the management processes in place at the Bank.

The reports used by management are essentially based on accounting data.

During the last quarter of 2018 following the acquisition by Bison Financial on June 9, 2018, the Bank reorganized its structure and implemented a cost accounting approach, implemented in 2019, abandoning the presentation of discontinued business segments.

Thus, the operating segments reported by the Bank in 2019 and 2018 include the following business areas, and its activities are distinguished only in terms of net operating revenue:

- Investment Banking: Corporate Finance; Structuring of bond issues; Origination and management of commercial paper programs;
- Sales & Trading: Brokerage;
- Wealth Management: Investment Advisory; Discretionary Management;
- Client Management: Corporate & Private Banking; Depositary Bank of Funds;
- Outros: Other activities not included in the above segments, including Treasury, which comprises proprietary portfolio management, including Legacy portfolios (funds and shares), Financial Holdings for sale and properties for sale.

As at 31 December 2018, the Bank's structural costs, namely personnel expenses, other administrative expenses, reinforcement or reversal of provisions, impairment or reversal of impairment of financial and non-financial assets and taxes, are allocated to the segment " Others".

On December 31, 2019, and for the purposes of better analysis of the Bank's business segments, the Board of Directors allocated personnel and other administrative expenses to each of the identified segments.

Operating segments on December 31, 2019:

	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Interest Income	-	-	-	-	407	407
Interest Expenses	-	-	-	-	(152)	(152)
Net Interest Income	**-**	**-**	**-**	**-**	**255**	**255**
Dividend income	-	-	-	-	2	2
Fee and commission income	780	32	2	1,525	1	2,340
Fee and commission expense	(45)	-	(43)	-	(188)	(276)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-	-	-	(1,015)	(1,015)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	-	-	-	775	775
Exchanges, net	-	-	-	-	179	179
Other operating income, net	-	-	-	-	91	91
Total Operating Income, Net	**735**	**32**	**(41)**	**1,525**	**100**	**2,351**
Staff expenses	(444)	(135)	(466)	(506)	(4,455)	(6,005)
Other administrative expenses	(48)	(10)	(19)	(43)	(3,078)	(3,199)
Depreciation	-	-	-	-	(744)	(744)
Provisions or reversal of provisions	-	-	-	-	589	589
Impairment or reversal of impairment on financial assets	-	-	-	-	77	77
Impairment or reversal of impairment on non-financial assets	-	-	-	-	1	1
Profit or Loss before Tax from Continuing Operations	**243**	**(113)**	**(526)**	**976**	**(7,510)**	**(6,930)**
Taxes	-	-	-	-	(79)	(79)
Profit or Loss after Tax From Continuing Operations	**243**	**(113)**	**(526)**	**976**	**(7,589)**	**(7,009)**
Profit or loss after tax from discontinued operations	-	-	-	-	-	-
Profit (Loss) for the year	**243**	**(113)**	**(526)**	**976**	**(7,589)**	**(7,009)**

Operating segments on 31 December, 2018:

	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Interest Income	-	-	-	17	221	238
Interest Expenses	-	-	-	(183)	(222)	(405)
Net Interest Income	**-**	**-**	**-**	**(166)**	**(1)**	**(167)**
Dividend income	390	-	-	-	-	390
Fee and commission income	171	95	-	1,291	553	2,110
Fee and commission expense	-	(29)	-	(122)	(10)	(161)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-	-	-	(2,078)	(2,078)
Exchange differences, net	-	-	-	-	3	3
Other operating income, net	-	-	-	-	(222)	(222)
Total Operating Income, Net	**561**	**66**	**-**	**1,004**	**(1,756)**	**(125)**
Staff expenses	-	-	-	-	(5,715)	(5,715)
Other administrative expenses	-	-	-	-	(3,196)	(3,196)
Depreciation	-	-	-	-	(598)	(598)
Provisions or reversal of provisions	-	-	-	-	321	321
Impairment or reversal of impairment on financial assets	-	-	-	-	1	1
Impairment or reversal of impairment on non-financial assets	-	-	-	-	41	41
Profit or Loss before Tax from Continuing Operations	**561**	**66**	**-**	**1,004**	**(10,902)**	**(9,271)**
Taxes	-	-	-	-	(147)	(147)
Profit or Loss after Tax From Continuing Operations	**561**	**66**	**-**	**1,004**	**(11,049)**	**(9,418)**
Profit or loss after tax from discontinued operations	-	-	-	-	-	-
Profit (Loss) for the year	**561**	**66**	**-**	**1,004**	**(11,049)**	**(9,418)**

In 2018 the interest figures reported in the business segments include intra-segment interests pertaining to funding costs and/or the application of raised funds.

This interest in 2019 was allocated to the item, to Others (Treasury Management).

REVENUE BY GEOGRAPHIC SEGMENT

The Bank carries out its entire activity mainly in Portugal, constituting the representative office in Hong Kong currently under approval by the Hong Kong Monetary Authority a business capture structure. Activity outside Portugal is currently immaterial in the context of the Bank.

4. Cash, Cash Balances at Central Banks and other Demand Deposits

The item breaks down as follows:

	31-12-2019	31-12-2018
Cash	0	0
On-Demand Deposits with Bank of Portugal	1,484	1,867
	1,484	**1,867**
In Portugal		
Currency EUR	17,206	29,110
Currency USD	7,913	3,158
Others currencies	108	129
Abroad		
Currency EUR	434	212
Currency USD	46	56
Currency GBP	3	3
Currency CHF	21	22
Others currencies	7	7
	25,738	**32,696**
	27,222	**34,563**

Item includes the deposits set up to meet the Eurosystem's Minimum Reserve requirements.

The minimum reserve corresponds to 1% of deposits and debt securities with maturities of up to 2 years, excluding any liabilities to other institutions subject to, but not exempt from, the same minimum reserve requirement and the liabilities to the European Central Bank and to National Central Banks participating in the euro area.

The amounts recorded under this item are available for movement.

5. Financial Assets Held for Trading

This item is composed of debt instruments and equity instruments, which are detailed as follows:

Details of the securities portfolio as at 31 December 2019:

Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Book Value
Debt Instruments					**161**
Issued by Residents					
Portuguese Public Debt					
CONSOLIDADO/1943	EUR	0.72	0.71	Fair Value	0
CONSOLIDADO/1942	EUR	0.19	0.74	Fair Value	0
COBRIGAÇÕES DO TESOURO 2.2 10/17/22	EUR	150 000	1.07	Fair Value	161
Equity Instruments					
Issued by residents					
BEIRA VOUGA 88 S.A.	EUR	5 190	0.00	Fair Value	-
BEIRA VOUGA 88 S.B.	EUR	5 190	0.00	Fair Value	-
KENDALL, PINTO BASTO & CªLDA	EUR	264 470	0.00	Fair Value	-
PRODIS	EUR	33	0.25	Fair Value	-
INCAL	EUR	100	0.00	Fair Value	-
G.A.P. - S.G.P.S.	EUR	16	0.00	Fair Value	-
S.P.E. PORTADOR	EUR	29	0.00	Fair Value	-
GREGORIO & COMP.	EUR	100	0.00	Fair Value	-
F.N.MARGARINAS	EUR	5	0.00	Fair Value	-
FIACO	EUR	10	0.00	Fair Value	-
FONCAR - IND.COM.TEXTIL	EUR	3	0.00	Fair Value	-
COPINAQUE	EUR	40	0.00	Fair Value	-
AMADEU GAUDENCIO	EUR	320	0.00	Fair Value	-
TRANSBEL-TRANSP.TRANS.INTERNAC.	EUR	5	0.00	Fair Value	-
NUNO MESQUITA PIRES, SA	EUR	90	0.00	Fair Value	-
FNACINVEST - S.G.P.S.	EUR	180	0.00	Fair Value	-
BANIF - BANCO INT. FUNCHAL, S.S.	EUR	565,574	0.16	Fair Value	-
BEIRA VOUGA 95 (ACCOES)	EUR	1 509	0.00	Fair Value	-
S.P.E. NOMINATIVAS	EUR	122	0.00	Fair Value	-
BUCIQUEIRA-S.G.P.S.,S.A.	EUR	10	0.00	Fair Value	-
Total					**161**

As of December 31, 2019, and pursuant to the defendant in paragraph c), nº2, of Instruction No. 18/2005 of the BoP, none of the securities in the portfolio matures within one year.

The Treasury Bonds identified above as "TREASURY BONDS 2.2 10/17/22", in the amount of 161,000 euros, are related to the Investor Compensation System.

As of December 31, 2019, the Bank is not using the intraday credit line.

Details of the securities portfolio as at 31 December 2018:

Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Book Value
Debt Instruments					**162**
Issued by Residents					
Portuguese Public Debt					
CONSOLIDADO/1943	EUR	0.72	0.67	Fair Value	0
CONSOLIDADO/1942	EUR	0.19	0.74	Fair Value	0
COBRIGAÇÕES DO TESOURO 2.2 10/17/22	EUR	150 000	1.08	Fair Value	162
Equity Instruments					
Issued by residents					
BEIRA VOUGA 88 S.A.	EUR	5 190	0.00	Fair Value	-
BEIRA VOUGA 88 S.B.	EUR	5 190	0.00	Fair Value	-
KENDALL, PINTO BASTO & CªLDA	EUR	264 470	0.00	Fair Value	-
PRODIS	EUR	33	0.25	Fair Value	-
INCAL	EUR	100	0.00	Fair Value	-
G.A.P. - S.G.P.S.	EUR	16	0.00	Fair Value	-
S.P.E. PORTADOR	EUR	29	0.00	Fair Value	-
GREGORIO & COMP.	EUR	100	0.00	Fair Value	-
F.N.MARGARINAS	EUR	5	0.00	Fair Value	-
FIACO	EUR	10	0.00	Fair Value	-
FONCAR - IND.COM.TEXTIL	EUR	3	0.00	Fair Value	-
COPINAQUE	EUR	40	0.00	Fair Value	-
AMADEU GAUDENCIO	EUR	320	0.00	Fair Value	-
TRANSBEL-TRANSP.TRANS.INTERNAC.	EUR	5	0.00	Fair Value	-
NUNO MESQUITA PIRES, SA	EUR	90	0.00	Fair Value	-
FNACINVEST - S.G.P.S.	EUR	180	0.00	Fair Value	-
BANIF - BANCO INT. FUNCHAL, S.S.	EUR	565 574	0.00	Fair Value	-
BEIRA VOUGA 95 (ACCOES)	EUR	1 509	0.00	Fair Value	-
S.P.E. NOMINATIVAS	EUR	122	0.00	Fair Value	-
BUCIQUEIRA-S.G.P.S.,S.A.	EUR	10	0.00	Fair Value	-
Total					**162**

6. Non - Negotiable Financial Assets Mandatory at the Fair Value Through Profit and Loss

The details of this item in 2019 are as follows:

	Balance Sheet Value
On 1th January 2019	**23 445**
Acquisitions	132
Alienation	(406)
Fair Value Variation	(1 015)
On 31st December 2019	**22 156**

The disposals that occured in 2019 refer to the interests held in ArtinvestFine Art, and Fine Art Fund, JPM Greater China Fund, Banif US Real Estate and PREFF-PAN European Real State Fund..

As of December 31, 2019, this item shows the following details:

Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Book Value
Equity Instruments					**22,156**
Issued by residents					
GALERIAS NAZONI	EUR	750	0,00	Fair Value	-
SEA ROAD	EUR	200,000	0,00	Fair Value	-
TURIRENT	EUR	14,291	562,43	Fair Value	8,037
FLORESTA ATLÂNTICA - SGFII (CL B)	EUR	40,000	26,76	Fair Value	1,070
Issued by non-residents					
SHOTGUN PICTURES	EUR	10,000	0,00	Fair Value	-
DISCOVERY PORTUGAL REF, SICAV-FIS	EUR	13,165	984,43	Fair Value	12,960
PREFF-PAN EUROPEAN REAL STATE FUND	EUR	373	63,62	Fair Value	24
JP MORGAN EUROPEAN PROPERTY FUND	EUR	0,35	6,414,56	Fair Value	2
PRADERA EUROPEAN RETAIL FUND CLASS1	EUR	300,000	0,06	Fair Value	17
GREFF GLOBAL REAL ESTATE FUND A	EUR	396	79,16	Fair Value	31
BELMONT RX SPC FI SEP08	USD	2	11,74	Fair Value	0
BELMONT RX SPC FI DEC08	USD	406	35,93	Fair Value	14
Total					**22,156**

On 13 October 2019, Bison Bank and Bison Capital Financial Holdings (Hong Kong) signed an agreement with Oitante to transfer the 126,845 units of Banif US Real Estate, issued by Banif Multifund, which should have been contemplated in the carve-out agreement. This agreement did not substantiate any change in the sale price of Bison Bank.

The details of this item, as at 31 December 2018, were as follows:

Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Book Value
Equity Instruments					**23,445**
Issued by residents					
GALERIAS NAZONI	EUR	750	0.00	Fair Value	-
SEA ROAD	EUR	200,000	0.00	Fair Value	-
TURIRENT	EUR	14,291	587.47	Fair Value	8,395
FLORESTA ATLÂNTICA - SGFII (CL B)	EUR	40,000	48.54	Fair Value	1,942
ART INVEST	EUR	312,900	0.85	Fair Value	266
Issued by non-residents					
SHOTGUN PICTURES	EUR	10,000	0.00	Fair Value	-
DISCOVERY PORTUGAL REF, SICAV-FIS	EUR	13,054	961.89	Fair Value	12,556
PREFF-PAN EUROPEAN REAL STATE FUND	EUR	1,152	71.47	Fair Value	82
JP MORGAN EUROPEAN PROPERTY FUND	EUR	3	9,471.29	Fair Value	3
FINE ART FUND (CP)	USD	12,645	10.77	Fair Value	119
PRADERA EUROPEAN RETAIL FUND CLASS1	EUR	396	80.28	Fair Value	36
BANIF US REAL ESTATE FUND	USD	126,845	0.00	Fair Value	-
GREFF GLOBAL REAL ESTATE FUND A	EUR	599	53.14	Fair Value	32
JPM GREATER CHINA PROP FUND CAY LP	USD	207,141,363	0.00	Fair Value	-
BELMONT RX SPC FI SEP08	USD	2	11.74	Fair Value	0
BELMONT RX SPC FI DEC08	USD	406	35.93	Fair Value	13
Total					**23,445**

On 5 December 2018 Bison Bank increased Turirent´s equity by the amount of 1,250 thousand euros in order to finish the buildings construction in plot 8 and 9 in Camarate and increase the fund´s liquidity.

The main assumptions used in the valuation of the unlisted equity instruments are:

- Units in Investment Funds – market price based on the last NAV available for units in investment funds acquired up to the date of that price; historical cost for investments (regarding only balances as of 31 December 2017) made between the date of the last market price available and the date of the financial statements;
- Securities received in lieu – record of 100% impairment on the balance sheet value if there are no prospects of recoverability. The prospects of recoverability are determined on the basis of individual internally conducted analyses.

7. Financial Assets at Fair Value through other Compregensive Income

The movements occurred inthis item, in2019, were as follows:

	Balance Sheet Value
On 1st January 2019	**38,537**
Acquisitions	20,273
Alienation of Equity Instruments	(3,130)
Alienation of Debt Instruments	(23,228)
Debts instruments fair Value Variation	399
Equity instruments fair Value Variation	(241)
Accured Interests Variation	109
On 31st December 2019	**32,719**

As at 31 December, 2019, this item shows the following detail:

12/31/2019					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Equity Instruments					**32 689**
Issued by residents					
REP PORTUGUESA/3.85 OB 20210415	EUR	70 000	1.11	Fair Value	76
IGCP EPE/VAR OB 20210812	EUR	814 000	1.05	Fair Value	847
IGCP EPE/VAR OB 20220412	EUR	207 000	1.06	Fair Value	216
IGCP EPE/VAR OB 20211130	EUR	1 824 000	1.06	Fair Value	1 898
IGCP EPE/VAR OB 20220802	EUR	438 000	1.05	Fair Value	459
REP PORTUGUESA/VAR OB 20221205	EUR	342 000	1.03	Fair Value	353
PORTUGAL, REPUB/VAR BD 20150723	EUR	5 424 000	1.03	Fair Value	5 617
CAIXABANK S.A./2.375 ASST BKD MT	EUR	5 000 000	1.05	Fair Value	5 479
PGB 1.95 06/15/29	EUR	2 000 000	1.15	Fair Value	2 302
BRISA C ROD SA/2.375 OB 20270510	EUR	500 000	1.12	Fair Value	557
TRANSPORTES AER/4.375 BD 20270510	EUR	500 000	1.02	Fair Value	501
CAIXA GERAL DE DEP 1,25 19-2024	EUR	500 000	1.00	Fair Value	506
MOTA ENGIL SGPS/4.375 OB 20241030	EUR	500 000	1.00	Fair Value	504
Issued by residents					
RENEPL 1 3/4 06/01/23	EUR	3 000 000	1.04	Fair Value	3 197
BANK OF CHINA/FRANKFURT	EUR	5 000 000	1.00	Fair Value	5 014
BKIA/0.875 BO 20240325	EUR	2 500 000	1.01	Fair Value	2 573
ITALIA/0.65 BTP 20231015	EUR	2 000 000	1.01	Fair Value	2 029
VOLKSWAGEN INTE/2.625EUR NT 2027 111	EUR	500 000	1.12	Fair Value	561
Equity Instruments					**30**
Issued by residents					
Floresta Atlântica - SGFII, SA	EUR	10 125	2.96	Fair Value	30
Total					**32 719**

On February 1, 2019, Bison Bank entered into a purchase and sale agreement with Ascendi PT SGPS, SA regarding the total capital and voting rights of Ascendi's concessionaires / operators, as well as the respective ancillary payments and dividends, for the amount of 3,339 thousand euros. This amount was deducted from the amount paid between 1 January 2018 and the closing date of the transaction as dividends, repayment of capital or interest, so in May 2019 Bison Bank received the amount of 3,130 thousand euros.

The acquisitions recorded in 2019 refer to the subscription of bonds issued by private domestic and foreign entities, with a rating between BB - A and fixed and variable remuneration rates between 0.25% to 4.375%.

As at December 31, 2019, and under the terms of paragraph c), paragraph 2, of Instruction nº 18/2005 of the BoP, no securities in portfolio mature within one year. As of December 31, 2019, the Bank is not using the intraday credit facility.

The details of this item, as at 31 December 2018, were as follows:

12/31/2018					
Name and Type of Security	**Currency**	**Amount**	**Price**	**Valuation Criteria**	**Book Value**
Equity Instruments					**35 069**
Issued by residents					
PORTUGUESE OT'S PGB3.85 04/15/21	EUR	70 000	1.09	Fair Value	78
IGCP EPE/VAR OB 202120812	EUR	814 000	1.05	Fair Value	862
IGCP EPE/VAR OB 20220412	EUR	207 000	1.05	Fair Value	218
IGCP EPE/VAR OB 20211130	EUR	1 824 000	1.05	Fair Value	1 920
IGCP EPE/VAR OB 20220802	EUR	438 000	1.04	Fair Value	459
REP PORTUGUESA/VAR OB 20221205	EUR	342 000	1.03	Fair Value	351
PORTUGAL, REPUB/VAR BD 20150723	EUR	4 866 000	1.02	Fair Value	5 006
Issued by non-residents					
ITALIA/0.35 BTP 20200615	EUR	5 000 000	1.00	Fair Value	4 996
spgb 0.35 07/30/23	EUR	5 000 000	1.00	Fair Value	5 012
RENEPL 1 3/4 06/01/23	EUR	3 000 000	1.03	Fair Value	3 128
CABKSM 1.125 01/12/23	EUR	5 000 000	0.98	Fair Value	4 952
SANTAN 1.375 12/14/22	EUR	3 000 000	1.03	Fair Value	3 086
CSI FINANCIAL P/0.7 MTN 20191023	EUR	5 000 000	1.00	Fair Value	5 000
Equity Instruments					**3 468**
Issued by residents					
ASCENDI OPERADORA BLA	EUR	63	15.96	Amortised Cost	1
ASCENDI OPERADORA CP	EUR	63	15.56	Amortised Cost	1
ASCENDI OPERADORA NT	EUR	97	221.22	Amortised Cost	21
ASCENDI BEIRAS LITORAL E ALTA	EUR	32 460	34.11	Amortised Cost	1 107
ASCENDI COSTA DE PRATA	EUR	14 129	16.42	Amortised Cost	232
ASCENDI NORTE	EUR	54 199	22.89	Amortised Cost	1 204
ASCENDI COSTA DE PRATA	EUR	16 345	1.00	Amortised Cost	0
ASCENDI NORTE	EUR	663 007	1.00	Amortised Cost	663
ASCENDI CBEIRA LITORAL	EUR	72 539	1.00	Amortised Cost	73
Issued by non-residents					
Floresta Atlântica - SGFII, SA	EUR	10 125	12.81	Fair Value	130
Total					**38 537**

The movements that occurred in this item in 2019 are of the following nature: In 2018, the valuation of ASCENDI equity instruments, detailed in the table above, corresponds to the value of the acquisition offer made by an unrelated party and accepted by the Bank. The main assumptions used in the valuation of instruments representing unquoted capital are:

- Units in Investment Funds – market price based on the last NAV available for units in investment funds acquired up to the date of that price;
- Securities received in lieu – record of 100% impairment on the balance sheet value if there are no prospects of recoverability. The prospects of recoverability are determined on the basis of individual internally conducted analyses.

8. Financial Assets at Amortized Cost

As at 31 December 2019 and 2018, this item breaks down as follows:

	31-12-2019	31-12-2018
Domestic Loans		
Corporates		
Other Loans	7	50
Overdrafts and on demand deposits	288	315
	296	365
Overdue Loans and Interests	1,049	1,068
	1,345	1,433
Securities Portfolio	-	-
	1,345	1,433
Impairment	(1,101)	(1,170)
	244	263

Principal and overdue accrued interests in arrears break down as follows:

	Amount	
Tenor (months)	31/12/2019	31/12/2019
<= a 3m	-	-
> 03m <= 06m	-	-
> 06m <= 09m	-	-
> 09m <= 12m	-	-
> 12m <= 15m	-	1
> 15m <=18m	-	-
> 18m <= 24m	-	-
> 24m <= 30m	-	1
> 30m <= 36m	183	176
> 36m <= 48m	-	-
> 48m <= 60m	-	890
> 60m	866	-
Total	**1,049**	**1,068**

On December 31, 2019, the securities portfolio classified in this category shows the following detail:

31/12/2019						
Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Gross Value	Net Value
Debt Instruments						
BANIF FINANCE LTD 3 12/31/19	EUR	3,825,000	0.00	Amortised Cost	-	-
Total					**0**	**0**

In December 2019, the Bank received part of the capital and accrued interest from the bonds referred to above, in the amount of 509 thousand euros, which were recorded in the item Gains or losses on the derecognition of financial assets and liabilities not measured at fair value through the results, net value (see Note 23).

As at 31 December 2018, the details of securities portfolio were as follows:

31/12/2018						
Name and Type of Security	Currency	Amount	Price	Valuation Criteria	Gross Value	Net Value
Debt Instruments						
BANIF FINANCE LTD 3 12/31/19	EUR	3,825,000	0.00	Amortised Cost	-	-
Total					**0**	**0**

Note 2.8 details the policy adopted by the Bank in relation to the classification of securities in this category.

The Bank considers restructured loans to be those loans in relation to which there have been changes in contractual conditions, particularly in terms of extensions to the repayment period, the introduction of grace periods or the capitalisation of interest, due to the financial difficulties of the borrower, regardless of whether or not there have been delays in the payment of principal and interests.

9. Non-Current Assets and Disposal Groups Classified as Held for Sale

As at 31 December, 2019 and 2018, this item breaks down as follows:

	31-12-2019	31-12-2018
Real Estate Properties received in lieu of payment	-	3
	-	3

The movement in 2019 was as follows:

Description	Balance as at 31-12-2018			Changes from year 2019				Balance as at 31-12-2019		
	Gross Amount	Impairment	Net Amount	Acquisitions	Disposals	Increase/ (Reduction)	Impairment Increase	Gross Amount	Impairment	Net Amount
Discontinued Units	-	-	-	-	(3)	-	-	-	-	-
Foreclosed Real Estate Properties	3	-	3	-	-	-	-	-	-	-
Total	**3**	**-**	**3**	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**

As of December 31, 2018, Bison Bank only held one property, which was received for its residual value in lieu of payment. On July 25, 2019, the Bank sold this property for 80 thousand euros.

The movement in 2018 was as follows:

Description	Balance as at 31-12-2017			Changes from year 2018				Balance as at 31-12-2018		
	Gross Amount	Impairment	Net Amount	Acquisitions	Disposals	Increase/ (Reduction)	Impairment Increase	Gross Amount	Impairment	Net Amount
Discontinued Units	2,571	(114)	2,457	-	(2,457)	-	-	-	-	-
Foreclosed Real Estate Properties	3	-	3	-	-	-	-	3	-	3
Total	**2,574**	**(114)**	**2,460**	**-**	**(2,457)**	**-**	**-**	**3**	**-**	**3**

10. Property, Plant and Equipment

The changes over the period in, "Other tangible assets" item were the following:

Descrition	31-12-2018			Changes from year 2019				31-12-2019		
				Acquisitions	Write-offs		Amortization for the year			
	Gross Amount	Amortization	Net Amount		Gross Amount	Amortization		Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Work on leahold real estate properties	40	40	-	-	(40)	(40)	-	-	-	-
Assets under financial lease	-	-	-	2,120	(39)	(21)	458	2,081	437	1,644
	40	40	0	2,120	(79)	(61)	458	2,081	437	1,644
Equipment										
Office furniture and material	424	408	16	-	(144)	(144)	-	280	264	16
Machinery and tools	99	99	-	1	(84)	(84)	1	16	16	-
IT equipment	1,513	1,488	25	20	(1,351)	(1,351)	14	181	151	30
Inner facilities	60	50	10	6	(54)	(51)	3	12	2	10
Transport equipment	33	33	-	-	(13)	(13)	-	20	20	-
Assets under financial lease - cars	-	-	-	274	-	-	42	274	42	232
Security Equipment	23	23	-	23	(23)	(23)	2	23	2	21
Other Equipment	56	56	-	-	(32)	(32)	-	24	24	-
	2,208	2,157	51	324	(1,701)	(1,698)	62	830	521	309
	2,248	2,198	51	2,444	(1,780)	(1,759)	520	2,912	959	1,953

The impact of IFRS 16 in the financial year 2019 on 1 January 2019 resulted in an increase in gross value of EUR 2,1201,938 thousand for real estate and EUR 274 thousand for vehicles.

The impact of the adoption of IFRS 16 on 1 January 2019 is described in note 2.3.

The changes over the previous period were the following:

Descrition	31-12-2017			Changes from year 2018				31-12-2018		
				Acquisitions	Write-offs		Amortization for the year			
	Gross Amount	Amortization	Net Amount		Gross Amount	Amortization		Gross Amount	Amortization	Net Amount
Other Tangible Assets										
Real Estate Properties										
Work on leahold real estate properties	40	4	36	-	-	-	36	40	40	-
	40	4	36	-	-	-	36	40	40	-
Equipment										
Office furniture and material	424	407	17	-	-	-	1	424	408	16
Machinery and tools	97	96	1	2	-	-	3	99	99	-
IT equipment	1,482	1,467	15	32	(2)	(1)	22	1,513	1,488	25
Inner facilities	54	45	9	6	-	-	5	60	50	10
Transport equipment	33	32	1	-	-	-	1	33	33	-
Security equipment	23	23	-	-	-	-	-	23	23	-
Other equipment	56	51	5	-	-	-	5	56	56	-
	2,169	2,121	48	41	(2)	(1)	37	2,208	2,157	51
	2,209	2,125	84	41	(2)	(1)	73	2,248	2,197	51

11. Intangible Assets

The changes over the period, in “Intangible Assets” item were the following:

Description	31-12-2018			Changes for the year 2019		31-12-2019		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	8,447	8,111	335	502	224	8,949	8,335	614
	8,447	**8,111**	**335**	**502**	**224**	**8,949**	**8,335**	**614**

The changes over the previous period were the following:

Description	31-12-2017			Changes for the year 2018		31-12-2018		
	Gross Amount	Amortization	Net Amount	Acquisitions	Amortization	Gross Amount	Amortization	Net Amount
Intangible Assets								
Software	8,307	7,586	721	140	525	8,447	8,111	335
	8,307	**7,586**	**721**	**140**	**525**	**8,447**	**8,111**	**335**

12. Current Tax Assets and Liabilities

As at 31 December 2019 and 2018, the Bank's current tax assets and liabilities break down in the following way:

	31-12-2019	31-12-2018
Current Income Tax Assets		
Special Payment Account ("Pagamento Especial por Conta")	153	153
Withholding Property Taxes ("Retenções Prediais")		51
	153	**204**
Current Income Tax Liabilities		
Estimated Income Tax	(76)	(95)
	(76)	**(95)**
	77	**109**

The statement of income tax charges recorded in 2019 and 2018 is explained as follows:

	2019	2018
Profit / (Losses) before income tax	**(7,009)**	**(9,271)**
Corporate Income Tax and other Income Taxes	(1,577)	(1 559)
Statutory Income Tax Rate	21.00%	21.00%
Additional over Statutory Income Tax Rate	1.50%	1.50%
Autonomous Taxation	76	95
Banking Sector Tax	3	52
Total Current Income Tax	**79**	**147**
Deferred Income Tax	-	
Total Tax Burden	**79**	**147**

13. Deferred Tax Asets and Liabilities

As at 31 December 2019 and 2018, the Bank's deferred tax assets and liabilities break down in the following way:

	31-12-2019	31-12-2018
Deferred tax assets	183	193
Deferred tax liabilities	(82)	(130)
	101	**63**

DEFERRED TAX ASSETS

Regarding deferred tax assets, recorded amounts are fully related with conversion scheme of deferred tax assets into tax credits, performed according to Portuguese law and explained as follows.

On 21 November 2014, the Bank verified to have met the requirements for the special scheme for the conversion of deferred tax assets ("special scheme") into tax credits and adhered the special scheme. These tax assets result from the non-deduction of expenses and negative equity changes due to impairment losses on loans and post-employment benefits or long-term employee benefits, as provided for in Law no. 61/2014, of 26 August.

Thus, as a result of the net loss in the 2015 financial year, the Bank recorded deferred tax assets, in the amount of 755 thousand euros, for the balance of impairment losses on non-performing non-mortgage loans, that were above the limits established for in the BoP's Notice no. 3/95. The referred amount was covered by the special scheme. After having signed up for this scheme and following the calculation of a net loss for 2015, the Bank believes it meets the requirements for converting the said deferred tax asset into a tax credit, under article 6 of the special scheme. Thus in 2016, and for the purposes of the preceding paragraph, the Bank converted deferred tax assets in the amount of 442 thousand euros into tax credits. The Bank simultaneously set up a special reserve in favour of the State in an amount equivalent to the tax credit plus a margin of 10%, totalling 486 thousand euros (see Note 20).

As at 31 December 2016, the Bank maintained the amount of 313 thousand euros recorded as deferred tax assets. As a result from a net loss incurred in the financial year of 2016, the Bank proceeded, in 2017, with the deferred tax assets conversion into tax credits in an amount of 65 thousand euros. Simultaneously, the Bank created a special reserve in favour of the State equivalent to the tax credit plus a margin of 10%, in the amount of 71 thousand euros (see Note 20). As at 31 December 2017, the Bank maintains the amount of 248 thousand euros recorded as deferred tax assets. Finally, as a result from net loss incurred in the financial year of 2017, the Bank proceeded, in 2018, with the deferred tax assets conversion into tax credits in an amount of 60 thousand euros. Simultaneously, the Bank created a special reserve in favour of the State equivalent to the tax credit plus a margin of 10%, in the, in the amount of 486 thousand euros (Note 19). As at 31 December 2016, the Bank maintained the value of 313 thousand euros in deferred tax assets.

As a result of the negative net result, calculated for the 2016 financial year, in 2017, the Bank converted the deferred tax asset into a tax credit in the amount of 65 thousand euros, and simultaneously constituted a special reserve in favour of the State in the amount of tax credit, increased by 10%, in the amount of 71 thousand euros (Note 19). As at 31 December 2017, the Bank maintains the value of 248 thousand euros in deferred tax assets.

As a result of the negative net result, determined for the 2017 fiscal year, in 2018, the Bank converted deferred tax assets into tax credit in the amount of 55 thousand euros, maintaining the value of 183 thousand euros in deferred tax assets , and simultaneously constituted a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 60 thousand euros (Note 19).

Finally, and as a result of the net loss incurred in 2018, the Bank proceeded, in 2019, to convert deferred tax assets into tax credit in the amount of 28 thousand euros. At the same time, the Bank created a special reserve in favour of the State in the amount of the tax credit, increased by 10%, in the amount of 30 thousand euros (Note 19). As at 31 December 2019, the Bank maintains the amount of 165 thousand euros of deferred tax assets covered by REAID.

The creation of a special reserve requires the constitution of conversion rights attributed to the State. In this context, the Bank has proceeded with an issue of 404,669 conversion rights in favour of the Portuguese State relating to 2015, and separately issued 83,109 and 70,162 conversion rights relating to 2016 and 2017 financial years, respectively.

These rights were registered with the Central Securities Depository (Central de Valores Mobiliários / Interbolsa) as at 11th December 2017 and 6th September 2018, respectively. Under the above mentioned scheme, such conversion rights correspond to securities which entitle the State the right to claim from the Bank the issue and free delivery of ordinary shares, following the share capital increase through the incorporation of the reserve amount. However under the terms set out by the Ministerial Order no. 293-A/2016, as at 18 November, a compulsory acquisition right of the conversion rights from the State is granted to the Bank's shareholder.

In case the shareholder doesn't exercise the compulsory acquisition right of the conversion rights issued and allocated to the Portuguese State within the deadline established for this purpose, on the financial year in which the State exercises these rights, it will require the Bank the respective share capital increase through the incorporation of the special reserve amount and consequent issue and free delivery of ordinary shares representative of the Bank's share capital.

DEFERRED TAX LIABILITIES

As at 31 December 2018 and 2017, recorded deferred tax liabilities are fully related to revaluation reserves of proprietary securities portfolio, classified as Financial assets at fair value through other comprehensive income.

TAX LOSSES

As provided for in article 52, no. 8 of the Corporate Tax Code (IRC), an entity may lose the right to deduct tax losses from previous years if there is a change in the ownership of more than 50% of its share capital or of a majority of the voting rights.

Following the resolution measure applied to Banif, SA, which was the entity that owned 100% of the Bank's share capital until 20 December 2015, there was a change in the ownership of more than 50% of the Bank's share capital.

As a result, the Bank submitted an application, within the legal deadline, to be allowed to maintain the tax losses determined for the reporting periods between 2012 and 2014, in the terms of article 52, no. 12, of the Corporate Tax Code (IRC).

Following the acquisition process of the Bank by Bison Financial, that was concluded with the signing of the closing certificate on 9th July 2018, for the entire quota capital of the Bank and its shareholder credits, there was a new change in the ownership of more than 50% of the Bank's share capital. Again, and as a result, the bank applied, within the legal deadline, to be allowed to maintain the tax losses determined for the eligible reporting periods finishing in 2017, under the terms of article 52, no. 12, of the Corporate Tax Code (IRC). Considering the Bank's current situation and the lack of reasonable expectations regarding the existence of future taxable profits, no deferred tax assets are recognised for tax losses.

The table below details the tax losses, and the potential deferred tax asset associated with these tax losses, that the Bank did not accounted for in its financial statements:

Tax Period	Reportable Tax Losses	Potential Deferred Taxes	Carry forward Period (Years)	Carry forward Last Year
2014	59,838	12,566	12	2026
2015	17,092	3,589	12	2027
2016	8,951	1,880	12	2028
2017	5,341	1,122	5	2022
2018	14 165	2 975	5	2023
	105 387	**22 131**		

16. Other Assets

This item breaks down as follows:

Other Assets		31-12-2019	31-12-2018
Sundry Debtors			
Margin Account		1,389	1,409
Debtors		796	1,062
Tax Credit		305	55
Expenses with deferred charges		223	314
Other active transactions pending regularisation		23	-
		2,737	2,839
Impairment losses on other assets		(239)	(240)
		2,498	2,600

As at 31 December 2019, the “Margin Account” caption refers to the margin account deposited with Clearnet in the amount of 1,389 thousand euros, compared to 1,409 thousand euros recorded on 31 December 2018, and the caption “Debtors ” refers essentially to commissions for providing the depositary bank service for investment funds.

Impairment losses on other assets are essentially related to commissions, already due, for providing the service of investment funds depository bank, and with balances of other debtors, whose expectation of receipt is reduced and which as of 31 December, 2019 were already due and invoiced to customers whose expectation of collection is also reduced.

The arise in the balance of the item “Sundry Debtors - Tax Credit” is mainly due to the recognition of amounts receivable by the Bank, in the amount of 222 thousand euros, related to the tax contingency, existing in the Luson Carbon Fund / MCO2, and which refers to a moment prior to carve-out, which under the Share Purchase and Sale Agreement constitutes a liability outside the sphere of Bison Bank.

In addition, under REAID, the amount of tax credit of 28 thousand euros was recognized in 2019 and the respective special reserve in favour of the state was recognized in the amount of 30 thousand euros (see Note 19).

15. Deposits and Liabilities from other Credit Institutions and Other Clients

This item breaks down as follows:

	31-12-2019	31-12-2018
From credit institutions in Portugal		
Short term deposits	203	142
Term deposits	3,410	4,840
	3,613	**4,982**
From credit institutions abroad		
Deposits	2,334	-
	5,947	**4,982**
Deposits from other customers		
On demand	15,281	18,405
Term deposits	9,151	14,028
Interest on Term Deposits	-	-
Loans	-	-
	24,432	**32,434**
	30,379	**37,415**

Deposits received from other credit institutions bear interest at an average interest rate of 0.31% and have a residual maturity at 31 December 2019 between 2 to 4 months.

Deposits from other customers, refer to deposits by individuals and legal entities that are not credit institutions. The decrease observed mainly concerns deposits from investment funds, securities and real estate, and deposits from individuals in the amount of 4,500 thousand euros and 2,500 thousand euros, respectively.

16. Impairment, Provisions and Contingent Liabilities

Changes over the year were as follows:

Description	Balance as at 31-12-2018	Reinforcements	Applications and Others	Reinstatements	Balance as at 31-12-2019
Assets					
Financial assets available for sale	65	24	(16)	(46)	25
Financial assets at amortised cost	1,170	4	(15)	(59)	1,101
Non-current assets held for sale	-	-	-	-	-
Other assets	240	146	-	(147)	239
	1,475	174	(31)	(252)	1,365
Liabilities					
Guarantees and other commitments	2,216	-	-	(114)	2,102
Fiscal contingencies and other provisions	541	-	-	(475)	66
	2,757	-	-	(589)	2,168
	4,232	174	(31)	(841)	3,534

Provisions for guarantees provided and other loans refer to the estimated impairment within the scope of the estimated credit loss model (see Note 2.15) on off-balance sheet items presented in Note 27.

In 2019, the amounts expressed as Reinstatements, refer to impairment reversals related to cancelled guarantees, and credit recoveries.

The changes over the previous year were:

Description	Balance as at 31-12-2017	Reinforcements	Applications and Others	Reinstatements	Exchange rate Differences	Balance as at 31-12-2018
Assets						
Financial assets at fair value through other comprehensive income	9,474	53	(9,446)	(17)	-	65
Financial assets at amortised cost	4,810	14	(3,601)	(52)	-	1,170
Financial assets held for trading	114	5	(86)	(32)	-	-
Other assets	656	61	(403)	(74)	-	240
	15,054	133	(13,537)	(175)	-	1,475
Liabilities						
Guarantees and other commitments	2,270	-	-	(54)	-	2,216
Fiscal contingencies and other provisions	808	130	-	(397)	-	541
	3,078	130	-	(451)	-	2,757
	18,132	263	(13,537)	(627)	-	4,232

On December 31, 2019 and 2018, the guarantees provided correspond to the following nominal amounts recorded in off-balance-sheet accounts:

	31-12-2019	31-12-2018
Financial Guarantees	1,060	1,174
Performance guarantees	1,934	2,104
	2,994	3,278

CONTINGENT LIABILITIES ORIGINATED BY THE RESOLUTION FUND

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law no. 31-A / 2012 of 10 February, which is governed by the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras - "RGICSF") and by its own regulation, whose mission is to provide financial assistance for the resolution measures implemented by the Bank of Portugal, acting as the national resolution authority, and to perform all other functions conferred by law in the execution of such measures.

The Bank, like most financial institutions operating in Portugal, is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal based essentially on the amount of its liabilities.

In 2019, the periodic contribution made by the Bank amounted to 22 thousand euros (in 2018: 25 thousand euros), calculated based on the contribution rate of 0.057% (in 2018: 0.0291%).

RESOLUTION MEASURE APPLIED TO BANCO ESPÍRITO SANTO, SA

As part of its responsibility as a supervisory and resolution authority for the Portuguese financial sector, Banco de Portugal decided, on 3 August 2014, to apply to Banco Espírito Santo, SA ("BES") a resolution under the number 5 of Article 145g of RGICSF, which consisted in transferring the majority of its activity to a transition bank, named Novo Banco, S.A. ("Novo Banco"), specially created for this purpose. In order to realise the share capital of Novo Banco, the Resolution Fund, as sole shareholder, has provided 4,900 million Euros, from which 365 million euros corresponded to its own financial resources.

A loan was also granted by a banking syndicate to the Resolution Fund, amounting to 700 million euros, and the participation of each credit institution was weighted according to several factors, including its size. The remaining amount (3,900 million euros) was originated by means of a repayable loan, granted by the Portuguese State.

Following the implementation of this resolution measure, on 7 July 2016, the Resolution Fund stated that it would analyse and evaluate the steps to be taken following the publication of the report on the results of the independent evaluation exercise, carried out to estimate the level of credit recovery for each class of creditors in the hypothetical scenario of BES's normal insolvency proceedings on 3 August 2014. Under the applicable law, if it is concluded that creditors whose claims have not been transferred to Novo Banco assume a loss in excess of the amount that would have been hypothetically assessed if BES had entered into liquidation proceedings immediately prior to the application of the resolution measure, these creditors are entitled to receive the excess from the Resolution Fund.

On 31 March, 2017, Banco de Portugal announced that the Lone Star Fund was selected for the purchase of Novo Banco, which was completed on 17 October, 2017, through the injection of a new share capital increase of 750 million euros from the new shareholder, following which a new capital injection of 250 million euros will be implemented within a period of up to three years. This operation provoked that Novo Bank ceased to be a transition bank, with the Lone Star Fund now holding 75% of Novo Banco and the Resolution Fund the remaining 25%, although without corresponding voting rights.

On 26 February 2018, the European Commission published the non-confidential version of the decision approving the State aid that underlies the process of sale of Novo Banco, which includes a contingent capitalisation mechanism, under which the Resolution Fund , as a shareholder, may be required to make additional capital injections in the event that certain conditions related to the performance of a restricted set of Novo Banco assets and the evolution of the bank's capital levels materialised. This mechanism is activated annually, based on the annual accounts of Novo Banco, certified by the respective auditor, and the possibility of intra-annual assessments is foreseen only in the event of failure from Novo Banco to comply with prudential requirements. For the purposes of this mechanism, differences in the valuation of assets (positive or negative) are considered in relation to their book value, net of impairment, as of 30 June, 2016 (approximately 7.9 billion euros, according to the information provided by Novo Banco).

Thus, economic losses or gains, resulting from, for example, the sale of assets or the restructuring of credits, as well as impairments, or reversals, recorded by Novo Banco in accordance with accounting standards, as well as costs associated with the maintenance of assets in Novo Banco's balance sheet, are relevant for this purpose.

Under the aforementioned mechanism, on 24 May, 2018, the Resolution Fund paid 791,695 thousand euros to Novo Banco with reference to the accounts for 2017, using its own financial resources resulting from contributions paid directly or indirectly by the banking sector, complemented by a loan from the Portuguese State, in the amount of 430 million euros, under the framework agreement between the Portuguese State and the Resolution Fund. According to information provided by Novo Banco as at 31 December 2017, the net value of the assets covered by the perimeter of the contingent capitalisation mechanism was approximately 5.4 billion euros.

In the interim report of Novo Banco with reference to 30 June, 2018, it is stated that, on that date, an amount receivable from the Resolution Fund under the contingent capitalisation mechanism of 726,369 thousand euros (according to the information provided, this amount has a net value of the assets included in the perimeter of the contingent capitalisation mechanism of around 4.9 billion euros) is due.

It is also stated that since this amount depends on the losses occurring on all the assets included in the perimeter of the said contingent capitalisation mechanism and on the regulatory ratios in force at the time of their determination, this amount is provisional and requires further update with reference on 31 December 2018.

This mechanism is effective until 31 December 2025 (it may be extended until 31 December 2026) and is limited to an absolute maximum amount of 3,890 million euros.

Under applicable law, if it were found, at the close of the bes settlement, that creditors whose claims have not been transferred to Novo Banco assume a loss greater than what they would hypothetically assume if BES had entered liquidation proceedings immediately prior to the application of the resolution measure, those creditors are entitled to receive the difference from the Resolution Fund. Finally, indications have been made public that legal proceedings have been initiated against the Resolution Fund.

BANIF RESOLUTION MEASURE - BANCO INTERNACIONAL DO FUNCHAL, SA

On 19 December, 2015, Banco de Portugal decided to declare that Banif - Banco Internacional do Funchal, SA ("Banif") was "at risk or in a situation of insolvency" and decided to initiate an urgent resolution action of the institution in the form of a partial or total divestment of its business, which materialisedd in the sale on 20 December, 2015 to Banco Santander Totta SA ("Santander Totta") of rights and obligations, constituting assets, liabilities, off-balance sheet items and assets under management of Banif for 150 million euros.

Most of the assets that were not disposed of, were transferred to an asset management vehicle named Oitante, S.A. ("Oitante"), created specifically for this purpose, which has, as sole shareholder, the Resolution Fund. Oitante issued debt obligations amounting to 746 million euros, a guarantee was provided by the Resolution Fund and a counter-guarantee by the Portuguese State.

This operation involved an estimated public support of 2,255 million euros to cover future contingencies, which was financed by the Resolution Fund and 487 million euros directly by the Portuguese State.

GENERAL / COMPLEMENTARY ASPECTS

In order to repay the loans and other liabilities, obtained by the Resolution Fund, it is concluded that the Resolution Fund Resolution has to be taken regarding the resolution measures mentioned above, the Resolution Fund essentially disposes of the contributions of the participating institutions (including the Bank) and the contribution on the banking sector.

By public announcement of September 28, 2016, the Resolution Fund announced that it had agreed with the Ministry of Finance the revision of the loan of 3 900 000 thousand euros originally granted by the State to the Resolution Fund in 2014 to finance the resolution measure applied to BES.

According to the Resolution Fund, the extension of the loan's maturity aims to ensure the Resolution Fund's ability to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in liabilities resulting from the materialization of future contingencies, will determine the maturity adjustment of State and Bank loans to the Resolution Fund, in order to maintain the contributory effort required of the banking sector at current levels.

Additionally, according to the Resolution Fund statement of March 21, 2017:

- "The conditions for loans obtained by the Fund to finance resolution measures have been changed in what applies to Banco Espírito Santo, SA and Banif - Banco Internacional do Funchal, SA."
- These loans amount to 4,953,000 thousand euros, of which 4,253 million euros are granted by the State and 700,000 thousand euros are granted by a banking syndicate, of which 116,000 thousand euros granted by the Bank.
- "Those loans are now due in December 2046, without prejudice to the possibility of a repayment advance based on the use of the Resolution Fund's revenues. The maturity will be adjusted in terms that guarantee the Resolution Fund's ability to fully meet its obligations based on regular revenues and without the need of recurring to special contributions or any other type of extraordinary contributions." The responsibilities arising from the contracts obtained by the Resolution Fund with the State and a banking union following the resolution measures of BES and Banif compete in pari passu with each other.
- "The review of loan conditions aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector".
- "The new conditions allow the full payment of the Resolution Fund's liabilities to be ensured, as well as the respective remuneration, without the need of recurring to special contributions or any other type of extraordinary contributions by the banking sector".

In the statement of the Bank of Portugal, dated 31 March 2017, the following was mentioned, among other aspects:

- "Bank of Portugal, today selected Lone Star to conclude the sale operation of Novo Banco, with the Resolution Fund signing the contractual documents for the operation."
- "By means of the capital injection to be made, Lone Star will hold 75% of Novo Banco's share capital and the Resolution Fund will keep 25% of the capital;"
- "The agreed conditions also include the existence of a contingent capitalization mechanism, under which the Resolution Fund, as a shareholder, undertakes to make capital injections in the event of certain cumulative conditions, related to: i) the performance of a delimited set of assets of Novo Banco and ii) the evolution of the bank's capitalization levels;"
- "The conditions agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, alignment of incentives and supervision, despite the limitations resulting from the application of State".
- "The conclusion of the sale transaction is dependent on obtaining the usual regulatory authorizations (including by the European Central Bank and the European Commission) and also on carrying out a liability management exercise, subject to the bondholders' adhesion, which will cover Novo Banco's non-subordinated obligations and which, through the offer of new bonds, allows generating at least 500 million euros of own funds eligible for the calculation of the CET1 ratio. "

On October 2, 2017, the Council of Ministers approved a resolution in which it authorized the celebration, by the Portuguese State, as the ultimate guarantor of financial stability, of a framework agreement with the Resolution Fund, with a view to making financial resources available to the Resolution Fund, if and when deemed necessary, for the satisfaction of contractual obligations that may eventually arise from the operation sale of the 75% interest in Novo Banco, SA.

The aforementioned framework agreement was signed on the same date and provides for the necessary funds to be made available to the fulfilment of the responsibilities assumed in the scope of the Novo Banco sale process, it being also defined that the respective reimbursement will bear in mind that one of the objectives of this framework agreement is to ensure the stability of the contributory effort that falls on the banking sector, that is, without special contributions or any other type of extraordinary contribution should be charged to participants in the Resolution Fund.

On October 18, 2017, Banco de Portugal and the Resolution Fund announced the completion of the sale of Novo Banco to Lone Star.

On March 1, 2019, and after the acknowledgment of the capital call of Novo Banco for the financial year 2018, a communication, came from the Ministry of Finance to confirm "(…) its commitment to the goals assumed and to the promotion of the banking sector's stability to fulfil them."

On the present date, it is not possible to estimate the possible effects for the Resolution Fund resulting from: (i) the sale of the participation at Novo Banco; (ii) the application of the principle that no creditor of the credit institution under resolution can assume a greater loss than the one that would have assumed if that institution had gone into liquidation; (iii) the guarantee provided to the bonds issued by the Oitante, and (iv) other liabilities that are concluded to have to be assumed by the Resolution Fund.

Notwithstanding the possibility provided for in the applicable legislation for collecting special contributions, given the renegotiation of conditions of loans granted to the Resolution Fund by the State and by a banking syndicate, in which the Bank is included, and to public announcements made by the Resolution Fund and the Office of the Minister of Finance that state that this possibility will not be used, the financial statements as of December 31, 2019 reflect the Board of Directors' expectation that the Bank will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liability assumed by the Resolution Fund.

Any changes in this regard may have relevant implications for the Bank's individual financial statements.

17. Other Subordinated Liabilities

In 2007, 15,000 Subordinated Perpetual Bonds were issued at the value of 1,000 Euros each. Interest on these bearer obligations were paid on a quarterly basis as from the Issue Date, on 28 February, 28 May, 28 August and 28 November of each year ("Interest Payment Dates"), subject to the occurrence of the Optional Reimbursement event, the first payment being made on August 28, 2007 and the last payment due on the early repayment date(s), should it occur.

The interest until May 28, 2017 (First Redemption Date by Option of the Issuer) was calculated based on the 3-month Euribor, quoted on the second "Target Business Day" immediately prior to the start date of each interest period, plus 1.35% per annum and as of that date based on the 3-month Euribor plus 2.35% per annum (1.00% Step-Up).

The Bank had the option to repay the notes, in whole or in part, on any Interest Payment Date, starting on May 28, 2017, including (First Issuance Date of the Issuer's Option), upon minimum notice of 30 days and a maximum of 60 days, to the holders of the notes (such notice being irrevocable), at par, together with accrued interest (if any) until the date fixed for reimbursement. The exercise of this optional refund was subject to the prior consent of the BOP. The Bank repurchased the amount of 12,822 thousand euros until 31 December 2017 and repurchased the remaining amount of 2,178 thousand euros and fully amortised these securities in November 2018.

18. Other Liabilities

This item breaks down as follows:

	31-12-2019	31-12-2018
Creditors and other resources	2,629	2,696
Financial Leases	1,738	0
Other payable charges	697	249
Public and administrative sector	511	477
	5,575	**3,422**

As at December 31, 2019, the caption financial leases present the balances resulting from the application of IFRS 16 and the corresponding accounting of the lease contracts by the Bank, as lessee (see Note 2.3).

The amounts in Public and administrative sector essentially include withholding income taxes, stamp duty and social security contributions. The charges payable mainly relate to specializations of employee charges and other charges.

The other liabilities to be settled in the amount of 697 thousand euros (249 thousand euros in 2018) refer to operations with customers.

19. Share Capital

As at 31 December 2019 and 2018, the Equity caption breaks down as follows:

	31-12-2019	31-12-2018
Share Capital	176,198	176,198
Other Equity instruments	222	449
Securities Revaluation Reserves	-	-
Reserves and Retained Earnings	3,300	3,300
Other Reserves	14,196	14,226
Rights issued and attributable to the Portuguese Government 2015 (REAID) (note 14)	486	486
Rights issued and attributable to the Portuguese Government 2016 (REAID) (note 14)	71	71
Rights issued and attributable to the Portuguese Government 2017 (REAID) (note 14)	60	60
Rights issued and attributable to the Portuguese Government 2018 (REAID) (note 14)	30	-
Other transactions - IFRS 9 Adjustment	852	852
Retained Earnings	(138,784)	(129,687)
Net Profit / (Loss) for the year	(7,009)	(9,418)
	49,622	**56,538**

On 9 July, 2018, Bison Financial acquired the entire share capital of the Bank, amounting to 135,198 thousand euros and represented by 27,039,674 shares, with a nominal value of 5 euros each, to the former shareholder, Oitante, S.A..

On 20 July, 2018, Bison Financial concluded a capital increase of 41,000 thousand euros to 176,198 thousand euros, by issuing 8.20 million new shares with a nominal value of 5 euros each.

As a result, the Bank's share capital at 31 December 2018 amounted to 176,198 thousand euros, represented by 35,239,674 shares, with a nominal value of 5 euros each.

As of December 31, 2019, the share capital amounts to 176,198 thousand euros, and the Bank meets the minimum capital requirements, with a Core Tier 1 ratio of 85.0% and 85.0% of Core Total (in 2018, the Core Tier 1 ratio was 93.3% and 93.3% in Core Total). Revaluation reserves fully refer to the securities portfolio classified as financial assets at fair value through other comprehensive income.

Revaluation reserves show the following movement:

Revaluation Reserves	
Balance as at 31-12-2017	**221**
Reserves emerging from the valuation at fair value of the financial assets	229
Reserves recognised in the profit and loss account from the disposal of assets	
Balance as at 31-12-2018	**450**
Reserves emerging from the valuation at fair value of the financial assets	158
Reserves recognised in the profit and loss account from the disposal of assets	(266)
Reserves recognised in retained earnings from the disposal of assets	(321)
Reserves recognised through deferred taxes	66
Reserves recognised in the profit and loss account through impairment and effective rate adjustment	135
Balance as at 31-12-2019	**222**

20. Interest Revenue and Expenses

This item breaks down as follows:

	2019	2018
Interest and similar income		
Interests on financial assets at amortised cost	191	18
Interests on financial assets held for trading	3	10
Interests on financial assets mandatorily at fair value through profit or loss and through other comprehensive income	212	210
	407	238
Interests and similar charges		
IFRS 16 interests	23	0
Interests on deposits from other clients	107	183
Interests on depositsand liabilities from other credit institutions	22	183
Interests on other subordinated liabilities		39
	152	**405**

21. Dividend Revenue

This item breaks down as follows:

	2019	2018
Ascendi	2	222
Floresta Atlântica		117
MCO2		51
	2	**390**

22. Fee and Commission Income and Expense

This item breaks down as follows:

	2019	2018
Comission Income		
Rendered Services of administration, custodian and securities deposit	419	355
Securities transactions	243	143
Guarantees provided	6	39
Other rendered services	42	309
Other Comission Income		
Custodian Comissions	855	1,086
Trading & Brokerage Comissions	-	171
Others	775	7
	2,340	2,110
Comission Expenses		
Banking Services provided by third parties	161	143
Securities transactions	14	6
Other comission expenses	101	12
	276	161

This item breaks down as follows, by operating segments:

2019	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Commissions Income	780	32	1	1,525	2	2,340
(Commissions Expense)	(45)	-	(43)	-	(188)	(276)
Net Commissions	735	32	(42)	1,525	(186)	2,064

2018	Investment Banking	Sales & Trading	Wealth Management	Client Management	Others	Total
Commissions Income	171	95	-	1,291	553	2,110
(Commissions Expense)	-	(29)	-	(122)	(10)	(161)
Net Commissions	171	66	-	1,169	543	1,949

The increase in net commissions is essentially due to services provided in the Investment Banking and Client Management segment, the strategic areas for the growth of the Bank's business. In 2019 Bison Bank, decided to allocate charges for services and commissions from Sales & Trading, to Operations, which is included in the segment "Others".

23. Profit / (Loss) in Financial Operations

This item breaks down as follows:

	2019	2018
Gains on Financial Transactions		
Gains on other financial assets valued at fair value trough profit and loss	269	711
Gains on financial assets and liabilities held for trading	-	40
Gains on financial assets through other comprehensive income	266	-
"Gains on derecognition of financial assets and liabilities not measured at fair value through profit or loss"	509	-
Gains on foreign exchange differences	753	171
	1,797	922
Losses on Financial Transactions		
Losses on other financial assets valued at fair value trough profit and loss	1,283	2,765
Losses on financial assets and liabilities held for trading	1	64
"Losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss"	-	-
	-	-
Losses on foreign exchange differences	574	168
	1,858	2,997
Profit / (Loss) from assets and liabilities valued at fair value through profit and loss	(1,015)	(2,078)
	-	-
"Profit / (Loss) from derecognition of financial assets and liabilities not measured at fair value"	775	-
Profit / (Loss) from foreign exchange differences	179	3

During 2019 Bison Bank, received 509 thousand euros from the liquidation process of part of the equity and interestfrom the bonds Banif Finance LTD 3 12/31/2019 (Note 8).

The foreign exchange position, by currency, as at 31 December 2018 and 31 December 2017 is presented in Note 29.

On 9 July 2018, several assets held by the Bank were sold to Oitante in the context of a carve-out transaction, agreed in the sale and purchase agreement entered into on 11 August 2016 with Bison Financial. Under the terms of this agreement, it was established that by the time the purchase and sale of the Bank's entire capital was completed, these assets would not be part of the balance sheet of the Bank, and Oitante was entrusted with the disposal of these holdings. (Note 6).

These assets were sold by the Bank to Oitante, settled through the account maintained by Oitante with Bison Bank, including an average discount of 12% on its respective book value, resulting in a net loss of 3,319 thousand euros, which can be summarised as follows:

Participation	Book Value as of carve-out date	Sale amount	Carve-out net loss
Banif Imopredial	16,645	14,638	(2,007)
Banif Imogest	3,805	3,346	(459)
GED Sur FCR - CL B	2,792	2,455	(337)
Porto Novo FIIF	1,123	988	(135)
Banif Global Private Equity Fund	-	-	-
Banif Property	673	591	(81)
GED Sur Capital SA, SGECR	25	22	(3)
PROFILE - SGFIM, SA	2,137	1,879	(258)
BAP	-	-	-
MCO2	38	33	(5)
BIAM	284	250	(34)
	27,522	24,203	(3,319)

24. Other Operating Income and Expenses

This item breaks down as follows:

	2019	2018
Other operating income and revenue	205	241
Other operating charges ans expenses	(52)	(381)
Other charges	(62)	(82)
	91	(222)

25. Staff Expenses

This item has breaks down as follows:

	2019	2018
Remuneration of management and supervisory board members	1,200	697
Remuneration of employees		
Remuneration of employees	2,398	1,626
Remuneration of employees	585	480
Lunch allowance	108	92
Other additional remunerations	281	477
	3,372	**2,675**
Compulsory social security charges:		
Charges relating to remuneration	1,064	835
Charges with pension funds	104	68
Other social security charges	74	42
	1,242	**945**
Other personnel costs	191	1,400
	6,005	**5,715**

In 2018 and following the acquisition by Bison Financial, the Bank restructured its organisational chart and conducted significant dismissals of employees related to legacy business and hired new staff in accordance with the new business plan orientations, thus strongly increasing dismissal charges amounts whilst maintaining a net steady number of employees.

The Bank and its employees contribute to a defined contribution pension fund managed by Real Vida Pensões, granting its members individualised acquired rights.

The increase in 2019, referring to the remuneration headings of Management and employees, respects changes in functions resulting from the Bank’s new business plan, and consequent salary adjustment.

26. Other Administrative Expenses

This item breaks down as follows:

	2019	2018
IT	1,178	1,001
Retainers and fees	565	472
Information	328	475
Rentals and leases	268	437
Travel, accommodation and representation	210	64
External advisers and external auditors	163	386
Other specialised services	129	120
Communications	88	52
Training	62	15
Maintenance and Repair	55	21
Water, energy and fuel	53	45
Advertising and publications	36	32
Cleaning	29	9
Consumables	24	29
Insurance	7	14
Legal, litigation and notary expenses	4	4
Transports	-	11
External evaluations	-	13
	3,199	3,196

The lease and rental item refer to expenses with short-term lease contracts and the non-leasing components of lease contracts. The reduction comparing with the previous year relates to the effects of to the adoption of IFRS 16 as per Note 2.3.

The total fees invoiced by the Statutory Auditor of the Bank for the years ended December 31, 2019 and 2018, present the following detail, by type of service provided:

	2019	2018
Statutory audits account	59	79
Other reliability assurance services	47	54
	106	133

Note: Values do not include VAT.

The “Other assurance services” item includes fees related to the review of the Bank’s internal control system, the review of procedures and measures related to the safeguarding of client assets and with the certification under the special regime of deferred tax assets.

27. Off Balance Sheet Responsabilities

The detail of off-balance sheet liabilities, with reference to December 31, 2019 and 2018, breaks down as follows:

	31-12-2019	31-12-2018
Guarantees provided	2 994	3,278
Encumbred Assets	237	241
Commitments to third parties (of which)		
Irrevocable Commitments	56	56
Revocable Commitments	-	-
	3 287	**3 575**

The detail of the encumbered assets with third parties, non-disclosed in the Financial Statements, with reference to 31 December 2019 and 2018, is as follows:

	31-12-2019	31-12-2018
Millennium BCP Deposits	1 500	200
Bank of Portugal Deposits	200	200
Clearnet Margin Deposits	1 389	1 409
Portuguese Republic Securities	161	162
	3 250	**1 971**

28. Results Per Share

Basic earnings per share:

	2019	2018
Net Profit / (Loss) for the year (expressed in euros)	(7,009,226)	(9,417,615)
Weighted average number of issued ordinary shares	35,239,674	31,139,674
Basic earnings per share (expressed in euro per share)	(0.20)	(0.30)

29. Risks of Financial and Non-Financial Instruments

29.1 Risk management policies and main risks

Risk is managed according to strategies and policies defined by the Board of Directors (BoD), and by the Board Member responsible for risk management (CRO). Daily management of risks is delegated to the director responsible for daily risk management.

The risk management structure at Bison Bank considers an active involvement of the entire Bank, in particular:

- Board of Directors (BoD);
- Executive Committee (EC), responsible for the implementation and maintenance of a risk management system based on the government, strategy and risk policies approved by the Board;
- Functional Committees, such as the Asset and Liability (ALCO) and Risk Management Committee, the Compliance Committee, and the Risk and Compliance Committee, a governance committee;
- The Risk Department (RID), Compliance Department (COD), Internal Audit Department (IAD) and the Supervisory Board (SB).

The BoD is the body responsible for defining the risk management policy. The EC, composed by the executive members of the management, is responsible for conducting risk policies and for the executive decisions of risk management measures and actions. The Risk and Compliance Committee, a governance committee, which is composed by non-executive directors and members of the SB, has the responsibility to advise and support the Board,
in the exercise of its supervisory functions,
in decision-making processes related to risk management, compliance and internal control.

In functional terms, Bison Bank's risk management and monitoring is centralized in the Risk Department (RID). This unit is independent of the risk origination departments, having all the necessary organic and functional autonomy, as well as access to all activities and necessary information it needs to carry out its duties. Its main function is the implementation of an integrated risk management system that is appropriate to the nature and risk profile of the Group.

RID takes an active role in terms of influencing the decision-making process, issuing analyzes, opinions, guidelines and recommendations on operations involving risk taking, ensuring regular reporting of information to the Board, governing bodies and other key members of the management team, aiming at understanding and monitoring the Group's main risks.

The risk management system is supported by a set of principles indicated below and is aligned with the strategy, business model, risk appetite and guidance of the supervisor, and meets the principle of proportionality:

- Direct involvement of the Board;
- Permanent promotion of a strong risk culture, which should be present in all processes, particularly those involving strategic and business decision-making;
- Permanent adjustments to good practices and regulatory requirements;
- Implementation of comprehensive risk management that incorporates all the Bank's current or potential risks.

Risk management is carried out through three lines of defense in the Bank's organizational structure:

1st Line of Defense: Business Departments (risk-takers);

2nd Line of Defense: Independent Control Functions (Risk and Compliance);

3rd Line of Defense: Internal Audit.

For more effective risk monitoring and decision making by the BoD, two functional committees (advisory bodies) were established:

- Asset and Liability (ALCO) and Risk Management Committee - held quarterly under the supervision of TED (Liability) and RID (Risk Management). In general terms, it is responsible for analyzing the different risk exposures (early warning signs) and their suitability in light of the risk structure, such as the RAS KRI, proposing the adoption of mitigation / corrective measures, monitoring and controlling all matters related to liquidity risk; and
- Compliance Committee - held quarterly under the supervision of COD. Its competences include analyzing and evaluating situations related to money laundering and terrorist financing, whenever their relevance or associated risk is significant, proposing corrective and preventive measures for situations within the scope of the compliance function.

In addition to the functional committees, Bison Bank's global risk structure and monitoring of the evolution of risks are also addressed to the Risk and Compliance Committee, a governance committee, which has the responsibility to advise and support the BoD in the exercise of its supervisory function.

Bison Bank has implemented an Internal Control System (ICS) that allows the Bank to properly manage the risks arising from its business, considering its risk profile, appetite and risk tolerance.

The Bank has implemented processes for identifying internal and external risks that, in relation to each risk category, may affect its ability to achieve strategic objectives. In addition to the risks arising from its balance sheet exposure, as well as guarantees and commitments assumed (financial risks), the system allows the identification of non-financial risks. The identification of non-financial risks is based on the risk self-assessment process (Risk Self-Assessment Process or Risk Control Self-Assessment - RCSA) through which the Bank's units/departments assess the risks to which they are exposed in the development of their activities. The main objective of the RCSA exercise is to assess the Bank's (inherent and residual) risks in the development of its business, as well as the quality of related controls.

The Bank opted for a conservative and holistic approach to risks, treating all risks to which it is exposed, as well as the risks contained in BoP Notice no.5/2008 as material/relevant to the Bank.

Bison Bank recognizes that financial activity is carried out in a complex context, with significant and interconnected risks. In this sense and using a certain number of definitions provided by the BoP, the main risks to which the Bank is exposed are identified and characterized.

The Bank ensures that its management is carried out with solid and strong risk control. To this end, the Bank establishes regular reviews (periodic reviews of its risk management policies and procedures, in order to reflect changes in regulations, markets, products and best practices) and monitors the procedures for its activities, as well as limits of prudent risk exposure, defining the Risk Appetite Statement (RAS).

Facing this background, the Bison Bank Board of Directors declares that the risk management system implemented, as well as the processes and measures designed to ensure that the defined risk limits are met, is adequate to ensure the correct development of the business strategy, taking into account the profile and size of the Group.

In addition, Bison Bank's BoD declares that the Group's risk management policies are based on a conservative approach, resulting in robust capital ratios and liquidity position. As a fundamental principle underlying the management and formulation of risk strategies is the understanding of the risks to which the institution is exposed, and the implementation of a comprehensive risk appetite structure for the Group.

In this sense, the Bank defined, in its RAS, the following principles as the most relevant to the risk strategy:

- Ensure adequate levels of solvency and liquidity: a) Maintaining the level of capital above regulatory requirements, in both normal and adverse scenarios; b) Ensuring a stable, solid and secure liquidity position capable of withstanding adverse events; and c) Maintaining a stable financing capacity and levels of liquidity intervals that allow the Balance Sheet structure to adapt to existing circumstances;
- Ensure the adoption of good practices for risk management: a) Operating in accordance with sound principles for risk management, with an effective risk governance model and policies that cover all risks to which it is exposed, ensuring compliance with laws and regulations; b) Developing a strong risk management culture focused on preserving the Bank's solvency and its financing capacity.

RID is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the Board. Compliance with the RAS KRI, as well as regulatory ratios and internal limits, is carried out on a monthly basis in the "Finance & Risk Report", prepared by RID and sent to the EC and BoD for monitoring.

The Bank has established a reporting structure that ensures exhaustive monitoring of the various risks by the relevant areas and management bodies. Such monitoring follows a specific timetable:

- Monthly report to the BoD ("Finance & Risk Report") that evaluates, reviews and discusses the current risk situation, cases of limits/tolerances reached and updating of individual metrics;
- Quarterly/biweekly presentation to the Asset and Liability Committee (ALCO) and Risk Management and the Risk and Compliance Committee in order to review and discuss the performance of the overall risk, assess the status of metrics achieved, discussion of individual metrics and continuous verification of effectiveness and adequacy of RAS.

The risk management system in place, including risk reduction, hedging policies and strategies and processes for controlling their effectiveness, aim to ensure that the risks to which the Bank is exposed remain at the level defined by the Board and that do not significantly affect the Bank's financial situation, thus enabling the proper implementation of the strategy, the fulfillment of objectives and the taking of necessary measures.

In this sense, within the scope of the risk management system, the Bank acts to ensure, in a timely manner, the prevention of non-compliance or potential non-compliance situations and its detection, if they occur, so that immediate corrective risk mitigation measures' adoption is possible.

In this context, the Bank approved the RAS, through which it defined the global and specific objectives with regard to the risk profile and the degree of tolerance to risk, covering the risk categories to which it is exposed, as well as the governance process in case limits or tolerances are exceeded.

In summary, the RAS provides for permanent monitoring of the risks that affect the business, through all the indicators and respective limits established in the framework of the RAS. Regular monitoring of compliance with RAS metrics and tolerance limits allows the BoD to control and proactively manage current or potential risk appetite breaches.

Compliance with the KRI (Key Risk Indicators) established in the RAS is updated monthly and is included in the "Finance & Risk Report", prepared by RID and sent to the EC and the BoD for monitoring. In summary, RID, within the scope of its regular functions, is responsible for monitoring the Bank's risk profile through the defined metrics and timely communication to the Board, as well as to the Risk Committees.

FINANCIAL RISKS

A) Credit Risk

Credit risk is the likelihood of negative impacts on results or equity that arises from the inability of a counterparty to meet its financial commitments to the Bank, including possible restrictions on the transfer of payments from abroad. This risk manifests itself in the possibility of negative variation in the economic value of a given instrument as a result of the deterioration in the credit risk quality of the counterparty (e.g. external ratings). Credit risk is Bison Bank's main financial risk.

In the Group, the credit risk underlying the activity essentially results from its securities portfolio, which is essentially composed by bonds, liquidity exposure to financial institutions and, to a lesser extent, credit granted and guarantees provided to customers.

During the year, the Group had no credit activity (as of 31 December 2019, the net customer loan portfolio as a % of total assets was 0.28% against 0.26% as of 31 December 2018).

IMPAIRMENT

The credit risk ultimately materializes in the impairment losses realized by the Group. These are the best estimates of losses on the reference date and may or may not become actual losses.

The Bank recognizes impairment losses for financial assets measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have associated credit risk, other debtors as well as off balance sheet exposures.

IFRS 9 stipulates that the concept of impairment is determined based on expected losses, designating a set of classification and measurement criteria for expected losses arising from impairment of financial assets. Financial assets subject to impairment losses must be classified in different stages ("stages"), which depend on the change in credit risk from the date of initial recognition and not depending on the credit risk at the reporting date:

- Stage 1: financial assets must be classified in stage 1 whenever there is no significant increase in credit risk since the date of their initial recognition;
- Stage 2: includes financial assets in which there has been a significant increase in credit risk since the date of its initial recognition;
- Stage 3: assets classified at this stage on the balance sheet date show objective evidence of impairment, as a result of one or more events that have already occurred, resulting in a loss.

The measurement of expected losses is the result of the product between (i) the probability of default (PD) of the financial instrument, (ii) the loss given default (LGD) and (iii) the exposure on the standard date (EAD), discounted, at the balance sheet date, using the effective interest rate of the contract.

As mentioned above, the main difference between impairment measured for financial assets classified as stage 1 or 2 is the respective time horizon in the calculation of the PD. The expected losses for financial assets at stage 1 are calculated using a 12-month PD, while the expected losses at stage 2 use a permanent PD. The calculation of the expected loss for financial assets under stage 3 was leveraged in the existing procedures for the estimate of impairment developed by management.

For segments for which information is not available, but for which it is possible to determine the external rating for the debtor, the Group uses external information disclosed by the rating agency Moody's or market data, such as spreads from Credit Default Swaps or Yields of bonds (methodology adopted for debt instruments), for segments without information available, but in which it is possible to determine the borrower's external rating.

For the small number of segments for which there is no historical data and/or loss experience, the Group adopts a simplified measurement approach that may differ from that described above. More specifically, and in relation to the item "Other assets" (derived from the invoiced amounts), which in the case of Bison Bank are mainly fee income from the depositary bank service, a simplified measurement approach was chosen and a historical analysis was carried out. over the past 6 years to calculate the PD.

LOAN IMPAIRMENT

A loan is considered impaired if one or more events occur that imply that the recoverable amount is less than the book value. If there is objective evidence that an event caused an impairment loss, the amount of that loss should be calculated as the difference between the balance sheet value and the present value of estimated future cash flows (excluding losses caused by an event that has not occurred).

Given the size and nature of exposures to loans to customers (most with 100% impairment - Phase 3 - Individual analysis), the calculation of impairment losses is essentially carried out on an individual or case by case basis, taking into account the specificities of each operation and the best estimate of the recoverable amount (loans and guarantees) on the valuation date, taking into account the guidelines of Circular Letter no. 62/2018 of BoP and Law no. 16/2015, of 24 February.

The level of individual impairment stipulated for any one-off analysis of an operation is calculated with caution. This approach considers the contract, the customer's economic and financial situation and the collateral received as a guarantee. The present value of cash flows incorporated in the estimate of future recoverability that results from the application of these factors is updated at the contracted rate.

The best estimate of recoverable values is based on reasonable assumptions and is supported by observable and documented data, on the measurement date of the recoverable value, relating to the customer's ability to make payments or the need to resort to execution or receive cash payment in the form of a guarantee. The present value of cash flows is updated based on the estimated future recoverability resulting from the application of these factors.

The balance sheet value to be considered covers all the amounts recorded in the balance sheet of the loan in question, namely the principal outstanding, the principal due, accrued interest and accrued interest. The estimated future cash flows included in the calculation refer to the contractual amounts of the loans, adjusted for any amounts that are not expected to be recovered and for the period of time during which such cash flows are expected to occur.

The Bank classifies past-due installments of principal and accrued interest as overdue loans that continue to be due after the due date.

Despite the immateriality of the customer loan portfolio, the Bank regularly assesses the evolution of impairment in its loan portfolio.

Considering the current size and characteristics of the Loan Portfolio for Customers and off-balance sheet exposures, the determination of impairment losses is carried out primarily at individual or case-by-case level, taking into account the specificities of the operation and the best estimate of the recoverable value (credit and guarantees) at the date of analysis.

There is evidence of impairment when, as a result of observing objective indicators and/or the integrated analysis of subjective indicators, there is predictable that a customer will not fulfill its responsibilities to the bank.

The objective criteria for impairment are as follows: a) Overdue loans at the Bank for more than 90 days in the payment of principal or interest, regardless of the amount owed; b) Credit in litigation; c) Client in insolvency; d) Credit restructured due to deterioration of the borrower's capacity for less than 1 year, whose restructured operation or operations, when restructuring, presented one of the events indicated above. Credits that have the previous characteristics are called default credits.

The Bank does not consider a minimum materiality threshold, that is, since they are more than 90 days overdue, all operations are classified as default, subject to an individual analysis procedure. In addition, if a customer in default belongs to an economic group, all customers in that group will be classified with signs of impairment.

Subjective impairment indicators are a set of indicators that, when analyzed in an integrated manner or in subsets, may give rise to the existence of evidence of impairment. These indicators can be signs of impairment, or risk indicators.

FINANCIAL ASSETS (BONDS) AND OTHER ASSETS

The IFRS 9 concept of expected losses also covers debt instruments measured at fair value through other comprehensive income, off-balance sheet exposures, other assets, financial guarantees and loan commitments not measured at fair value.

In what concerns with debt instruments measured at fair value through other comprehensive income, the identification and the measure of significant increase of credit risk lays, among other criteria, on the analysis of the following variables: 1) rating evolution (or its loss) of the security compared with it rating in the acquisition date and the elapsed time; 2) Fluctuation in the market price against amortized cost; 3) delays on interest payments and/or capital above 30 days.

The changes at credit risk level of debt instruments has, as its reference date, the origination date (initial recognition vs report date). As such, the migrations between the 3 stages are triggered by changes related with the credit risk and not by the credit risk at the report date.

The monitoring of the issuers' ratings, as well as other relevant information for the impairment calculation, is performed regularly (monthly), having as key basis the information diffused by Bloomberg.

FINANCIAL ASSETS BY ACCOUNTING ITEM

For the purpose of analyzing Bison Bank's credit risk at a consolidated level, the securities portfolio, credit granted to customers (including off-balance sheet liabilities), Cash and Deposits in Credit Institutions were considered.

Financial assets, by balance sheet item, present the following exposure to credit risk as at 31 December 2019 and 2018:

(Amounts expressed in thousands euros)

	31-12-2019				31-12-2018			
	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]	Gross Exposure[1]	Impairment	Collateral[2]	Effective Exposure[3]
Cash, cash balances at central banks and other demand deposits	27,222	0	0	27,222	34,563	0	0	34,563
Financial assets held for trading	161	0	0	161	162	0	0	162
Financial assets at fairvalue through other comprehensive income [4]	32,703	14	0	32,689	35,069	30	0	35,039
Debt Instruments	32,703	14	0	32,689	35,069	30	0	35,039
Financial assets at amortised cost	1,345	1,101	248	-4	1,433	1,170	267	-4
Loans and Advances	1,345	1,101	248	-4	1,433	1,170	267	-4
Other Assets	2,737	239	0	2,498	2,839	240	0	2,600
Sub-Total	**64,168**	**1,354**	**248**	**62,566**	**74,068**	**1,440**	**267**	**72,361**
Guarantees provided and Commitments	2,994	2,102	0	892	3,278	2,216	0	1,062
Irrevocable Credit Lines	56	0	0	56	56	0	0	56
Sub-Total	**3,050**	**2,102**	**0**	**948**	**3,334**	**2,216**	**0**	**1,118**
Total Credit Risk Exposure	**67,218**	**3,456**	**248**	**63,514**	**77,401**	**3,656**	**267**	**73,479**

[1]**Gross Exposure:** refers to the gross balance sheet value.
[2]**Collateral:** Value of the collateral associated with an operation limited to its net value.
[3]**Effective Exposure:** Refers to the gross exposure less impaiment and the mitigation effect that is deemed as a reducer of the credit risk. It doeas not include sureties or other low value collateral.
[4] Excludes equity instruments.

As at 31 December 2019, the value of credit granted to customers, net of impairment, amounted to approximately 244 thousand euros. At this date, the coverage ratio for collateral was around 101.6% (real collateral - Mortgages) Regarding off-balance sheet liabilities, in the total amount of 3,287 thousand euros (in December 2018: 3,570 thousand euros), 3,050 thousand euros refer to guarantees provided by the Bank and other irrevocable commitments (in December 2018: 3,300 thousand euros). Off-balance sheet liabilities also include assets pledged in the amount of 237 thousand euros (in December 2018: 241 thousand euros).

It should be noted that, as of 31 December 2019, the net customer loan portfolio remains immaterial (0.28% of total net assets). The credit risk inherent to the Bank's activity arises also from investments in real estate assets (real estate risk, even indirect) through Funds' participation units (that includes also an important concentration risk). These assets are measured as "financial assets at fair value through profit or losses – equity securities), subject to mark-to-market valuation.

Details of Debt Instruments - Impairment:

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands euros)

		31-12-2019						31-12-2018		
Financial Assets measured at FVOCI	ISIN	Gross Book Value	Stage 1	Stage 2	Stage 3	POCI (*)	Impairment	Gross Book Value	Stage 1	Impairment
Debt Instruments		32,703	32,703				3	35,069	35,069	30
Portuguese PUBLIC dEBT		11,771	11,771				3	8,895	8,895	5
PORTUGUESE OT'S PGB3.85 04/15/21	PTOTEYOE0007	76	76				0	78	78	0
IGCP EPE/VAR OB 20210812	PTOTVHOE0007	847	847				0	862	862	0
IGCP EPE/VAR OB 20220412	PTOTVJOE0005	216	216				0	218	218	0
IGCP EPE/VAR OB 20211130	PTOTVIOE0006	1,898	1,898				1	1,920	1,920	1
PGB 1.95 06/15/29	PTOTEXOE0024	2,302	2,302				1			
IGCP EPE/VAR OB 20220802	PTOTVIOE0002	459	459				0	459	459	0
REP PORTUGUESA/VAR OB 20221205	PTOTVLOE0001	353	353				0	351	351	0
PORTUGAL, REPUB/VAR BD 20250723	PTOTVMOE0000	5,619	5,619				2	5,006	5,006	3
Foreign Public Debt		2,031	2,031				2	10,007	10,007	14
ITALIA/0.65 BTP 20231015	IT0005215246	2,031	2,031				2			
ITALIA/0.35 BTP 20200615	IT0005250946							4,996	4,996	10
SPGB 0.35 07/30/23	ES0000012B62							5,012	5,012	4
Other Debt Instruments		18,901	18,901				9	16,166	16,166	11
RENEPL 1 3/4 06/01/23	XS1423826798	3,198	3,198				1	3,128	3,128	2
BANK OF CHINA/FRANKFURT	XS1979297238	5,016	5,016				1			
CAIXABANK S.S./2.375 ASST BKD MT	XS1936805776	5,482	5,482				3			
BKIA/0.875 BO 20240325	ES0313307201	2,575	2,575				1			
VOLKSVAWGEN INTE/2.625EUR NT 2027	XS1910948162	561	561				0			
BRISA C ROD SA/2.375 OB 20270510	PTBSSLOM0002	557	557				0			
TRANSPORTES AER/4.375 BD 2023062	PTTAPBOM007	501	501				0			
MOTA ENGIL SGPS/4.375 OB 20241030	PTMENXOM006	505	505				0			
CAIXA GERAL DE DEP 1,25 19-2024	PTCGDMOM0027	507	507				1			
CABKSM 1.125 01/12/23	XS1679158094							4,952	4,952	4
SANTAN 1.375 12/14/22	XS1330948818							3,086	3,086	1
CSI FINANCIAL P/0.7 MTN 20191023	XS1899053273							5,000	5,000	4
Total		**32,703**	**32,703**				**14**	**35,069**	**35,069**	**30**

* Purchased or originated credit-impaiment ('POCI') de ativos financeiros

During the 2019 exercise there were no changes in the stage of the loss of credit risk in which the financial assets at fair value through other comprehensive income were at 2018. This stem, among other aspects, from the conservative character of the debt portfolio, which investment strategy lays in high liquidity criteria of the assets (50% eligible as collateral for European Central Bank), securities mainly classified as HQLA, duration less than 5 years, etc. As at 31 December 2019, the public debt instruments represented 42% of total portfolio and 95% of this was composed by securities classified as HQLA.

In the ICAAP's exercise, the Bank develops an analysis approximated to IRB (Internal ratings-based) approach) recalculating the 12-month PD for the debt securities. In the baseline scenario, to estimate the PD, are used the issuers' cumulative default rates, at 1 year, obtained through the Moody's Investors Service's tables, available ate the report "Sovereign Default and Recovery Rates 1983-2018". The sovereign cumulative default rates were used for sovereign debt securities, while the corporate default rates were used for corporate debt securities.

In the adverse scenario the methodology follows the one described above for the baseline scenario, however, considering a more conservative perspective and the degradation of macroeconomic scenario, it is assumed the decrease of one notch in the rating of all debt securities. As such, for several debt securities in the Bank's portfolio, the PD obtained increases.

AMORTIZED COST

(Amounts expressed in thousands euros)

	31-12-2019		31-12-2018	
Financial Assets measured at Amortized Cost	Gross Exposure	Impairment	Gross Exposure	Impairment
Stage 1	0	0	-	-
Stage 2	-	-	-	-
Stage 3	1,345	1,101	1,433	1,170
Total	**1,345**	**1,101**	**1,433**	**1,170**

Regarding credit quality, the table below shows the main ratios for Bison Bank, with reference to 31 December 2019 and 2018:

Credit Quality	31-12-2019	31-12-2018
Total Impairment / Loans to customers	81.86%	81.70%
Restructured credit / Loans to Customers	84.82%	81.50%
NPL > 90 days / Loans to customers	79.74%	99.99%

CONCENTRATION OF CREDIT RISK BY SECTOR OF ACTIVITY:

As of December 31, 2019:

(Amounts expressed in thousands euros)

	31-12-2019					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	3,197	4%	-	0%	3,197	4%
Construction	-	0%	-	0%	-	0%
Industry	2,123	3%	-	0%	2,123	3%
Public Sector	13,958	17%	-	0%	13,958	17%
Other Sectors	22,399	27%	248	100%	22,152	28%
Financial institutions and insurance companies	40,824	49%	-	0%	40,824	50%
Private clients	0	0%	-	0%	-	0%
Total	**82,501**	**100%**	**248**	**100%**	**82,253**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item "Other Assets".

The item "Other sectors" is mostly (98%) composed by securities portfolios.

As of December 31, 2018:

(Amounts expressed in thousands euros)

	31-12-2018					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Services	3,128	3%	-	0%	3,128	3%
Construction	-	0%	-	0%	-	0%
Industry	3,339	3%	-	0%	3,339	3%
Public Sector	19,065	20%	-	0%	19,065	20%
Other Sectors	23,708	24%	267	100%	23,441	25%
Financial institutions and insurance companies	47,731	49%	-	0%	47,731	49%
Private clients	0	0%	-	0%	-	0%
Total	**96,971**	**100%**	**267**	**100%**	**96,704**	**100%**

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item "Other Assets".

CONCENTRATION OF CREDIT RISK BY GEOGRAPHIC REGION:

As of December 31, 2019:

(Amounts expressed in thousands euros)

	31-12-2019					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	66,247	80%	248	100%	65,999	80%
Autonomous Regions	-	0%	-	0%	-	0%
European union	11,277	14%	-	0%	11,227	14%
Latin America	-	0%	-	0%	-	0%
North America	-	0%	-	0%	-	0%
Rest of the World	5,027	6%	-	0%	5,027	6%
Total	82,501	100%	248	100%	82,253	100%

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

As of December 31, 2018:

(Amounts expressed in thousands euros)

	31-12-2018					
	Net Balance Sheet Exposure		Collateral		Effective Exposure[1]	
Mainland Portugal	73,341	76%	267	100%	73,074	76%
Autonomous Regions	-	0%	-	0%	-	0%
European union	18,498	18%	-	0%	18,498	18%
Latin America	-	0%	-	0%	-	0%
North America	119	0%	-	0%	119	0%
Rest of the World	5,013	5%	-	0%	5,013	5%
Rest of Europe	-	0%	-	0%	-	0%
Total	96,971	100%	267	100%	96,704	100%

Notes:
[1]**Effective Exposure:** Refers to the Blanace Sheet Net Exposure less the mitigation effect that ir deemed an actual reducer of the credit risk. It does not include sureties or other low value collateral. It does not include the item “Other Assets”.

The following tables show the breakdown of all financial assets by credit quality, whose ratings are based on the mapping of the external ratings assigned by the main international agencies Moody’s, Fitch and S&P. The rating assignment metric followed the Basel standard methodology, choosing the worst of the two best ratings in the event of different ratings for the same asset. Credit positions or securities that do not have an external rating assigned by any of the three main international agencies are classified as “Not Rated”.

Among the exposures without external rating, in the total amount of 29,000 thousand euros, the main slice concerns the portfolio “Other financial assets at fair value”, which as at 31 December 2019 amounted to approximately 22,200 thousand euros, corresponding to investment in fund units.

Breakdown of financial assets by credit quality, by balance sheet item, as of 31 December 2019:

(Amounts expressed in thousands euros)

31-12-2019					
	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	15,064	-	6,561	5,598	27,222
Financial assets held for trading	-	161	-	-	161
Other financial assets at fair value through profit or loss	-	-	-	22,156	22,156
Financial assets available for sale	5,014	26,163	506	1,036	32,719
Loans and advances to clients	-	-	-	244	244
	-	-	-	-	-
Derivatives	-	-	-	-	-
Total	20,078	26,324	7,067	29,033	82,501
In %	24.3%	31.9%	8.6%	35.2%	100%

Note: Net balance sheet exposure. It does not include the item “Other Assets”.

As of December 31, 2018, it was as follows:

(Amounts expressed in thousands euros)

31-12-2018	High Grade	Standard Grade	Sub-Standard Grade	Not Rated	Total
Deposits and applications with Credit Institutions	12,124	-	19,126	3,314	34,564
Financial assets held for trading	-	162	-	-	162
Other financial assets at fair value through profit or loss	-	-	-	23,445	23,445
Financial assets available for sale	3,086	26,983	-	8,468	38,537
Loans and advances to clients	-	-	-	263	263
Derivatives	-	-	-	-	-
Total	15,210	27,145	19,126	35,491	96,971
Em %	15.7%	28.0%	19.7%	36.6%	100%

Note: Net balance sheet exposure. It does not include the item "Other Assets".

Classification:	
High Grade	[AAA to A-]
Standard Grade	[BBB+ to BBB-]
Sub-Standard Grade	< = BB+
Not Rated	NR

The key controls and reports developed under credit risk are described at note 32.1 of consolidated notes.

B) Market Risk

Market risk is defined as the likelihood of negative impacts on results or equity, due to unfavorable movements in the market price of instruments in the trading portfolio caused, namely, by fluctuations in interest rates, exchange rates, listed share prices or commodity prices. Market risk primarily arises from taking short-term positions in debt and equity securities, currencies, commodities and derivatives.

Considering the business areas in which it operates, the main market risks to which the Group is subject are those resulting from changes in interest rates, exchange rates and market prices underlying the securities.

At Bison Bank, market risk arises essentially from exposures to securities held in the trading portfolio ("Financial assets held for trading"). During 2019, the Bank did not have an active trading portfolio (portfolio consisting essentially of a public debt security amounting to 161 thousand euros), so it was not necessary to monitor risk via daily VaR calculation, similarly previous years for this portfolio. In order to support the activity of placing debt securities on the primary market, namely debt of Chinese issuers, and to deal with any firm underwriting that may occur, in 2019 the Bank created a specific portfolio for this purpose, however until 31 December 2019 the portfolio was not used.

	Portfolio Value		
	Total €th	Long Pos. €th	Short Pos. €th
31-12-2018	162	162	-
31-12-2019	161	161	-

Although the trading portfolio is of minor importance, the Group has a policy of reducing market risk, based on various measures to mitigate this risk in order to reduce the potential for negative impact of it from the perspective of residual risk, in particular the definition of aggregate exposure limits and detention period.

The Bank's securities portfolio held for liquidity management purposes (bank debt securities portfolio) is exposed to interest rate risk and spread risk (credit), i.e., potential decrease in market value due to perceived changes in credit quality of the issuers of the securities held in the portfolio. The portfolio position is managed independently by the Treasury Department (TED), the limits have been defined and monitoring is carried out on a regular basis by RID.

The Bank uses the Value-at-Risk (VaR) methodology as the main indicator of market risk, estimating potential losses under adverse market conditions.

The system chosen for this purpose, Bloomberg, allows analyzing the risk of the portfolios disaggregated by several explanatory factors, and measuring the correlation between the assets, both at the top level and at the different levels of risk disaggregation. RID is responsible for monitoring the limits defined by the BoD in relation to the VaR of the portfolios, as well as the respective calculation, using the historical model.

For the calculation of this risk metric, the Bank uses the specialized software from Bloomberg, having calculated the VaR according to the historical model, for a horizon of 10 days and 1 day, with a confidence interval of 99%, based on a period of 2-year observation, in line with international best practices.

The key controls and reports developed under market risk are described at note 32.1 of consolidated notes.

C) Foreign Exchange Risk

Foreign Exchange Risk (FX) represents the fluctuations in value that assets expressed in foreign currency may experience as a result of changes in exchange rates. Limits are set to restrict overnight open positions, i.e., the net face value of assets and liabilities in each foreign currency. The exposure maximums per currency are defined and, as such, the global exposure limit is also defined. TED is responsible for designing and implementing financial policies and for managing structural risks in the balance sheet, such as foreign exchange risk.

The following table shows the foreign exchange position, by currency, as of 31 December 2019:

(Amounts expressed in thousands euros)

Currency	Long Position	Short Position
USD	2,653	-
GBP	101	-
CHF	30	-
BRL	-	-
SEK	4	-
NOK	2	-
AUD	-	-
JPY	-	-
HKD	-	-
Outros	-	-
CAD	-	-
PLN	-	6
Total	**2,791**	**6**

Note: Net Position.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

Currency	Long Position	Short Position
USD	258	-
GBP	-	5
CHF	31	-
BRL	-	-
SEK	4	-
NOK	2	-
AUD	-	-
JPY	-	-
HKD	-	-
Outros	-	-
CAD	-	2
PLN	-	6
Total	**295**	**13**

Note: Net Position.

On December 31, 2019, the largest exposure corresponded to the USD currency with long positions of around 2.6 million euros (95% of the total), with the remaining currencies insignificant. Compared to 31 December 2018, Bison Bank's foreign exchange position rose 806%, essentially due to the increase in exposure to USD.

The key controls and reports developed under foreign exchange risk are described at note 32.1 of consolidated notes.

D) Interest Rate Risk

Interest Rate Risk is defined as the probability of financial losses, in the result or capital, resulting from adverse movements in interest rates, considering the structure of the Bank's Balance Sheet. This type of risk is assessed in a systematic and long-term manner. The assessment deals with bank portfolio exposures according to the refixation periods, in line with the best market practices and following the recommendations of Basel and BoP (Instruction no. 34/2018 - IRRBB, in effect during 2019).

The interest rate risk of the banking portfolio is measured using various measurement techniques that make it possible to analyze the Bank's positioning and the risk situation and analyzing the cumulative impacts of the interest rate of sensitive instruments on the net result and on the financial margin, including:

- Static gap: shows the contractual distribution of maturity terms and interest rate revaluation differences for Balance Sheet items and/or applicable off-balance sheet, aggregated on a specific date, for global and monetary values (EUR and USD). The gap analysis is based on the comparison of the values of assets and liabilities that are revalued or mature in the same period;
- Balance sheet economic value: it is calculated as the sum of the net fair value of interest-rate sensitive assets and liabilities in the balance sheet, the fair value of off-balance sheet items, and the net book values of interest-sensitive assets and liabilities;
- Economic Value Sensitivity: the economic value of balance sheet and off-balance sheet items is calculated from a parallel shock on the interest rate curve. The metric related to the interest rate risk subject to a limit mentioned in the RAS is based on the calculation of the impact on net worth, measured as a percentage of own funds, of the 200 basis point variation of the yield curves in EUR and USD, considering the bands according to Instruction 34/2018.

TED is responsible for implementing financial policies and for managing structural risks in the balance sheet, such as interest rate risk.

The coverage of interest rate risk is ensured through the contracting of interest rate derivative financial instruments, which allow the maturity and maturity of average rates of these assets to be matched with those resulting from liabilities.

The breakdown of financial assets and liabilities by interest rate fixation terms as of 31 December 2019 is as follows:

(Amounts expressed in thousands euros)

		Residual Maturities								
31-12-2019										
	Non Sensive	**Up to 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**5-10 Years**	**> 10 Years**	**Total Sensitive**	**Total**
Assets										
Money market / liquidity	17,875	5,977	1,869	1,500	0	0	0	0	9,347	27,222
Loans	237	7	0	0	0	0	0	0	7	244
Debt Securities & Derivates MtM	0	6,923	2,467	0	5,252	14,789	3,419	0	32,850	32,850
Leased Assets	22,186	0	0	0	0	0	0	0	0	22,186
Shares & Funds	1,874	0	0	0	0	0	0	0	0	1,874
Other Assets	3,528	0	0	0	0	0	0	0	0	3,528
Total Assets	45,699	12,908	4,336	1,500	5,252	14,789	3,419	0	42,204	87,902
Liabilities										
Money market / Loro Accounts	2,530	0	0	0	0	0	0	0	-	2,530
Term Deposits	27	6,171	5,291	1,029	50	0	0	0	12,541	12,568
On-demand Deposits	15,281	0	0	0	0	0	0	0	0	15,281
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease liabilities	1,738	0	0	0	0	0	0	0	0	1,738
Other liabilities	6,163	0	0	0	0	0	0	0	0	6,163
Equity	49,622	0	0	0	0	0	0	0	0	49,622
Total Liabilities + Equity	75,361	6,171	5,291	1,029	50	0	0	0	12,541	87,902
GAP	(29,663)	6,736	(955)	471	5,202	14,789	3,419	0	29,663	0

Note: Net Impairment values.

As at 31 December 2019, 52% of Bison Bank's assets and 86% of Bison Bank's liabilities and equity were not sensitive to interest rate risk, being unaffected by interest rate fluctuations, by fixing steps.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

31-12-2018	Non Sensive	Up to 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	> 10 Years	Total Sensitive	Total
		Residual Maturities								
Assets										
Money market / liquidity	31,307	1,223	-	2,034	-	-	-	-	3,257	34,563
Loans	213	-	-	-	50	-	-	-	50	263
Debt Securities & Derivates MtM	-	6,327	2,489	5,000	5,074	16,340	-	-	35,231	35,231
Shares & Funds	26,914	-	-	-	-	-	-	-	-	26,914
Other Assets	3,386	-	-	-	-	-	-	-	-	3,386
Total Assets	61,819	7,550	2,489	7,034	5,124	16,340	-	-	38,538	100,357
Liabilities										
Money market / Loro Accounts	135	-	-	-	-	-	-	-	-	135
Term Deposits	33	10,978	4,690	2,795	378	-	-	-	18,841	18,874
On-demand Deposits	18,405	-	-	-	-	-	-	-	-	18,405
Subordinated Debt	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,404	-	-	-	-	-	-	-	-	6,404
Equity	56,538	-	-	-	-	-	-	-	-	56,538
Total Liabilities + Equity	81,516	10,978	4,690	2,795	378	-	-	-	18,841	100,357
GAP	(19,697)	(3,428)	(2,201)	4,239	4,746	16,340	-	-	19,697	--
Comulative GAP	---	(3,428)	(5,629)	(1,390)	3,356	19,697	19,697	19,697	--	--

Note: Net Impairment values.

The table below presents a sensitivity analysis of the interest rate risk of the banking portfolio, based on the reporting maps to the supervisory entity. This analysis is based on the scenario of a standard shock of 200 basis points in the interest rate, and the respective impact on the Bank's net position and annual financial margin, in individual terms.

(Amounts expressed in thousands euros)

31-12-2019 Remaining term	Assets	Liabilities	Off-Balance Sheet		Position
	(+)	(-)	(+)	(-)	(+/-)
Overnight	5,977	0	0	0	5,977
> 1 dia e < = 1 months	5,617	50	0	0	5,567
> 1 e < = 3 months	1,313	6,121	0	0	-4,808
> 3 e < = 6 months	4,336	5,291	0	0	-955
> 6 e < = 9 months	1,500	0	0	0	1,500
> 9 e < = 12 months	0	1,029	0	0	-1,029
> 12 months and < = 1.5 years	76	50	0	0	26
> 1.5 e < = 2 years	0	0	0	0	0
> 2 e < = 3 years	5,014	0	0	0	5,014
> 3 e < = 4 years	5,727	0	0	0	5,727
> 4 e < = 5 years	9,062	0	0	0	9,062
> 5 e < = 6 years	0	0	0	0	0
> 6 e < = 7 years	0	0	0	0	0
> 7 e < = 8 years	1,118	0	0	0	1,118
> 8 e < = 9 years	0	0	0	0	0
> 9 e < = 10 years	2,302	0	0	0	2,302
> 10 e < = 15 years	0	0	0	0	0
> 15 e < = 20 years	0	0	0	0	0
> 20 years	0	0	0	0	0
	42,042	12,541	0	0	

Net Worth	Wighted exposure	-1,910

(Amounts expressed in thousands euros)

Remaining Term	Assets	Liabilities	Off-Balance Sheet		Position	Interest Margin
	(+)	(-)	(+)	(-)	(+/-)	Weighted exposure
Overnight	5,977	0	0	0	5,977	118
> 1 day and < = 1 month	5,617	50	0	0	5,567	105
> 1 and < = 2 month	1,313	1,621	0	0	-308	-5
> 2 and < = 3 month	0	4,500	0	0	-4,500	-70
> 3 and < = 4 month	216	2,890	0	0	-2,674	-38
> 4 and < = 5 month	3,767	2,271	0	0	1,496	17
> 5 and < = 6 month	353	130	0	0	222	3
> 6 and < = 7 month	0	0	0	0	0	0
> 7 and < = 8 month	0	0	0	0	0	0
> 8 and < = 9 month	1,500	0	0	0	1,500	9
> 9 and < = 10 month	0	0	0	0	0	0
> 10 and < = 11 month	0	0	0	0	0	0
> 11 and < = 12 month	0	1,029	0	0	-1,029	-2
	18,744	12,491	0	0		138

Sensitivity analysis of the impact of a 200 basis point change in the interest rate curve for relevant currencies, as of 31 December 2019 and 2018:

(Amounts expressed in thousands euros)

		31-12-2019	31-12-2018
EUR	Impact on Net Worth	-1,909	-1,551
	Own Funds	49,092	56,216
	Impact on Own Funds, in %	-4%	-3%
	Impact on Net Interest Income, at 12 months	19	-81
	Net Interest Income	255	-167
	Impact on Net Interest Income annual, in %	8%	48%
USD	Impact in Net Worth	-1	0
	Own Funds	53,819	56,216
	Impact on Own Funds, in %	0%	0%
	Impact on Net Interest Income, at 12 months	131	24
	Net Interest Income	280	-167
	Impact on NET Interest Income annual, in %	47%	-14%
TOTAL	Impact on Net Worth	-1,910	-1,549
	Own Funds	49,092	56,216
	Impact on Own Funds, in %	-4%	-3%
	Impact on Net Interest Income, at 12 months	138	-58
	Net Interest Income	255	-167
	Impact on NET Interest Income annual, in %	54%	35%

The results of the sensitivity analysis indicate that an increase in market rates will have a positive impact on the Financial Margin and a negative impact on the Net Position.

The key controls and reports developed under interest rate risk are described at note 32.1 of consolidated notes.

E) Liquidity Risk

Liquidity risk is defined as the likelihood of negative impacts arising from the Institution's inability to immediately have liquid funds to meet its financial obligations in a timely manner and if these are insured under reasonable conditions. In the Group, liquidity levels are adapted according to the amounts and terms of the commitments assumed and the resources obtained, through the identification of gaps.

The management of liquidity risk is described at note 32.1 of consolidated notes.

At the end of 2019, liquidity was mostly invested in an investment portfolio of HQLA (High Quality Liquid Assets) in UCIs through the money market, which calculates for the calculation of LCR (Liquidity Coverage Ratio).

The Bank maintained a robust liquidity structure throughout the year, ending the year with liquidity ratios, the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio), substantially above the regulatory minimums.

	31-12-2019	31-12-2018
LCR	526.6%	381.2%
Liquidity buffer	17,090	20,259
Net liquidity outflow	3,245	5,314
NSFR	120.2%	143.4%

The breakdown of financial assets and liabilities by residual maturity at 31 December 2019 is as follows:

(Amounts expressed in thousands euros)

	Residual Maturities									
31-12-2019										
	Non Sensive	Up to 3 Months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	5-10 Years	> 10 Years	Total Interest Rate	Total
Assets										
Money market / liquidity	17,875	5,977	1,869	1,500	0	0	0	0	9,347	27,222
Loans	237	7	0	0	0	0	0	0	7	244
Debt Securities	0	0	0	0	9,024	14,789	9,037	0	32,850	32,850
Shares and Investment Funds	22,186	0	0	0	0	0	0	0	0	22,186
Leased Assets	0	0	0	0	0	1,874	0	0	1,874	1,874
Other Assets	3,528	0	0	0	0	0	0	0	0	3,528
Total Assets	43,825	5,985	1,869	1,500	9,024	16,662	9,037	0	44,077	87,902
Liabilities										
Money market / Loro Accounts	0	0	0	0	0	0	0	0	0	0
Term Deposits	2,530	0	0	0	0	0	0	0	0	2,530
On-demand Deposits	27	6,171	5,291	50	50	0	0	0	12,541	12,568
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	1,738	0	0	1,738	1,738
Equity	6,163	0	0	0	0	0	0	0	0	6,163
Total Liabilities + Equity	49,622	0	0	0	0	0	0	0	0	49,622
GAP	73,624	6,171	5,291	1,029	50	1,739	0	0	14,279	87,902
Comulative GAP	-29,798	(187)	(3,422)	471	8,974	14,925	9,037	0	29,798	0

Note: Net Impairment values.

The most significant difference in liquidity is recorded in the “interval of 3 to 6 months” and is managed through an intervention on the liability side. According to the remaining amount of Time Deposits, the Bank acts preventively through its Client Management area, promoting the renewal of time deposits with its customers.

As of December 31, 2018 it was as follows:

(Amounts expressed in thousands euros)

		Residual Maturities								
31-12-2018										
	Non Sensive	**Up to 3 Months**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**5-10 Years**	**> 10 Years**	**Total Interest Rate**	**Total**
Assets										
Money market / liquidity	31,307	1,223	0	2,034	0	0	0	0	3,257	34,563
Loans	213	0	0	0	50	0	0	0	50	263
Debt Securities	0	0	0	5,000	7,857	17,369	5,006	0	35,231	35,231
Shares and Investment Funds	26,914	0	0	0	0	0	0	0	0	26,914
Other Assets	3,386	0	0	0	0	0	0	0	0	3,386
Total Assets	61,819	1,223	0	7,034	7,907	17,369	5,006	0	38,538	100,357
Liabilities										
Money market / Loro Accounts	135	0	0	0	0	0	0	0	0	135
Term Deposits	33	10,978	4,690	2,795	378	0	0	0	18,841	18,874
On-demand Deposits	18,405	0	0	0	0	0	0	0	0	18,405
Subordinated Debt	0	0	0	0	0	0	0	0	0	0
Other Liabilities	6,404	0	0	0	0	0	0	0	0	6,404
Equity	56,538	0	0	0	0	0	0	0	0	56,538
Total Liabilities + Equity	81,516	10,978	4,690	2,795	378	0	0	0	18,841	100,357
GAP	(19,697)	(9,755)	(4,690)	4,239	7,529	17,369	5,006	0	19,697	0
Comulative GAP	---	(9,755)	(14,446)	(10,206)	(2,678)	14,691	19,697	19,697	---	---

Note: Net Impairment values.

The key controls and reports developed under liquidity risk are described at note 32.1 of consolidated notes.

ASSET ENCUMBRANCE

(Amounts expressed in thousands euros)

31-12-2019				
Assets	**Carryig amount of encumbered assets**	**Fair value of encumbered assets**	**Carrying amout of encumbered assets**	**Fair value of encumbered assets**
Assets of the reporting institution	437	-	86,762	-
Deposits and Applications with Credit Institutions	200	-	27,289	-
Equity instruments	-	-	14,148	14,148
Debt securities	237	237	32,613	32,613
Other assets	-	-	12,712	-

(Amounts expressed in thousands euros)

31-12-2019		
Collateral received	**Fair value of encumbered collateral received or own debt securities issued**	**Fair value of collateral received or own debt securities issued available for encumbrance**
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered asstes, encumbered collateral received and matching liabilities	**Matching liabilities, contingent liabilities and securities lent**	**Asseets, collateral received and own debt securities issued than covered bonds and ABSs encumbered**
Carrying amount of selected financial liabilities	-	1,627

(Amounts expressed in thousands euros)

31-12-2018				
Assets	**Carryig amount of encumbered assets**	**Fair value of encumbered assets**	**Carrying amout of encumbered assets**	**Fair value of encumbered assets**
Assets of the reporting institution	441	-	98,715	-
Equity instruments	-	-	18,423	18,423
Debt securities	241	241	34,990	34,990
Other assets	-	-	9,780	-

(Amounts expressed in thousands euros)

31-12-2018		
Collateral received	**Fair value of encumbered collateral received or own debt securities issued**	**Fair value of collateral received or own debt securities issued available for encumbrance**
Collateral received by the reporting institution	-	-
Equity instruments	-	-
Debt securities	-	-
Other collateral received	-	-
Own debt securities issued other than own covered bonds or ABS	-	-

Encumbered asstes, encumbered collateral received and matching liabilities	Matching liabilities, contingent liabilities and securities lent	Asseets, collateral received and own debt securities issued than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	-	1,650

The Bank's encumbered assets relate to regulatory/prudential requirements, namely intra-daily credit, the investor compensation system and the deposit guarantee fund. Total encumbered assets represent only 0.5% of the Bank's total assets

29.2 Capital Risk

29.2.1 Own Funds and Capital Ratios

PRUDENTIAL RATIOS AS AT 31 DECEMBER 2019

(Amounts expressed in thousands euros)

	31-12-2019	31-12-2018
As per the rules CRD IV / CRR fully implemented		
Common Equity Tier 1 capital	49,092	56,216
Total Own Funds	49,092	56,216
Risk Weighted Assets (RWAs)	57,361	60,245
Common Equity Tier 1 Ratio	*85.6%*	*93.3%*
Total Ratio	*85.6%*	*93.3%*
Leverage Ratio	*54.8%*	*54.6%*
As per rules CRD IC /CRR fully implemented		
Common Equity Tier 1 capital	49,092	56,216
Total Own Funds	49,092	56,216
Risk Weighted Assets (RWAs)	57,361	60,245
Common Equity Tier 1 Ratio	*85.6%*	*93.3%*
Total Ratio	*85.6%*	*93.3%*
Leverage Ratio	*54.8%*	*54.6%*

Nota: The leverage ratio is calculated between Tier 1 capital and the total value of the balance sheet assets and off-balance sheet items, not being subject to wighting coefficients as occurs in the calculation of risk-weighted assets.
Source: COREP_OF.

On 31 December 2019, Common Equity Tier 1 (CET 1) capital calculated according to the CRD IV / CRR rules applicable in 2019 totaled 49.1 million euros, which corresponded to a CET 1 ratio of 84.0%. The decrease in the ratio compared to 2018, resulted from the degradation of Own Funds, affected by the loss recorded in the year.

Bison Bank does not disclose own funds ratios calculated on a basis different from that provided for in Regulation (EU) no. 575/2013 (CRR) and there are no differences between the accounting basis and the prudential basis for calculating the respective ratios.

ACCOUNTING DETAIL OF OWN FUNDS, AS AT 31 DECEMBER 2019

(Amounts expressed in thousands euros)

	FULL	FULL
	2019	**2018**
Own Funds		
Share Capital	176,198	176,198
Reserves and Retained Earnings	(119,789)	(110,692)
Net Income	(7,009)	(9,418)
Securities Revaluation Reserves	222	449
Deductions	0	-
Intangible Assets	(476)	(260)
Other Deductions: Prudent valuation on the regulation 2016/101 of 26 October 2015	(55)	(62)
Total Own Funds and Common Equity Tier 1 Capital	49,092	56,216

BREAKDOWN OF OWN FUNDS, AS AT 31 DECEMBER 2019

(Amounts expressed in thousands euros)

	31-12-2019	31-12-2018
Own Funds	**49,092**	**56,216**
Tier 1 Capital	49,092	56,216
Common Equity Tier 1 Capital	49,092	56,216
Capital Instruments eligible as CET1 Capital	176,198	176,198
Paid up capital instruments	176,198	176,198
(-) Own CET1 instruments	-	-
Retained earnings	(126,798)	(120,109)
Previous years retained earnings	(119,789)	(110,692)
Profit or loss eligible	(7,009)	(9,418)
Accumulated other cpmprehensive income	222	449
Other reserves	-	-
Minority interest given recognition in CETQ1 capital	-	-
Transitional adjustments due to additional minority interests	-	-
(-) Value adjustments due to the requirements for prudent valuation	(55)	(62)
(-) Other intangible assets	(476)	(260)
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	-
(-) Defined benefit pension fund assets	-	-
(-) CET1 instruments of financial sector entities where the ntitution has a significant envestment	-	-
(-) Amount exceeding the 15% threshold	-	-
Other transitional adjustments to CET1 Capital	-	-
Additonal Tier 1 Capital	-	-
Instruments issued by subsidiaries that are given recognition in AT1 Capital	-	-
Transitional adjustments due to additional recognition in AT1 Capital of instruments issued by subsidiaries	-	-
Tier 2 Capital	-	-
Capital instruments and subordinated loans eligible as T2 Capital	-	-
Paid up Capital instruments and subordinated loans	-	-
Instruments issued by subsidiaries that are given recognition in T2 Capital	-	-
Transitional adjustments due to additional recognition in T2 Capital of instruments issued by subsidiaries	-	-
(-) T2 instruments of financial sector entities where the institution has a significant investment	-	-
Other transitional adjustments to T2 Capital	-	-

OWN FUNDS REQUIREMENTS

For the calculation of capital requirements, the Group uses the standard method to calculate the amounts of positions weighted by credit risk, in accordance with the prudential rules in force on the reference date. Regarding operational risk, the Group uses the basic indicator method. As for market risk, the standard method is used, both for the trading book and for currency exposure. Whenever necessary to determine capital requirements, 8% of risk weighted exposure amounts are considered in accordance with Regulation (EU) No. 575/2013 (CRR).

(Amounts expressed in thousands euros)

		31-12-2019		31-12-2018	
		RWAs	Minimum Capital requirements	RWAs	Minimum Capital requirements
	Credit Risk (excluding CCR)				
Art 438 (c)(d)	of which: standardised approach	50,240	4,019	53,795	4,304
Art 438 (c)(d)	of which: Internal ratings based approach (IRB Basic)	-	-	-	-
Art 438 (c)(d)	of which: Internal ratings advanced approach (IRB Advanced)	-	-	-	-
Art 438 (d)	of which: IRB actions according to the weighted method by simple risk or IMA (Internal Models Approach)	-	-	-	-
Art 107	CCR	-	-	-	-
Art 438 (c)(d)	of which: market value (MM)	-	-	-	-
	of which: original method of exposure	-	-	-	-
	of which: standardised approach	-	-	-	-
	of which: Internal Model Approach	-	-	-	-
	of which: total risk exposure for contributions to the Default Fund of a CCP	-	-	-	-
	of which: Credit Valuation Adjustment	-	-	-	-
Art 438 (e)	Settlement / Delivery Risk	0	0	0	0
Art 449 (o)(i)	Banking Book Securitisation Exposure (net)	-	-	-	-
	of which: IRB approach	-	-	-	-
	of which: Supervisory Formula Method (SFM)	-	-	-	-
	of which: Internal Model Approach	-	-	-	-
	of which: standardised approach	-	-	-	-
Art 438 (e)	Market Risk	-	-	-	-
	of which: standardised approach	2,832	227	365	29
	of which: Internal Models Approach (IMA)	-	-	-	-
Art 438 (e)	Large Exposures	-	-	-	-
Art 438 (f)	Operational Risk	-	-	-	-
	of which: basic indicator approach method	4,288	343	6,084	487
	of which: standardised approach	-	-	-	-
	of which: advanced measurement approach method	-	-	-	-
Art 437 (2), Art 48 and Art 60	**Amounts inferior to the minimum threshold for deduction (subject to RW of 250%)**	0	0	0	0
Art 500	**Threshold Adjustment**	-	-	-	-
	Total	**57,361**	**4,589**	**60,245**	**4,820**

As at 31 December 2019, risk-weighted assets amounted to 57,8 million euros and represented 66% of total net assets. Credit risk is the most significant risk, representing around 88% of risk-weighted assets. As of December 31, 2019, operational risk is the second most relevant and represents around 7% of the total.

(Amounts expressed in thousands euros)

	31-12-2019		31-12-2018	
Own Funds Requirements	4,589	100%	4,820	100%
For Credit Risk, Counterparty Credit Risk and Free Deliveries	4,019	88%	4,304	89%
Standardised Approach	4,019	88%	4,304	89%
Standardised Approach exposure classes excluding securitisation positions	4,019	88%	4,304	89%
Central governments or central banks	-	0%	-	0%
Regional governments or local authorities	-	0%	-	0%
Public sector entities	-	0%	-	0%
Multilateral Development Banks	-	0%	-	0%
International Organisations	-	0%	-	0%
Institutions	1,263	28%	928	19%
Corporates	461	10%	690	14%
Retail Portfolio	7	0%	6	0%
Secured by mortgages on real estate property	-	0%	-	0%
Exposures in default	-	0%	-	0%
Items associated with particular high risks	-	0%	-	0%
Covered bonds	-	0%	-	0%
Claims on institutions and corporates with a short-term credit assessement	-	0%	-	0%
Collective investments undertakings (CIU)	2,051	45%	2,290	48%
Equity	2	0%	277	6%
Other items	235	5%	111	2%
Securitisation Positions in the Standardised Approach (SA)	-	0%	-	0%
Internal Ratings Based Approach	-	0%	-	0%
Own Funds requirements for adjustment risk of credit valuation	-	0%	-	0%
Settlement / Delivery Risk	-	0%	-	0%
Own Funds requirements for position, foreign exchange and commodities risk	227	5%	29	1%
Standardised Approach	227	5%	29	1%
Debt Instruments	3	0%	4	0%
Equity Securities	0	0%	0	0%
Foreign exchange risks	224	5%	25	1%
Commodities risks	-	0%	-	0%
Internal Models Approach	-	0%	-	0%
Own Funds requirements for operational risk	343	7%	487	10%
Basic Indicator Approach	343	7%	487	10%
Standardised Approach	-	0%	-	0%
Advanced Measurement Approaches	-	0%	-	0%
Own Funds requirements related to large risk exposures in the trading book	-	0%	-	0%
Other Own Funds requirements	-	0%	-	0%

Nota: A 31 de Dezembro de 2019 e 2018, o Bison Bank não detinha em carteira exposições relativas a titularizações e a derivados.

For the purpose of determining the capital requirements for credit risk, used to calculate the prudential solvency ratio, Bison Bank uses the standardized method, as provided for in Part III, Title II, Chapter 2 of the CRR.

(Amounts expressed in thousands euros)

Net Exposures

Exposure Classes	On-balance-sheet amount		Off-balance-sheet amount		Securities Financing Transactions		Derivatives		Total Net Exposures		Densidade de RWA	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Central Governments or Central Banks	15,586	20,781	-	-	-	-	-	-	-	-	15,586	20,781
Regional Governments or Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	40,699	42,187	2	2	-	-	-	-	-	-	40,701	42,188
Corporates	5,564	8,391	805	975	-	-	-	-	-	-	6,369	9,366
Retail	2	0	141	141	-	-	-	-	-	-	143	141
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
Collective Investment Undertakings	22,156	23,445	-	-	-	-	-	-	-	-	22,156	23,445
Equity exposures	30	3,468	-	-	-	-	-	-	-	-	30	3,468
Other exposures	3,091	1,587	-	-	-	-	-	-	-	-	3,091	1,587
Total	87,127	99,860	948	1,118	-	-	-	-	-	-	88,075	100,978

(Amounts expressed in thousands euros)

Risk Weighted Exposure Amount (RWA)

Exposure Classes	On-balance-sheet amount		Off-balance-sheet amount		Securities Financing Transactions		Derivatives		Total Net Exposures		Densidade de RWA	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-	0%	0%
Regional Governments or Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-
International Organisations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	15,785	11,604	2	2	-	-	-	-	15,786	11,605	39%	28%
Corporates	5,564	8,391	205	239	-	-	-	-	5,768	8,630	91%	92%
Retail	1	-	81	81	-	-	-	-	82	81	57%	57%
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
Collective Investment Undertakings	25,636	28,628	-	-	-	-	-	-	25,636	28,628	116%	122%
Equity exposures	30	3,468	-	-	-	-	-	-	30	3,468	100%	100%
Other exposures	2,938	1,383	-	-	-	-	-	-	2,938	1,383	95%	87%
Total	49,953	53,474	287	321	-	-	-	-	50,240	53,795	57%	53%

This methodology implies a weighting of all the Bank's risk exposures by a set of pre-defined weights, unless deducted from own funds. These weights, for some asset classes, depend on the existence (or not) of external ratings and the better or worse credit quality that is indicated by those same ratings. The ratings used by the Bank to classify its assets for the purpose of obtaining risk weights, as stipulated in Part III, Title II, Chapter 2, Section 4 of the CRR, come from the rating agencies Moody's, Standard & Poor's and Fitch (see breakdown of financial assets by credit quality).

The risk classes for which an ECAI (External Credit Assessment Institutions) is used are the corporate classes, central administrations or central banks, Collective Investment Institutions and Bodies.

(Amounts expressed in thousands euros)

Net Exposures - Rating					
Exposure Classes	HIGH GRADE	STANDARD GRADE	SUB-STANDARD GRADE	NOT RATED	Total Net Exposures
	2019	2019	2019	2019	2019
Central Governments or Central Banks	-	15,280	305	-	15,586
Regional Governments or Local Authorities	-	-	-	-	-
Public Sector Entities	-	-	-	-	-
Multilateral Development Banks	-	-	-	-	-
International Organisations	-	-	-	-	-
Institutions	5,014	8,458	22,709	4,520	40,701
Corporates	-	805	4,314	1,249	6,369
Retail	-	143	-	0	143
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-
Collective Investment Undertakings	-	-	-	22,156	22,156
Equity exposures	-	-	-	30	30
Other exposures	-	3,509	-	0	3,091
Total	5,014	28,195	27,329	27,955	88,075

Note: Exposure net of Value Adjustments and Provisions

LEVERAGE RATIO

The leverage ratio (leverage ratio) is the relationship between capital (Tier 1, in the numerator) and total accounting exposure on and off balance sheet (total value of assets on balance sheet and off-balance sheet exposures weighted by credit risk factors, in the denominator). The ratio is calculated according to the current regulatory standards, namely the guidelines of Regulation (EU) No. 575/2013, updated by Delegated Regulation (EU) No. 2015/62 of the European Commission of 10 October 2014 and in accordance with Implementing Regulation (EU) No. 2016/200 of the European Commission of 15 February 2016.

The minimum reference level is 3% (mandatory minimum in Pillar I), mandatory since 1 January 2018.

It is a simple and transparent ratio that aims to limit excessive balance sheet growth in relation to available capital.

(Amounts expressed in thousands euros)

		31-12-2019	31-12-2018
Own Funds and Total Exposure Measurement (*phasing-in*)			
	Tier 1 Capital	49,092	56,216
	Total Exposure for the purpose of leverage ratio	89,647	102,871
	Leverage Ratio	55%	55%
Decision on the transitional provisions and on the amount of derecognised fiduciary items			
UE-23	Decision on the transitional provisions towards the definition of Own Funds Measure	Transitional definition	
UE-24	Amount of the derecognised fiduciary items as per article 429, no 11, of Regulation (EU) no 575/2013		

As of December 31, 2019, the Group's leverage ratio was 55%, much higher than the prudential minimum. The ratio is monitored on a quarterly basis.

(valores expressos em milhares de euros)

		CRR Leverage Raio Exposures (2019)
On-Balance Sheet Exposures (excluding derivatives and SFTs)		
	On-Balance Sheet Items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	87,127
	(Asset amounts deducted in determining Tier 1 capital)	-531
	Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	86,597
Risk exposures arising from Derivative Instruments		
	Replacement cost associated with derivatives transactions	0
	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	0
	Exposure determined under Original Exposure Method	0
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
	(Exempted CCP leg of client-cleared trade exposures)	0
	Adjusted effective notional amount of written credit derivatives	0
	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
	Total derivatives exposures	0
SFT Exposures		
	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0
	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
	Counterparty credit risk exposure for SFT assets	0
	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
	Total securities financing transaction exposures	-
Off-Balance Sheet Exposures		3,050
(Exposures exempted in accordance with Article 429 (7) and (14) of Regulation (EU) No 575/2013		
	(Intragroup exposures (solo basis) exempted in accordance with Article 429 (7) of Regulation (EU) No 575/2013	0
	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013	0

OWN FUNDS PRUDENTIAL RESERVES

According to BoP deliberation, the percentage of countercyclical reserve applicable to credit exposures to the Portuguese non-financial private sector, which were in force in 2019, was 0% of the total amount of exposures. Thus, Bison Bank's specific countercyclical reserve will be 0% since the relevant credit risk positions are in the national territory.

LIMIT TO LARGE EXPOSURES

As at 31 December 2019, the Bank complied with the limit for large exposures provided for in article 395º of Regulation (EC) no. 575/2013, of June 26, 2013.

30. Fair Value of the Securities Portfolio and other Financial Instruments

The fair value of financial instruments is always estimated, where possible, through reference to active market prices. A market is deemed active and liquid when it is used by equally knowledgeable counterparts and transactions are carried out in a regular manner. For those financial instruments for which there are no active market, due to a lack of liquidity or of regular transactions, valuation methods and techniques are employed to determine the fair value. The financial instruments were classified into levels according to the hierarchy stipulated in IFRS 13.

FINANCIAL INSTRUMENTS CARRIED ON THE BALANCE SHEET AT FAIR VALUE

As at 31 December 2019 and 2018, this item breaks down as follows:

	Valuation Techniques			
31-12-2019	Market Value or Market Price			
	Market Value or Market Price	Market Analysis	Others	Total
Assets				
Financial assets held for trading	161	-	-	161
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	22,156	22,156
Financial assets at fair value through other comprehensive income	32,689	-	30	32,719
Liabilities				
Financial liabilities held for trading	-	-	-	-

	Valuation Techniques			
31-12-2018	Market Value or Market Price			
	Market Value or Market Price	Market Analysis	Others	Total
Assets				
Financial assets held for trading	162	-	-	162
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	23,445	23,445
Financial assets at fair value through other comprehensive income	35,069	-	3,468	38,537
Liabilities				
Financial liabilities held for trading	-	-	-	-

The interest rates used to calculate the interest rate curve with reference as at 31 December 2018 and 2017, for the EUR and the USD currencies, are as follows:

	EUR		USD	
Maturity	**31-12-2019**	**31-12-2018**	**31-12-2019**	**31-12-2018**
1 day	-0,600%	-0,468%	1,543%	2,378%
7 days	-0,499%	-0,435%	1,630%	2,411%
1 month	-0,438%	-0,409%	1,763%	2,503%
2 months		-0,380%	1,833%	2,614%
3 months	-0,383%	-0,356%	1,908%	2,808%
6 months	-0,324%	-0,303%	1,912%	2,876%
1 year	-0,249%	-0,183%	1,996%	3,005%
2 years	-0,292%	-0,174%	1,698%	2,639%
3 years	-0,238%	-0,070%	1,689%	2,574%
4 years	-0,175%	0,060%	1,703%	2,555%
5 years	-0,111%	0,198%	1,729%	2,559%
6 years	-0,047%	0,337%	1,763%	2,580%
7 years	0,018%	0,469%	1,798%	2,609%
8 years	0,083%	0,594%	1,830%	2,639%
9 years	0,147%	0,708%	1,863%	2,669%
10 years	0,212%	0,812%	1,895%	2,698%
20 years	0,604%	1,168%	2,066%	2,792%
30 years	0,621%	1,325%	2,091%	2,823%

Os critérios de avaliação referentes aos ativos classificados em nível 3, encontram-se detalhados na Nota 6, e Nota 2.8.

FINANCIAL INSTRUMENTS AT COST OR AMORTISED COST

As at 31 December 2019 and 2018 the detail of this item is as follows:

31-12-2019	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demands	27,222	27,222
Financial assets at amortised cost	244	244
Other assets	2,498	2,498
Deposits	30,379	30,379
Debts securities issued	-	-
Other liabilities	5,575	6,062

31-12-2018	Balance Sheet Value	Fair Value
Cash, cash balances at central banks and other demands	34,563	34,563
Financial assets at amortised cost	263	263
Other assets	2,600	2,600
Deposits	34,415	34,415
Debts securities issued	-	-
Other liabilities	3,422	3,422

For the financial instruments carried on the balance sheet at amortised cost, the Bank calculates the respective fair value using valuation techniques.

The presented fair value may not correspond to the realised value of these financial instruments in a sales or liquidation scenario and has not been determined with this specific purpose.

The valuation techniques used by the Bank seek to make use of the market conditions applicable to similar operations at the reference date for the financial statements, namely the value of the respective cash flows, discounted using the interest rates deemed most appropriate.

For floating rate and very short-term loans not in default, the balance sheet value is deemed to be the best approximation of fair value.

31. Balances and Transactions with Related Entities

Transactions with related parties are analyzed in accordance with the criteria applicable to similar third-party transactions and are conducted under normal market conditions.

These transactions are subject to the approval by the Board of Directors. Due to the significant change both in the shareholder structure (note 19) and in the Board of Directors, figures presented below are presented as follows:

- Both 31 December 2019 and 2018 balances and transactions regarding Key Management Staff refer to all below disclosed "Key Members of Management and Supervisory Board", either in functions or not as at 31 December of 2019 and 2018.

	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	Other Key Management Staff		Shareholders	
Deposits	-	-	2,001	730
Other Liabilities	-	-	-	-
Interests / Guarantees Commissions	-	-	7	7
Income from Commissions	-	-	-	-
Personnel Expenses	1,492	862	-	-

The related parties are the following:

KEY ELEMENTS OF MANAGEMENT AND SUPERVISORY BOARD:

- Li Jun Yang
- Evert Derks Drok
- Bian Fang – started functions in May 2019
- Pedro Manuel Ortigão Correia – ceased functions in October 2019
- Francisco Alexandre Valente de Oliveira
- André Filipe Ventura Rendeiro
- António Manuel Gouveia Ribeiro Henriques
- Bernardo Maya Múrias Afonso - ceased functions in August 2018
- Joaquim António Pereira Cadete – ceased functions in June 2018
- Issuf Ahmad
- Elsa Cristina Costa Pires Santana Ramalho - ceased functions in July 2018
- Ernesto Jorge de Macedo Lopes Ferreira
- Ting Wang

GROUP ENTITIES UNTIL 9 JULY 2018:

- Oitante
- Banif Imobiliária
- Vegas Altas
- Banca Pueyo
- WIL
- BIAM
- Profile
- Banif Multi Fund
- MCO2
- Pabyfundo
- Banif US Real Estate
- Art Invest
- Imogest
- Banif Renda Habitação
- Banif Gestão Imobiliária
- Gestarquipark
- Banif Real Estate Polska
- Tiner Polska
- Imopredial
- Pedidos Liz
- Banif Property
- Turirent
- Porto Novo
- GCC Lisboa
- Aplicação Urbana XIII
- Aplicação Urbana XIV
- Citation
- Banif Portugal Crescimento

GROUP ENTITIES FROM 9 JULY 2018:

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Banif US Real Estate
- Art Invest
- Turirent

GROUP ENTITIES FROM 25 FEBRUARY 2019

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Banif US Real Estate
- Turirent

GROUP ENTITIES FROM 13 OCTOBER 2019

- Bison Capital Holding Company Limited
- Bison Capital Financial Holdings (Hong Kong) Limited
- Turirent

32. Events after the Balance Sheet Date

On March 11, 2020, the World Health Organization characterized the COVID-19 virus as a pandemic.

As at the date of approval of this Report and Accounts, the pandemic continues to expand globally. Its global impacts will depend essentially on the ability to contain the spread of the virus and the economic and financial measures taken by governments.

Given Bison Bank's balance sheet structure, with a residual loan portfolio and its assets consisting essentially of a portfolio of investment grade and high liquidity bonds and liquidity with first-rate financial institutions, no relevant impacts are anticipated for the Bank resulting from COVID-19.

However, the implementation of the business plan for the three-year period 2020-2022, revised and approved at the end of 2019, has been conditioned by the emergence and rapid spread of the COVID-19 pandemic. In particular, COVID-19 has had a significant impact on the pace of implementation of the strategic pillar associated with the establishment of the bridge to Asia, which includes the decision to open the Hong Kong representative office currently under approval by the Hong Kong Monetary Authority, and, consequently, on the development and materialization of revenues from the Bank's activities with a strong connection to Asia – Wealth Management and Investment Banking. In addition, COVID-19, through its effects on the capital markets, led to a devaluation of the Bank's securities portfolio during March. This devaluation, however recovered in part in April, had no material expression on the Bank, reflecting the conservative credit risk profile and the high level of liquidity of the securities portfolio.

The extent and severity of this pandemic are not determinable at this date. Nevertheless, the solid capital and liquidity position allows the Bank to be well prepared to absorb relevant shocks and their deviations from its business plan. The Bank's capital and liquidity position will become even more robust following the capital increase of 19 million euros to occur by June of this year, as part of the bank's acquisition process.

The Board of Directors has implemented a contingency plan to prevent contagion of its employees and is actively monitoring the impact on its assets.

11. Corporate Governance Report

The following information on corporate governance complies with the requirements set out in subparagraph b) of no. 2 of article 70 of the Portuguese Companies Code - "Código das Sociedades Comerciais" ("CSC") and in article 3 of Law no. 28/2009, of 19 June (updated with DL 157/2014 of 24 October). This information was also sought to be compliant with the follows:

i) EBA guidelines on internal governance (EBA/GL/2017/11),

ii) General Regime of Credit Institutions and Financial Companies – "Regime Geral das instituições de Crédito e Sociedades Financeiras" ("RGICSF");

iii) Notice n.º 5/2008 from Banco de Portugal, published on 1 July 2008, on internal control;

iv) Notice n.º 10/2011 from Banco de Portugal, published on 9 July 2012, on remuneration practices and policies.

Bison Bank SA shall be referred in this document as "Bison Bank", "Bank" or "Company".

11.1 Corporte Governance Structure and Practices

11.1.1 Governance Structure

The Company is structured according to the Latin Model (Reinforced), as per subparagraph a) of no. 1 of article 278 of the CSC. Management of the Company is entrusted to a Board of Directors (article 18 and subsequent of the Articles of Association) composed of a minimum of three, and a maximum of fifteen members.

Members are elected for four-year terms of office and may be re-elected. The Board of Directors is appointed by the General Meeting, as stipulated in no. 1 of article 18 of the Articles of Association and no. 1 of article 391 of the CSC.

The day-to-day management of the Company has been delegated to an Executive Committee composed of members drawn from the Board of Directors, as provided for in no. 1 of article 22 of the Articles of Association and no. 3 of article 407 of the CSC.

Supervision of the Company is entrusted to a Supervisory Board (articles 23 and 24 of the Articles of Association), and a statutory auditor as per subparagraph b) of no. 1 of article 413 of the CSC.

The Supervisory Board, composed of three sitting members and one alternate, is elected by the General Meeting, as per no. 1 of article 415 of the CSC.

The Statutory Auditor is also appointed by the General Meeting, on the recommendation of the Supervisory Board, as stipulated in no. 1 of article 24 of the Articles of Association and no. 1 of article 446 of the CSC.

11.2 General Meeting

11.2.1 Identification of the Members of the Board of the General Meeting

In accordance with no. 1 of article 12 of the Company's Articles of Association, the Board of the General Meeting is composed of a chair and one or two secretaries.

The members of the Board of the General Meeting identified below were appointed to the following positions for the 2018-2021 period:

Chairman: Luís Manuel Baptista Branco

Secretary: Afonso Maria Pita Negrão Cardoso de Menezes

11.2.2 Start and end dates for the terms of office

The abovementioned members of the Board of the General Meeting were appointed at the General Meeting held on August 3, 2018, for the 2018-2021 four-year term of office, which ends on 31 December 2021.

11.2.3 Mandatory advance blocking of shares, for the purposes of participating in the General Meeting

Under article 15 of the Company's Articles of Association, any shareholder entitled to at least one vote, by law and as per the Company's Articles of Association, may attend the General Meeting and discuss and vote on the agenda points.

Also under the terms of the same article, the participation and exercise of voting rights by shareholders in General Meetings, once the other requirements of the law have been met, shall depend on the bookkeeping in their name of shares that confer the right to at least one vote, up to and including six (6) days prior to the date scheduled for the respective meeting, and the respective shares shall remain registered or recorded at least until the end of the General Meeting.

Furthermore, it is established that the transmissions of Company's shares made in the 5 (five) days prior to each meeting, on a first convening, are not considered for the purpose of participation in the General Meeting.

11.2.4 Rules that apply to the blocking of shares if the General Meeting is suspended

Under no. 3 of article 15 of the Articles of Association, shareholders must keep their shares in their name on the Company's share register until the General Meeting has closed.

11.2.5 Number of shares required for each vote

Under the provisions of no. 2 of article 15 of the Company's Articles of Association, each block of 100 (one hundred) shares entitles the holder to 1 (one) vote.

In accordance with no. 1 of article 17 of the Company's Articles of Association, shareholders holding a number of shares lower than the number required by the Articles of Association for participation in the General Meeting, may form groups to make up this minimum number, being represented by one of them or by any other shareholder with voting rights, to be indicated by means of a letter addressed to the Chairman of the Board of the General Meeting.

11.2.6 Indication of shareholders with special rights and a description of these rights

As at 31 December 2019, there were no shareholders with special rights.

11.2.7 Articles of association rules that provide for the possibility of non-voting shares or those that stipulate that voting rights above a certain number shall not count, when such votes are cast by a single shareholder or by shareholders related to this shareholder

No. 2 of article 4 of the Articles of Association stipulates that the Company may issue any kind of shares, namely preferred shares, redeemable or not, and the redemption may be exercised at nominal value plus or without a premium, as decided by the competent body.

There are no statutory rules limiting the counting of voting rights.

11.2.8 Articles of association rules on the exercise of voting rights, including constitutive and decision-making quorums or systems for decoupling equity rights

The Articles of Association rules on the exercise of voting rights, and specifically as regards constitutive and decision-making quorums, are in line with the provisions of the Portuguese Companies Code, and there is an identity between the statutory regime (as per article 11 and subsequent of the Articles of Association) and the legal framework (as per articles 383 and 386 of the Portuguese Companies Code). There are no statutory rules on systems pertaining to the decoupling of equity rights.

11.2.9 Articles of association rules on the exercise of voting rights via postal voting

Under no. 5 of article 17 of the Articles of Association, shareholders may exercise their right to vote by post, in the following terms:

a) The postal ballot must be received by the Company by 5 pm on the business day immediately preceding the date set for the General Meeting. If it is not received by this time, it may not be accepted;

b) The postal ballot should indicate the agenda points to which it refers and, where appropriate, to the specific decision proposal to which it relates. For decision proposals submitted after the postal ballot was filled out, the vote will count as a vote against the proposal;

c) The fact that the Company may provide a standardised postal ballot for each General Meeting does not invalidate any postal vote that does not make use of such a postal ballot, provided that the manner in which the vote is to be cast is understandable and unequivocal;

d) The postal ballot should be addressed to the Chairman of the Board of the General Meeting, who will check its authenticity and ensure that it remains confidential until the vote actually takes place;

e) Postal votes will count towards the constitutive quorum required for the General Meeting for which they are issued and, unless indicated otherwise, they will also count, in the same manner, for any second convening of the same meeting.

11.2.10 Exercising the right to vote by electronic means

There is no provision for exercising the right to vote by electronic means.

11.2.11 Any restrictions on the right to vote, such as voting restrictions that depend on the shareholder holding a certain number or percentage of shares, deadlines for exercising voting rights, or systems for decoupling equity rights

Without prejudice to the information in the previous points, namely point I.2.5, there are no restrictions on voting rights.

11.2.12 Role played by the General Meeting in the remuneration policy for the Company as a whole and for the members of the management body and other managers in particular

Pursuant to Article 26 no. 1, of the Articles of Association, the remuneration of the members of the corporate and statutory bodies shall be fixed by the General Meeting or by a Remuneration Commission, established pursuant to Article 399 of the CSC.

The Company opted to maintain the responsibility for this matter at the General Meeting, so the remuneration of the members of Bison Bank's statutory and governing bodies is set by the General Meeting, based on the proposals and recommendations presented by the Nomination and Remuneration Committee, constituted under the terms of Article 115-H of the RGICSF.

Although not considered as a "significant" credit institution, in terms of size, internal organization and the nature, scope and complexity of its activities, in accordance with the provisions of article 115-H of the RGICSF, Bison Bank opted for strengthening its governance structure with the creation of a specialized Committee entitled "Nomination and Remuneration Committee", constituted in accordance with the provisions of the mentioned Article 115-H and the new EBA guidelines on internal governance - EBA / GL / 2017/11. This Committee, whose composition and functioning are better described in point I.4.2 - a) - i) of this report, has as one of its purposes to support the General Meeting in matters of Remuneration.

Accordingly, the remuneration policy for the members of the Bank's management and supervisory bodies is subject to annual review by the General Meeting, following a proposal by the Nomination and Remuneration Committee established under the terms of the referred Article 115-H of the RGICSF. In accordance with no. 1 of article 2 of Law no. 28/2009, of 19 June (with the updates of the DL n.º 157/2014, de 24/10), a statement on the remuneration policy of the management and supervisory bodies is annually submitted to the General Meeting for consideration.

Moreover, and following a proposal from the Board of Directors, the General Meeting may decide to distribute profits to company staff and employees (article 26, no. 4, of the Articles of Association).

It should be noted that during 2019, a General Meeting was held, and a unanimous written resolution was taken, in which it was decided on matters of remuneration, as follows:

- At the General Meeting held on 26 April 2019, it was decided, as proposed by the Nomination and Remuneration Committee, to approve the revised and updated version of the remuneration policy for members of the management and supervisory bodies,
- At the aforementioned General Meeting, considering the provisions of Article 399 of the CSC, the provisions of Article 26 of the Company's Articles of Association and the "Remuneration Policy for the Members of the Management and Supervisory Bodies" of the Company, it was decided to approve the annual remuneration attributed to the new member of the Board of Directors Bian Fang.
- By unanimous written resolution of 12 November 2019, the Bank's sole shareholder, pursuant to article 54 and paragraph 1 of article 373, both of the Commercial Companies Code, decided to adjust the annual remuneration of the member of the Board of Directors, André Filipe Ventura Rendeiro, with effect from 1 November 2019, in accordance with the Remuneration Policy for the Members of the Company's Management and Supervisory Bodies and the assessment conducted by the Nomination and Remuneration Committee.

11.2.13 The General Meeting's role in the approval of the main features of the retirement benefits system for members of the management and supervisory bodies and for other managers, within the meaning of no. 3 of article 248-B of the Securities Code (C.V.M.)

The General Meeting may, at any time, grant the right to retirement and survivors' pensions or to supplementary retirement and survivors' pensions, establishing, in doing so, the corresponding system or delegating the powers for this to a Nomination and Remuneration Comission as set out in Aarticle 26, no. 6, of the Articles of Association. This did not occur in the financial year 2019.

11.2.14 Rules applying to any changes to the Company's Articles of Association

There are no specific rules in the Articles of Association regarding any changes to these same articles. Any changes would be made within the relevant legal framework, namely that provided by the CSC e no RGICSF.

11.2.15 Qualifying holdings in the Company's share capital

In 2018, and after obtaining authorization from the European Central Bank, the process of acquisition of the Company by Bison Capital Financial Holdings (Hong Kong) Limited was successfully concluded on 9 July 2018.

At the reporting date, Bison Capital Financial Holdings (Hong Kong) Limited continues to be Bison Bank's sole shareholder.

11.3 Board of Directors

11.3.1 Identification of the members of the Board of Directors

As at the reporting date, the Board of Directors of Bison Bank had the following members:

- Yang Lijun, que também utiliza Lijun Yang (Chairman)
- Evert Derks Drok (Vice-Chairman)
- Bian Fang (Vowel and Chief Executive Officer)
- António Manuel Gouveia Ribeiro Henriques (Vowel)
- Francisco Alexandre Valente de Oliveira (Vowel)
- André Filipe Ventura Rendeiro (Vowel)

11.3.2 Start and end dates of the respective terms of office

On August 3, 2018, Bison Capital Financial Holdings (Hong Kong) Limited, acting as sole shareholder of the Bank, resolved, in light of the individual and collective assessment reports made available by the Company, to appoint as members of the Board of Directors for the period from 2018 to 2021, the following individuals:

Board of Directors

- Yang, Lijun;
- Evert Derks Drok;
- Pedro Manuel Ortigão Correia;
- Francisco Alexandre Valente de Oliveira

On August 10, 2018, pursuant to article 19, paragraph 1, of the Company's Articles of Association, the Board of Directors resolved to appoint Yang, Lijun as Chairman and Evert Drok as Vice-Chairman of the Company's Board of Directors for the period from 2018 to 2021.

On October 30, 2018, Bison Capital Financial Holdings (Hong Kong) Limited, acting as sole shareholder, in light of the individual and collective assessment reports made available by the Company, appointed, with effects on November 19 2018, André Filipe Ventura Rendeiro, as member of the Company´s Board of Directors for the period of 2018 to 2021.

On 5 December 2018, Bison Capital Financial Holdings (Hong Kong) Limited, acting as sole shareholder of Bison Bank, resolved in light of the individual and collective assessment reports made available by the Company, appointed, with immediate effects, António Manuel Gouveia Ribeiro Henriques, as member of the Company´s Board of Directors for the period of 2018 to 2021.

On April 26, 2019, it was decided at the General Meeting, in light of the individual and collective assessment carried out by the Bank for this purpose, to appoint, with immediate effect, Bian Fang as a new member of the Company's Board of Directors for the period of 2018 to 2021.

This new member was appointed as Chairman of the Executive Committee (Chief Executive Officer) of the Company, when this Committee was set up on May 3, 2019, as further described in section I.4 of this Report.

On October 15, 2019, Bison Capital Financial Holdings (Hong Kong) Limited, in its capacity as the sole shareholder of Bison Bank, decided to dismiss, with immediate effect, Pedro Ortigão Correia, from the position of member of the Board of Directors of Bison Bank, having ceased his functions on that date.

Given the abovementioned changes, the Board of Directors currently has the following members:

- Yang Lijun, who also uses Lijun Yang (Chairman) – appointed on August 3, 2018 with effects at the same date
- Evert Derks Drok (Vice-Chairman) – appointed on August 3, 2018 with effects at the same date
- Bian Fang, who also uses Fang Bian (Vowel) – appointed on April 26,2019 with effects at the same date;
- António Manuel Gouveia Ribeiro Henriques (Vowel) – appointed on December 5, 2018 with effects at the same date;
- Francisco Alexandre Valente de Oliveira (Vowel) – appointed on August 3, 2018 with effects at the same date;
- André Filipe Ventura Rendeiro (Vowel) – appointed on October 30, 2018 with effects at November 19, 2018.

11.3.3 Powers of the management body, particularly as regards decisions to increase the share capital

The powers of the Board of Directors are stipulated in article 20 of the Articles of Association. This article states that the Board of Directors has exclusive and full powers to represent the Company and is responsible for ensuring the management of its business. Therefore, it has the power to decide on any company-related issue that does not fall within the exclusive competence of another body, in law or under the Articles of Association. Thus, it has the power to:

- Engage in any operations relating to its corporate purpose;
- Represent the Company in and out of court, as plaintiff or defendant, lodge and pursue actions, admit, withdraw, settle and submit to arbitration;
- Acquire, dispose of or, in any way, encumber any assets or rights, whether movable or immovable, including own or other bonds, as well as holdings in other companies;
- Appoint representatives;
- Decide upon the timeliness and conditions of bond issues and the issue of other debt securities by the Company

There are no provisions in the Articles of Association for the Board of Directors to decide on a Company's share capital increase (as stipulated in article 456 of the CSC).

11.3.4 Rules governing the appointment and replacement of members of the Board of Directors

Under the Articles of Association, the Board of Directors is composed of a minimum of three and a maximum of fifteen members, as decided by the General Meeting. Alternate directors may be elected, up to a number equal to a third of the existing number of elected sitting directors (article 18, nos. 1 and 2, of the Articles of Association). Members of the Board of Directors are appointed by the General Meeting for four-year terms of office and they may be re-elected.

The articles also stipulate that (article 19, no. 1), in the first meeting it holds in each term of office, the Board of Directors shall appoint its own Chairman and one or two Vice-Chairmen from amongst its own members.

The Articles of Association state that, in case of a director fail to attend three consecutive or non-consecutive meetings of the Board of Directors in a calendar year, without providing justification that is acceptable to this Board, that shall constitute a definitive fault, which shall be declared by the Board of Directors and shall determine the replacement of the Director in question, under the legal terms (article 21, no. 6, of the Articles of Association).

The Articles of Association do not specify the means of replacing members of the Board of Directors. Any such replacement will take place in accordance with the terms of article 393 no. 3 of CSC.

There is no formal policy in place for rotating duties between members of the Board of Directors.

´The Regulations of the Board of Directors of Bison Bank were reviewed and updated at a meeting of that body, dated August 10, 2018, and are available for consultation on the Company's website.

This document sets out the guiding principles underpinning the Board of Directors' work, the basic rules governing the way it is organised and operates and the standards of conduct expected of its members. These regulations complement the pertinent legal and statutory provisions.

11.3.5 Positions that each member of the management body holds in other companies

Positions that members of the Board of Directors hold in other companies:

Yang Lijun, who also uses Lijun Yang (Chairman)

- By reference to December 31, 2019, she was a member of a corporate body in a company, aside from Bison Bank as follows:
  - Director of Bison Capital Financial Holdings (Hong Kong) Limited

Evert Derks Drok (Vice-Chairman)

- By reference to December 31, 2019, he was a member of corporate bodies in companies, aside from Bison Bank as follows:
  - Chairman of the Supervisory Board of Flow Traders NV;
  - Member of the Supervisory Board of The Greenery BV and of its subsidiary Euro Pool Systems International BV;
  - Non-executive member of the Board of Directors of AION S.A/NV (Belgium) - formerly Banca Monte Paschi Belgio

Bian Fang (Vowel and Chief Executive Officer)

- By reference to December 31, 2019, he was a member of a corporate body in another company, aside from Bison Bank as follows:
  - Non-executive member of the board of directors of Banco Moçambique for Support to Investments SA.

António Manuel Gouveia Ribeiro Henriques (Vowel)

- By reference to December 31, 2019, he is not a member of any corporate body in any company, aside from Bison Bank.

Francisco Alexandre Valente de Oliveira (Vowel)

- By reference to December 31, 2019, he is not a member of any corporate body in any company, aside from Bison Bank.

André Filipe Ventura Rendeiro (Vowel)

- By reference to December 31, 2019, he was not a member of any corporate body in any company, aside from Bison Bank.

11.3.6 Number of meetings held and the attendance record for each member of the Board of Directors

In 2019 were held 36 meetings of the Board of Directors of the Company and minutes were drawn up for each of these meetings.

The attendance of each member of the Board of Directors at board meetings held in 2019 was as follows:

Board of Directors - Meetings held in 2019:

Member	Nr.of attendance	Representation
Yang Lijun (Chairwoman) (started on August 3, 2018)	36	-
Evert Derks Drok (Vice-Chairman) (started on August 3, 2018)	35	-
Bian Fang (Vowel) (started on May 3, 2019)	14	-
António Manuel Gouveia Ribeiro Henriques (Vowel) (started on December 5, 2018)	36	-
Pedro Manuel Ortigão Correia (Vowel) (started on August 3, 2018 and ceased his functions on 15 October 2019)	30	-
Francisco Alexandre Valente de Oliveira (Vowel) (started on August 3, 2018)	35	-
André Filipe Ventura Rendeiro (Vowel) (started on November 19, 2018)	36	-

Note: All absences were considered duly justified.

11.4 Executive Committee and other Committees

11.4.1 Composition and rules applicable to the Executive Committee

Under article 22, no. 1, of the Articles of Association, the Board of Directors may delegate to an Executive Committee the day-to-day management of the company, and the resolution shall determine the limits of the delegation.

There are no specific provisions in the articles regarding the appointment or replacement of Executive Committee members.

At a meeting of the Board of Directors held on 3 May 2019, it was decided, under the terms of the above-mentioned article 22 of the Company's By-Laws and article 407 of the CSC, to establish an Executive Committee for the period 2018 to 2021, composed of 5 members, as follows:

- Bian Fang (who was appointed President of the Executive Committee)
- António Manuel Gouveia Ribeiro Henriques (executive member)
- Pedro Manuel Ortigão Correia (executive member)
- Francisco Alexandre Valente de Oliveira (executive member)
- André Filipe Ventura Rendeiro (executive member)

At that meeting, it was decided to delegate to the Executive Committee the day-to-day management of the Company with the powers listed in the delegation of powers documents, and the Board also decided on the assignment of responsibilities. Furthermore, it was decided that the regulations of this committee be prepared by the respective members and subsequently submitted to the Board of Directors for approval.

On May 3, 2019, at a meeting of the Executive Committee it was resolved to approve the Executive Committee Regulations, which subsequently received the agreement of the Board of Directors at a meeting on May 31, 2019. This document is available for consultation on the website of society.

On October 15, 2019, Bison Capital Financial Holdings (Hong Kong) Limited, as the Bank's sole shareholder, decided to dismiss, with immediate effect, Pedro Ortigão Correia, from the position of executive member of the Board of Directors of Bison Bank.

11.4.2 Number of meetings held and degree of attendance of each member of the Executive Committee to the meetings held

In 2019, and after the creation of the Executive Committee of the Company on May 3, 33 meetings of this Committee were held and minutes of each of these meetings were recorded.

The presence of each member of the Executive Committee at the meetings of this Committee was as follows:

Executive Committee (created on 03/05/2019) - Meetings held in 2019:

Member	Nr.of attendance	Representation
Bian Fang (Vowel and CEO) (started on May 3, 2019)	29	-
António Manuel Gouveia Ribeiro Henriques (Vogal) (started on December 5, 2018)	32	-
Pedro Manuel Ortigão Correia (Vogal) (started on August 3, 2018 and ceased his functions on 15 October 2019)	19	-
Francisco Alexandre Valente de Oliveira (Vogal) (started on August 3, 2018)	30	-
André Filipe Ventura Rendeiro (Vogal) (started on November 19, 2018)	32	-

Note: All absences were considered duly justified.

11.4.3 Other Committees and Meetings held

a) Governance Committees

The Board of Directors, considering the EBA's guidelines on internal governance - EBA / GL / 2017/11, and with the purpose of strengthening the Company's governance structure, decided to approve the establishment of the following Governance Committees:

i) Nomination and Remuneration Committee

On December 21, 2018, following a meeting held on October 11, 2018, the Board of Directors decided to proceed with the constitution of the Nomination and Remuneration Committee.

The mission of the Nomination and Remuneration Committee is to advise and support the Board of Directors and the General Meeting on matters of appointments, assessments and remunerations of (i) members of the Board of Directors and the Supervisory Board, (ii) the Top Management (the persons at the highest hierarchical level responsible for the effective management of the day-to-day operations), (iii) those responsible for the risk-taking and the Control Functions (namely Risk, Audit and Compliance) of the Bank (regardless of their functional category), as well as (iv) other employees with essential functions or whose total remuneration places them in the same remuneration range as the previous ones (namely referred to in (i)),, as defined by the Board of Directors.

The Nomination and Remuneration Committee also has the task of reviewing and promoting the implementation of the internal policies related to the Selection and Evaluation of the Adequacy of the Members of the Board of Directors and the Supervisory Board and of the Bank's Keys Function Holders (the "Selection and Evaluation Policy") and to ensure its full effectiveness. This policy is available for consultation on the Bank's website.

The Nomination and Remuneration Committee also monitors the application and revision of the Regulation on the Prevention, Communication and Healing of Conflicts of Interest, including transactions with related parties of the Bank, initially referred to in the aforementioned "Selection and Evaluation Policy" and currently included in the " Bank Conflict of Interest Prevention and Management Policy "which is also available for consultation on the Company's website.

The Committee is composed of a minimum of three and a maximum of five members, appointed by the Board of Directors, from amongt Non-Executive Directors and members of the Supervisory Board (to be indicated by this body).

On February 8, 2019, the members of the Nomination and Remuneration Committee were appointed by the Board of Directors as follows:

- Yang Lijun
- Evert Derks Drok

The following member was indicated by the Supervisory Board:

- Issuf Ahmad (Chairman)

In 2019, 9 meetings of the Nomination and Remuneration Committee were held and minutes of each of these meetings were drawn up.

The first meeting of the Nomination and Remuneration Committee was held on 8 February 2019, at which Issuf Ahmad was appointed as Chairman of this Committee.

ii) Risk and Compliance Committee

On December 21 2018, further to the meeting held on October 26, the Board of Directors decided to proceed with the constitution of the Risk and Compliance Committee and approved the Regulations of this Committee.

The mission of the Risk and Compliance Committee is to advise and support, in the exercise of its supervisory function, the Board of Directors in decision-making processes related to risk management, compliance and internal control.

Its main scope is to contribute to the design and implementation in the Bank of an adequate risk management strategy, effective risk management and compliance systems and internal control, reporting regularly its conclusions and recommendations to the Board of Directors in the exercise of its supervisory function.

The Risk and Compliance Committee is composed of a minimum of three and a maximum of five members, appointed by the Board of Directors, from amongt Non-Executive Directors and members of the Supervisory Board (to be indicated by this body).

On February 8, 2019, the members of the Risk and Compliance Committee were appointed by the Board of Directors as follows:

- Evert Derks Drok (Chairman)
- Yang Lijun

The following member was indicated by the Supervisory Board:

- Ernesto Jorge de Macedo Lopes Ferreira

In 2019, 8 meetings of the Risk and Compliance Committee were held and minutes of each of these meetings were drawn up.

The first meeting of the Risk and Compliance Committee was held on 15 February 2019, in which Evert Derks Drok was appointed as Chairman of this Committee.

iii) Comités de Governação - Reuniões realizadas em 2019:

Committees	Nr. of Meetings
Nomination and Remuneration Committee	9
Risk and Compliance Committee	8

b) Functional Committees

As established in its internal procedures, namely in the Terms of Reference of the Bison Bank Functional Committees, the Bank has the committees listed below.

These committees have specific purposes and are subject to different operating rules, as established in the abovementioned Rule.

- Asset and Liability and Risk Management Committee
- Planning and Control Committee
- Compliance Committee
- Depositary Bank Function Committee
- Commercial Committee
- Wealth Management Committee
- Projects & Quality Committee

These Committees have the following mission:

ASSET AND LIABILITY AND RISK MANAGEMENT COMMITTEE

i) With regard to Asset & Liability (ALCO)

- To analyse the country's and the major regional/ world economies' macroeconomic information, in order to foresee impacts on Bank's risk exposure and financial activity;
- To examine the evolution in Bank's balance sheet in terms of its main blocks exposure and propose funding strategy (amounts, maturities, pricing) and investment guidelines;
- To analyse the performance of Bank's structural risk exposure, as well as propose concrete measures to manage/mitigate incurred levels of exposure;
- To monitor the results of the application of structural risk management strategies, policies and methodologies;
- To define and propose for approval the Internal Liquidity Adequacy Assessment Process (ILAAP) and its components and regularly ensure its suitability and validity;
- To define and propose for approval the Liquidity Contingency Plan and its components and regularly ensure its suitability and validity;
- To define guidelines for the optimal financing structure and manage and monitor Bank's prospective liquidity position by supporting the definition of structural liquidity management policies and methodologies to the scenarios: baseline, conservative and stress;
- To define action strategies for the management of foreign exchange and interest rate risks;
- To present new regulatory rules, or changes to the current ones that influence the analysis areas;
- To analyse evolution of clients' portfolios composition under management of the Bank, and verified or anticipated impacts on Bank's balance sheet, mainly regarding deposits and available liquidity on these portfolios and its availability for funding purposes;
- To define the investment strategy for its Proprietary Portfolio, the management indicators to be monitored and the frequency of the monitoring;
- To analyse the Proprietary Portfolio's performance, as of the last committee meeting;
- To analyse and propose the maximum risk level of the portfolio;
- To analyse the critical risk factors for the portfolio's value evolution

ii) With regard to Risk Management

- To monitor systematically global risk levels, ensuring they are compatible with the goals, available financial resources and strategies adopted to carry out the Institution's activities;
- To monitor the evolution of the different risks and their alignment with the policies, regulations and limits in force, as well as monitor the defined performance indicators (KPI) for the main risk categories accordingly to the defined frequency;
- To support and advise in reviewing Risk Appetite/ Risk Tolerance on an annual basis, or whenever there is a relevant change to the institution's strategy/business model or risk management policy, procedures or rules;
- Propose the revision of the Limit Management Policies, at least annually, including individual limits and limits by portfolio, via issuer risk and counterparty risk;
- To monitor the risk profile by category, pursuant to the Portuguese Central Bank's map;
- To monitor the evolution and allocation of capital requirements and the solvability ratio within Pillar
- To present the current and prospective capital position and propose mitigation measures, whenever necessary;
- To stipulate the Internal Economic Capital model to ensure the effective management of risks incurred by the institution, namely via the Internal Capital Adequacy Assessment Process (ICAAP) exercise, incorporating the economic perspective of the exercise, in line with Pillar II Basel requirements and respective Bank of Portugal rules;
- Periodically review the level of execution/ completion of implementation of corrective measures for deficiencies identified in the Internal Control Reports, as well as in the reports prepared by the Internal Audit Department;
- To present new regulatory rules or changes to the current ones that have an effect on the Institution's risk management;
- Approve and monitor all financial derivative operations of the Bank, defining the respective risk limits.

PLANNING AND CONTROL COMMITTEE

- To accompany the Bank's budget execution;
- To monitor control of the implementation of the budget and the degree to which the defined goals have been met;
- To analyse the respective deviations together with those responsible for each Area and propose the adoption of mitigating/corrective measures to the Board of Directors;
- To review the management information package and supporting reports to budget surveillance, and to propose improvements, on these reports, more adjusted to Bank's reality and that also improve a more effective cost accounting analysis;
- To accompany subsidiaries and their impact on the components previously listed by the Committee in a meeting called quarterly and specifically therefore.

COMPLIANCE COMMITTEE

- To monitor implementation of Compliance's Activity Plan;
- To analyse and assess situations related to money laundering and the financing of terrorism, whenever their relevance or associated risk is significant;
- To analyse shortcomings disclosed to the Portuguese Central Bank and Portuguese Securities Commission and update their mitigation status, as well as respective implementation calendars;
- To analyse and assess proposed corrective and preventive measures within Compliance duties;
- Monitor the evolution of the mitigation plan of fragilities identified in the scope of the Internal Control environment.

DEPOSITARY BANK FUNCTION COMMITTEE

- To monitor the Institution's performance as a Depositary Bank;
- To analyse and make guidelines on accepting new Depositary Bank engagements;
- To assess and make guidelines on specific across-the-board topics within the scope of the function of Depositary Bank;
- To monitor the Depositary Bank's functions financial performance and respective value chain;
- To analyse and assess proposed control or corrective measures to be implemented in the Management Companies.

COMMERCIAL COMMITTEE

- To accompany the business opportunities presented by the Clients Management Department and those introduced by Investment Banking Department;
- To carry out discussions and align with the Annual Business Plan.

WEALTH MANAGEMENT COMMITTEE

- To formulate and propose investment policies, objectives and strategies for the clients' accounts (discretionary portfolios or not);
- To establish investment guidelines reflecting portfolio objectives and risk constraints within the discretionary portfolio profiles;
- To review and approve any investment benchmarks or other measurement criteria employed to monitor the performance of the portfolios and investment decisions;
- To evaluate the performance of the discretionary portfolios. The evaluation will consider investment policies, as well as risk levels;
- To support the definition and preparation of management information, in order to adequately express the outlooks and risks to respective Clients;
- To oversee the criteria and process for the selection of external investment managers and list of eligible investment instruments (bonds, equities, ETF's, FX, commodities, derivatives, 3rd Party Funds, etc.) to be included in the portfolios;
- To analyse and approve individual investments of greater complexity, namely for non-standard products or those based in unregulated markets.

PROJECTS AND QUALITY COMMITTEE

- To assess the quality and efficiency of the internal processes in order to identify areas to optimise, innovate or mitigate risks and that allow more value to be delivered to the Client;
- To promote a culture of productivity and of continuous improvement across the Bank;
- Present, analyse and approve Initiatives to be managed as Projects in the Bank and which should enter the Strategic Portfolio in Inception Phase or be managed in specific Department Activity Plan.
- Define the criteria to evaluate, select and prioritize Projects in the Strategic Portfolio.
- Designate Sponsor, Project Manager and eventual team to perform Inception Phase, i.e. to accomplish Business Case, gather requirements and seek potential solution suppliers.
- Ending the Inception Phase, the Sponsor and Project Manager present Project for the Committee's Analysis and Kick-off Approval, supported by Business Case and with budgeted
- Financial investment. The Committee decides either: Project kick-off approval, cancelled or Postponed (with further specific action).
- For Projects that require an unbudgeted financial investment, analysis and opinion will be gathered by the Committee and sent to the Executive Committee for decision (until the Executive Committee is not in place it will be sent to the BoD).

- Present Project status of On-going Projects and eventual change requests, evaluate risks, decide upon mitigation actions and formalize these.
- Monitor the execution of the Projects and promote the initiatives necessary for the strict compliance with the approved Budget, Scope and Plan.
- Formalize closure of Projects and when applicable define maintenance owner of project deliverable(s) and follow-up plan.
- Gather and propose structural and strategic projects for the following year, to the Board of Directors, in order to serve as the basis for the preparation of the Projects budget.
- To stipulate the strategy for recovery of critical business functions and jobs, based on the results of the Business Impact Analysis and the possible disaster scenarios;
- To revise the Business Continuation Management System on a regular basis (at least annually), in a meeting called for that purpose, in order to ensure its functioning, operation and adequacy. In tht review, the Programme's execution shall be analysed, as well as the results of tests, audits, assessment of critical suppliers and the follow-up of actions arising from prior Committee meetings. The action plan arising from this review shall be recorded in the Meeting's Minutes.

Functional Committees – Meetings held on 2019:

Committees	No. of Meetings
Asset and Liability and Risk Management Committee	3
Planning and Control Committee	3
Compliance Committee	2
Depositary Bank Function Committee	4
Commercial Committee	3
Wealth Management Committee	12
Projects and quality Committee	4

11.5 Supervisory Board

11.5.1 Identification of the members of the Supervisory Board

As at the reporting date, the Supervisory Board of Bison Bank had the following members:

- Issuf Ahmad (Chairman)
- Ernesto Jorge de Macedo Lopes Ferreira (Member)
- Wang, Ting (Member)
- Bu, Fan (Alternate Member)

11.5.2 Start and end dates for the term of office

The members of the Supervisory Board, listed in the previous point 1.5.1, were appointed by resolution of the sole shareholder, Bison Capital Financial Holdings (Hong Kong) Limited, of 21 August 2018, for the period 2018 to 2021, following the individual and collective valuation reports made available by the Company and following the prior authorization granted by the Bank of Portugal.

The abovementioned sitting members took office on 21 August 2018.

11.5.3 The rules governing the appointment and replacement of members of the Supervisory Board

The Supervisory Board has three sitting members and one alternate member (article 23, no. 1, of the Articles of Association).

The Supervisory Board should be constituted in accordance with the legal provisions governing incompatibility and its members must have adequate training and experience for the sector in which the company operates.

The majority of its members, including its chairman, should be considered independent.

Pursuant to the Legal Framework for RGICSF (article 31) and taking into account the latest guidelines issued by the EBA (European Banking Authority) on the matter, in terms of best practices, the majority of the members of the supervisory body should be independent, within the meaning of article 414 of the Portuguese Companies Code ("Código das Sociedades Comerciais").

The independence requirement is designed to prevent the risk of members of the management and supervisory bodies being subjected to the undue influence of other persons or entities, thus ensuring that said members are able to discharge their duties impartially.

The Chairman of the Supervisory Board will be appointed by the General Meeting or, where this is not the case, by the members of the Supervisory Board themselves (article 414-B of the CSC).

The Articles of Association do not specify the means of replacing members of the Supervisory Board. Any such replacement will take place in accordance with the terms of article 415 of the CSC.

The Regulations of the Supervisory Board of Bison Bank are available for consultation on the Company's website.

This document sets out the guiding principles for this body and the basic rules governing the way it is organised and operates.

11.5.4 Positions that each member of the Supervisory Board hold in other companies

Positions that members of the Supervisory Board hold in other companies:

Issuf Ahmad (Chairman)

By reference to December 31, 2019, he was a member of corporate bodies in companies, aside from Bison Bank as follows:

- Member of the General and Supervisory Board of IP – Infraestruturas de Portugal, S.A.

Ernesto Jorge de Macedo Lopes Ferreira (Member)

By reference to December 31, 2019, he was a member of corporate bodies in companies, aside from Bison Bank as follows:

- Chairman of the General Assembly of Banif Imobiliária, SA;
- Chairman of the General Assembly of WIL – Projectos Turísticos, SA.
- Secretary of the General Assembly of Oitante, S.A.;
- Chairman of the General Meeting of Profile – Sociedade Gestora de Organismos de Investimento Colectivo SA.

Wang Ting (Vogal)

By reference to December 31, 2019, she is not a member of any corporate body in any company, aside from Bison Bank.

11.5.5 The Supervisory Board's annual assessment of the external auditor and submitting a proposal to the General Meeting to dismiss the external auditor, where warranted

The Supervisory Board assesses the external auditor each year.

On recommendation of the Supervisory Board, the current external auditor was appointed by the General Meeting on 30 October 2018, for the 2018-2019 period, in accordance with no. 4 of article 25 of the Articles of Association.

11.5.6 The inclusion in the annual report on the work done by the Supervisory Board of a description of its supervisory work and mention of any constraints on this work. Publication of these reports on the Company's website, together with the account's documents

The annual reports produced by the Supervisory Board include a description of its supervisory work and mention of any constraints affecting this work (where these exist). These reports are published on the Company's website, together with the account's documents.

11.5.7 Number of meetings held and the attendance record for each member of the Supervisory Board

The Company's Supervisory Board met 25 times in 2019. Minutes were drawn up for each of these meetings.

The attendance of each member of the Supervisory Board at the meetings was as follows:

Supervisory Board – Total of 25 meetings held in 2019

Member	Attendance	Representation
Issuf Ahmad	25	-
Ernesto Jorge de Macedo Lopes Ferreira	25	-
Wang Ting	25	-

Note: All absences were considered duly justified.

11.5.8 Statutory Auditor of the Company

As of the date of this Report, the Company's Statutory Auditor is as follows:

- Pricewaterhouse Coopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, listed at Ordem dos Revisores Oficiais de Contas under the number 183 and registered at CMVM under the number 20161485.

On recommendation of the Supervisory Board, the Statutory Auditor of the Company, above identified, was appointed by the General Meeting on 30 October 2018, for the period of 2018-2019, pursuant to paragraph 1 of article 446 of the Commercial Companies Code and in accordance with no. 1 of article 24 of the Articles of Association:

11.6 Internal Control

11.6.1 The Company's internal control and risk management systems, particularly as regards the procedure for reporting financial information

Last year, the Company continued to focus on developing its Internal Control System. It built synergies with the operating risk and process improvement teams to achieve the following objectives:

- Establishing the level of the organisation's control environment, by instilling discipline and structure at the heart of the Internal Control Function and disseminating this culture throughout the organisation;
- Reducing risk levels and encouraging operational effectiveness and efficiency;
- Ensuring that all reported information is objective, reliable and correct;
- Complying with all legal and regulatory standards.

The methodology for implementing Internal Control is based on international principles and a framework that is designed to ensure the attainment of five main component outcomes:

- Control Environment – Establishing the degree to which the Company influences staff awareness of control, imposing discipline and structure.
- Risk Assessment – Identifying and analysing relevant risks (internal and external) so organisational objectives may be achieved and a suitable basis for risk management can be set up.
- Control Activities – Based on appropriate policies and procedures, with the objective of ensuring that the ground rules established for management are followed and that these policies and procedures allow the proper identification of the risks inherent in the Company's business activities.
- Information and Communication – Ensuring the identification, capture and reporting of pertinent and relevant information that allows decisions to be taken and ensures that the implementation of these is appropriate.
- Monitoring – Assessing the performance and quality of Internal Control.

In 2019, work continued on ensuring the independence of the Internal Control model used to record and monitor the mitigation measures implemented in response to internal control shortcomings. Such shortcomings are identified through the review and control interventions of external auditors, supervisory entities and bodies with control responsibilities.

In working towards the objectives set for the Internal Control Function, the Company continued to focus on a number of internal control initiatives in 2019. These initiatives, which contributed decisively to a substantial improvement in the robustness of the internal control system, are:

- The structuring and deployment of an Action Plan for the implementation of corrective measures for all high and medium risk points;
- The design of a risk identification, control and mitigation model and the application of this to the Bank's various business units;
- The clarification, through internal regulations, of the assignments and activities to be carried out by the control functions (Audit, Risk and Compliance).
- The reporting of the changing status of corrective actions to both the Management and Supervisory bodies.

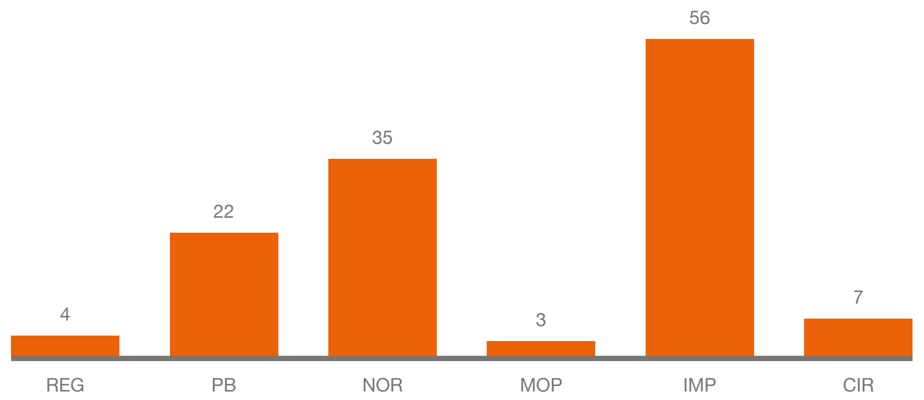
Between June 2018 and May 2019 (12 months), the evolution of the stock of Internal Control Points (ICPs) identified in the 2019 Internal Control Report (in accordance with the provisions of Bank of Portugal Notice no. 5 / 2008 and CMVM Regulation No. 3/2008), can be explained by the closing of 17 ICPs (15 medium risk and 2 low risk) and the identification of 20 new ICPs (1 high risk, 13 medium risk, and 6 low risk), resulting, between closed points and new open points, in a total increase of 3 ICPs, which can be seen in the table below:

Internal Control Points					Delta 2016-2019	Delta 2018-2019	Delta 2016-2019	Delta 2018-2019
Risk level	2016	2017	2018	2019				
High	28	6	0	1	-27	1	-96%	0%
Medium	65	36	21	19	-46	-2	-71%	-10%
Low	19	7	6	10	-9	4	-47%	67%
Total	112	49	27	30	-82	3	-73%	11%

On 2019, the Internal Control System Rule was published, with the purpose of reviewing and developing topics on monitoring the evolution of the internal control environment, such as: (a) managing the registration process, maintenance and closing of the ICPs ; (b) phases of the ICPs lifecycle; (c) procedures for approving mitigation measures and risk acceptance; (d) criteria for rescheduling the dates for implementing risk mitigation measures.

Another important aspect of the ongoing improvements that are being made in the internal control environment are the several Bank's rules and procedures that were reviewed and approved during 2019.

Documents Published in 2019:



REG - Regulations | PB - Policies | NOR - Norms/Rules/Standards | MOP - Operational Manual | IMP - Forms | CIR - Circulars

In 2019, 127 of these documents were published on the Internal Documents Management System (DONE). Most of these documents were mainly generated as a result of the Documentation Portfolio Revision and Update Project. Among the documents reviewed and published in 2019 and in addition to the policies approved by the General Assembly and the regulations of the management bodies, the supervisory body and committees, referenced and better described in other sections of this report, they also stand out in terms of governance, the Bank's Code of Conduct, the Bank's Policy for the Prevention and Management of Conflicts of Interest and the Policy for Reporting Irregularities or Concerns (Whistleblowing).

11.6.2 Responsibilities of the management and supervisory bodies regarding the setting up and operation of the Company's internal control and risk management systems, including the operational assessment of these systems and their adjustment to the Company's needs.

The Board of Directors and the Supervisory Board understand the key role they play in organising Risk Management and Internal Control Systems. These bodies provide the human and technological resources required to create an internal control environment that is proportional and appropriate to the business risks involved.

The management bodies maintain regular and periodic oversight of the changes in, and mitigation of, the shortcomings identified in the Company's Internal Control System. They do this by organising and participating in regular meetings with the Company's various departments.

These meetings, which focus on the identification, monitoring, quantification and management of risks, allow management to implement corrective measures that are commensurate with the proper running of the Company.

Each year, the Supervisory Board assesses the effectiveness of the adjustment of the Internal Control System to the Company's needs. It publishes this assessment in its own report, which also includes recommendations for improvements, where it believes these are warranted.

11.6.3 Management and supervisory body responsibilities for internal governance issues

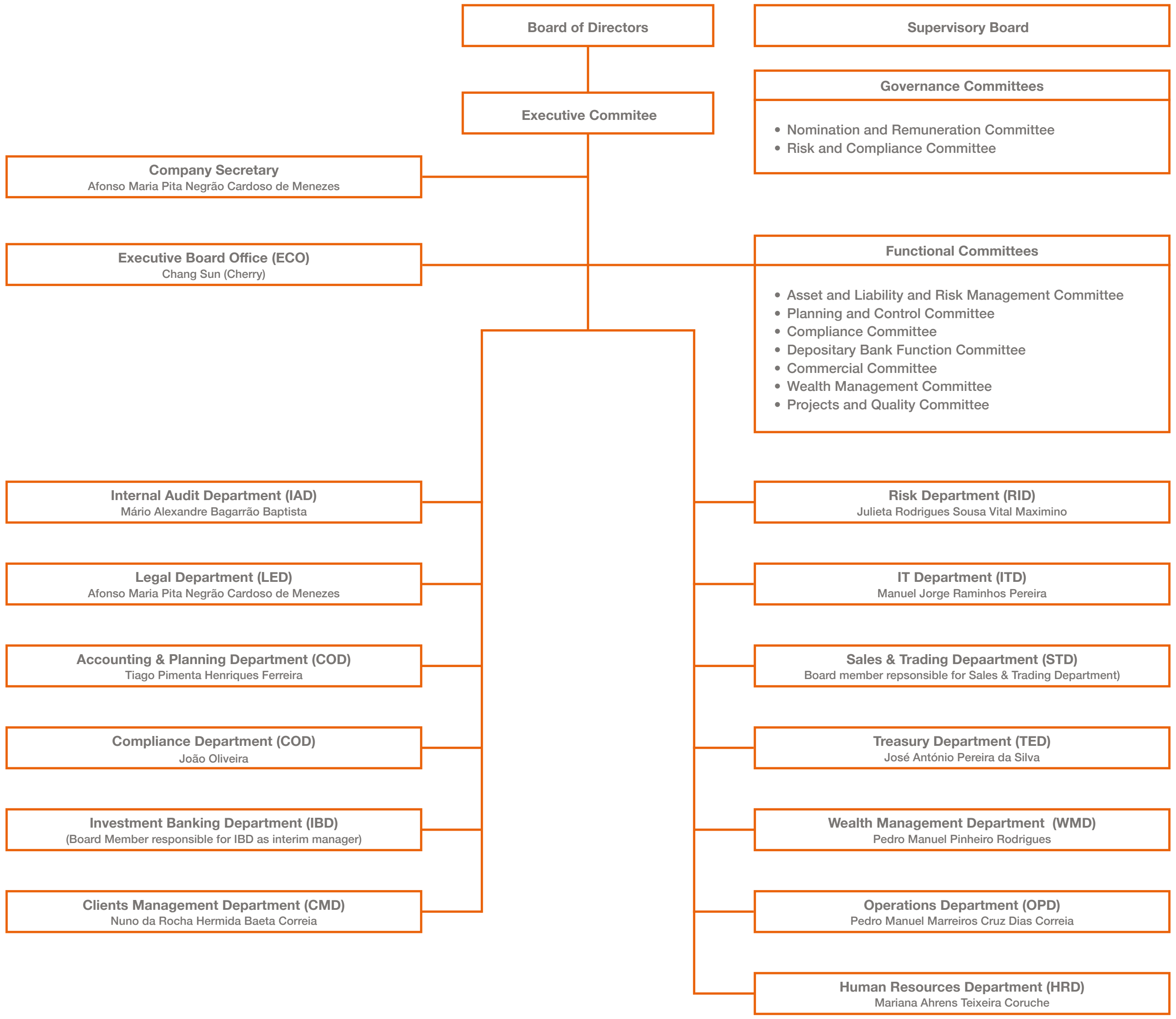
The management and supervisory bodies have overall responsibility for ensuring there is a governance framework in place that matches the Company's structure and business activity and the risks it faces. These bodies should regularly evaluate the efficiency and effectiveness, at both the individual and collective level, of their work, their governance practices and procedures and the operation of the various committees. The committees in question, and their meeting records, are covered in point I.4.2 above.

The structure and implementation of the internal governance framework are reviewed periodically and never less than once a year. Particular attention is paid to any changes in internal or external factors that may affect the institution.

In 2019, this oversight resulted in several changes to the administrative and operational structures comprising Bank's Macrostructure.

Macro structure in force in December 2019:

Organisational Chart of the Bison Bank, S.A.



The management and supervisory bodies also have overall responsibility for ensuring there is a governance framework in place at all subsidiaries that is appropriate to their structure and business activity and the risks they face. However, since July 2018 the Bank ceased to have any subsidiary company.

Of the measures taken during the year 2019, on internal governance, the beginning of the meetings of the two new specialized committees, the Nominating and Compensation Committee and the Risk and Compliance Committee, which are the result of the EBA guidelines on internal government - EBA / GL / 2017/11 should be noted. These new Committees, composed of non-executive members of the Board of Directors and members of the Supervisory Board, are better described in section I.4.2 of this Report.

At the General Meeting of April 2019 were also reviewed the following internal policies in 2019: Remuneration Policy for the Members of the Management and Supervisory Bodies of the Bank and the Policy for the Selection and Assessment of the Adequacy of the Members of the Management and Supervisory Bodies and the key functions holders of the Bank.

In 2019, and following the change of Bank's shareholder in 2018, several documents were revised and updated, namely the macro-structure and organic and functional structure of the Bank as well as several policies and standards better identified in section I.6.1 of this report.

11.6.4 Holders of Key Functions

Under article 33A of the Legal Framework for Credit Institutions and Financial Companies ("RGICSF"), credit institutions are obliged to identify those functions whose holders, whilst not members of the management or supervisory bodies, are engaged in work that results in them having a significant influence over the management of the credit institution.

The functions referred to in the previous point include, at the very least, the credit institution's heads of compliance, internal audit, control and risk management. At Bison Bank, these functions are as follows:

11.6.4.1 Compliance Function

The Compliance Department ("COD") is a top-line structure in Bison Bank's organizational hierarchy.

The Bank relies on an independent, permanent and effective Compliance Function that is charged with controlling compliance with all legal requirements and duties that are incumbent on the Bank.

The Bank relies on a Compliance Function that is characterized by being an independent, permanent and advisory function whose mission is to promote compliance with legal, regulatory, operational, ethical and conduct obligations and duties that, at any time, are applicable to credit institutions, as well as to their corporate bodies, managers and employees, within the framework of the institutional control and supervision environment defined by the competent regulatory entities and the legal regulations to which it is subject.

This function is exercised by the Compliance Department, an autonomous department, that reports directly to the Executive Board Directors, through the Board member responsible for this area.

In addition, it maintains a permanent communication line with Supervisory Board, through bimestrial meetings and Risk and Compliance Committee, in order to ensure an adequate disclosure of information and the discussion of relevant issues in the activity of the Compliance Function.

The COD's Director as Head of Compliance and is also responsible for the:

- prevention, detection, reporting of financial crimes;
- coordinating the Bank's internal control system;
- Management of the Conflict of Interests and Related Parties;
- Compliant with Code of Conduct;
- Compliant with new legal and regulatory requirements;
- analysis of any situations or indications of breach or risk or non-compliance with legal obligations;
- managing the handling of compliants;

- compliant with Data Protection Regulation.
- responsible for regulatory compliance.

In order to achieve its objectives the COD, operates independently of the Board of Directors and of all other Departments, must have free and unhindered access to any information they may require for the proper performance of their duties.

The Compliance Function is a governance function responsible to:

- promote an ethics-based culture: the role of Compliance is to assist management to promote a corporate culture based on ethics;
- deliver compliance solutions: Compliance is accountable to bring expertise to the management and maintenance of policies, practical guidance, training, controls and processes relating to compliance risks;
- provide assurance: the role of Compliance, as part of the second line of defense, encompasses the impact assessment of the legal developments as well as the assurance that compliance risks within the scope of the function are appropriately identified, evaluated and managed.

The ecosystem based on Compliance Risk Universe set a clear vision of the scope of the compliance function and increase the robustness of the internal control system.

HEAD OF COMPLIANCE, EDUCATION, TRAINING AND CAREER PATH

Name: João Pedro Gaspar Quintas de Carvalho Oliveira

Position: Head of Compliance | Head of Compliance | Money Laundering Report Officer / Responsible for Regulatory Compliance

Training and Career Path: he holds an Engineer Degree from "Instituto Superior Técnico" and Post-Graduation in Executive Management from "Universidade Católica Portuguesa". In terms of Work experience, he has extensive experience, over 15 years, in matters of Internal Control and Compliance. He is Head of Compliance since august, 20, 2019.

11.6.4.2 Risk Management Function

The Risk Department ("RID"), is responsible for day-to-day risk management. Its mission is based on the following:

- Advising the Board of Directors on the drawing up of the Institution risk policies/risk strategy in line with the Bank's business and strategic objectives such as Risk Appetite Statement (RAS). Supporting management in the attainment of its objectives, by independently assessing and overseeing management of both risk and controls. In doing this, it aims to help add value and improve management practices;
- Developing practices that drive the identification, assessment, follow up and control of the different types of risks that are accepted and that underline the Bank's activity (Risk Control Self-Assessment). In this way, it helps build risk knowledge and enhances overall risk exposure management;
- Proposing, reviewing and overseeing the drawing up and implementation of risk policies in close collaboration with the other business units, ensuring that these are coherent and aligned with the strategic risk objectives established by Board of Directors;
- Influencing the decision-making process by issuing analyses, opinions, guidelines and recommendations on any operations that involve risk taking, participating actively on the various Committees and reporting regularly to the management bodies, so these may better understand and monitor the risks in question;
- Providing information in support of the risk management and decision taking processes and reporting the relevant prudential information to the Regulator and the Supervisory Authority.
- Ensuring that the risks are managed in accordance with the Bank's Risk Appetite defined/approved by senior management and to foster, in particular with COD, a strong risk culture across the whole Bank.

In functional terms, the management and monitoring of Bison Bank's risks is tasked to the RID, a body that reports to the Board of Directors. The department works independently of the functional areas that are subject to assessment and it has all the hierarchical and functional autonomy it might need.

Its main function is to develop and implement an integrated risk monitoring system that is appropriate to the nature of the risks the Institution faces and its risk profile, thus ensuring that risk taking stays within the previously established tolerances.

Risk management function involves:

- Fostering the development of a risk management system by encouraging compliance with current policies and the risk control procedures defined by the management bodies ;
- Participating, in those areas in which it has competences, in the designing of internal policies, guidelines and procedures and ensuring that these are effectively implemented and that there is full compliance with the legal provisions that govern Bison Bank's activity. This includes reporting facts and situations that deviate from the established norms and targets;
- Overseeing and implementing regulatory changes that are relevant to the department's work and coordinating such changes with established policies and procedures;
- Designing systematised policies and procedures that establish risk management criteria and both global and specific objectives, for all areas of risk to which the Bank is exposed to ;
- Defining and proposing appropriate limits for the management of the different risks determined to be material, in close collaboration with the Business Originating Areas and the Treasury Department;
- Participating in the development of an integrated risk, asset and liability management system (ALM), in close collaboration with the Treasury Department and the various Business Areas;
- Contributing to an efficient allocation of the available capital;
- Identifying, measuring, monitoring and reporting the risks underlying the Bank's business activity.
- Controlling the evolution of the various risks on an ongoing basis as well as compliance with the prevailing policies, applicable limits and regulations;
- Establishing a risk measurement process that ensures the integrity of the risk measurements;
- Operational Risk Management;
- Developing on a regular basis the Bank's Risk Control Self-Assessment – RCSA exercise, in order to assess the risk that the Bank is exposed to in the development of its activity;
- Calculating the capital consumption of the various risks to which the Bank is exposed, including the regulatory capital requirements under the Basel Agreement (Pillar I), self-assessment of risk and calculation of economic capital (Pillar II - ICAAP).
- Participating in the several risks management exercises, such as Recovery Plan, ILAAP and Funding and Capital Plan;
- Monitoring the Bank's risk profile, in accordance with the risk management policy and the business objectives (strategic objectives and the tolerance/appetite for risk), and the risk and solvency capacity, as defined by the management body;
- Independently monitoring the Institution's aggregated risk limits, checking that these align with the Risk Appetite Statement;
- Monitor compliance with the risk limits for the various types of risk, particularly those defined in the "Limit Management Policy";
- Monitoring risk exposures (in both absolute terms and in terms of the main indicators that have been established) and the respective use/consumption of capital.

HEAD OF RISK, EDUCATION, TRAINING AND CAREER PATH:

Name: Julieta Rodrigues de Sousa Vital Maximino

Position: Director of Risk Department / Head of Risk

Training and Career Path: Julieta Vital Maximino took a (pre-Bologna) degree in Management at the Faculty of Economics, University of Oporto (1995), specialising in economics and finance.

In March 2017, she assumed the functions of Bank's Head of Risk. Between April 2016 and March 2017, she was Head of the Global Risk Department at Oitante, SA. Between 2012 and 2015, she worked in the Global Risk Department's Strategic Risk Management Office at the former Banif Financial Group. Her main role was to coordinate the team responsible for calculating capital requirements for the group's exposure to credit risk, namely: 1) Calculation of the Risk Weighted Assets (RWA) for credit risk; 2) Preparation of the prudential reports, specifically COREP as well as 3) Participation in Funding and Capital Plan and Stress Test exercises, in the form of the calculation of credit risk RWA; and 4) Preparation of Management Information System Reports for the Banif Financial Group.

From 2004 to 2010, she worked as a Senior Equity Analyst in Bank's Equity Research Department, where she was responsible for analysing a number of sectors.

Between 2002 and 2003 she worked on Milleniumbcp's factoring department as a commercial analyst. She started her career in 1995 at Título – Sociedade Corretora, S.A (Finibanco Group), as an analyst in the equity research department, where she remained until 2000.

11.6.4.3 Internal Audit Function

The Internal Audit Department is one of the three Control Functions with the mission to support the Board of Directors in the attainment of its objectives, by independently assessing and overseeing systems, controls and internal governance, using a systematic and disciplined approach, contributing to add value and improve the management of the Bank.

The main attributions of this function are:

- Carrying out systematic audits in line with the approved plan, with the aim of validating the effectiveness of the risk management processes. More specifically, such audits check if: (i) The organisational objectives support and align with the Institution's mission; (ii) All major risks are properly identified and correctly assessed; (iii) Appropriate responses to these risks have been selected and implemented and these responses align (or seek to align) the Institution's risk profile with its risk appetite, as established by Senior Management; (iv) Sufficient relevant information on risks is gathered, compiled and disseminated throughout the organisation in a manner that is reliable and timely enough to allow Senior Management to respond effectively and in good time;
- Assessing the level of trust, integrity and reliability of the financial, operational and risk information and the information systems;
- Assessing the degree of compliance with the prevailing standards, particularly those that have a larger impact on the organisation.

The Annual Audit Plan sets out the general guidelines for the department's works. The plan is prepared and approved at the end of each year, being reviewed every six months or when necessary. The plan was prepared with the horizon of 3 years, and takes into account:

- The actual status of the business and the respectively associated risks (taking into consideration the potential risks of each area);
- The auditable universe and the resources available for the development of the jobs;
- The entire regulatory framework (including guidelines) including national and international professional standards for internal auditing;
- The evolution and assessment of the job results that have been carried out in previous years; and
- Follow-up of the implementation of the mitigation measures proposed.

FORM, FLOWS AND HIERARCHICAL REPORTING SCHEDULE FOR THE INTERNAL AUDIT DEPARTMENT

- The Internal Audit Department send to acknowledge of the all members of the Board of Directors and all members of the Supervisory Board the audit reports produced (or any other relevant information produced);
- The Internal Audit Department has a hierarchical reporting line to the Chief Executive Officer (mere administrative reporting); by the DAI are sent directly to the Chairman and are also made available for all other members of the Board of Directors and the Supervisory Board;
- All major risk situations identified through the audit work, whether completed or ongoing, for which the nature of the situation and/or the potential or real risk involved require special attention are reported to the Chairman, Board of Directors and the Supervisory Board;
- Every six months, the Internal Audit Department sends a report on its work to Bank's Chairman, Board of Directors and to its Supervisory Board. This report also covers the main internal control shortcomings that have been identified by the department but have yet to be resolved.

HEAD OF INTERNAL AUDIT, EDUCATION, TRAINING AND CAREER PATH

Name: Mário Alexandre Bagarrão Baptista

Position: Director of the Internal Audit Department / Head of Internal Audit

Training and Career Path: Mário Alexandre Bagarrão Baptista holds a Degree in Accounting Sciences from the Luzwell University (São Paulo - Brazil), an MBA in Corporate Finance from the São Paulo University (2004) and an Executive MBA from AESE/IESE (2007-2009). He started working in external auditing in Brazil in 1991 and by 2005 he held the function of Senior Manager (BDO and Nexia International).

He joined the Pestana Group in Portugal in 2005, as an assistant to the Board of Directors, with responsibility for controlling investments in Africa. In May 2006, he joined Banif - Banco de Investimento, SA (now Bison Bank S.A.) as head of the internal audit function. He remained in this function until 2012. From 2013 to 2015 he worked at Profile – SGFIM SA (formerly Banif Gestão de Activos – SGFIM SA) as the Financial Controller for real estate investment funds. In July 2015, he moved to Banif Imobiliária, SA, where he worked in the department responsible for controlling the real estate asset portfolios. In March 2017, he returned to the Bank to become Head of Compliance until August 2018, when he became Head of Internal Audit.

11.6.5 Training

In 2019, Bison Bank focused on one of its strategic initiatives, training its people, renewing the training process within the company..

Therefore, Bison Bank launched in 2019 the Bison Academy, a digital platform where all employees have access to online content, videos, e-learning and classroom training, in order to allow them to have an educational path aligned with their own. priorities and, at the same time, can benefit from an attractive training experience and aligned with the best market practices.

The total number of hours in 2019 was 2.820, with an average of 49 hours per employee, above what is required by law (35).

These training sessions and courses addressed a set of differentiated themes and as a priority I, with all employees involved in the following mandatory training:

i) Code of Conduct.

ii) Anti-Money Laundering & Counter Terrorist Financing.

iii) Awareness of the General Data Protection Regulation.

Other more specific trainings were also given, as follows:

iv) Markets and Financial Instruments Directive (MiFID II or DMIF II);

v) Strategic planning;

vi) Bank accounting;

vii) Risk Management;

viii) Others.

11.7 Conflict of Interest Policy applicable to the Bank and the management and supervisory bodies

In April 2019, the Bank reviewed and approved, as proposed by the Nomination and Remuneration Committee, the “Selection and evaluation policy on the adequacy of the members of the management and supervisory bodies and key functions holders” in which was attached the “Regulations on Prevention, Disclosure and Settlement of Conflicts of Interest, including Transactions with Related Parties ”referred to in point 8. of the aforementioned Policy.

The aforementioned Regulation was prepared under the requirements and legal rules regarding the matter of conflicts of interest provided for in articles 30-A, paragraph 2, and 85 and following of the General Regime of Credit Institutions and Financial Companies (“RGICSF”) not limiting or conditioning the Prevention and Management of Conflict of Interest Policy regarding the financial intermediation activity in force at the Bank at all times.

By written decision of the sole shareholder of 27 June 2019, the aforementioned Regulation was revoked and its content became an integral part of the Bank’s Prevention and Management of Conflict of Interest Policy, which is described below.

In this way, remains safeguarded the Company’s interest in situations of potential conflict of interest vis-à-vis the interests of persons or entities with the possibility to influence, directly or indirectly, its management or to benefit from specific acts of that management and to determine that the financial statements and the documents providing information to the market show the impacts that the existence of transactions with related parties produce on the Company’s financial position and results.

Thus, the Bank maintains the following rules in force that are applicable i) to the identification, treatment and internal reporting of transactions with related parties and ii) to the required performance of the Bank’s Relevant Persons who may be in a situation of conflict of interest.

The Bank’s Prevention and Management of Conflict of Interest Policy above mentioned, essentially aims to:

- Define rules and procedures to identify, prevent, manage and / or disclose Conflicts of Interest;
- Ensure compliance with legal and regulatory rules in force with regard to the prevention and management of conflicts of interest;
- Reinforce the level of knowledge and raise the awareness of Relevant People and Employees to issues of Conflicts of Interest; and
- • Promote fair treatment and in accordance with the legal and regulatory criteria for Conflict of Interest situations that may arise,

The Bank’s Prevention and Management of Conflict of Interest Policy is available for consultation on the bank’s website.

During 2019, the Policy was revised to incorporate all regulatory requirements, namely with regard to the distinction between permanent and specific conflicts of interest and the respective internal reporting lines.

11.8 Business continuity management framework

The bank has established a sound business continuity management plan to ensure their ability to operate on an ongoing basis and to limit losses in the event of severe business disruption.

The updated documentation of the Business Continuity Management System (BCMS) was previously validate by the Projects & Quality Committee and then approved by the Board of Directors.

The Bank has established a specific independent business continuity function, and approved the following nominations: BCNS coordinator (1 employee from IT Department), Security responsible (1 employee from Human Resources Department) and Delegate (1 employee from Accounting and Planning Department connected to Facilities)

The Business Continuity Management Plan is annually reviewed and approved by the Board of Directors, and the latter review took into account the changes that occurred in the Company resulting from the existence of a new shareholder.

The BCMS documentation update methodology involved the following steps:

i) Update policies and procedures related to BCMS;

ii) Update the Business Impact Analysis (BIA's) and the Business Continuity Plans (BCP's) of all organizational units of Bison Bank;

iii) Consolidate organizational units BIA's and BCP's, and define a recovery strategy;

iv) Carry on a technical disaster recovery simulacrum on 1 and 2 June 2019, collecting resulting reports from the organizational units, ITD and Claranet;

v) Follow the improvement points identified on the test reports and

vi) as required by BCMS plan maintenance tasks, update recover strategy document and other applicable (namely disaster recovery activation procedure) based on exercise results and improvement points.

Previous tests and exercises were also performed, and the results of the analysis were considered in the elaboration of the BCMP.

11.9 Remuneration

11.9.1 Description of the remuneration policy for the management and supervisory bodies, as set out in article 2 of Law no. 28/2009 of 19 June

At the General Meeting held on April 26, 2019, the sole shareholder approved the revised version of the Remuneration Policy of the Members of the Management and Supervisory Bodies of the Bank. This revision was carried out in accordance with articles 1 and 2 of Law no. 28/2009, of 19 June, article 5 of the Bank of Portugal Notice no. 10/2011, of 29 December, and articles 115-C, no. 4, and 115-D of the Legal Framework for Credit Institutions and Financial Companies ("RGICSF"). The Policy in question has been published on the Company's website and may be found in the "Corporate Governance" area, in "Regulations and Policies".

11.9.2 Annual remuneration paid to each member of the Company's Management and Supervisory bodies on an individual basis, including both fixed and variable remuneration.

Annual remuneration paid to each member of the Company's Management and Supervisory bodies, on an individual basis, in 2019:

			(Amounts in euros)
Board of Directors			TOTAL REMUNERATION
Name	RF*	RK**	VR***
André Rendeiro	127.980	1.538	0
António Henriques	181.782	888,66	0
Francisco Oliveira	181.782	1.538	0
Pedro Ortigão Correia	150.986	0	0
Fang Bian	151.889	0	0
Non-Executives			
Lily Yang	121.480	493,6	0
Evert Drok	100.860	0	0
Total	**1.016,759**	**4.458,2**	**0**

(*) RF - Fixed remuneration including meal Allowance
(**) RK - Remuneration in kind (Car)
(***) VR - Variable Remuneration including Bonuses or Incentives

Note: Pedro Ortigão Correia ceased functions on 15 October 2019; - Fang Bian started functions on 3 May 2019.

(Amounts in euros)			
Supervisory Body			TOTAL REMUNERATION
Name	FR*	RK*	VR***
Issuf Ahmad	67.500	0	0
Ernesto Ferreira	45.000	0	0
Ting Wang	45.000	0	0
Total	**157.500**	**0**	**0**

(*) FR - Fixed Remuneration including Meal Allowance
(**) RK - Remuneration in Kind (Car)
(***) VR - Variable Remuneration including Bonuses or Incentives

11.9.3 Information in compliance with the provisions of no. 4 of article 16 of the Bank of Portugal Notice no. 10/2011

a) **Decision-making process applied to the setting of the remuneration policy, including, where appropriate, the term of office and composition of the remuneration commission, the identification of any external consultants whose services were used in setting the remuneration policy and any additional services provided by such consultants to the Company or to members of the management or supervisory bodies;**

This information may be found in the form of the Statement on Remuneration Policy of the Bank (reviewed and approved by the General Assembly in 2019), more specifically in point II (Process for the defining and approval of the remuneration policy), which states:

"Under article 26 of the Articles of Association, the General Meeting, or a Remuneration Commission to which the General Meeting has delegated this responsibility, shall set the remuneration of the members of the corporate and statutory bodies.

Pursuant to article 115-C, no. 4 of the RGICSF, the "management body or the remuneration committee, if any, submits annually to the approval of the general meeting the remuneration policy regarding the employees referred to in paragraph a) of no. 2" (namely members of the management and supervisory bodies).

The Nomination and Remuneration Committee has assigned the powers on preparing resolutions on matters of remuneration, including those that Article 7 of the Bank of Portugal Notice no. 10/2011 and Article 115-H of the RGICSF provide for the remuneration committee to be set up within that body.

This Policy, and its implementation, will be subject to annual review by the General Meeting, following a proposal by the Nomination and Remuneration Committee as set out in article 115-H of the RGICSF.

The Nomination and Remuneration Committee shall make informed and independent judgments on the remuneration policy and practices and on the incentives created for the purposes of risk management."

As mentioned above, at I.4.2-a of this Report, a Nominating and Remuneration Committee was set up in 2019 with the composition and responsibilities described above. This Committee has the general responsibility for preparing decisions on remuneration and to support the General Assembly in these matters. These will include the responsibilities laid down in article 7 of the Bank of Portugal Notice no. 10/2011 and article 115-H of the Legal Framework for Credit Institutions and Financial Companies ("RGICSF").

The Remuneration Policy, and its implementation, will be reviewed annually by the Nomination and Remuneration Committee constituted under the terms of article 115-H of the Legal Framework for Credit Institutions and Financial Companies ("RGICSF"), and approved by the General Meeting.

In the decision-making process used in the definition of the remuneration policy, the services of any experts, consultants or external entities were not used, having taken into account the practice followed by the institution and the practices followed in the financial sector and other Portuguese banks operating in the national and international market.

b) As regards the variable component of the remuneration: the various components that go into this, the proportion that is deferred and the proportion that has already been paid;

No Variable Remuneration was paid to the management or supervisory bodies in 2019.

c) How the current remuneration policy is structured to allow alignment of the interests of members of the Board of Directors with the long-term interests of the Company and how it discourages excessive risk-taking as well as information on the criteria used in performance assessment;

This information may be found in the form of the Statement on Remuneration Policy approved and reviewed by the General Meeting on 2019, more specifically in point I (General Principles), which states the following:

"The main goals of the present Remuneration Policy for BISON's management and supervisory bodies are to enable the Company to attract, motivate and retain high-level, high-potential professionals, to align the interests of corporate body members with those of the Company, shareholders and other stakeholders, to stimulate and reward relevant individual contributions and good collective performance, to promote sound and prudent risk management and discourage taking on risk greater than the risk level tolerated by the credit institution.

In particular, the present Remuneration Policy is intended to contribute to aligning management body member interests with the Company's long-term interests and discouraging the taking on excessive of risk through the measures described below:…."

d) Regarding the remuneration of Executive Directors:

i) Institutional bodies charged with assessing individual performance;

According to the Remuneration Policy approved at the General Meeting held on 2019, and as set out in point I of that document (General Principles), the annual assessment of the performance of members of the Executive Committee will be the responsibility of the appropriate committee appointed by the Board of Directors, which will be the Nomination and Remuneration Committee. This assessment is based on long-term performance and allows for adjustments that take into account the various types of current and future risk, the cost of Bison Bank 's own funds and its liquidity requirements.

In accordance with the Remuneration Policy approved at the General Meeting held in 2019, and as set forth in point III–a) of that document, "The remuneration of the executive members of the Board of Directors will seek to competitively align remuneration with the dedication, qualification, quality, business know-how, work capacity, commitment and responsibilities required in carrying out their duties and, on the other hand, will seek to reconcile them with sustainable development, goals, values and long-term interests of BISON, its shareholders and clients."

ii) Pre-set criteria used in assessing performance and on which the entitlement to variable remuneration is based;

This information may be found in the Statement on Remuneration Policy, more specifically in point II.a)-ii of that document, as described below:

"The total amount of the variable remuneration component shall be determined, pursuant to the law, by combining the employee's performance assessment, which shall reflect financial and non-financial criteria, and his/her structural unit's performance as regards the credit institution's overall results.

If applicable, the variable remuneration component shall be paid once a year, notwithstanding any possible partial deferral in payment thereof.

The variable remuneration component intends to remunerate the executive members of the - Board of Directors' contribution, as well as their collective performance, in attaining the pre-determined qualitative and quantitative goals (as annually defined by the General Meeting, based on the proposals and recommendations of the Nomination and Remuneration Committee), in line with the overall strategy of both the Company and the corporate group it is a part of, as well as with the sustainable performance adjusted to the credit institution´s risk. Pursuant to article 115-E of the RGICSF, "(…) credit institutions shall make sure that such elements do not limit the ability of the institution to strengthen its capital base and shall also take into account all types of current and future risks."

iii) Relative importance of the variable and fixed components of the remuneration paid to Executive Directors and the upper limits for each component;

The information in question may be found in the Statement on Remuneration Policy, more specifically in point III–a)-i) and ii) of that document, which states that:

i. The fixed remuneration component shall be the most significant portion of overall remuneration, representing 65% to 100% of the management body members´ remuneration, thereby ensuring appropriate flexibility in defining the variable component, in strict compliance with article 115-F of the RGICSF. The fixed remuneration component shall in no case exceed €250,000.00.

ii. The variable remuneration component can't be contractually ensured and shall be the least significant portion of overall remuneration: at most 35% of the total amount and a maximum amount of € 87,500.00; it shall be granted in light of the duties carried out by each member within the management bodies.

iv) Information regarding the deferred payment of the variable component of remuneration, specifying the relevant deferral period;

This question is not applicable as there is no variable component to the remuneration for 2019.

v) Manner in which the payment of the variable remuneration is subject to the continuing good performance of the institution over the deferral period;

This question is not applicable as there is no variable component to the remuneration for 2019.

vi) Criteria underpinning the payment of Variable Remuneration in shares, and also those regarding the keeping of company shares that the Executive Directors have had access to, any possible share contracts, including hedging or risk transfer contracts, pertaining to these shares, the corresponding limit and its relation to the total annual remuneration value;

Given the fact that there is no variable component to remuneration, Bison Bank did not have, nor did it plan to have, any share allocation plans for members of the management or supervisory bodies in 2019.

vii) Criteria used in awarding the variable component of remuneration in the form of options and the deferral period and the option price;

Given the fact that there is no variable component to remuneration, Bison Bank did not have, nor did it plan to have, any share purchase options for members of the management or supervisory bodies in 2019.

viii) Main parameters and rationale for any annual bonus scheme or any other non-monetary benefits;

There are no annual bonuses or other non-monetary benefits of relevance.

However, similar to the practice followed in other credit institutions of equivalent size, there are benefits regarding health systems specific to the banking sector and the use of communication, computer and other equipment associated with the performance of their respective functions.

ix) Remuneration paid in the form of profit-sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded;

No remuneration is paid in the form of profit-sharing and/or bonuses.

x) Compensation paid or owed to former Executive Members of the Management Body, in relation to contract termination during the reporting year;

In 2019, no amounts/compensation were paid, or owed, in respect of contract termination, to former Executive Members of the Management Body.

xi) Legal instruments pursuant to article 10 of the Bank of Portugal Notice no. 10/2011;

Without prejudice to the applicable legal framework, there are no specific legal mechanisms in place designed to ensure that no compensation or indemnification, including payments pertaining to the duration of a period of prior notice or a non-compete clause, is paid in those cases in which members of the management body have been removed from office or where their contract is terminated because of poor performance of their duties.

xii) Amounts paid by companies that are related by control or by Group membership in 2019

There is no remuneration paid by other companies to members of the management or supervisory bodies in 2019.

xiii) Main features of supplementary pension or early retirement schemes and whether or not these were put to the General Meeting for discussion;

Three of the Board members of the Bank are or were covered by Pension Funds that are supplementary to the Social Security Pension Scheme (André Filipe Ventura Rendeiro, Francisco Alexandre Valente de Oliveira, Pedro Manuel Ortigão Correia). These board members are or were members of the Defined Contribution Plan set up by the Bank pension fund and managed by Real Vida Pensões – Sociedade Gestora de Fundos de Pensões, SA. This fund is supplementary to the Social Security System. As their participation in this fund is identical to that of all other employees participating in the Fund, the matter has not been submited to the General Meeting for approval.

xiv) Estimated value of relevant non-monetary benefits that are deemed to be remuneration but that have not been covered by the situations above;

There are no relevant non-financial benefits that could be considered remuneration.

xv) Mechanisms that prevent members of the management body from taking out remuneration or liability insurance, or any other risk coverage mechanisms that would tend to undermine the risk alignment effects embedded in their remuneration arrangements;

There are no mechanisms in place for this purpose.

xvi) Inclusion of any variable component in the remuneration of Non-Executive Directors;

The remuneration paid to the Board members (executive and non-executive) of Bison Bank in 2019 did not include any variable component (understood as a component dependent on the Company's performance).

11.9.4 Remuneration of employees who are not members of management or supervisory bodies and are referred to in Article 115-C no. 2 b) c) d) and (e) of the Regime Geral das Instituições de Crédito e Sociedades Financeiras:

a) Employees covered

Point II.4 covers Bison Bank employees who (i) are heads of the Company's top-line bodies, to the extent that they carry out professional duties that might impact on the institution's risk profile, and those who (ii) belong to the institution's management structure and work in the areas of auditing, compliance or risk. There is a couple of employees "whose total remuneration package places them on the same remuneration scale as the members of the management or supervisory bodies" who are not already covered by one of the other preconditions.

The following employees of the Bank are considered covered in this point II.4: (i) responsible for bodies of the first line of the structure of the Company, insofar as they exercise a professional activity with an impact on the risk profile of the institution, (ii) those who integrating the institution's management structure, they perform functions in the areas of audit, compliance and risk, and (iii) employees "whose total remuneration places them in the same remuneration level as the members of the management or supervisory bodies",

It should be noted that there is an employee of the top management responsible for a first line body, the Executive Board Office, whose total remuneration is at the same level as that of the members of the management and supervisory bodies.

b) Process used in setting the remuneration policy and the identification of any external consultants whose services were employed in setting the remuneration policy and any additional services provided by such consultants to the Company or to members of the management or supervisory bodies

The Remuneration Policy for Bank Employees is drawn up or renewed on an annual basis by the Board of Directors, following a recommendation from the Human Resources Department. It is based on sector remuneration practices for similar functions, the objectives and incentives system, annual performance assessment, career progression factors and employee conduct, as reported by line managers or through formal records, such as disciplinary events, critical incidents or instances of outstanding merit. No use was made of any experts, consultants or external entities. The institution's own remuneration practices and those of the financial sector and other Portuguese banks that operate in both the national and international markets were taken into consideration.

c) Regarding the variable component of the remuneration: the various components that go into this, the proportion that is deferred and the proportion that has already been paid

The Remuneration Policy for Bank Employees stipulates that variable remuneration should be paid through a scheme that is aligned with the performance assessment system and is based on clear objectives and on both quantitative and qualitative criteria that have been applied proportionally as a function of each employee's job description. Up to 50% of such remuneration may be paid in cash; the remainder should take the form of financial instruments.

d) How the current remuneration policy is structured to allow alignment of the interests of members of the management body with the long-term interests of the company and how it discourages excessive risk-taking as well as information on the criteria used in performance assessment

The Remuneration Policy for Bank Employees establishes the concept of a total remuneration package that is composed of a fixed remuneration component and a variable remuneration component. Fixed remuneration comprises the main part of the remuneration package for all employees. Variable remuneration is designed to reward each employee's performance and attainment of specific objectives. Fixed and variable remuneration represent >75% and <25% of the total remuneration, respectively.

The annual amount of variable remuneration, defined at the beginning of each year by the Board of Directors, shall vary according to fulfilment of the individual and collective objectives of the unit in which the employee works, in accordance with the system of targets and the approved performance assessment model, the Company's overall results and the future outlook.

Variable remuneration is calculated on the basis of pre-determined criteria and there is no incentive for employees to take excessive risks.

The Remuneration Policy for Bank Employees thus envisages that the Board of Directors may allocate variable remuneration to employees. Any such allocation is at the discretion of this management body. In the event of the allocation of variable remuneration, the fixed remuneration is guaranteed to continue to account for a significantly larger proportion of the total remuneration package.

e) Competent bodies for assessing individual performance

The competent body for assessing those members of staff responsible for the Company's top-line structures is the management body itself, in the form of the board member responsible for the area in question. For those staff members not in this group, their assessment is carried out in accordance with the normal performance assessment process in force at the Company, by the respective hierarchies.

f) Pre-set criteria used in assessing performance and on which the entitlement to variable remuneration is based

Any variable remuneration awarded to an employee is the result of a discretionary decision taken by the Board of Directors and is based on an individual performance assessment that makes use of pre-defined objective criteria. This does not grant or constitute a vested right and it is for the Board of Directors to decide to allocate the variable remuneration and determine the amount allocated.

g) How the payment of the variable remuneration is subject to the continuing good performance of the institution

Given the reduced importance of the variable component in the Company's remuneration policy, there is no need to defer payment of the same.

h) Criteria used in awarding the variable component of remuneration in the form of options, the deferral period and the option price

The Remuneration Policy for Bank Employees does not provide for variable remuneration paid in the form of options.

i) Main parameters and principles of any annual bonus scheme or any other non-monetary benefits

There is no other annual bonus scheme besides the performance bonus, which has been detailed in the preceding points. The other benefits provided to the Company's employees are set out in the Remuneration Policy for Bank Employees and are as follows:

i) Medical Assistance Services (Health Insurance);

ii) Workers compensation insurance, as required by law;

iii) Pension Fund, in the terms established in the Constitutive Contract.

11.9.5 Disclosure of quantitative information, in compliance with the stipulations of article 17 of the Bank of Portugal Notice no. 10/2011

i) Total annual employee earnings and the number of beneficiaries

Other Employees

	(Montantes em euros)
Total remunerations 2019	Total
	3 543 752,98 €

Note: The total number of beneficiaries in 2019 who received fixed remuneration is 69, corresponding to the total number of employees of the Bank's structure in that year, excluding corporate bodies. Regarding the amount stated above, it includes compensation for employment termination of and does not include insurance or PPR.

ii) Amounts and types of variable remuneration in the remuneration package, separated into monetary remuneration, shares, share-linked instruments and other types of remuneration

A total of 8.625,83 € euros was paid in variable remuneration to Company employees under the PPR Scheme.

iii) Amount of deferred remuneration not paid, separated into vested and non-vested amounts

This point is not applicable as there is no deferred variable remuneration.

iv) Annual amounts of deferred remuneration owed, paid or subject to reduction following adjustments made as a result of individual employee performance

This point is not applicable as there is no deferred variable remuneration.

v) Number of new hirings in the period in question

There were 13 new hiring's in 2019.

vi) Amounts relating to payments made or owed as a result of early termination of work contracts, the number of beneficiaries of any such payments and the highest payment for any single employee

4 contracts were terminated by mutual agreement. The compensation payment was 245.292,01 euros.

vii) Total annual employee earnings, by area of activity

Other Employees

(Amounts in euros)		
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Positions of Control (Compliance)	227 586,13 €	0.00

Other Employees

(Amounts in euros)		
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Positions of Control (Risk Management)	149 701,49 €	0.00

Other Employees

(Amounts in euros)		
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Positions of Control (Auditing)	114 155,44 €	0.00

Other Employees

		(Amounts in euros)
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Positions of Control (Auditing)	114 155,44 €	0.00

Other Employees

		(Amounts in euros)
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Business Areas	1 318 836,28 €	2.669,83

Other Employees

		(Amounts in euros)
TOTAL ANNUAL AMOUNTS	REMUNERATION FIXED	VARIABLE REMUNERATION
Support Areas	1 488 181,63 €	5.956,00

Note: Additional information regarding employees whose actions have a significant impact on the institution's risk profile is not discriminated because, in addition to the members of the management and supervisory bodies and control functions, already described above, there are no others who can be characterized as such.

It should be noted, however, in accordance with the aforementioned in II.4 a., that an annual global remuneration in the order of € 112,655 is earned by an employee of the Bank's Top Management while responsible for the Executive Board Office,

viii) Employee Numbers

The table below shows the total number of Bison Bank employees, as at 31.12.2019, by department:

DEPARTMENT	NUMBER OF EMPLOYEES
ACCOUNTING AND PLANNING	4
CLIENTS MANAGEMENT	5
COMPLIANCE	5
EXECUTIVE BOARD OFFICE	7
HUMAN RESOURCES	2
INTERNAL AUDIT	2
INVESTMENT BANKING	4
IT	6
LEGAL	2
OPERATIONS	7
RISK	4
SALES & TRADING	2
TREASURY	2
WEALTH MANAGEMENT	5

Total number of employees at 31/12/2019: (57).

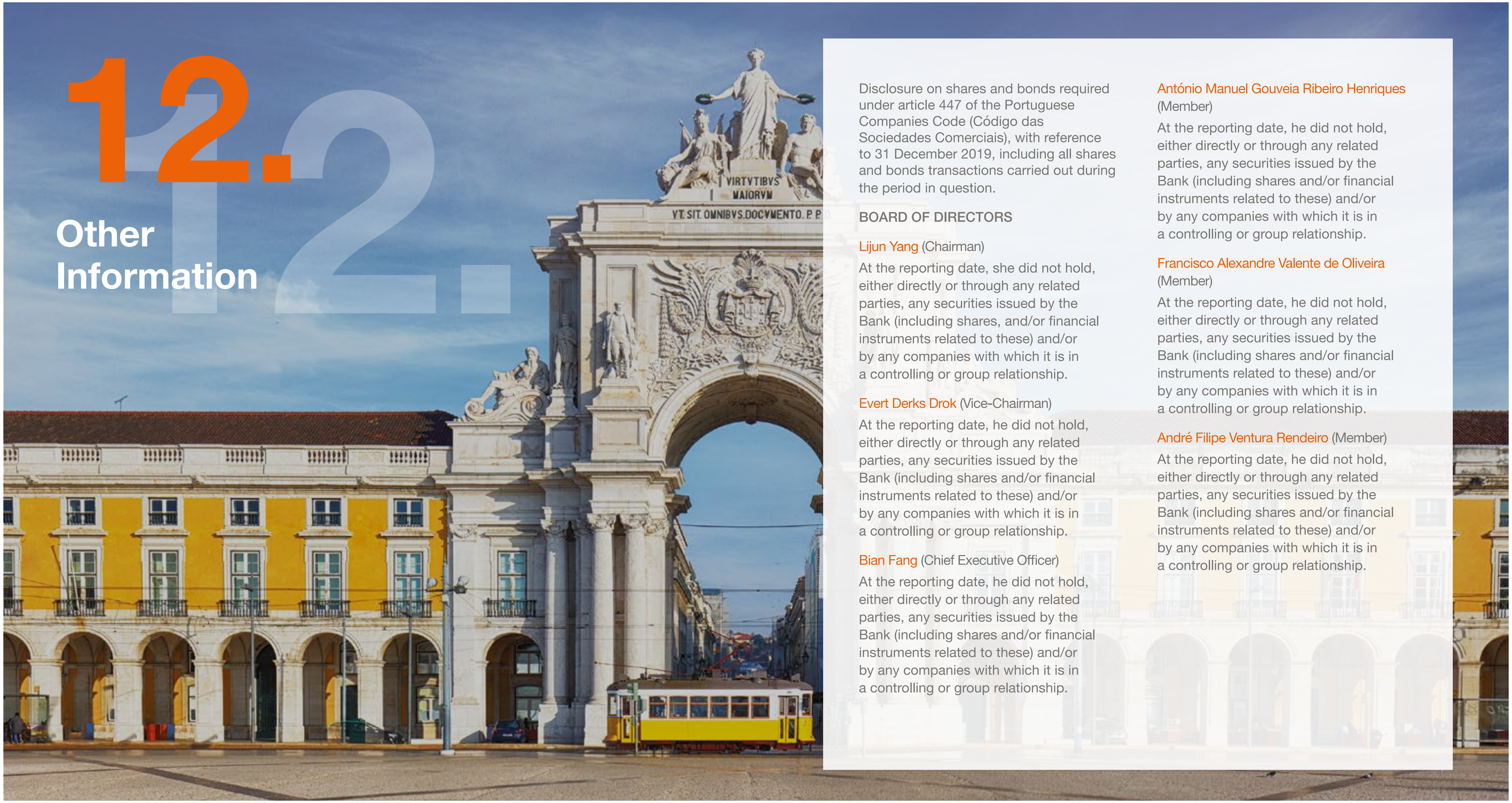
ix) Remuneration of the Statutory Auditor

With regard to the Company's supervisory structure, the total fees charged by the Statutory Auditor for the reporting periods ending 31 December 2019 and 2018, were as follows (broken down by service provision):

(ammounts in thousand euro)	31-12-2019	31-12-2018
Statutory audit of accounts	59	79
Other reliability assurance services	53	54
Tax advisory services	-	-
	112	**133**

Note: Amounts do not include VAT.

The "Other reliability assurance services" item includes fees pertaining to the audit of the Bank's internal control system, the audit of the procedures and measures in place for safeguarding clients' assets and certification under the special scheme applicable to deferred tax assets.



12. Other Information

Disclosure on shares and bonds required under article 447 of the Portuguese Companies Code (Código das Sociedades Comerciais), with reference to 31 December 2019, including all shares and bonds transactions carried out during the period in question.

BOARD OF DIRECTORS

Lijun Yang (Chairman)

At the reporting date, she did not hold, either directly or through any related parties, any securities issued by the Bank (including shares, and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

Evert Derks Drok (Vice-Chairman)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

Bian Fang (Chief Executive Officer)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

António Manuel Gouveia Ribeiro Henriques (Member)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

Francisco Alexandre Valente de Oliveira (Member)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

André Filipe Ventura Rendeiro (Member)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

SUPERVISORY BOARD

Issuf Ahmad (Chairman)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

Ernesto Jorge de Macedo Lopes Ferreira (Member)

At the reporting date, he did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

Ting Wang (Member)

At the reporting date, she did not hold, either directly or through any related parties, any securities issued by the Bank (including shares and/or financial instruments related to these) and/or by any companies with which it is in a controlling or group relationship.

List of Shareholders

List of Shareholders with reference to 31 December 2019

Holder	%
Bison Capital Financial Holdings (Hong Kong) Limited	100%

Information on own shares under article 324 of the Portuguese Companies Code (Código das Sociedades Comerciais)

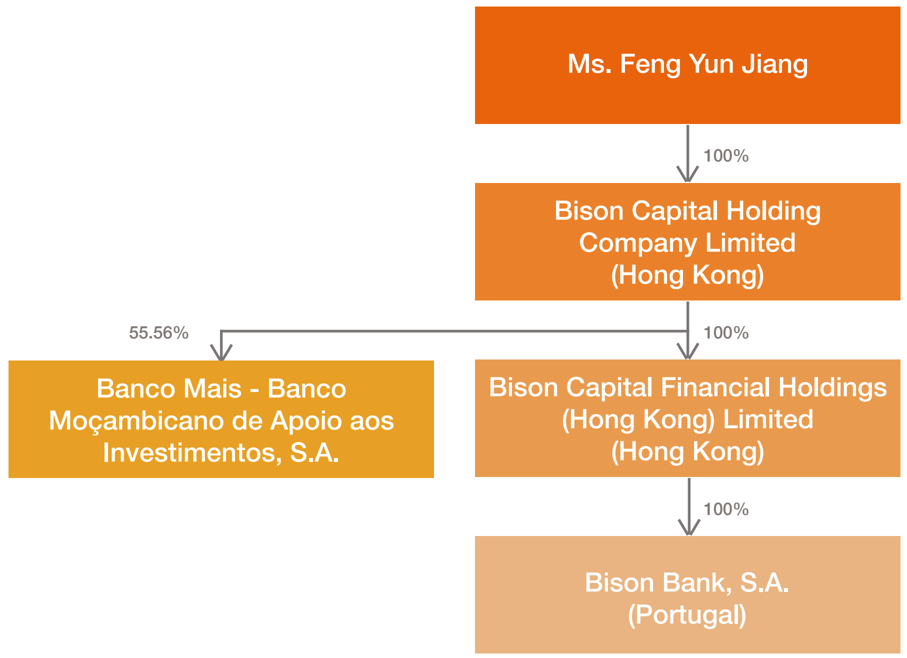
In 2019, there were no transactions of own shares pursuant to no. 2 of article 324 of the Portuguese Companies Code (Código das Sociedades Comerciais). As at 31 December 2019, the company did not hold any of its own shares.

Disclosure regarding shares and bonds issued by companies in the Bison Holdings Group's perimeter traded and/or held, during 2019, by companies in the same perimeter

The following information details the shares and bonds of companies within Bison Holdings Group's perimeter traded and/or held by companies within the same Group, during the period in question.

	31-12-2018	Movements			31-12-2019
	Amount	Transaction	Date	Amount	Amount
Bison Capital Financial Holdings (Hong Kong), Limited					
Shares					
Bison Bank, S.A.	35,239,674	Acquisition and Share Capital Increase	09/07/2018 and 24/07/2018	27 039 674 + 8 200 000	35,239,674
Pledge					
Bison Bank, S.A.	730,404	Money Pledge Increase in favour or Bison Bank	28-02-2019	1,269,596	2,000,000

Ownership Chart of Bison Bank, S.A.



Statutory Audit Report

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Bison Bank, S.A. (the Group), which comprise the consolidated balance sheet as at 31 December 2019 (which shows total assets of Euro 88,170 thousand and total shareholders' equity of Euro 49,622 thousand including a net loss of Euro 7,009 thousand), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Bison Bank, S.A. as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

As mentioned in accompanying Note 35 of the consolidated financial statements and in Chapter 6 of the Group's Management Report, at the end of 2019 the Board of Directors reviewed and approved its business plan for the 2020-2022 period, motivated by the need to accommodate the changes made in the design of the strategic measures to connect to the Asian market, which includes the decision to open a representative office in Hong Kong, as well as the consequent postponement of the development of the Wealth Management and Investment Banking business areas. Nevertheless, the Group's consolidated financial statements for the year ended 31 December 2019 were prepared based on the going concern principle, prospecting the future success of the referred plan, oriented to a larger business development and revenue realization, complemented by a capital increase of 19,000 thousand euros to take place until June 2020.

Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
Tel: +351 213 599 000, Fax: +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Emphasis

We draw attention to the information disclosed in Chapter 6 of the Bank's Management Report and in accompanying Note 35 of the consolidated financial statements, regarding the possible impacts of the COVID-19 pandemic on the economy and, consequently, on the future activity of the Group.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty relating to going concern" section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	*Summary of the Audit Approach*
Fair value of financial instruments not listed in an active market – level 3 of the fair value hierarchy	
Measurement and disclosure related with the fair value of financial instruments not listed in an active market classified in level 3 of the fair value hierarchy presented in accompanying notes 2.4, 2.8, 2.9, 7, 8, 32 and 33 of the Group's consolidated financial statements	
Due to its relevance in the context of the Group's consolidated financial statements and the associated degree of judgment, the fair value measurement of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, was considered a key audit matter for the purpose of our audit. As at 31 December 2019, the amount of those instruments, entirely composed of equity instruments, amounted to Euro 14,148 thousand referring to financial assets presented in the headings of "Non-trading financial assets mandatorily at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income". For financial instruments classified in level 3 of the fair value hierarchy, the determination of fair value is made using indicative prices provided by counterparties, which involves a high degree of judgment in the definition of the assumptions and inputs to be used. In this context, changes in measurement method used by Management may give rise to material	The audit procedures undertaken included the identification and understanding of the key-controls implemented by the Group underlying the methodologies of fair value estimation. For a sample of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, our procedures also included the comparison of the indicative prices provided by external and independent counterparties, with those used by the Group in determining the fair value of those financial instruments. Our audit procedures also included a review of the disclosures related to the financial instruments not listed in an active market included in the notes to the Group's consolidated financial statements, taking into account the applicable accounting standards.

Key Audit Matters	Summary of the Audit Approach
impacts on the determination of the fair value of the financial instruments recognized in the Group's consolidated financial statements.	

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Management Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Management report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Bison Bank, S.A. in the Shareholders' General Meeting of 9 May 2014 for the financial year ended on 31 December of that year, having remained in functions until the current period. Our last appointment occurred by written decision of the sole shareholder dated 30 October 2018 for the period from 2018 to 2019;

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud;

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board on 6 May 2020; and

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

6 May 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Cláudia Sofia Parente Gonçalves da Palma, R.O.C.

(This is a translation, not to be signed)

Statutory Audit Report

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Bison Bank, S.A. (the Bank), which comprise the balance sheet as at 31 December 2019 (which shows total assets of Euro 87,902 thousand and total shareholders' equity of Euro 49,622 thousand including a net loss of Euro 7,009 thousand), the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Bison Bank, S.A. as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Bank and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

As mentioned in accompanying Note 32 of the financial statements and in Chapter 6 of the Bank's Management Report, at the end of 2019 the Board of Directors reviewed and approved its business plan for the 2020-2022 period, motivated by the need to accommodate the changes made in the design of the strategic measures to connect to the Asian market, which includes the decision to open a representative office in Hong Kong, as well as the consequent postponement of the development of the Wealth Management and Investment Banking business areas. Nevertheless, the Bank's financial statements for the year ended 31 December 2019 were prepared based on the going concern principle, prospecting the future success of the referred plan, oriented to a larger business development and revenue realization, complemented by a capital increase of 19,000 thousand euros to take place until June 2020.

Our opinion is not modified in respect of this matter.

Emphasis

We draw attention to the information disclosed in Chapter 6 of the Bank's Management Report and in accompanying Note 32 of the financial statements, regarding the possible impacts of the COVID-19 pandemic on the economy and, consequently, on the future activity of the Bank.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material uncertainty relating to going concern” section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	***Summary of the Audit Approach***
Fair value of financial instruments not listed in an active market – level 3 of the fair value hierarchy	
Measurement and disclosure related with the fair value of financial instruments not listed in an active market classified in level 3 of the fair value hierarchy presented in accompanying notes 2.4, 2.8, 2.9, 6, 7, 29 and 30 of the Bank’s financial statements	
Due to its relevance in the context of the Bank's financial statements and the associated degree of judgment, the fair value measurement of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, was considered a key audit matter for the purpose of our audit. As at 31 December 2019, the amount of those instruments, entirely composed of equity instruments, amounted to Euro 22,186 thousand referring to financial assets presented in the headings of “Non-trading financial assets mandatorily at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”. For financial instruments classified in level 3 of the fair value hierarchy, the determination of fair value is made using indicative prices provided by counterparties, which involves a high degree of judgment in the definition of the assumptions and inputs to be used.	The audit procedures undertaken included the identification and understanding of the key-controls implemented by the Bank underlying the methodologies of fair value estimation. For a sample of financial instruments not listed in an active market, classified in level 3 of the fair value hierarchy, our procedures also included the comparison of the indicative prices provided by external and independent counterparties, with those used by the Bank in determining the fair value of those financial instruments. Our audit procedures also included a review of the disclosures related to the financial instruments not listed in an active market included in the notes to Bank’s the financial statements, taking into account the applicable accounting standards.

Key Audit Matter	Summary of the Audit Approach
In this context, changes in measurement method used by Management may give rise to material impacts on the determination of the fair value of the financial instruments recognized in the Bank's financial statements.	

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Bank in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Management Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Bank's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Bank's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Bank's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Management report is consistent with the financial statements.

Report on other legal and regulatory requirements

Management report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Management report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Bank, no material misstatements were identified.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Bison Bank, S.A. in the Shareholders' General Meeting of 9 May 2014 for the financial year ended on 31 December of that year, having remained in functions until the current period. Our last appointment occurred by written decision of the sole shareholder dated 30 October 2018 for the period from 2018 to 2019;

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud;

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's supervisory board on 6 May 2020; and

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Bank in conducting our audit.

6 May 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Cláudia Sofia Parente Gonçalves da Palma, R.O.C.

(This is a translation, not to be signed)

Bison Bank

REPORT AND OPINION OF THE SUPERVISORY BOARD

Financial Year of 2019

Introduction

1. In compliance, namely, with the provisions of Article 420, paragraph 1, subparagraph g), of the Portuguese Companies Act (PCA), the Supervisory Board (SB) of Bison Bank, S.A. (Bank) prepared this Report and Opinion on the report, accounts and proposals submitted by the Bank's Board of Directors (BoD) concerning the financial year ended on 31 December 2019, including the supervisory activity developed by the SB during the same financial year.

2. The year 2019 is the first full exercise of Bison Bank's activity under the new shareholder structure and governance model, after the change in ownership of the shares representing the Bank's share capital, occurred on 07/09/2018. Shortly after the acquisition of the Bank's controlling position, the new shareholder reinforced the Bank's solvency and liquidity by increasing the share capital by 41,000,000.00 euros, which increased to 176,198,370.00 euros, on 7/24/2018, and Bank of Portugal (BoP) communicated, by letter of 12/13/2019, the need to carry out, until 06/30/2020, the remaining amount of the capital increase of 19 million euros, totalling 60 million euros of increase in the Bank's share capital, referenced since the date of authorization for the holding of the Bank's shareholder control. Due to high accumulated losses in the past, the Bank's consolidated equity is much lower than the share capital, standing at around 50 million euros at the end of 2019 and the Bank's consolidated assets on the same date amount to around 88 million euros.

3. After authorization given by Banco de Portugal, on 04/22/2019, to the candidate to Board Member of the Bank to hold the position of chief executive officer (CEO), an Executive Commission was created for the first time, on 05/03/2019, with five executive members, with the new member Mr. Bian Fang as CEO. As of 10/15/2019, this body was made up of four members with the definitive termination of functions of an executive member.

4. The Bank presented in December 2019 its new Strategic Plan for the period 2020-2022 and carried out several strategic initiatives, including the revision and reformulation of the team structure, the AML / CFT, MiFID II and GDPR framework, the portfolio of documentation, regulations of the governing bodies, declaration of risk appetite and risk policies.

5. The SB is composed of three permanent members and one alternate, which is part of the Bank's supervisory body along with the Statutory Audit Firm (SROC, in Portugal) as the Bank's statutory auditor, pursuant to the provisions of Article 23 of the Articles of Association and Article 413, paragraph 1, subparagraph b) of the PCA.

The Board, initially composed of five executive members and two non-executive members, started to have one less executive member from 10/15/2019.

Both BoD and SB were appointed for a four-year term of 2018-2021. The SROC was re-appointed for two years, for the third term of 2018-2019 (appointed first for the 2014 term and then for 2015-2017).

The Chairman, Issuf Ahmad, and the member of the SB, Ernesto Jorge de Macedo Lopes Ferreira, took office on 24 June 2016 and completed a three-year term of office for 2015-2017, and were re-appointed on 21 August 2018 for a second four-year full term of office for 2018-2021, together with the new member Ting Wang and the alternate Fan Bu.

There are two specialized committees under the BoD, one for matters related to nominations and remunerations and the other with risk management and compliance, which are composed of non-executive members of the BoD and completed by members of the SB, being mostly independent and chaired by an independent member in order to ensure independence in the performance of these committees.

Activity Conducted

6. During the performance of its duties, the SB held 25 (twenty-five) meetings in the period from January to December 2019.

   The SB meetings were also attended, upon invitation and according to the topics under discussion, by BoD members, representatives of the SROC and department heads of internal control functions and other areas of the Bank, such as Accounting, Information and Technology, Human Resources, Legal and Business. The SB maintained ongoing communication with the BoD and holders of control functions and also attended, on its own initiative, several BoD meetings. With the application of the board portal solution in 2019, the SB was enabled a digital access to Board meeting documents, to preview agenda items and review draft minutes and thus being able to share its concerns and recommendations with the BoD accordingly. In performing the supervision of the control functions and of the statutory audit, it held regular meetings with the heads of the Risk, Compliance and Internal Audit departments and with the representatives of the SROC.

7. The Chairman of the SB is additionally Chairman of the Nomination and Remuneration Committee, which also includes two non-executive members of the BoD (the Chairperson and the Deputy Chairperson), and the independent member of the SB, Ernesto Lopes Ferreira, is also a member of the Risk and Compliance Committee.

8. On 04/26/2019, the SB issued its report on the supervisory action during the 2018 financial year and an opinion on the management report, accounts and proposals presented by the Bank's Board of Directors regarding the said financial year.

   The SB appraised the adequacy and effectiveness of the Bank's internal control system, effective on 05/31/2019, culminating in the issuance of the respective opinion on 27 June 2019, in accordance with the BoP Notice nº. 5/2008, of June 25.

   The opinion on the quality of the Bank's internal control system in 2018 for anti-money laundering and terrorist financing (AML/FT) was issued on 15 April2019, as an integral part of the Report on the AML/FT topic pursuant to the terms defined in the BoP Instruction no. 5/2019.

9. The SB also performed its duty of supervision of the Bank's management, supervising and constructively challenging the Bank's management, in particular concerning matters related to risk management, , compliance, internal auditing, governance and internal control, and accountability, articulating views with the non-executive members of the BoD, in accordance with the Legal Framework of Credit Institutions and Financial Companies (RGICSF), the PCA and guidelines of the European Banking Authority (EBA).

10. The SB received from the holders of control functions the respective plans and activity reports, as well as periodic reports on risk management, compliance and internal audit. The SB supervised the performance of the control functions, appraising and discussing with the directors of the control departments and their employees the plans and periodic reports on the performance of risk management and compliance, as well as the independent exercise of internal audit, making observations and recommendations.

11. The Bank has a system for communicating irregularities, according to a document published on its institutional website entitled "Policy for Reporting Irregularities or Concerns (Whistleblowing)". The SB monitored the functioning of this system, involving control departments in the analysis of communications. The BoD approved in March 2019 a new policy of whistleblowing communication, which was revised in December 2019, incorporating improvements on its functioning and managing of the whistle-blower communications.

Assessment of the Independence of the Audit Firm and Services Provided

12. Pursuant to the "Regulations for Provision of Services by the Statutory Auditor" and the Supervisory Board's Regulations, the SB assessed the independence of the SROC, which submitted a statement to the SB confirming its independence and that of the team involved in the statutory audit of the audited entity: the Bank.

13. The SB previously approved other works carried out by the SROC outside the scope of the statutory audit, through a duly substantiated proposal and subsequent assessment of the threats to independence arising from the performance of those works, taking into account the restrictive measures to safeguard independence according to the Legal Framework of Portuguese Statutory Auditors (EOROC), approved by Law 140/2015, of September 7, and to the Regulation (EU) nº. 537/204, of the European Parliament and of the Council of 2014 April 16 (Regulation 537/2014).

14. As for the rotation of the SROC, "PricewaterhouseCoopers - Sociedade de Revisores Oficiais de Contas, Lda." was appointed as the Statutory Auditor of the Bank for the first time at the general meeting of shareholders held on 9 May 2014, for the year ended 31 December 2014, then for the second time, at the general meeting of shareholders held on September 2015, for the 2015-2017 triennium mandate and by sole Shareholder resolution of 30 October 2018, for the 2018-2019 biennium mandate.

    Pursuant to article 54 of the EOROC, for public interest entities (which is the case of the Bank), the maximum term of office of the statutory auditors is two or three terms, depending on whether they are, respectively, four or three years, which may exceptionally be extended up to a maximum of ten years by the competent body (general meeting of shareholders), under substantiated proposal of the supervisory body (SB). If the re-appointment is not possible, the SB must present a substantiated proposal, containing at least two options for the shareholders of eligible statutory auditors for the audit mandate, where the SB expresses a duly grounded recommendation as to which falls its preference, through a selective process of choice organized by the audited entity, in compliance of the Article 50 (1) of EOROC and the Article 16 of Regulation 537/2014.

Appraisal of the Annual Report

15. The SB appraised the Annual Report submitted by the BoD, on an individual and consolidated basis, concerning the year ended on 31 December 2019. This included the Management Report, the Individual and Consolidated Financial Statements and corresponding Annex, the Proposal for Appropriation of Net Income and the Corporate Governance Report.

    The SB appraised the main accounting policies and changes occurred under the IAS/IFRS, as well as the records and disclosures made in the financial statements and all other instruments presenting accounts concerning the year ended on 31 December 2019.

16. For the year ended on 31 December 2019, the Bank recorded a negative net income of 7.0 million euros, both on an individual and consolidated basis (-11.0 million euros in 2018 on

a consolidated basis), which compares with a negative net result of 9.4 million euros in 2018.

The financial margin went from a negative value of 167 thousand euros to a positive value of 255 thousand euros, and the banking product also went from a negative value of 125 thousand euros to a positive value of 2,351 thousand euros. However, the improvement seen on the income side is still insufficient to accommodate the Bank's cost structure, which presents administrative expenses of 9.2 million euros in 2019, with the prospect of a balance in the profit and loss statement from 2022 onwards, under the development of the business plan outlined by the Bank's management.

17. The transition to IFRS 16, with effect from 1 January 2019, which requires the recognition, by the lessee, of a lease liability expressing the future lease payments, and a "right of use" for all lease contracts, except certain short-term leases and low-value assets, resulted in an increase in net assets and liabilities on that date, respectively, by 1.938 thousand euros and 1.800 thousand euros.

    The SB also verified the Bank's Consolidated Accounts, with reference to the year ended on 31 December 2019, in accordance with the provisions of article 508-D, (1) of the PCA.

Appraisal of the Statutory Auditing

18. The SB monitored the statutory audit of the individual and consolidated accounts and appraised the respective findings, as well as the corresponding Statutory Audit reports (or Legal Certifications of Accounts, according to EOROC, Article 45), which comprises the reports on the audit of the individual and consolidated financial statements and on other legal and regulatory requirements, including the management report, and also paid attention to the threats to the statutory auditor's independence.

19. The SB also appraised the "Additional Report for the Supervisory Board" issued by the Statutory Auditor on 2020 May 6, according to the provisions of Article 24 (1), (2) and (6) of the Portuguese Audit Supervision Legal Framework, approved by the Decree-Law 148/2015, of September 9, and Article 63 (1) of EOROC. This Report is the outcome of the statutory auditor's review of the Bank's individual and consolidated accounts concerning the year ended on 31 December 2019. It covers a series of topics and information that were discussed in general terms during meetings with the SB and addressed in other documents appraised by the SB, namely accounting and financial matters concerning the legal review of accounts, verification and monitoring of the statutory auditor's independence and additional services provided to the Bank.

Bison Bank

20. As relevant audit matters, SROC identified the measurement and disclosures related to the fair value of financial instruments not quoted in an active market, classified at level 3 of the fair value hierarchy, composed almost entirely of equity instruments, as expressed in the audit reports (on the audit of the individual and consolidated financial statements). Of these instruments, the assets held by the Bank in the Investment Fund "Portugal Real Estate Fund" classified as "Non-negotiable financial assets mandatorily accounted for at fair value through profit or loss", whose fair value was recognized in the balance sheet on December 2019, amounts to 12,960 thousand euros, determined by the Bank using the value indicated by the Fund manager company, on 30 June 2019, and not what is disclosed in the audited financial statements of the Fund, with reference to 31 December 2019 (13,430 thousand euros), but whose unadjusted amount that would lower the loss by 470 thousand euros is within the materiality tolerance level previously defined by SROC in the audit of the Bank's accounts.

21. For the purposes of the provisions of Article 452 (2) of the PCA, the SB states its agreement with the corresponding Statutory Audit reports, which comprises the reports on the audit of the individual and consolidated financial statements and on other legal and regulatory requirements, including the management report, for the year ended on 31 December 2019, issued by the Statutory Auditor PwC, on 6 May 2020, which expresses an unqualified opinion on the financial statements, material uncertainty related to ongoing concern and an emphasis calling attention to the information disclosed in the Management Report and the descriptive notes, regarding the possible impacts on the economy of the COVID-19 pandemic disease and, consequently, in the future activity of the Bank. The SB also agrees with the relevant audit matters expressed in the referred Audit reports.

Proposed Appropriation of Net Income

22. The Board of Directors proposes, under the terms and for the purposes of Article 376 (1/b) and (2) of PCA, the recognition of the net result for the financial year, in the negative amount of €7.009.226,11 euros (seven million, nine thousand, two hundred and twenty-six euros and eleven cents) in Retained Earnings account.

Subsequent Events - COVID-19

23. As a subsequent event after the reporting date of the 2019 accounts, the pandemic dispersion of the SARS-CoV-2 coronavirus, causing COVID-19, puts greater pressure on the development process of the Bank's activity considering the retraction of the world economy and risk upsurge associated with a greater degree of uncertainty not experienced before, which may significantly affect the execution of the Bank's business plan. The Board of Directors is adequately managing the situation, having taken appropriate measures to

control and monitor the situation, as well as creating the necessary conditions to sustain the Bank's normal operation up and running. The SB has been regularly informed about the actions and measures in place and the evolution of the Bank's business. Since the declaration of a state of national emergency following COVID-19, the Chairlady of the BoD and the Chairman of the SB have been having weekly meeting by teleconference with the Chief Executive Officer for information update and clarification on the evolution of the situation.

Opinion on the Annual Report

24. As the result of the work carried out, the SB issues a favourable opinion on the approval of the 2019 Annual Report, which includes the Management Report, the Individual and Consolidated Financial Statements and respective descriptive notes, as well as the Corporate Governance Report, concerning the financial year ended on 31 December 2019, confirmed by the BoD.

    These documents of presentation of financial information were appraised by the BoD at the meeting held on 30 April 2020, attended by all the members of the BoD and the SB, as well as by the SROC representatives that are part of the team that audited the Bank accounts. During this meeting, the SB presented the findings of the statutory audit and explained how it contributed to the integrity of the process of preparation and disclosure of financial information, as well as the role of the SB in this process.

25. Thus, considering the information received from the BoD and other bodies and departments of the Bank, and the conclusions presented in the Legal Certifications of Accounts (Audit reports) on the Individual and Consolidated Financial Information issued on 6 May 2020, the SB is of the opinion that the Bank's General Meeting of Shareholders should approve:

a) The Annual Report for the financial year ended on 31 December 2019, which includes the Management Report, the Financial Statements and corresponding descriptive notes, on an individual and consolidated basis, and the Corporate Governance Report, as well as the Report and Opinion of the Supervisory Board and the legal certifications of accounts (audit reports); and
b) The BoD Proposal for Appropriation of Net Income.

An overall appraisal of the Bank's management and supervision should also be done, pursuant to Article 376 (1/c) of the PCA, taking into account the appraisal performed by the Nomination and Remuneration Committee.

The Supervisory Board would like to express its gratitude to the Bank's employees, to the members of the Board of Directors and to the Statutory Audit (SROC) team for all the collaboration provided in performing their duties, as well as the attention given by Bank of Portugal during the performance of its supervision.

Lisbon, 8 May 2020

Issuf Ahmad, Chairman

Ernesto Ferreira, Member

王婷

Ting Wang, Member

Bison Bank

Rua Barata Salgueiro, nº 33 - Piso 0
1250-042 Lisboa, Portugal
www.bisonbank.com