

ANNUAL REPORT 2013





EST. 1833

BANCO
CARREGOSA



INDEX

| | | |
|-------------|---|-----|
| I | Summary of Indicators | 7 |
| II | Shareholder Structure and Governing Bodies | 9 |
| III | Message from the Chairwoman of the Board of Directors | 11 |
| IV | Message from the Chairman of the Executive Committee | 13 |
| V | Management Report | 15 |
| | 1 · Banco Carregosa | 15 |
| | 2 · Main Events of 2013 | 16 |
| | 3 · Communication Policy and Corporate Responsibility | 17 |
| | 4 · Internal Organisation and Business Segments | 19 |
| | 5 · Economic Environment and Situation of the Financial Markets | 21 |
| | 6 · Summary of Activity | 23 |
| VI | Analysis of the 2013 Accounts | 31 |
| VII | Conformity Statement on Financial Information | 43 |
| VIII | Subsequent Events | 45 |
| IX | Information pursuant to Article 66 of the C.S.C. (Commercial Companies Code) | 47 |
| X | Remuneration Policy of Management Bodies, Supervisory Bodies and Employees | 49 |
| XI | Proposal for Appropriation of Profits | 53 |
| XII | Acknowledgements | 55 |
| XIII | Consolidated Accounts – Analysis and notes | 57 |
| XIV | Individual Accounts – Analysis and notes | 99 |
| XV | Legal Certification of Accounts (Consolidated and Individual) | 137 |
| XVI | Report and Opinion of the Supervisory Board | 141 |
| XVII | Minutes of the Annual General Meeting of Shareholders held on 28 th May 2014 | 143 |



I. SUMMARY OF INDICATORS

| INDIVIDUAL ACCOUNTS | 2013 | 2012 | 2011 |
|--|------------------|------------------|----------------|
| Net Interest Income | 4 821 917 | 9 341 312 | 2 587 595 |
| Net Commissions | 2 716 726 | 3 045 263 | 3 852 605 |
| Income from Financial Operations (Net) | 12 032 793 | 11 786 661 | 3 016 359 |
| Other Operating Income | -580 600 | -390 879 | -581 735 |
| Banking Income | 18 990 837 | 23 782 357 | 8 874 824 |
| Staff Costs | -3 372 817 | -3 451 182 | -3 986 513 |
| Other Administrative Costs | -3 716 633 | -3 302 373 | -2 698 109 |
| Structural Costs | -7 089 450 | -6 753 555 | -6 684 622 |
| Amortisations | -874 989 | -1 627 583 | -816 651 |
| Provisions | -579 502 | -130 684 | 0 |
| Impairments | 312 149 | -407 134 | -235 959 |
| Income before tax | 10 759 045 | 14 863 401 | 1 137 592 |
| Taxes | -3 709 881 | -5 399 497 | -217 477 |
| Net Income | 7 049 164 | 9 463 904 | 920 115 |
| | | | |
| Total Net Assets | 228 858 967 | 256 599 162 | 176 958 433 |
| Shareholders' Equity | 38 657 129 | 32 726 801 | 21 945 255 |
| Own Funds | 33 298 095 | 26 049 628 | 20 135 213 |
| Deposits from Clients | 95 089 633 | 77 880 651 | 50 542 564 |
| Loans Granted/Deposits from Clients | 41.06% | 51.02% | 16.90% |
| Overdue Loans/Loans Granted | 0.29% | 0.38% | 2.14% |
| Return on Assets (ROA) | 2.90% | 4.37% | 0.80% |
| Return on Equity (ROE) | 22.66% | 30.42% | 3.56% |
| Solvency Ratio | 20.50% | 21.00% | 30.20% |
| Net Interest Income / Earning Assets | 2.61% | 4.81% | 1.54% |
| Structural Costs/ Banking Income | 37.33% | 28.40% | 75.32% |



II. SHAREHOLDER STRUCTURE AND GOVERNING BODIES

BANCO L. J. CARREGOSA, S.A.

| GENERAL MEETING | |
|--|--|
| Luís Manuel de Faria Neiva dos Santos | CHAIRMAN |
| Maria Manuela Pereira Antunes Matias | Secretary |
| BOARD OF DIRECTORS | |
| Maria Cândida Cadeco da Rocha e Silva | CHAIRWOMAN |
| António José Paixão Pinto Marante | Board Member |
| Jorge Manuel da Conceição Freitas Gonçalves | Board Member |
| Nuno Rafael Domingues dos Santos Reis Maya | Board Member |
| Pedro José Malheiro Duarte | CHAIRMAN OF THE EXECUTIVE COMMITTEE (EC) |
| Paulo Armando Morais Mendes | EC Member |
| Francisco Miguel Melhorado de Oliveira Fernandes | EC Member |
| SUPERVISORY BOARD | |
| Maria da Graça Alves Carvalho | CHAIRWOMAN |
| Manuel José Lemos de Ferreira Lemos | Member |
| Eduardo Maria Lopes Rothes Barbosa | Member |
| André de Castro Amorim | Member (Alternate) |
| STATUTORY AUDITORS (SROC) | |
| Vilar, Campos, Gomes & Associados | Statutory Auditors (SROC) |
| represented by Cristina Maria Martins Gomes | |
| António Magalhães & Carlos Santos | Alternate Auditor (SROC) |

Shareholders with shareholdings over 5% of the share capital:

Maria Cândida Cadeco da Rocha e Silva
 Jorge Manuel da Conceição Freitas Gonçalves
 Amorim Projectos, SGPS
 António José Paixão Pinto Marante

The members of the Governing Bodies were elected by the General Meeting of Shareholders held on 10th May 2012 for the three-year period 2012-2014.



III. MESSAGE FROM THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

Dear Chairman of the General Meeting
and Shareholders,

The year 2013 for Banco Carregosa was marked by the death of three employees, two of whom were Board Members. The institution suffered the loss of two directors while those who work in it suffered the loss of comrades, of friends.

We know that life must go on but it is comforting to feel the total availability of those working with us to try to compensate for the losses suffered. The Executive Committee was reorganized, accumulated responsibilities and had the strong support of the central directors, while preparing the replacement.

We continue with the same determination to try to solve the problems that arise every day that require us to flexibilize the start to the year plans without ever deviating from the path drawn about what is important and that we do not want to deviate from.

But the year 2013 was not only marked by moments of sadness. There were also moments of celebration, of pride and joy that we are able to continue an undertaking almost two centuries old. It was a highlight of the year 2013 when we celebrated with our clients and friends the 180 years of the L. J. Carregosa institution where the bank has its roots and where it gets its name from.



The results that we present to you this year will allow a distribution of dividends that the shareholders surely expect and that we undertake to secure.

This is our way of thanking you for the confidence you vested on us and which we want to continue to deserve.

Thank you very much,

Maria Cândida Rocha e Silva
Chairwoman of the Board of Directors



CARGOES &
UPDES PAPEIS

D. MARIA CANDIDA ROCHA E SILVA
CORRETORA OFICIAL
DA
BOLSA DE VALORES DO PORTO

IV. MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

Dear Shareholders,
Distinguished Members of the Governing Bodies
Dear Employees,

From the year 2013 we have the consequences of the professional acts mirrored in the report and accounts, but I will retain forever the personal ones which, although I am no longer young, reminded me of the precariousness of life, reiterating the relativity of the problems and the coldness of nature.

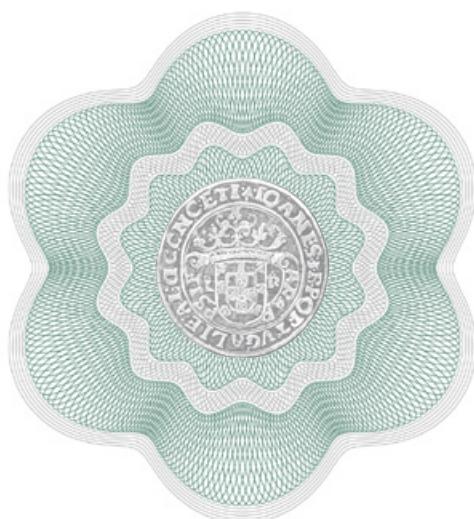
I want to take this opportunity to pay my tribute and homage to two colleagues who have left us, creating a void difficult to fill:

- To Carlos, an impeccable professional with a rare sense of solidarity who befriended me.
- To Paulo, a companion of life and lives, joys and sorrows, who I have always known and one of the few people who are really irreplaceable for me.

Rest in Peace!

Finally, my thanks to all stakeholders that allowed us to complete another year with remarkable results.

Pedro Duarte
Chairman of the Executive Committee



*L*ourenço Joaquim Carregosa

CAMBISTA

276, Rua das Flores, 278

POR TO

Comprá e vende toda a qualidáde de moedas
d'ouro ou prata,
tanto nacional como estrangeira. Notas
dos Bancos de Espanha, França e Inglaterra.



V. MANAGEMENT REPORT

In compliance with the legal and statutory requirements, the Board of Directors of Banco Carregosa, presents the Annual Report for the financial year 2013.

In compliance with the Commercial Companies Code, this document includes, throughout its text and in the notes to the financial statements, information that is referred to in each of the mandatory items listed in article 66 no. 5 (Management Report).

1 · BANCO CARREGOSA

Banco Carregosa is an investment bank focused on the private banking segment, which comprises the provision of banking and investment services, in a personalised and specialised manner, to Clients seeking to protect or increase their assets, benefiting from exclusive and professional advice.

The Bank is headquartered in Porto, in Avenida da Boavista, and currently has two branches in Lisbon and two representative offices located in Madrid and São Paulo.

The Bank has been authorised to carry out banking activities since 2008, but the name Carregosa has been associated with the financial sector since 1833, the year when Lourenço Joaquim Carregosa opened the parent company, which would become known as L. J. Carregosa, dedicated to the foreign exchange business.

The offer of the Bank is directed especially to the private clients segment, to whom it provides general financial services, savings solutions, asset management, brokerage (traditional and online), custody and underwriting of investment funds, basing its action on traditional values, personal contact, conservative risk assessment, in-depth knowledge of the financial situation and objectives of the Client as well as professional and independent advice.

The Bank also has a set of solutions specially tailored to Institutional Investors and Companies, including corporate, management and hedging solutions, diverse Investment Fund depositary services, clearing and settlement services under MIBEL – the Iberian Electricity Market.

The treasury area and management of own portfolio is also essential in Banco Carregosa's activity, having contributed significantly to its banking income in recent years.

Throughout the 20th century, while maintaining the traditional banking values of the 19th century, so ingrained in the institution by its founders, L. J. Carregosa learned to adapt to the Clients' needs and the changes in the financial sector. At the turn of the 21st century, it entered into a partnership with Saxo Bank which developed, for Portugal, the most advanced platform for trading in the capital market, now used around the world by various financial institutions. In wake of this technological partnership, in 2000, a pioneering step is taken with the launching of the first online brokerage service in Portugal. The evolution of online trading led to the launching of the GoBulling brand, in 2007, the first broker to practise zero brokerage commission in all Euronext markets.

Aware of the importance and the growing demand for online solutions and for greater speed and autonomy in the search for information and access to markets and financial instruments, the Bank revamped its website in 2013, thus accomplishing two main objectives: to provide a solution for home banking to private banking Clients and to launch an online banking service specialising in savings and investment solutions, which took the name GoBulling – Banco Carregosa Online.

2 · MAIN EVENTS OF 2013

In 2013, we celebrated the 180th anniversary of Carregosa. To highlight the date, two events, one in Porto and the other in Lisbon were organised, which were unique opportunities to celebrate with Clients the long and extraordinary history of Carregosa in the national financial sector.

The year was also highlighted by several events, such as the following:

- February: The launching of the real estate Fund Retail Properties – The Bank played a major role in the structuring and placement of this real estate fund, whose investment policy focuses on the rental of commercial surfaces to well-known brands of the food retail sector. The public offer made it possible to place all of the 10 million Euros offered with over one hundred participants;
- March: Founding Member of Casa da Música – Following its philosophy of promoting and fostering cultural activities, Banco Carregosa is awarded the status of Founding Member of Casa da Música, an institution of great importance in the national cultural scene;
- March: *Clearing Member* of OMIP – The Bank became the third *General Clearing Member* of the OMIP [The Iberian Energy Derivatives Exchange] in the Iberian Peninsula, thus assuming responsibility for the risk management and settlement of energy derivatives positions of its Clients. This business segment, although recent, has attracted about 20% of the trading members of the futures market;
- April: Member of APB – Banco Carregosa became a member of the Portuguese Banking Association (APB);
- May: Launching of the First Indexed Deposit – Linked to the Eurostoxx index, the "Carregosa Europe Indexed Deposit" was the first indexed deposit launched by Banco Carregosa that has since maintained a regular supply of such products;
- May: Official Bank of the Portugal Open – In order to broaden the recognition of the "Banco Carregosa" brand, especially in Lisbon where its presence is more recent, and maximise contact with its target market and its clients, the Bank joined for the first time one of the most important and traditional sporting events held in Portugal;
- October: "Best Private Bank" – Awarded the distinction "Best Private Bank" operating in Portugal in 2013 by the English publication "World Finance";
- October: SuperFeed™ – Banco Carregosa was the first in Portugal to join the SuperFeed™ of NYSE Technologies, the technological division of the NYSE Euronext group. This feature provides a consolidated access to the market data of the stock exchanges of the USA, Europe and Asia, while promoting operational and cost efficiency;
- November: *Exame* magazine award – In the 24th edition of the "Banking & Insurance Awards", organised by *Exame* magazine, the Bank was distinguished with the award "Medium or Small Bank that Grew the Most" for the second consecutive year;
- November: "Exchange Game" – The annual initiative of Jornal de Negócios and GoBulling, won the award "Euronext Lisbon Awards", in the category "Best Capital Market Promotion Event – Dedicated to Retail Investors"; and
- December: Launching of new website – With the new website the Bank provides homebanking services to private clientes and relaunched its online channel, which evolved into a broader platform of savings and investment solutions.



3 · COMMUNICATION POLICY AND CORPORATE RESPONSIBILITY

Brands and Communication

Banco Carregosa's global communication policy is divided into two distinct areas, depending on the market segment to which it is addressed: the area of online banking and capital markets, which operates under the brand GoBulling Banco Carregosa Online and the private banking area under the brand Banco Carregosa.

GoBulling Banco Carregosa Online, which has its focus on securities trading, online banking products and provision of other financial services, has a presence based on the internet through a modern trading platform.

As it is aimed at a wider range of clients – users, it has a more significant advertising exposure. Aimed at the mass market, it favours the digital advertising channels or events that entail a strong web presence. Besides several advertising campaigns, GoBulling is co-organiser of the Exchange Game, an annual event to promote the capital market in partnership with Jornal de Negócios, as well as sponsoring the "FEP Trading Cup 2013", organised by the Faculty of Economics of the University of Porto (FEP).

In the positioning of the private banking area, Banco Carregosa is totally different: as it favours personal contact, its initiatives in promotional activities of the brand are very selective and specific, as exemplified by its association to the major tennis event of the country, the Portugal Open, or events of a cultural nature, but nationwide, as happened in 2013 with its sponsorship of the National Museum of Ancient Art exhibition "Rubens, Brueghel, Lorrain – The Nordic landscape of the Prado Museum."

In media terms, both Banco Carregosa and GoBulling Banco Carregosa Online are frequently in the national and foreign media, with comments, analyses or opinions on issues of economic and financial matters that they are often asked to speak on. In 2013, Banco Carregosa and GoBulling were mentioned in the Portuguese media in about 2000 news, distributed between the written press, radio and television.

This number was mainly due to the fact that the issues related to the Programme for Economic and Financial Adjustment were increasingly in the media spotlight, allowing the Bank to benefit from increased exposure, while maintaining the appropriate discretion.

Corporate Social Responsibility

For Banco Carregosa, corporate social responsibility is as a way of giving back to society the role that it offers the institution and the recognition that is given to its history, as well as the importance of its activities. This is done primarily in three ways.

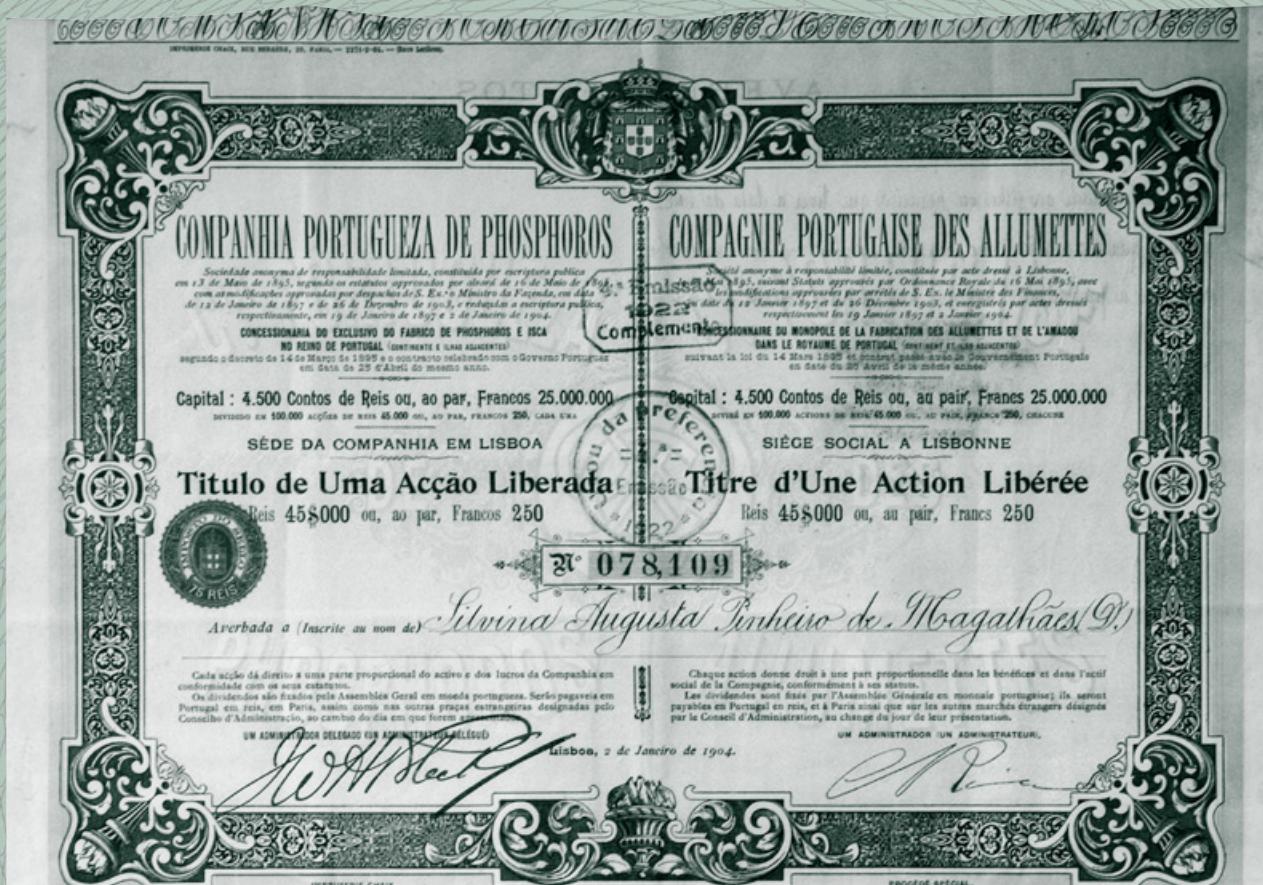
Based on proximity and commitment to the community, support of diverse nature is granted to entities in the geographical area where it operates, whether this is social, cultural or in terms of welfare. Examples of these are the support granted to Casa da Música, the League of Friends of the Hospital of São João, the Tunas Solidarity Festival – Obra do Frei Gil.

In another aspect, Banco Carregosa is associated to institutions devoted to science, sport and culture. In 2013, it supported the Institute of Pathology and Molecular Immunology of Porto University (IPATIMUP), the National Museum of Ancient Art and the Calouste Gulbenkian Foundation. Various sponsorships were granted in sport, for youths and at the same time educational, in areas such as horseback riding, golf and volleyball.

Valuing the exclusive component of social solidarity, Banco Carregosa supported the project "More Proximity, Better Life" in 2013 of the Parish Social Centre of São Nicolau, which provides assistance to the elderly residing in downtown Lisbon, and contributed to "Mão Amiga – Associação Nacional de Solidariedade Social", a national association of social solidarity.

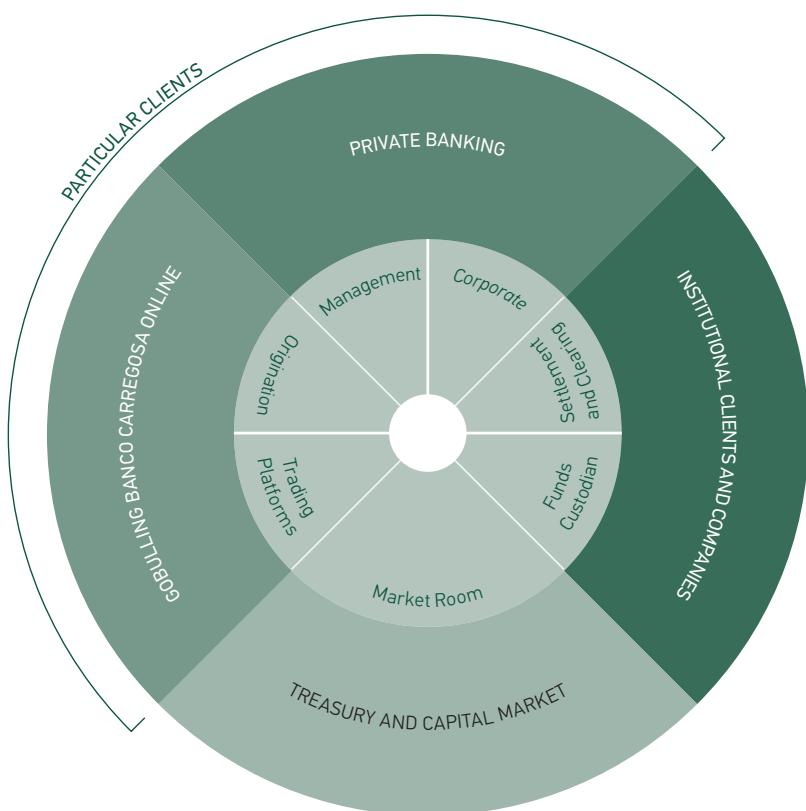
From the internal point of view, the well-being of the employees plays a major role, since these are crucial in the construction of our identity and the sustainable pursuit of the activity.

In 2013, we have to point out the strong commitment to training. Following a survey on training needs that was made of the employees, Human Resources developed a calendar of training activities aiming at supplying the most comprehensive needs across the organization. In addition to these actions, efforts have been carried out to stimulate the sharing of knowledge among employees, by conducting workshops on topics relevant to the activity. These events have had positive results at various levels, as they maximise the interaction between employees from different areas and a better understanding of the context in which we operate.



| DIVIDENDOS | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| PAGO 1904 <i>P</i> | PAGO 1905 | PAGO 1905 | PAGO 1906 <i>P 1º</i> | PAGO 1906 <i>P 2º</i> |
| PAGO 1907 <i>P 1º</i> | PAGO 1907 <i>P 2º</i> | PAGO 1908 <i>P 1º</i> | PAGO 1908 <i>P 2º</i> | PAGO 1909 <i>P 1º</i> |
| PAGO 1909 <i>P 2º</i> | PAGO 1910 <i>P 1º</i> | PAGO 1910 <i>P 2º</i> | PAGO 1911 <i>P 1º</i> | PAGO 1911 <i>P 2º</i> |
| PAGO 1912 <i>P 1º</i> | PAGO 1912 <i>P 2º</i> | PAGO 1912 <i>P 1º</i> | PAGO 1913 <i>P 2º</i> | PAGO 1914 <i>P 1º</i> |
| PAGO 1914 <i>P 2º</i> | PAGO 1915 | PAGO 1915 | PAGO 1916 <i>P 1º</i> | PAGO 1916 <i>P 2º</i> |
| PAGO 1918 <i>P 1º</i> | PAGO 1918 <i>P 2º</i> | PAGO 1919 <i>P 1º</i> | PAGO 1919 <i>P 2º</i> | PAGO 1920 <i>P</i> |
| PAGO 1921 <i>P</i> | | | | |
| 36 | 38 | 39 | 39 | 35 |
| 31 | 34 | 40 | 40 | 45 |
| 45 | 49 | 45 | 50 | 50 |

4 · INTERNAL ORGANISATION AND BUSINESS SEGMENTS



Banco Carregosa has been developing its activities in three main business areas: Private Banking, Institutional and Corporate and Treasury and Capital Markets.

In the area of Private Clients, the main offer of Banco Carregosa is Private Banking, based on traditional banking values, personal contact, conservative risk assessment, in-depth knowledge of the financial situation and objectives of the Clients and the ability to provide professional advice in asset management. This service is characterised by a close relationship between the Client and the private bankers who, by choice, accompany a limited number of clients, in order to ensure excellence in the service provided.

For investors who prefer the freedom of independent action, although they may count on the advice of experienced market professionals, since the end of 2013, the Bank offers GoBulling – Banco Carregosa Online, which provides access to a wide range of savings and investment products, as well as to the major financial markets, relying on online trading platforms.

The private clients business is supported by a product area responsible for the entire investment and counseling process, based on an approach by class of asset, combining a fundamental perspective (strategic) and momentum (tactical). Based on in-depth knowledge of the client, this team is responsible for the design of investment solutions adjusted to each client and the subsequent selection of the best investments available in different markets for each class of asset. This offer is complemented by the work of the Origination team, which matches the market perspectives of the Bank's managers to client profiles, launching products targeted to specific needs.

Based on the proposed investments, the Client will find in Banco Carregosa three distinct types of activity, corresponding to different levels of autonomy in the management of his financial assets: discretionary management mandates, advisory mandates or merely execution and custody.

Discretionary management is done directly in the Clients' accounts, and may be based on Management Models – allocation strategies or specific strategies for certain classes of assets managed in aggregate form – or portfolios tailored to the Client; the strategic positioning is in all aspects similar to the one defined in the asset allocation models, even though adjusted the Client's profile and convictions (e.g. excluding or including assets/sectors according to their preference).

In the **advisory mandates**, the investment management is done by the Client in connection with our professional managers. These are specifically for clients looking to have a greater involvement in the management of their assets, but who value expert and continued advice to assist them in structuring their portfolios and in the selection of the best assets and opportunities.

For clients just looking for a high quality execution service, the Bank provides its **trading room**, ensuring access to a wide range of markets and instruments, providing quick execution, experienced traders and other services such as, for example, credit to acquire financial instruments.

Besides the offer to private clients, Banco Carregosa provides a significant number of specialised services designed specifically for Institutional Clients and Companies.

Corporate service aims to assist Clients in the process of value creation of their business. The range of services available includes the counselling on strategic partnerships and mergers and acquisitions.

In a context of downturn of trading activity in the capital market, and in an attempt to maximise the operational resources that the Bank already has, while diversifying the business areas in which it operates, two opportunities were identified that allowed to increase the supply of services in the Institutional Clients segment: the availability of Custodian of Investment Funds services and the Clearing and Settlement services in the Iberian Electricity Market (MIBEL) that join the long-standing Execution and Institutional Custody services.

The area of **Treasury and Capital Markets**, which includes the management of the Bank's investment portfolio, is essential in the activity of Banco Carregosa, having in recent years contributed significantly to the formation of banking income. Its relevance extends to the influence it has on the origination of products and solutions for clients and, also, the management of liquidity and hedging positions.



5 · ECONOMIC ENVIRONMENT AND FINANCIAL MARKETS

On a macroeconomic scale, 2013 was characterised by a 3% increase in overall economic activity, slightly slowing down when compared to the 3.2% in 2012. This slowdown was due to factors such as the reduced growth of emerging economies, the deleveraging of the private sector in the most developed economies, restrictive budgetary policies, difficulties arising from the sovereign debt crisis in the Eurozone and the uncertainty associated with the negotiation of the debt limits in the U.S.A..

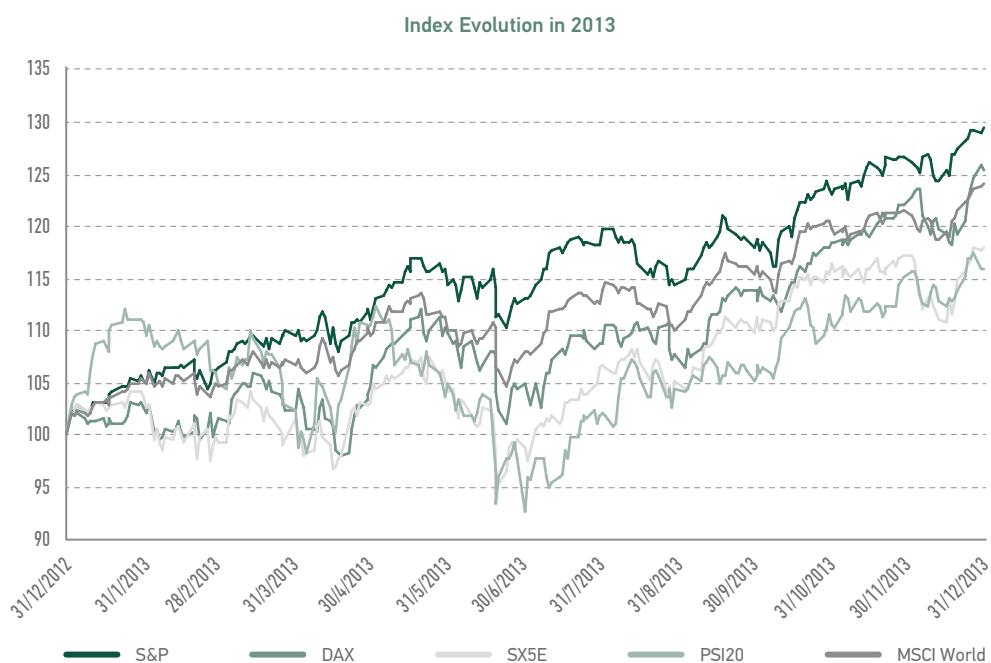
The growth of the U.S. economy slowed in 2013, standing at 1.9%. In an adverse international environment, the U.S. positively benefitted from the appreciation of real estate prices and the stock market. With regard to employment, there was a drop in the unemployment rate to 6.7% at the end of 2013.

In 2013, the GDP of the Eurozone fell for the second consecutive year, falling to 0.4%, primarily as a result of the budgetary consolidation policies implemented by countries like Spain and Italy, two quite big economies. In a context of economic hardship and decline in domestic demand, the unemployment rate stayed at 12% (11.9% in 2012). With regard to inflation, it stood at 0.8% in December 2013, below the 2% target defined by the ECB.

As for Portugal, the Programme for Economic and Financial Assistance continued, which led to the adoption of another set of different budgetary consolidation measures. Portugal ended 2013 with a decline in GDP estimated at 1.4%. This fall was mainly due to a sharp reduction in domestic demand. On the other hand, net foreign demand was showing positive signs. Inflation measured by the CPI stood at 0.4%, a decrease compared to the value of 2012, mainly due to lower fuel prices.

Financial Markets

Similarly to what had occurred in 2012, the expansionist policies of the major central banks (Fed and ECB), took a leading role in market performance. These incentives, together with improved confidence and investor optimism, particularly with regard to resolving the crisis in the Eurozone, were some of the factors that contributed to the strong performance recorded in the equity markets.



| INDEX | 2013 | % var. Volume | 2012 | % var. Volume |
|-------------|--------|------------------|-------|------------------|
| PSI20 | 15.98% | 41.10% | 2.9% | -27.2% |
| CAC40 | 17.99% | -3.30% | 15.2% | -20.6% |
| EuroStoxx50 | 17.95% | -4.80% | 13.8% | -22.8% |
| S&P500 | 29.60% | 3.30% | 13.4% | -19.5% |
| IBEX35 | 21.42% | -1.00% | -4.7% | -24.2% |
| DAX30 | 25.48% | -2.50% | 29.1% | -20.8% |

2014 Preview

For 2014, everything points to an improvement in the global macroeconomic scenario, mainly supported by the improvement in the growth of developed economies (+2.3%), as there are still doubts with regard to the performance of emerging economies.

The U.S. will grow by 3% and Europe about 1.3%. With regard to China, the currency appreciation of about 15% implied a loss of competitiveness that is unlikely to be recovered with other variables. The change of economic model will not bring results in the short-term so many questions remain as to the OECD growth forecast of 8.2% for China in 2014. As for the other emerging economies, a difficult year lies ahead and probably with uninteresting performances. The reduction of FED incentives with the current outflow of capital, and the consequent pressure on local currencies, will force the emerging economies to undertake reforms to attract investment and to ensure future growth. These reforms generally do not have easy social approval and create instability in the short term. Therefore, until they gain a higher degree of visibility, investors will delay their investment.

In the case of Portugal, it is expected to grow again from 1% to 1.5%, with the surprises coming more from the external dynamics since the internal dynamics remain depressed under the ongoing deleveraging which will continue in the coming years. Growth is undoubtedly a good sign, but Portugal needs a nominal GDP growth of around 4% to be able to reverse the increasing debt/GDP ratio.

Foremost in the list of investor concerns in 2014, will undoubtedly be the following topics:

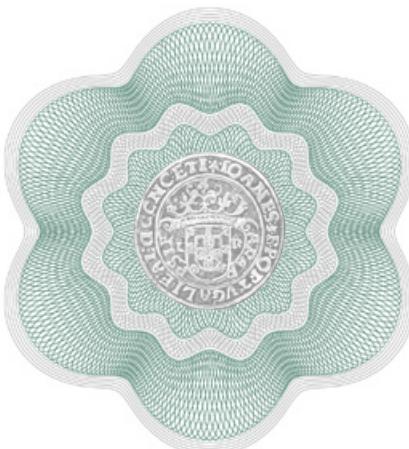
- The rate of reduction of incentives by Fed (and the Bank of England) and their impact on the markets;
- The “silent currency war” that seeks to ensure levels of competitiveness and growth that will reduce the generally high level of debt; and

- The predictable social instability in emerging countries.

Even with all the uncertainty at macroeconomic level in a global economy growing 3%, there will certainly be alternatives for good investments that will allow clients to increase their savings. However, unlike previous years, neither the shares nor bonds, in general, present attractive prices; this implies that investors will be more selective in their choice of investments, as well as more patient and opportunistic as to when to invest.

With regard to low-risk investments, it is Banco Carregosa's conviction that quality bonds (sovereign and of companies with strong balance sheets) are overvalued and are unattractive as they present a negative real interest rate. The High Yield today offers a Yield-to-Maturity of 5% and, taking into account that the historical rate of default is close to this value, the risk/return ratio of this asset does not seem appealing. This does not mean that, on occasion, there are no opportunities within this segment, but in this case the preference will be for shorter maturities.

Shares are more attractive when compared to the bonds because the expected return is higher than the risk-free rate plus the premium risk. But after two years in a row in which the increases can be explained almost entirely by multiple expansions, it is natural for investors to pause to check if the growth in earnings will actually occur. For example, in the last two years, European companies increased their earnings less than 3% and the European index rose about 30%. The same applies to the U.S..



6 . SUMMARY OF ACTIVITY

Private Banking

During 2013, Banco Carregosa kept giving special attention to the development of its core business, private banking, which grew significantly by extending the client base and by strengthening the Bank's involvement with existing Clients, who continued to favour the personalised service, independent advice and the diversified offer of solutions tailored to the specific needs of each Client.

Indeed, the amounts under supervision allocated to this business unit in 2013 showed a positive change higher than 25% when compared to the values observed in late 2012.

In 2013, several products, investment ideas and recommendations were regularly launched, with a view to completing the solutions that the private bankers have at their disposal to better serve the interests of Clients. In this context, new partnerships were also established, including with international banking institutions, which proved to be important in order to increase the capacity and flexibility to develop customised solutions.

GoBulling Banco Carregosa Online

In 2013, the activity of the online channel was marked by the revamping, at the end of the year, of the Bank's website, reflecting a broader positioning of this channel which became an online banking platform specialising in savings and investment solutions.

This transformation has benefitted not only Clients as users and investors, but also positively affected the operational efficiency of the Bank itself, insofar as controls and features were implemented that streamline the internal processes of different nature.

By using this channel, the Client is able to make financial transfers, directly access subscription to products such as term deposits, consult the financial statement, view detailed information about the securities that comprise his portfolio and enable additional controls when entering orders, among other features.

Financial products developed in-house, such as promotional deposit, were part of a systematic and consistent offer, putting the Bank in a competitive position vis-à-vis other institutions which already offered this type of solutions.

With regard to Intermediation, there has been a reduction in the volume of Client transactions. As this reduction is across the sector, the Bank maintained its market share in some categories of instruments.

| FINANCIAL PRODUCT | MARKET SHARE | | | | | |
|------------------------|--------------|--------|--------|--------|--------|--------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Shares | | | | | | |
| Off+Online | 2.40% | 2.40% | 3.60% | 2.60% | 2.30% | 2.10% |
| Online | 8.10% | 9.90% | 12.90% | 10.70% | 6.80% | 7.80% |
| Futures Market | | | | | | |
| Orders received online | 11.00% | 16.00% | 15.00% | 20.00% | 23.00% | 18.00% |
| Futures | 6.40% | 23.20% | 7.50% | 30.90% | 23.60% | 16.90% |
| Options | 88.70% | 95.80% | 82.70% | n/d | n/d | n/d |

Origination and Management

Following the strategy initiated in the previous year, throughout the year the Origination and Management Department, in close collaboration with the commercial areas, developed efforts to broaden the Bank's basic offer and design products that allow clients with different risk profiles to capture the investment opportunities identified by the team.

Among these are the indexed deposits, which by their results, within a framework of reduction of interest rates, captured the interest of investors and became available on a regular basis. As a result, there was an increase in the number of products, with an increasing subscribed amount with each placement, having a significant impact on attracting new resources, as well as the loyalty of existing resources.

With regard to asset management, the volume under management grew substantially in 2013, which meant a growth of 65% compared to 2012. This increase was due, on one hand, to the good performance of the management team, which provided, in most strategies offered, positive results above their respective benchmarks and, on the other hand, an increase in the funds raised. The list of third-party funds selected by the management team also obtained, on average, results above their indices.

| STRATEGY | PERFORMANCE STRATEGY | BENCHMARK | PERFORMANCE BENCHMARK |
|--------------|----------------------|-----------------------|-----------------------|
| Bonds | 4.52% | JPMorgan Credit Index | 1.34% |
| Shares | 19.57% | MSCI Europe | 16.43% |
| Alternatives | 3.17% | Euribor 6M | 0.31% |

Treasury and Own Portfolio

This unit, which includes the management of the Bank's investment portfolio, has contributed significantly to the formation of the banking income. The management of own portfolio again obtained quite satisfactory results, and the Income from Financial Operations reached approximately € 12 million, which constitutes a slight improvement compared to 2012.

Following the rapid appreciation of Treasury Bills (TBs) and with a view to greater flexibility in managing the portfolio of these instruments, we proceeded to the demobilization of the securities portfolio held to maturity. This divestment had a strong impact, increasing the Income from Financial Operations, but significantly penalising the net interest income, which in total has regressed 48% compared to the previous year. Given the risk/return ratio, and according to its conservative policy, the Bank opted to use debt instruments with a shorter term and lower risk, in particular by exchanging part of the medium-long term instruments portfolio for Treasury Bills.

Due to the low profitability of investment in European bonds because of the credit risks and interest rate, the Bank acquired Brazilian bonds in USD, with currency coverage, which amounted to 16.5 million dollars at the end of the year.

Other Services

In a context of shrinking trading activity in the capital market, and in an attempt to maximize the operational resources that the Bank already has, while diversifying the business areas in which it operates, two opportunities were identified that allowed to increase the offer of services and which gained importance in 2013.

Custodian of Investment Funds

The Bank, taking advantage of the existing structure, and the experience that it has been promoting in recent years, has been working to attract new customers for this type of service. At the end of the year there were already three real estate funds, in two distinct management companies, whose assets under management amounted to more than € 31 million.

Clearing and Settlement in the Iberian Electricity Market (MIBEL):

In 2013, the OMIP trading volume exceeded €10 billion, of which the part relating to the Portuguese market accounted for 90% of the needs of the national energy supply. In March, the Bank was admitted as a General Clearing Member of OMIP, a statute it shares with other first-tier banks.

Volume Traded (Thousands of Euros)



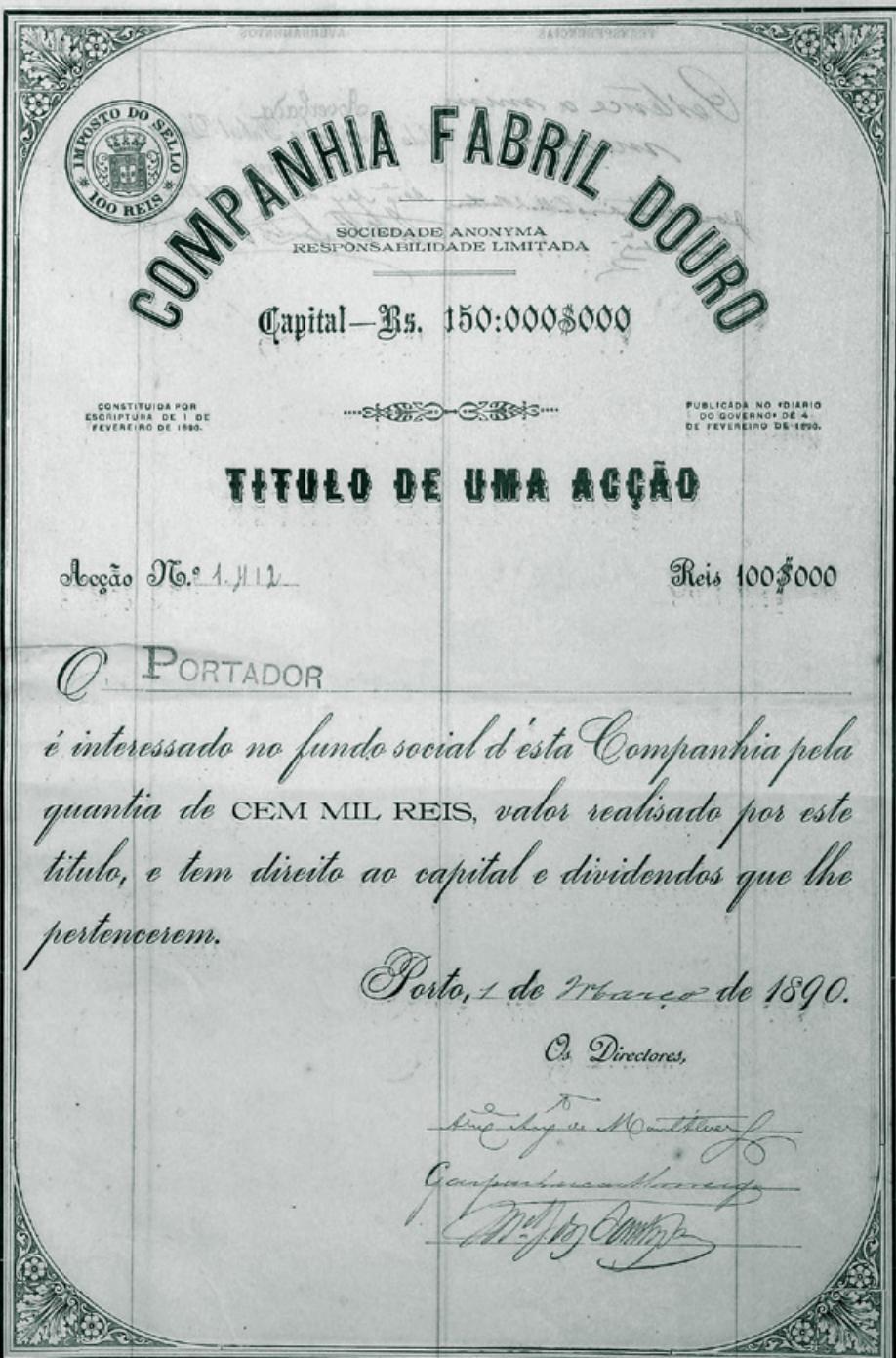
The major players in the market have sufficient size and financial capacity to ensure the proper settlement of transactions. However, there are smaller businesses operating in the market that need to resort to a clearing member and there are very few financial intermediaries providing this service – this is Banco Carregosa's target segment. In this first year of operation as a General Clearing Member, the Bank, with the support of the Foreign Network, provided clearing and settlement services to seven trading members, all non-residents, while developing efforts to diversify the range of services in this segment as early as 2014.

Internal Control

In 2013, the three units of the Internal Control System (Compliance, Risk and Internal Audit), albeit with enhanced autonomy, maintained a relationship of collective support to all organisational units with systematic reporting, and where applicable, to the competent decision-making bodies.

These three units develop their autonomous activities, focused on the sustainability of processes, policies and procedures, strengthening self-regulation and prevention in supervisory matters, whilst ensuring compliance with the legal and reporting obligations that the Bank is subject to.

To reinforce this concern, internal control had significant intervention in the series of internal workshops which Banco Carregosa promoted for its employees in 2013, in the adjustment of continuous control methodologies, in directed training, by issuing warning signals of risk of default where this proved to be eminent and justifiable.



i) Risk

The Risk Department is directly dependent on the Executive Committee and is responsible for providing quantitative and qualitative information on all risks.

It prepares reports at different intervals, focusing on the risks the Bank is subject to, both for internal use and for the Supervisory Authorities. Despite the periodic reports, the Department prepares sporadic analyses of risk situations, especially the operational ones.

In 2013, the Risk Department actively collaborated in several projects, in particular:

- ARGUS PROJECT – Implementation of software for detecting operations and clients suspected of involvement in money laundering and financing terrorism;
- NEW SITE PROJECT – Integration of several proposals contained in the MiFID project of the previous year;
- CREDIT – Creation of a methodology for calculating the probability of default and losses due to default;
- EMIR PROJECT – Implementation;
- BASEL III PROJECT AND COREP/FINREP – Implementation.

ii) Audit

The internal audit of Banco Carregosa is a supporting body reporting directly to the Chairman of the Executive Committee.

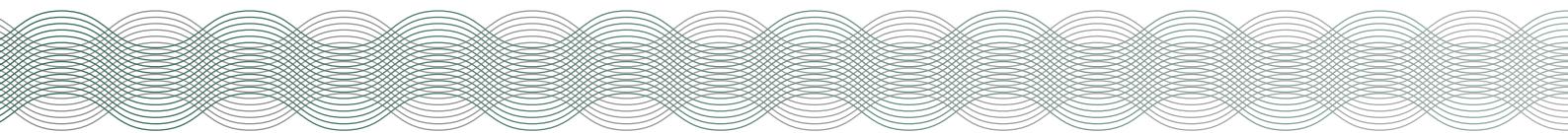
Internal Audit provides analyses, appraisals, recommendations, suggestions and information relating to the activities examined, including the promotion of effective control at reasonable cost. The audit reveals the weaknesses, determines the causes, evaluates the consequences and proposes solutions.

To carry out its annual intervention programme, it establishes a set of objectives tailored to the requirements of the Institution and to the continuing need to maintain and add value to its current activity, to operational support and continued development based on technological platforms to support the business.

The methodology used follows the international standards and Audit has powers to:

- Support, guide, monitor and evaluate the actions of administrative, financial, assets, operational and staff management specifying their efficiency, and fairness, as well as the compliance with the approved internal regulations;
- Monitor the implementation of recommendations and decisions on remedial measures pointed out by the Audit unit;
- Establish and monitor plans, audit programmes, criteria, assessments and working methods, aiming at greater efficiency and effectiveness of internal controls, contributing to reducing the possibilities of fraud and errors and eliminating activities that do not add value to the Institution;
- Draw up the Annual Plan of Internal Audit Activities – PAINT and the Annual Report on Internal Audit Activities;
- Promote measures and draw up reports by resolution of the Executive Committee;
- Advise the Executive Committee or delegated Entities (Statutory Auditor, Audit Board and External Audits), in matters within its competence;
- Develop disciplinary inquiries;
- Others that the Executive Committee may, in due time, determine.





With regard to the compliance with the Internal Audit Plan for 2013, programmed interventions were refocused within the framework of ongoing implementations, resulting from the organisational restructuring carried out in the second half of 2012 and projects completed in the meantime.

iii) Compliance

The Compliance area acts as the guarantor of compliance with the duties and obligations that the Bank, as a financial intermediary, is subject to, in particular in the effective control of the timely submission of reports to the Supervisory and Regulatory Authorities, both in terms of monitoring, and in terms of disclosure of new obligations. To this end, it regularly monitors the rules and regulations that are published and sends them to the relevant Departments whilst also collaborating in the implementation of measures and procedures to be adopted.

Included in the scope of the Department, is the collaboration in the process of monitoring of transactions suspected to be money laundering and financing of terrorism, and it has to notify the competent authorities of its suspicions that such crimes are being practised.

Accordingly, the Department monitors the execution of the Bank's various obligations, providing continuous support to the different people involved in their execution and continuously updating the information on the applicable standards.

In compliance with the legal and regulatory stipulations, in 2013 particular attention was given to the detection of potential improvements to the prevention of money laundering programme that was implemented in the previous year. This analysis resulted in the need for some adjustments and developments, which will continue throughout the first half of 2014.

Additionally, the Compliance Department collaborated with the remaining structure units in the implementation of new regulatory requirements (e.g. the requirement for submission of "Fundamental Investor Information" prior to the acquisition of the complex financial products listed by the CMVM Regulation No. 2/2012), as well as in monitoring the regulations applicable to the new products marketed, specifically indexed deposits.

At the end of 2013, the Compliance Department participated in the review process of the new website of the Bank, in particular in the specification of the requirements for the online account opening process and in ensuring the provision of the required legal and regulatory information to the public.

The process of analysis and processing of claims is under the responsibility of this Department. Here, the information necessary for the analysis of these claims is collected and processed by people independent of the business area the complaint relates to, reporting directly to the Executive Committee; the Department is also responsible for their follow-up and filing, with guarantee of their future traceability.

Where relevant, Compliance collaborates with the other Departments in providing diverse information to the supervisory authorities.

Human Resources

The Human Resources Management has as main goals to attract, develop and retain the best talent in the Organisation by creating conditions for an environment where employees feel motivated to explore their full potential, with a positive and constructive attitude, making them want to remain in the organization.

In 2013, Banco Carregosa's strategy was, on the one hand, to maintain its workforce and, on the other, to invest in the creation of conditions for the development of their talents. The strong focus on internal training should be noted – allowing the dispersal and enhancement of high internal know-how – as well as the improvement of areas of performance evaluation and management of benefits.

In December 2013, Banco Carregosa had a workforce of 66 employees, with a slight decrease in the number of employees in relation to the previous year.

The average length of employment is 5 years, thus confirming the expectations of maintaining the structure since the transition to Bank in 2008.

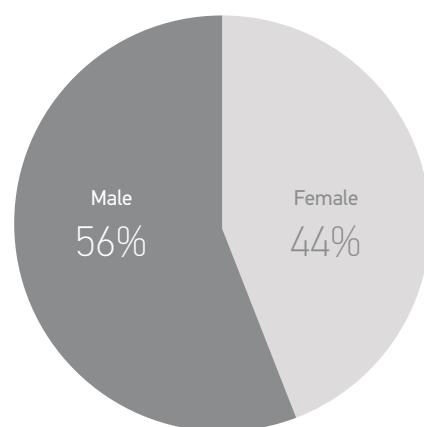
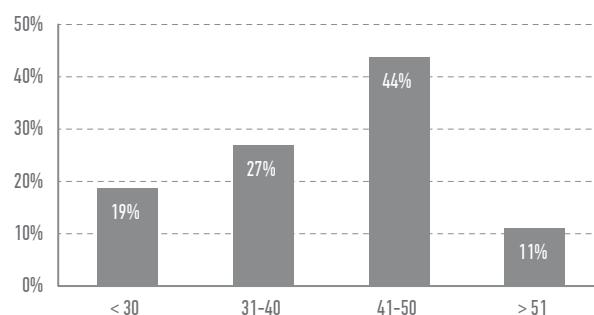
Evolution of the Workforce

| PERIOD | DEC. 2012 | DEC. 2013 |
|-------------------------------|-----------|-----------|
| Headquarters | 51 | 50 |
| Lisbon | 15 | 14 |
| Spain (representative office) | 2 | 2 |
| TOTAL | 68 | 66 |

Banco Carregosa's workforce has high potential employees, with skills appropriate to their roles, with banking experience and above average qualifications (75% of the employees have higher education).

With regard to the distribution of employees by gender, there was quite a balance. The percentage of female employees at the end of 2013 was 44% and the ratio of Male/Female was 1.3.

The average age of employees was 41 years old.

Distribution by Gender**Distribution by Age Group**



VI. ANALYSIS OF ACCOUNTS

INDIVIDUAL ACCOUNTS:

In the year under review, the Bank achieved positive net profits of € 7 049 164 which, when compared to 2012 (€ 9 463 904), represents a decrease of 25.5%. These results are primarily based on the outstanding performance of its own portfolio that, given the business opportunities and the favourable prices of Portuguese treasury bonds, contributed very positively to the final result.

Despite the demanding context and not being able to overcome the truly exceptional results of 2012, the Bank's performance in 2013 was quite satisfactory, representing a considerable growth, particularly when compared with 2011.

The main performance indicators can be found in the table "Summary of Indicators" which shows the main highlights of the Bank's evolution in 2013:

- Net assets decreased by 10.8% to approximately € 229 million, as a result of the reduction of funding by the European Central Bank and an increase of approximately €6 million of Equity Capital, mainly due to the strengthening of Own Funds;

| | 2013 | Var % | 2012 | Var % | 2011 |
|------------------|-------------|-------|-------------|-------|-------------|
| Total Net Assets | 228 858 967 | -11% | 256 599 162 | 45% | 176 958 433 |
| Equity Capital | 38 657 129 | 18% | 32 726 801 | 49% | 21 945 255 |
| Own Funds | 33 298 095 | 28% | 26 049 628 | 29% | 20 135 213 |

- With regard to Credit, the reduction by approximately 22% of overdue loans should be noted, which reinforces its reduced significance, now representing 0.29% of the Credit Granted and only 0.05% of Net Assets;

| | 2013 | Var % | 2012 | Var % | 2011 |
|--------------------------------|--------|-------|--------|-------|--------|
| Overdue Loans/Credit Granted | 0.29% | -22% | 0.38% | -82% | 2.14% |
| Overdue Loans/Net Assets | 0.05% | -14% | 0.06% | -44% | 0.10% |
| Credit Granted/Client Deposits | 41.06% | -20% | 51.02% | 202% | 16.90% |
| Credit Granted/Net Assets | 17.06% | 10% | 15.48% | 221% | 4.83% |

- Client deposits have been growing, standing at around € 95 million at 31 December, representing an increase of 22% compared to the end of the previous year and 89% over 2011;
- With regard to Income, the Return on Average Equity of 22.66% should be pointed out, resulting from the good results obtained in recent years;

| RETURN | 2013 | Var % | 2012 | Var % | 2011 |
|-----------------------------------|--------|-------|--------|-------|-------|
| Return on Average Assets (ROA) | 3.19% | -26% | 4.29% | 636% | 0.58% |
| Return on Average Equity (ROE) | 22.66% | -26% | 30.42% | 754% | 3.56% |
| Banking Income/Average Net Assets | 8.60% | -20% | 10.77% | 168% | 4.02% |

- **Banking Income** amounted to about € 19 million, lower than that achieved in 2012, but an increase of over 100% when compared to the year 2011;
- The reduction in banking income is due to a 48% drop in **Net Interest Income** to € 4.8 million, through a reduction in income, which resulted from the sale of part of the assets portfolio held to maturity, with very significant impact on interest rates;
- **Net Commissions** are generally decreasing, due to a reduction in the volume of client transactions who maintained a greater preference for Deposits over other instruments traded on the capital market;

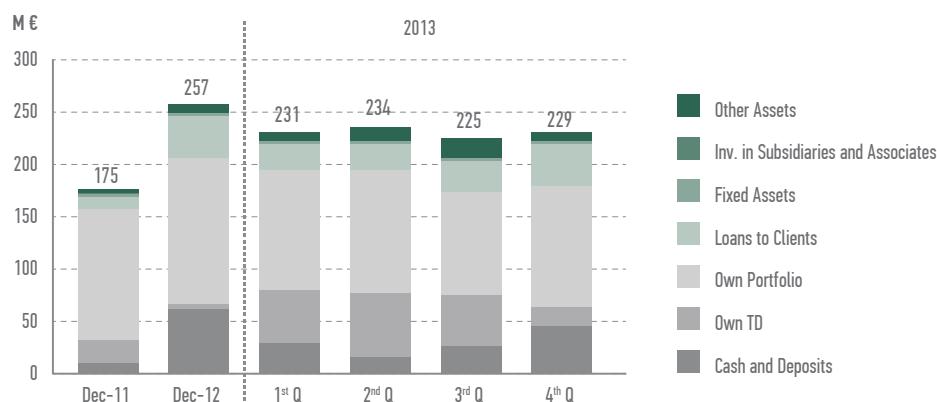
| | 2013 | Var % | 2012 | Var % | 2011 |
|--|------------|-------|------------|-------|-----------|
| Banking Income | 18 990 837 | -20% | 23 782 357 | 168% | 8 874 824 |
| Net Interest Income | 4 821 917 | -48% | 9 341 312 | 261% | 2 587 595 |
| Net Commissions | 2 716 726 | -11% | 3 045 263 | -21% | 3 852 605 |
| Income from Financial Operations (Net) | 12 032 793 | 2% | 11 786 661 | 291% | 3 016 359 |
| Net Income | 7 049 164 | -26% | 9 463 904 | 929% | 920 115 |

- Efficiency measured by processing costs on banking income was 37.33%, which is quite satisfactory when compared with the 2012 ratio of the Sector in Portugal of 58.59%¹;
- **Financial Soundness** was maintained, with the Solvency Ratio reaching 20.5%, above the required by the authorities.

Note: In 2013, the Bank recorded in liabilities, under provisions for other risks and charges, the amount of € 500 000 to cover potential liabilities that could arise from the non-existence, to date, of insurance covering the liability of Administrators and Directors. Following the contracting of this insurance in 2014, the existing provision was reversed.

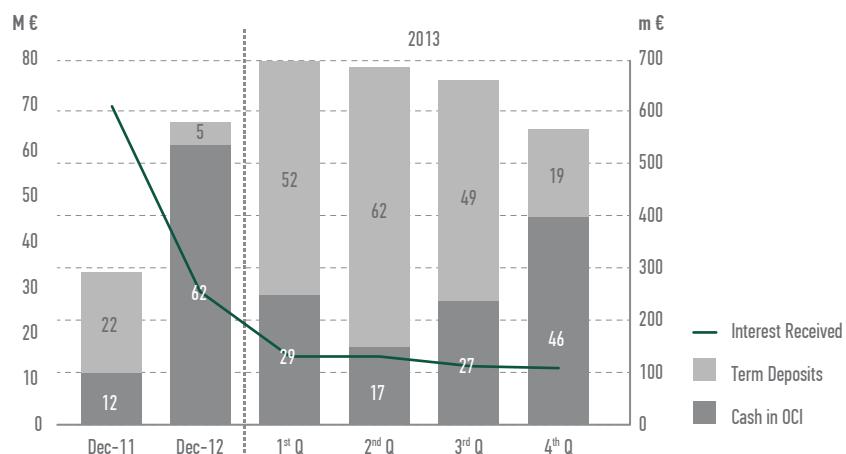
¹Source: "CBD – Statistics on Consolidated Banking Data" of the European Central Bank at www.ecb.europa.eu/stats/money/consolidated/html/index.en.html

Asset Composition



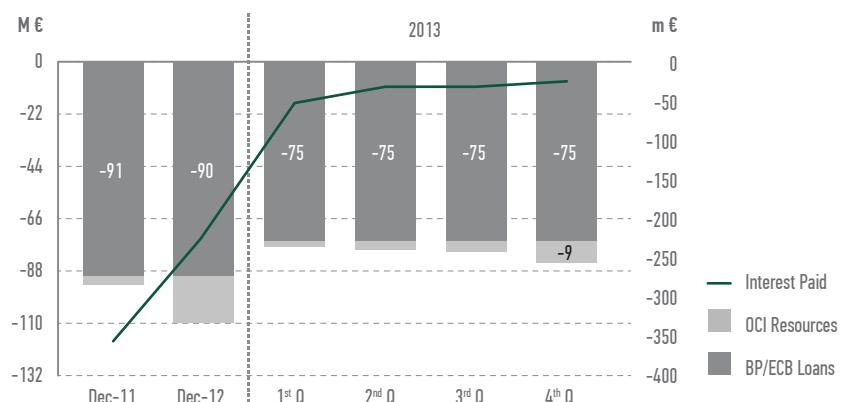
The net assets of the Bank amounted to € 228 858 967, invested in highly liquid instruments, securities and deposits with the Central Bank and other credit and selective credit institutions, ensuring the stability and caution necessary to face the future, as soon as the contingency periods and market instability are overcome.

Liquidity – Assets

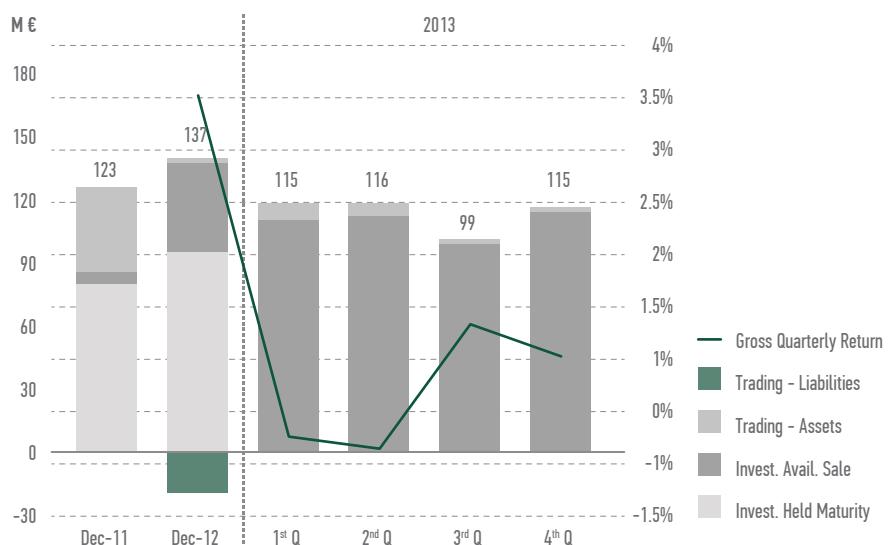


The financing of the assets is ensured by the use of stable sources of financing (financing with a maturity greater than or equal to 2 years and equity which, all together, represent 45.5% of the assets).

Liquidity – Liabilities



Portfolio Evolution



The Bank's securities portfolio (trading and investment) represent, by themselves, 49.9% of net assets compared with 46.1% in 2012. The absolute and aggregate values, for each of the years, stood at EUR 115 and 138 million, respectively (excluding liabilities held for trading).

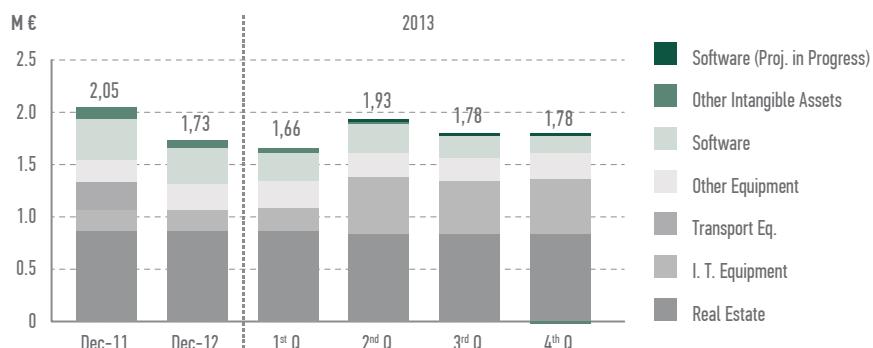
Evolution of Loan Portfolio



The loan portfolio, after an exponential growth in 2012 (+ 359% compared to 2011), counter-cyclically with the market shortage, partly due to demand and diversification of credit products, remained stable 2013 at around EUR 39 million. This portfolio, of own characteristics and specific purposes, includes contracts validated by a notary and are mostly subject to property registration. Additionally, the Bank also has, in the vast majority of operations, personal guarantees of its debtors or guarantors.

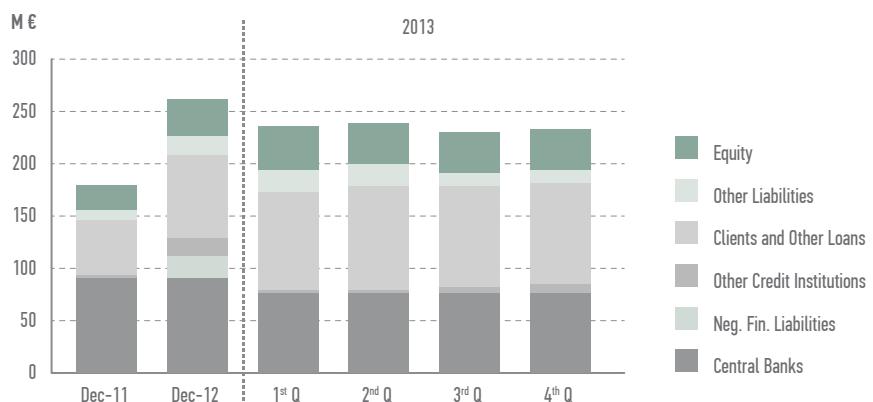
The real estate guarantees are subject to periodic revaluation by accredited and independent technical assessors following prudent criteria which reflect the evolution of the corresponding real estate markets, the nature of the property, the potential use and liquidity. All other guarantees are made up of pledges on the financial investments portfolios. The new credit operations were essentially granted to clients with a low risk profile. As a result of this policy, the Bank does not show significant values in its non-performing loans portfolio (capital and interest), representing, in 2013, €93 569 of provisions.

Fixed Assets – Net Value



Fixed assets, in net terms, have an annual variation (+0.03%) in its highest expression justified by the entire amortisation of existing transport equipment and new acquisitions in 2013.

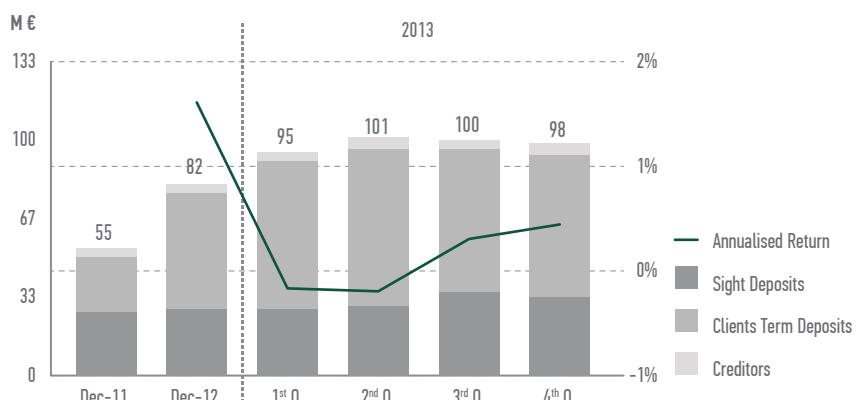
Composition of Liabilities and Net Positions



Liabilities show an overall decrease of (-33%) that compares the amount of €223 872 361 of 2012 with the €190 201 838 of 2013, with similar behaviour in financial liabilities held for trading (-99.48%); in resources of central banks (-16.13), other credit institutions (-52.85%), client resources and other loans (+22.09%) e and in current tax (-100%).

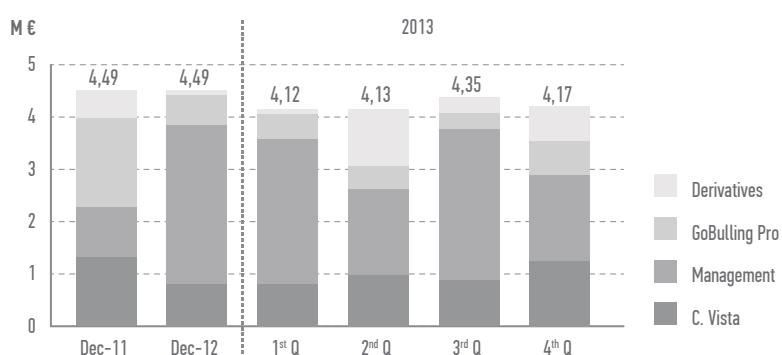
In terms of net worth, equity showed a positive evolution of over € 5.9 millions, as a direct result of the policy of incorporation of the net income from the previous year, the revaluation of its investment portfolio and the significant impact of Profit of the year which allowed to increase the level of return on assets.

Evolution of Resources from Clients



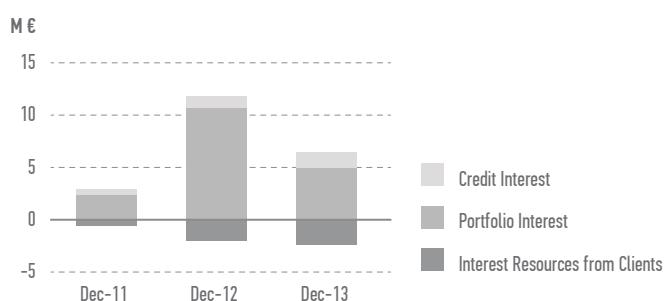
The resources raised from clients show a significant growth (+19.5%) compared with the previous year. This evolution reflects not only the increase in new clients, but also the tendency of reinforcing the proportion of clients' financial assets allocated in Time Deposits.

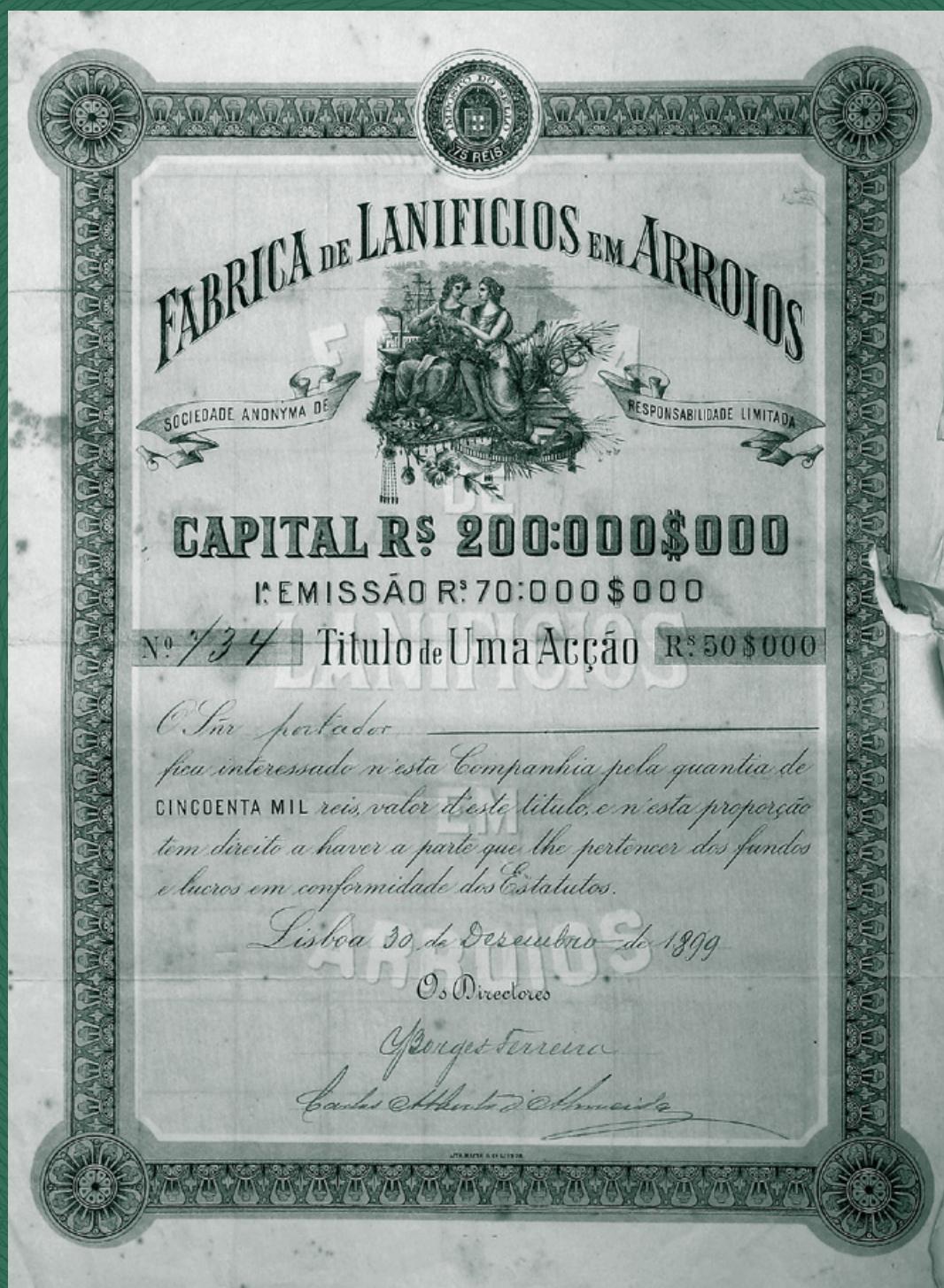
Creditors by Type



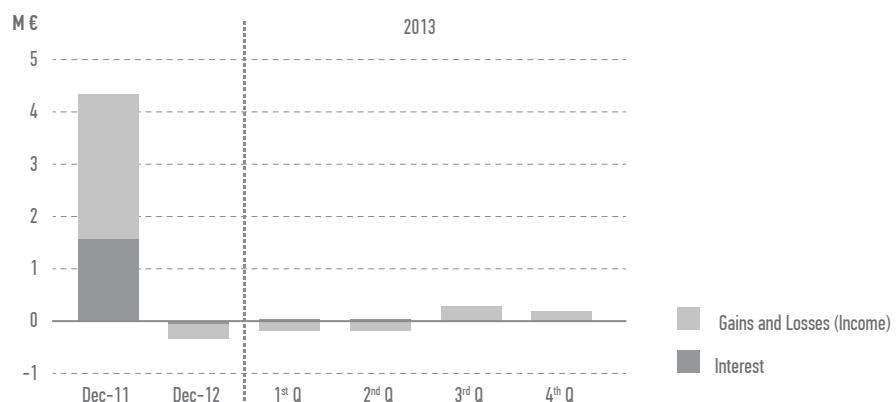
In 2013, the net margin showed a drop of (-48%) totalling a negative variation of -4 519 m€. As a result of this variation and in terms of interest and similar income, the interest from own portfolios resulting from the reduction in bond rates and the effect of the sale of securities held to maturity are more significant in this reduction; on the other hand, the remuneration of resources as a result of their growth, particularly in TDs, contributed a lot to this effect.

Evolution of Net Margin

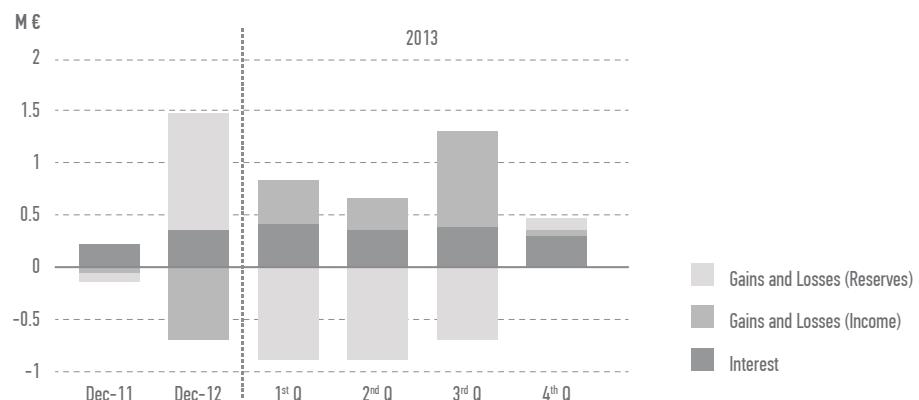




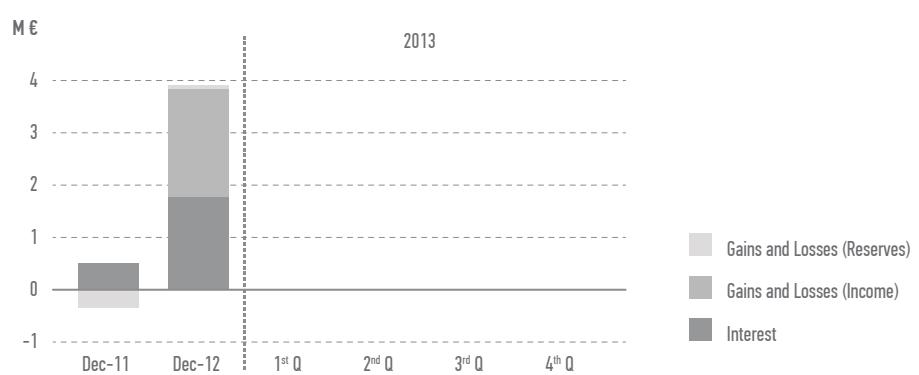
Gains and Losses – Finan. Assets and Liabilities Held for Trading



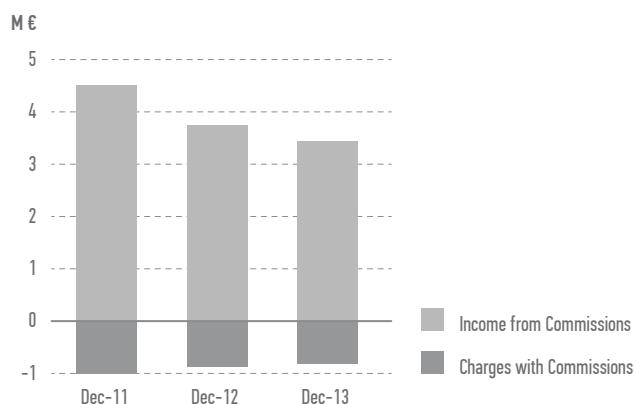
Gains and Losses – Finan. Assets Held for Sale



Gains and Losses – Finan. Assets Held to Maturity

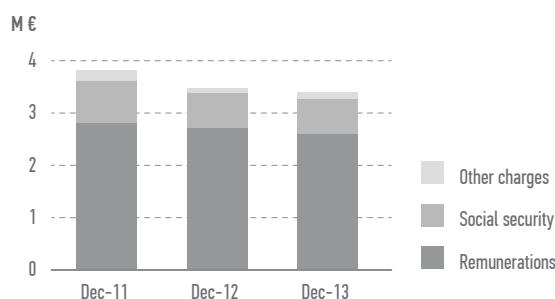


Evolution of Net Commissions



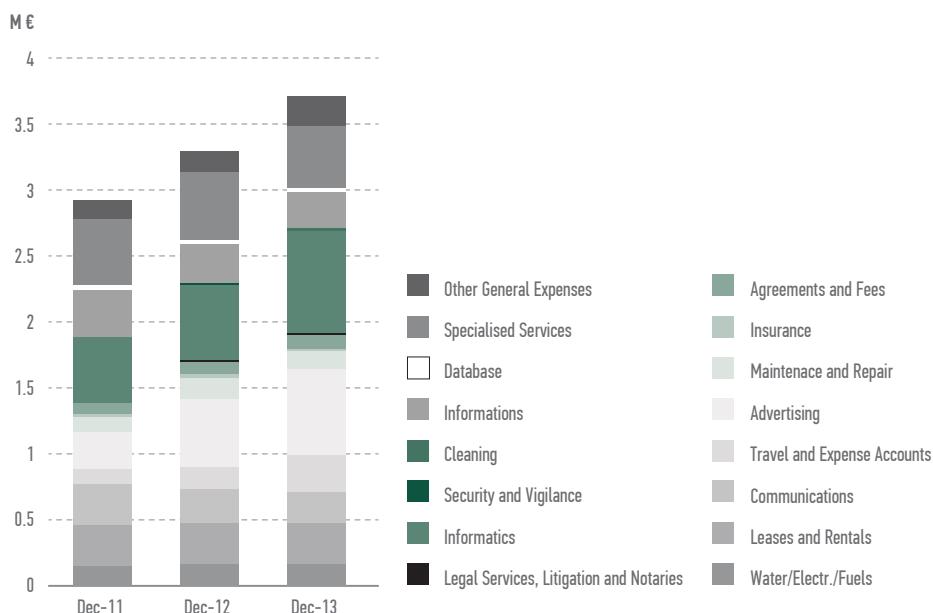
The evolution of income with net commissions was more modest, showing a negative evolution of -10.78% to € 3 045 263 in 2013, when, remaining almost unchanged, the commissions paid between financial years, the commissions received, as a whole, led to a decrease of €-350m largely as a result of clients pulling back given the instability of the markets.

Staff Costs



Staff costs stabilised in 2013, showing a slight decrease (-2.27%) compared to 2012, as a result of less 2 employees in the workforce, standing in 2013 at € 3 372 817 that compares with the € 3 451 182 of 2012. The variation would be more remarkable if the premium paid for extraordinary performance in late 2013 amounting to €127 500 had not been considered.

General Administrative Costs



Overheads maintained a level of moderate growth (+12.5%), partly justified by the tax burden and cost of production of goods and services, the investment in marketing and the technological component, fundamental pillars for the functioning and development of the activity and better supply of products and services.

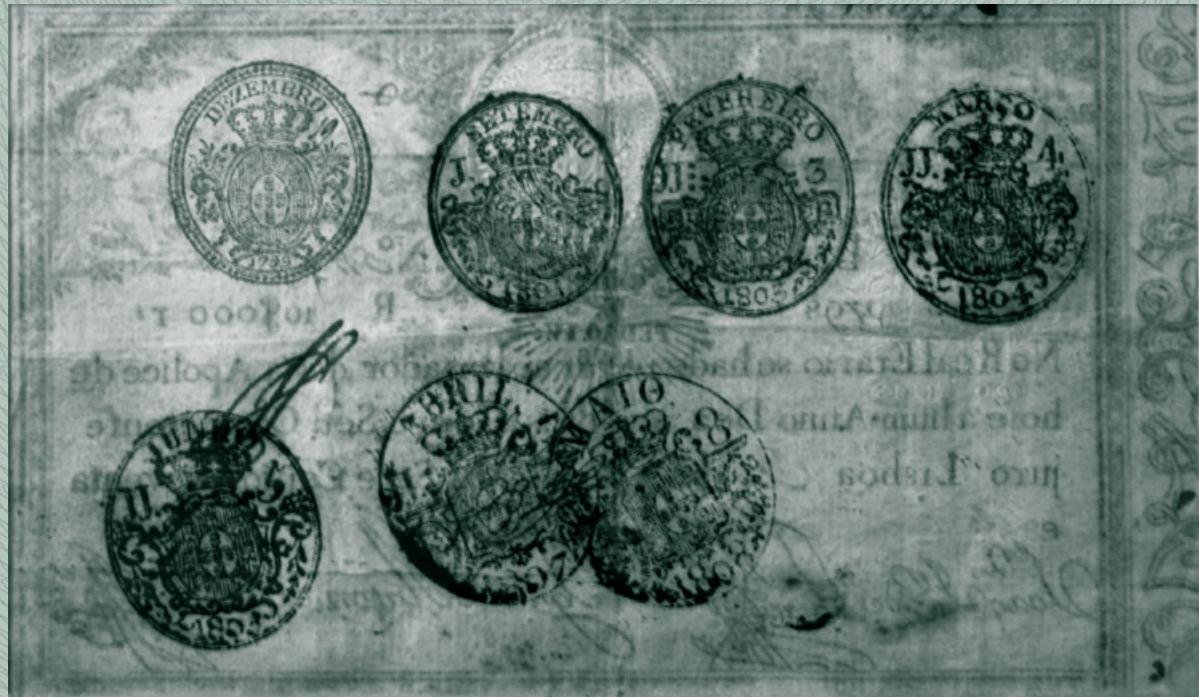
CONSOLIDATED ACCOUNTS:

As a result of the reduced significance of the Financial Statements of each of the subsidiaries and associated companies considered in the scope of consolidation, and the Bank's exclusive and decisive contribution, as shown in the individual accounts analysis, it has to be pointed out that:

The consolidated net assets fell by 11.1% in 2013 to €227.9 million Euros compared with the €228.8 million recorded in the Bank.

The Consolidated Net Profit in 2013 was €7 286 052 (positive) with contributions of each of the companies, after cancellation of reciprocal movements, and the Bank's net profit of €7 049 164, was equally positive.

These variations are explained in the notes.



VII. COMPLIANCE STATEMENT ON FINANCIAL INFORMATION

The members of the Board of Directors of Banco Carregosa, hereby declare that:

(i) the individual financial statements of the Banco Carregosa Group for the years ended on 31 December 2012 and 31 December 2013 were prepared in accordance with the Adjusted Accounting Standards (AAS) as defined by the Bank of Portugal Notice no. 1/2005 of 21 February 2005;

(ii) the consolidated financial statements of Banco Carregosa for the years ended on 31 December 2012 and 31 December 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and transposed into Portuguese law through Decree-Law no. 35/2005 of 17 February;

(iii) to the best of their knowledge, the financial statements referred to in paragraphs (i) and (ii) give a true and fair view of the assets and liabilities, financial position and income of Banco Carregosa and the Group in accordance with the said Standards and were approved by the Board of Directors meeting held on 16 April 2014.

(iv) the management report faithfully describes the evolution of the business, performance and financial position of Banco Carregosa and the Group for the year 2013.



RELATORIO
DE
SIR OTTO NIEMEYER

SOBRE A SITUAÇÃO FINANCEIRA
DOS ESTADOS UNIDOS DO BRASIL

(VERSÃO BRASILEIRA)

1931

PUBLICADO PELA FIRMA
L. J. CARREGOSA & C.^A, L.^{DA}
NEGOCIANTES DE PAPEIS DE CREDITO
276, RUA DAS FLORES, 278

PORTO



PORTO
PAPELARIA E TIPOGRAFIA AZEVEDO
DE
MANOEL JOSÉ ALVES DE AZEVEDO & F.^O, SUC. REV
18 - LARGO DOS LÓIOS - 20

1931

VIII. SUBSEQUENT EVENTS

There were no subsequent events after the balance sheet date that, in accordance with the provisions of "IAS 10 – Events after the balance sheet date", imply adjustments or disclosures in the financial statements.




**PREVIDÊNCIA
AGRÁRIA**
INSTITUIÇÃO DE SEGUROS



COM PARTICIPAÇÃO DOS LUCROS PELOS SEGURADOS
SOCIÉTÉ ANONYME DE RESPONSABILITÉ LIMITÉE

SÉDE EM LISBOA

Capital Esc. 500.000 \$00

INTEGRALMENTE REALIZADO E REPRESENTADO POR 200.000 ACÇÕES DO VALOR NOMINAL DE 2.50

AUTORIZADA POR PORTARIA DE 21 DE MARÇO DE 1921

TÍTULO DE OITENTA ACÇÕES

Nº 2003 A 3011 Esc. 200\$00

Pertence este título ao Dr. José de Castro
Figueiredo de Faria

Lisboa, em 1 de Novembro de 1922

Os Directores

José da Cunha
Silva



IX. INFORMATION PURSUANT TO ARTICLE 66 OF THE C.C.C.

The company and its subsidiaries have no outstanding debts to the State Public Sector.

The Bank does not have, did not acquire nor sell own shares.

Pursuant to article 397 of the C.C.C., no acts were referenced that would fall within the framework of articles 1) and 3), and so there are no references to authorisations granted by resolution of the Board of Directors, nor are there opinions on them made by the Supervisory Board.

In compliance with paragraph b) of no. 1 of article 66-A, Chapter 6 of the C.C.C., the notes to the consolidated and individual accounts (notes 41 and 32, respectively), describe the total fees charged during the financial year by the statutory auditor in relation to the statutory audit of the annual accounts, and the fees charged for other compliance and assurance services, the total fees charged for tax consultancy and the total fees charged for other services that are not review or audit.

The compulsory incorporation of AAS and the international accounting standards has been fully carried out.





X. REMUNERATION POLICY OF MANAGEMENT AND SUPERVISORY BODIES, AND EMPLOYEES

REMUNERATION POLICY OF MANAGEMENT AND SUPERVISORY BODIES OF BANCO L. J. CARREGOSA, S.A.

Pursuant to and for the purpose of article 18 of the Bank of Portugal Notice no. 10/2011 of 29/12, we hereby state that the Remuneration Policy is prepared in strict conformity with the principles and rules of the said notice 10/2011 and also according to point 24 of the annex to D.L. 104/2007 of 03/04, as amended by D.L. 88/2011 of 20/07.

This policy, which will be described in more detail below, is appropriate and proportionate to the size and organisation of the institution, avoiding excessive exposure to risk, guided by values of justice and fairness, accountability and transparency, valuing the effective performance of its employees.

In turn, the remunerations of the governing bodies are decided by the Remuneration Committee, elected by the General Meeting of Shareholders, pursuant to the company's Statutes.

With regard to the specific assessment of the remuneration policy, the Committee considered that there should be no variable remunerations, dependent or not on individual or collective performance. It also determined the non-differentiation of welfare or retirement conditions of Executive Directors compared to the other Bank employees.

For 2013, the monthly fixed remuneration for members of the Governing Bodies were established, considering that:

- The fixed monthly remuneration will be paid on a 14-month/year basis;
- The members that comprise the Executive Committee of Banco Carregosa will only exercise office in other companies on behalf of or in the interest of the Banco Carregosa; the remuneration earned for the exercise of such positions will be considered in the overall remuneration determined by the Remuneration Committee;

- For the exercise of their functions, the non-executive members of the Management bodies of Banco L. J. Carregosa, S.A. receive an attendance fee, except for the Chairwoman who receives a fixed remuneration;
- The Chairman of the Supervisory Board and the other members also receive an attendance fee;
- The members of the Remuneration Committee do not earn any remuneration for the performance of this office;
- In case of dismissal of members of the Board of Directors, Banco Carregosa's policy is the payment of the compensation foreseen in the law. The members of the Board of Directors receive no additional compensation and the same criteria are applied to all employees.

Lastly, at the next General Meeting of Shareholders, the Bank's Board will propose a change in the composition of the Remuneration Committee, replacing the current Chairman by an independent member of the management bodies.

The remaining two elected members will continue to be part of the Remuneration Committee so this Committee will consist mostly of independent unpaid members, in compliance with the provisions in no. 2 of article 7 of the above mentioned Notice 10/2011

.



REMUNERATION OF THE OTHER EMPLOYEES OF BANCO L. J. CARREGOSA, S.A.

The majority of the remaining employees earn only a fixed remuneration and we tried to take into account the level of responsibility, specificity of functions performed and contributions of each one. Employees with commercial functions in the area of the online channel/markets, in line with the practice in this business segment receive, besides the fixed remuneration, a variable supplement that is objective and proportionate to the income generated by their Clients. The size of the Institution and ongoing scrutiny by the hierarchy make it possible to prevent conflicts of interest that variable remunerations could represent.

Where necessary, the people that are part of the structural units responsible for control functions, human resources or external experts are consulted, to allow making an independent value judgment on the appropriateness of the remuneration, including its effects on risk management, capital and liquidity of the Institution.

The process of fixing the remuneration is guided by the values of justice and fairness, proportionality, accountability and the balance between functions and Employees.

The Employees referred to in no. 2 of Article 1 of Notice no. 10/2011 of the Bank of Portugal do not receive remuneration with variable component. The Central Director, pursuant to paragraph b) and c) of no. 2 of article 1 of the said notice, receives a fixed remuneration equivalent to that of the Executive Committee members. The same applies to the head of the relational channel. In compliance with paragraph e) of article 17; we also inform that 6 new staff members were recruited in 2013. The table below shows the other requirements related to this same article.

In December 2013, the Bank decided to award a performance bonus to its employees (excluding members of the governing bodies) that amounted to the value of € 127,500.

| AREA OF ACTIVITY | TOTAL REMUNERATION | |
|--|----------------------|--------------------|
| | FIXED | VARIABLE |
| Management and Supervisory Bodies | | |
| Board of Directors (Chairman) | 62 066.31 € | 0.00 € |
| Executive Committee | 276 027.43 € | 0.00 € |
| Supervisory Board | 17 000.00 € | 0.00 € |
| Total | 355 093.74 € | 0.00 € |
| Central Management | | |
| Business Units | 84 104.67 € | 0.00 € |
| Internal Control Units | 877 867.983€ | 51 087.46 € |
| Business Support Units | 86 972.40€ | 0.00 € |
| Total | 1 823 199.56€ | 51 087.46 € |
| OVERALL TOTAL | 2 178 290.30€ | 51 087.46 € |



CIDADE DO PORTO

Nº 05917

Reis 90\$000

Emprestimo de Reis 3.720.060\$000

DIVIDIDO EM 41:334 OBRIGAÇÕES DE 90\$000 REIS

Esta obrigação faz parte do empréstimo de 3.720.060\$000

reis, contruído pela Câmara Municipal do Porto, por

deliberação de 15 d'Abri de 1889, e vence o juro anual de 4,5
por cento ou 420\$00 reis, pagável aos semestres nos dias 2 de
Janeiro e 1 de Julho de cada anno. A amortização do empre-
stimo far-se-há ao par, por sorteios semestrais, dentro de período
de noventa annos, enquanto não for totalmente amortizado, ex-
tando-se à competente verba nos respectivos orçamentos.

Todas as obrigações serão assinadas de chancela pela
Comissão Municipal.

Porto e Paços do Concelho, 1 de Julho de 1889.

A Comissão Municipal

António Alves Monteiro or
António d'Almeida Ferreira

M. C. Alves Pimentel.

E. Tavares da Costa

José B. de Lima

| PAGO | PAGO | PAGO |
|------|------|------|
| 1000 | 1000 | 1000 |
| 1001 | 1001 | 1001 |
| 1002 | 1002 | 1002 |
| 1003 | 1003 | 1003 |
| 1004 | 1004 | 1004 |
| 1005 | 1005 | 1005 |
| 1006 | 1006 | 1006 |
| 1007 | 1007 | 1007 |
| 1008 | 1008 | 1008 |
| 1009 | 1009 | 1009 |
| 1010 | 1010 | 1010 |
| 1011 | 1011 | 1011 |
| 1012 | 1012 | 1012 |
| 1013 | 1013 | 1013 |
| 1014 | 1014 | 1014 |
| 1015 | 1015 | 1015 |
| 1016 | 1016 | 1016 |
| 1017 | 1017 | 1017 |
| 1018 | 1018 | 1018 |
| 1019 | 1019 | 1019 |
| 1020 | 1020 | 1020 |
| 1021 | 1021 | 1021 |
| 1022 | 1022 | 1022 |
| 1023 | 1023 | 1023 |
| 1024 | 1024 | 1024 |
| 1025 | 1025 | 1025 |
| 1026 | 1026 | 1026 |
| 1027 | 1027 | 1027 |
| 1028 | 1028 | 1028 |
| 1029 | 1029 | 1029 |
| 1030 | 1030 | 1030 |
| 1031 | 1031 | 1031 |
| 1032 | 1032 | 1032 |
| 1033 | 1033 | 1033 |
| 1034 | 1034 | 1034 |
| 1035 | 1035 | 1035 |
| 1036 | 1036 | 1036 |
| 1037 | 1037 | 1037 |
| 1038 | 1038 | 1038 |
| 1039 | 1039 | 1039 |
| 1040 | 1040 | 1040 |
| 1041 | 1041 | 1041 |
| 1042 | 1042 | 1042 |
| 1043 | 1043 | 1043 |
| 1044 | 1044 | 1044 |
| 1045 | 1045 | 1045 |
| 1046 | 1046 | 1046 |
| 1047 | 1047 | 1047 |
| 1048 | 1048 | 1048 |
| 1049 | 1049 | 1049 |
| 1050 | 1050 | 1050 |
| 1051 | 1051 | 1051 |
| 1052 | 1052 | 1052 |
| 1053 | 1053 | 1053 |
| 1054 | 1054 | 1054 |
| 1055 | 1055 | 1055 |
| 1056 | 1056 | 1056 |
| 1057 | 1057 | 1057 |
| 1058 | 1058 | 1058 |
| 1059 | 1059 | 1059 |
| 1060 | 1060 | 1060 |
| 1061 | 1061 | 1061 |
| 1062 | 1062 | 1062 |
| 1063 | 1063 | 1063 |
| 1064 | 1064 | 1064 |
| 1065 | 1065 | 1065 |
| 1066 | 1066 | 1066 |
| 1067 | 1067 | 1067 |
| 1068 | 1068 | 1068 |
| 1069 | 1069 | 1069 |
| 1070 | 1070 | 1070 |
| 1071 | 1071 | 1071 |
| 1072 | 1072 | 1072 |
| 1073 | 1073 | 1073 |
| 1074 | 1074 | 1074 |
| 1075 | 1075 | 1075 |
| 1076 | 1076 | 1076 |
| 1077 | 1077 | 1077 |
| 1078 | 1078 | 1078 |
| 1079 | 1079 | 1079 |

Assentada a Fazenda Pública do Concelho.

| PAGO | PAGO | PAGO |
|------|------|------|
| 1000 | 1000 | 1000 |
| 1001 | 1001 | 1001 |
| 1002 | 1002 | 1002 |
| 1003 | 1003 | 1003 |
| 1004 | 1004 | 1004 |
| 1005 | 1005 | 1005 |
| 1006 | 1006 | 1006 |
| 1007 | 1007 | 1007 |
| 1008 | 1008 | 1008 |
| 1009 | 1009 | 1009 |
| 1010 | 1010 | 1010 |
| 1011 | 1011 | 1011 |
| 1012 | 1012 | 1012 |
| 1013 | 1013 | 1013 |
| 1014 | 1014 | 1014 |
| 1015 | 1015 | 1015 |
| 1016 | 1016 | 1016 |
| 1017 | 1017 | 1017 |
| 1018 | 1018 | 1018 |
| 1019 | 1019 | 1019 |
| 1020 | 1020 | 1020 |
| 1021 | 1021 | 1021 |
| 1022 | 1022 | 1022 |
| 1023 | 1023 | 1023 |
| 1024 | 1024 | 1024 |
| 1025 | 1025 | 1025 |
| 1026 | 1026 | 1026 |
| 1027 | 1027 | 1027 |
| 1028 | 1028 | 1028 |
| 1029 | 1029 | 1029 |
| 1030 | 1030 | 1030 |
| 1031 | 1031 | 1031 |
| 1032 | 1032 | 1032 |
| 1033 | 1033 | 1033 |
| 1034 | 1034 | 1034 |
| 1035 | 1035 | 1035 |
| 1036 | 1036 | 1036 |
| 1037 | 1037 | 1037 |
| 1038 | 1038 | 1038 |
| 1039 | 1039 | 1039 |
| 1040 | 1040 | 1040 |
| 1041 | 1041 | 1041 |
| 1042 | 1042 | 1042 |
| 1043 | 1043 | 1043 |
| 1044 | 1044 | 1044 |
| 1045 | 1045 | 1045 |
| 1046 | 1046 | 1046 |
| 1047 | 1047 | 1047 |
| 1048 | 1048 | 1048 |
| 1049 | 1049 | 1049 |
| 1050 | 1050 | 1050 |
| 1051 | 1051 | 1051 |
| 1052 | 1052 | 1052 |
| 1053 | 1053 | 1053 |
| 1054 | 1054 | 1054 |
| 1055 | 1055 | 1055 |
| 1056 | 1056 | 1056 |
| 1057 | 1057 | 1057 |
| 1058 | 1058 | 1058 |
| 1059 | 1059 | 1059 |
| 1060 | 1060 | 1060 |
| 1061 | 1061 | 1061 |
| 1062 | 1062 | 1062 |
| 1063 | 1063 | 1063 |
| 1064 | 1064 | 1064 |
| 1065 | 1065 | 1065 |
| 1066 | 1066 | 1066 |
| 1067 | 1067 | 1067 |
| 1068 | 1068 | 1068 |
| 1069 | 1069 | 1069 |
| 1070 | 1070 | 1070 |
| 1071 | 1071 | 1071 |
| 1072 | 1072 | 1072 |
| 1073 | 1073 | 1073 |
| 1074 | 1074 | 1074 |
| 1075 | 1075 | 1075 |
| 1076 | 1076 | 1076 |
| 1077 | 1077 | 1077 |
| 1078 | 1078 | 1078 |
| 1079 | 1079 | 1079 |



Nº 40224

Emprestimo de Reis

DIVIDIDO EM 41:334 OBRIGAÇÕES

Esta obrigação faz parte do empréstimo

contruído pela Câmara Municipal do Porto, por
deliberação de 15 d'Abri de 1889, e vence o juro anual de 4,5
por cento ou 420\$00 reis, pagável aos semestres

Janerio e 1 de Julho de cada anno.
Tanto far-se-há ao par, por sorteios semestrais, dentro de noventa annos, enquanto não for totalmente amortizado, extando-se à competente verba nos respectivos orçamentos.

Todas as obrigações serão assinadas de chancela pela
Comissão Municipal.

Porto e Paços do Concelho,

A Comissão

António Alves Monteiro

António d'Almeida Ferreira

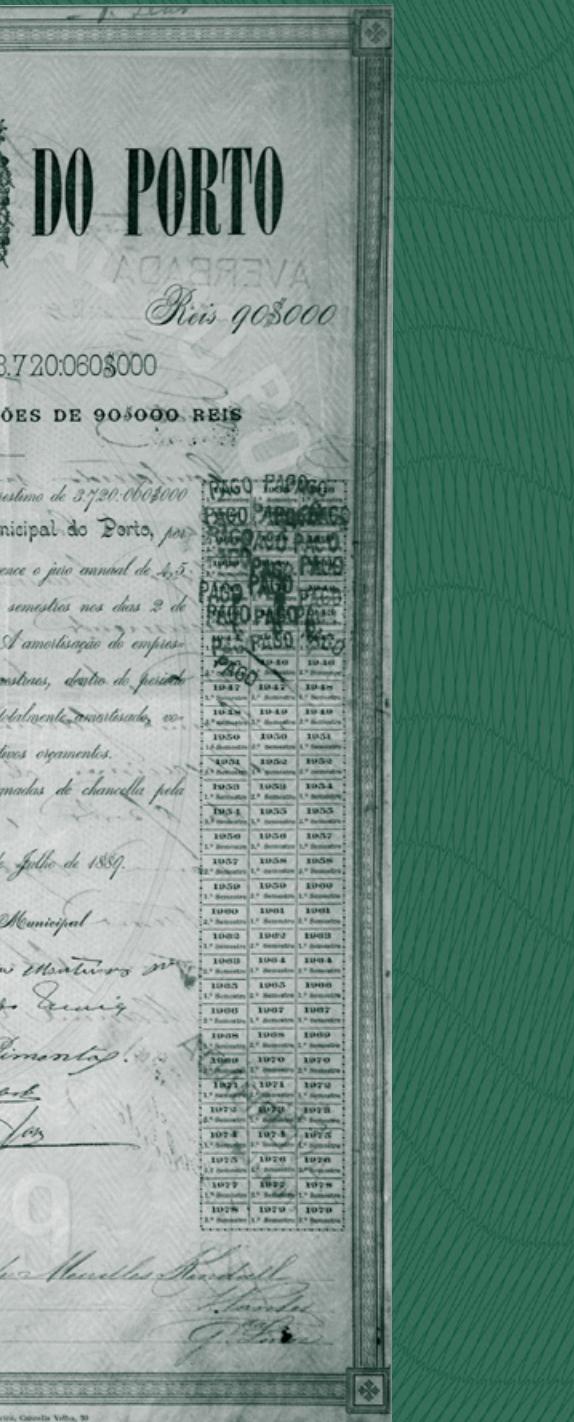
M. C. Alves Pimentel

E. Tavares da Costa

José B. de Lima

Assentada a Fazenda Pública do Concelho.

XI. PROPOSAL FOR THE APPROPRIATION OF FUNDS



It is proposed, pursuant to paragraph f) no. 5 of article 66, and for the purpose of paragraph b) of no. 1 of Article 376, both of the Commercial Companies Code, and article 23 of the company's Statutes that, the Net Income of the year (positive) amounting to €7 049 164.09, be appropriated as follows:

- Reinforcement of Legal Reserve: € 704 916.40
- Dividend Distribution: € 1 750 000.00
- Free Reserves: € 4 594 247.69



XII. ACKNOWLEDGEMENTS

The Board of Directors thanks the Shareholders for the trust placed in them to run the company's business, including in these acknowledgements:

The Bank of Portugal and the CMVM – the Portuguese Securities Market Commission – for their understanding and continuous dialogue maintained throughout this year;

The Governing Bodies, the General Meeting, the Supervisory Board and the Statutory Auditor for all their cooperation;

The Bank's employees for their dedicated and competent contribution, that was essential to the smooth running of the Institution.





L. J. CARREGO

**XIII. CONSOLIDATED ACCOUNTS
ANALYSIS AND ANNEXES**



CONSOLIDATED BALANCE SHEET IAS/ IFRS

| | NOTES | 31-12-2013 | | | Euros |
|--|-------|---|---|--------------------|--------------------|
| | | VALUE BEFORE PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | NET AMOUNT | PREVIOUS YEAR |
| ASSETS | | | | | |
| Cash and deposits in central banks | 1 | 33 923 164 | 0 | 33 923 164 | 50 677 413 |
| Deposits in other credit institutions | 2 | 12 225 776 | 0 | 12 225 776 | 11 340 107 |
| Financial assets held for trading | 3 | 2 759 424 | 0 | 2 759 424 | 2 357 045 |
| Other financial assets at fair value through profit or loss | | 0 | 0 | 0 | 0 |
| Financial assets available for sale | 4 | 104 698 213 | 0 | 104 698 213 | 40 953 207 |
| Investments in credit institutions | 5 | 19 225 376 | 0 | 19 225 376 | 4 949 277 |
| Loans to clients | 6 | 39 140 741 | (410 110) | 38 730 631 | 39 496 102 |
| Investments held to maturity | 7 | 0 | 0 | 0 | 94 942 480 |
| Assets with repurchase agreement | | 0 | 0 | 0 | 0 |
| Hedging derivatives | | 0 | 0 | 0 | 0 |
| Non-current assets held for sale | | 0 | 0 | 0 | 0 |
| Investment properties | 8 | 6 346 779 | 0 | 6 346 779 | 0 |
| Other tangible assets | 9 | 6 561 469 | (4 890 385) | 1 671 085 | 1 407 330 |
| Intangible assets | 10 | 3 596 667 | (3 388 212) | 208 456 | 461 258 |
| Investments in associates and subsidiaries excluded from the consolidation | 11 | 0 | 0 | 0 | 178 720 |
| Current tax assets | 12 | 290 869 | 0 | 290 869 | 0 |
| Deferred tax assets | 13 | 300 681 | 0 | 300 681 | 292 291 |
| Other assets | 14 | 7 560 512 | 0 | 7 560 512 | 9 331 695 |
| TOTAL ASSETS | | 236 629 672 | (8 688 706) | 227 940 965 | 256 386 927 |

| | NOTES | 31-12-2013 | Euros | |
|---|-------|---|---|--------------------|
| | | VALUE BEFORE PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | NET AMOUNT |
| | | | | PREVIOUS YEAR |
| LIABILITIES | | | | |
| Deposits of central banks | 15 | | 75 996 875 | 90 621 181 |
| Financial liabilities held for trading | 16 | | 96 044 | 18 546 049 |
| Other liabilities at fair value through profit and loss | | | 0 | 0 |
| Deposits of other credit institutions | 17 | | 9 114 735 | 19 333 254 |
| Deposits of clients and other loans | 18 | | 91 094 543 | 77 834 390 |
| Debt securities | | | 0 | 0 |
| Financial liabilities associated to transferred assets | | | 0 | 0 |
| Hedging derivatives | | | 0 | 0 |
| Non-current liabilities held for sale | | | 0 | 0 |
| Provisions | 19 | | 555 766 | 0 |
| Current tax liabilities | 20 | | 0 | 5 244 936 |
| Deferred tax liabilities | | | 0 | 0 |
| Equity instruments | | | 0 | 0 |
| Other subordinated liabilities | | | 0 | 0 |
| Other liabilities | 21 | | 9 289 572 | 12 174 386 |
| TOTAL LIABILITIES | | | 186 147 535 | 223 754 196 |
| CAPITAL | | | | |
| Share Capital | | | 20 000 000 | 20 000 000 |
| Share premium | | | 369 257 | 369 257 |
| Other equity instruments | | | 0 | 0 |
| Revaluation reserve | | | 1 727 420 | 748 131 |
| Other reserves and retained earnings | | | 9 060 917 | 1 969 217 |
| Own shares | | | 0 | 0 |
| Consolidated net income of the financial year | | | 7 286 052 | 9 443 908 |
| Anticipated Dividends | | | 0 | 0 |
| TOTAL EQUITY CAPITAL ATTRIBUTED TO THE GROUP | 22 | | 38 443 646 | 32 530 513 |
| Minority interests | 23 | | 3 349 784 | 102 218 |
| TOTAL SHAREHOLDER'S EQUITY | | | 41 793 430 | 32 632 731 |
| TOTAL LIABILITIES + SHAREHOLDER'S EQUITY | | | 227 940 965 | 256 386 927 |

CONSOLIDATED INCOME STATEMENT IAS/IFRS

| | NOTES | 31-12-2013 | EUROS PREVIOUS YEAR |
|--|-------|-------------------|------------------------|
| Interest and similar income | 24 | 7 864 477 | 12 545 598 |
| Interest and similar expense | 25 | (2 918 898) | (3 199 799) |
| NET INTEREST INCOME | | 4 945 579 | 9 345 799 |
| Income from equity instruments | | 0 | 0 |
| Income from services and commissions | 26 | 3 463 858 | 3 850 574 |
| Charges with services and commissions | 27 | (824 536) | (806 017) |
| Income from assets and liabilities valued at fair value through profit or loss | 28 | 7 783 833 | 4 943 219 |
| Income from financial assets available for sale | 29 | 3 616 023 | 4 577 746 |
| Income from foreign exchange revaluation | 30 | (384 806) | (129 595) |
| Income from sale of other assets | 31 | 1 488 612 | 2 457 246 |
| Other operating income | 32 | (470 305) | (405 641) |
| OPERATING REVENUE | | 19 618 259 | 23 833 332 |
| Staff costs | 33 | (3 662 230) | (3 675 186) |
| Overheads | 34 | (3 552 603) | (3 012 189) |
| Depreciation and amortisation | 35 | (910 121) | (1 658 984) |
| Provisions net of write-offs | 36 | (555 766) | 0 |
| Credit impairment net of reversals and recovery | 37 | (107 353) | (158 319) |
| Impairment of other financial assets net of reversals and recovery | 38 | 0 | (40 850) |
| Impairment of other net assets net of reversals and recovery | 39 | 340 056 | (385 102) |
| Income from investment in associates and joint ventures (equity accounting) | 40 | 5 579 | 22 238 |
| PROFIT BEFORE TAX | | 11 175 822 | 14 880 464 |
| Taxes | | | |
| Current | 41 | (3 795 155) | (5 533 695) |
| Deferred | 42 | 8 390 | 115 147 |
| CONSOLIDATED PROFIT BEFORE MINORITY INTERESTS | | 7 389 056 | 9 461 916 |
| Minority Interests | 43 | (103 004) | 18 807 |
| CONSOLIDATED PROFIT ATTRIBUTABLE TO SHAREHOLDERS | | 7 286 052 | 9 443 908 |

Of which: Profit after tax from discontinued operations

The CPA

The Board of Directors

STATEMENT OF CONSOLIDATED CASH FLOWS
for the period ended on 31 December 2013 and 2012

| | Euros | |
|---|---------------------|---------------------|
| | 31/12/2013 | 31/12/2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Interest and commissions received | 12 471 561 | 16 925 085 |
| Payment of interest and commissions | (3 543 359) | (2 702 211) |
| Payments to employees and suppliers | (7 358 438) | (6 709 158) |
| Resources of credit institutions | (23 219 547) | 15 778 114 |
| Other operating assets and liabilities | (9 104 852) | 63 005 437 |
| Other receipts from clients | 13 827 586 | (4 120 533) |
| Tax on profit | (9 353 757) | (684 376) |
| NET CASH FROM OPERATING ACTIVITIES | (26 280 805) | 81 492 358 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES: | | |
| Dividends received | 0 | 0 |
| Acquisition/sale of assets available for sale | (69 618 667) | (34 078 296) |
| Investments held to maturity | 95 049 456 | (13 238 099) |
| Acquisition of tangible and intangible assets | (935 243) | (1 388 896) |
| Sale of tangible and intangible assets | 51 685 | 71 500 |
| Increase / Decrease in other asset accounts | (5 904 718) | |
| Investments in subsidiaries and associated companies | 538 470 | 534 811 |
| NET CASH FROM INVESTMENT ACTIVITIES | 19 180 982 | (48 098 980) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Capital Increase | 10 000 000 | - |
| Other capital instruments | - | - |
| Dividends paid | (2 500 000) | - |
| Issuance of securitised and subordinated debt | - | - |
| Interest paid on cash bonds and others | - | - |
| Interest paid on subordinated liabilities | - | - |
| Resources of credit institutions (not associated with the main capital gains generating activities) | (1 837) | 1 837 |
| NET CASH FROM FINANCING ACTIVITIES | 7 498 163 | 1 837 |
| Increase (Decrease) in net cash and cash equivalents | 398 340 | 33 395 216 |
| Effect of exchange differences | - | - |
| Cash and cash equivalents at start of period | 64 161 641 | 30 766 425 |
| Cash and cash equivalents at end of period | 64 559 980 | 64 161 641 |

TANGIBLE AND INTANGIBLE ASSETS
On 31 December 2013 (Consolidated Activity)

Annex IV

| ACCOUNTS | ON 31/12/2012 | | | | | |
|--------------------------------|-------------------|--------------------------|-----------------------|---------------------------|------------------|----------|
| | GROSS VALUE | ACCUMULATED AMORTISATION | INCREASES AQUISITIONS | AMORTISATION FOR THE YEAR | WRITE-OFFS (NET) | TRANSF. |
| OTHER INTANGIBLE ASSETS | | | | | | |
| Goodwill | 43 913 | 0 | 0 | 0 | 0 | 0 |
| Formation Expenses | 498 364 | 498 364 | 0 | 0 | 0 | 0 |
| Pluriannual Costs | 595 458 | 595 458 | 0 | 0 | 0 | 0 |
| Software | 2 110 141 | 1 749 246 | 140 844 | 341 088 | 0 | 0 |
| Intangible Assets in Progress | 0 | 0 | 4 273 | 0 | 0 | 0 |
| Other Intangible Assets | 203 675 | 147 225 | 0 | 56 832 | 0 | 0 |
| | 3 451 551 | 2 990 293 | 361 162 | 397 920 | 0 | 0 |
| TANGIBLE ASSETS | | | | | | |
| Real Estate | 525 290 | 19 935 | 0 | 8 659 | 0 | 0 |
| Equipment | 4 757 709 | 4 210 482 | 636 923 | 497 478 | 0 | 0 |
| Assets in financial leasing | 641 547 | 286 799 | 0 | 5 529 | 0 | 0 |
| Tangible Assets in Progress | 0 | 0 | 0 | 0 | 0 | 0 |
| | 7 700 661 | 3 607 725 | 1 036 925 | 1 215 046 | 0 | 0 |
| TOTALS | 11 152 212 | 6 598 018 | 1 398 087 | 1 612 966 | 0 | 0 |

The CPA

| ADJUSTMENTS | | | | | | Euros |
|-------------|---------------------------|--------------------------|---------------------------|------------------------------------|------------------------------------|-------------------------|
| GROSS VALUE | AMORTISATION FOR THE YEAR | ACCUMULATED AMORTISATION | ADJUSTED AQUISITION VALUE | ADJUSTED AMORTISATION FOR THE YEAR | ADJUSTED ACCUMULATED AMORTISATIONS | NET VALUE ON 31/12/2013 |
| 0 | 0 | 0 | 43 913 | 0 | 0 | 43 913 |
| 0 | 0 | 0 | 498 364 | 0 | 498 364 | 0 |
| 0 | 0 | 0 | 595 458 | 0 | 595 458 | 0 |
| 0 | 0 | 0 | 2 250 985 | 341 088 | 2 090 334 | 160 269 |
| 0 | 0 | 0 | 4 273 | 0 | 0 | 4 273 |
| 0 | 0 | 0 | 203 675 | 56 832 | 204 057 | 0 |
| 0 | 0 | 0 | 3 596 668 | 443 938 | 3 388 213 | 208 455 |
| <hr/> | | | | | | |
| 0 | 0 | 0 | 525 290 | 8 659 | 28 594 | 505 355 |
| 0 | 0 | 0 | 5 394 632 | 497 478 | 4 569 464 | 547 227 |
| 0 | 0 | 0 | 641 547 | 5 529 | 292 328 | 354 748 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 6 561 469 | 511 666 | 4 890 386 | 1 671 083 |
| 0 | 0 | 0 | 10 158 137 | 955 604 | 8 278 599 | 1 879 538 |

The Board of Directors

STATEMENT OF CHANGES IN EQUITY
On 31 December 2013 (Consolidated Activity)

| ACCOUNTS | BALANCE ON 31-12-2012 | INCREASES | TRANSFERS | DECREASES | Euros 31-12-2013 |
|---|--------------------------|-------------------|-------------------|----------------|---------------------|
| Paid-up Capital | 20 000 000 | | | | 20 000 000 |
| Share Premium | 369 257 | | | | 369 257 |
| Revaluation Reserve | 1 123 867 | 319 963 | | 385 842 | 1 189 746 |
| Legal Reserve | 506 236 | | 946 390 | | 1 452 626 |
| Reserve for Exchange Rate Changes | -375 735 | 918 409 | | | 537 674 |
| Other Reserves | 288 988 | 6 165 305 | | | 6 454 293 |
| Retained Earnings | 1 173 994 | | | 19 997 | 1 153 997 |
| | | | | | |
| Consolidated Profit for the Year | 9 443 908 | 7 286 052 | -9 443 908 | | 7 286 052 |
| TOTAL EQUITY ATTRIBUTED TO THE GROUP | 32 530 513 | 14 689 729 | -8 497 518 | 405 839 | 38 443 646 |
| Minority Interests | 102 218 | 3 247 566 | | | 3 349 784 |
| TOTAL EQUITY | 32 632 731 | 17 937 295 | -8 497 518 | 405 839 | 41 793 430 |

The CPA

The Board of Directors

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ON 31 DECEMBER 2013
(Amounts in Euros unless otherwise indicated)**

1. GENERAL INFORMATION

The year 2013 was for Banco L. J. Carregosa, S.A., (hereinafter "Banco Carregosa", "Company" or "Carregosa Group", when treated on a consolidated basis) the fifth full year of activity as a Credit Institution.

With the change of the company that occurred in 2008, Banco Carregosa changed to the banking activity and all others expressly authorised under the law, having commenced operations on 4 November of that year.

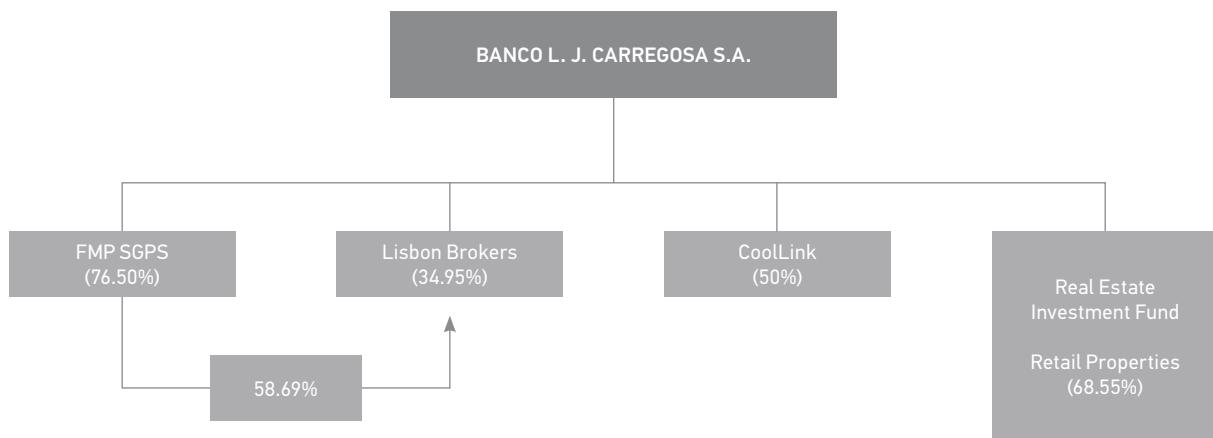
In addition to organic growth, as a result of steady increase in banking business, which explains much of the variation of the main items related to the activity as a Credit Institution, it is also important to note that in the early years, Banco Carregosa sought to diversify its areas of intervention, initially acquiring a 19.99% stake in "Optimize Investment Partners – SGFIM" in October 2009 and in April 2010, it also acquired, directly and indirectly, a 84.84% stake in the capital of the brokerage company "Lisbon Brokers, Inc." and 76.50% of the company Francisco Marques Pereira, SGPS, SA, in partnership with the Shareholder "Imocarregosa, SA". The latter company held 10% of own shares on 31 December.

Companies and Funds that comprise the consolidation perimeter of the Group on 31.12.2013

| ACTIVITY | HEADQUARTERS | EQUITY | ASSETS | PROFIT LOSS | ACTUAL STAKE | CONSOLIDATION METHOD |
|-------------------------------------|--------------|------------|-------------|-------------|--------------|----------------------|
| BANKING | | | | | | |
| Banco L. J. Carregosa, SA | Portugal | 38 657 129 | 228 858 954 | 7 049 164 | - | Comprehensive |
| BROKERAGE | | | | | | |
| Lisbon Brokers, SA | Portugal | (1 221) | 37 640 | (24 593) | 84.84% | Comprehensive |
| HOLDING COMPANY | | | | | | |
| Francisco Marques Pereira, SGPS, SA | Portugal | 69 683 | 95 488 | 832 | 85.00% | Comprehensive |
| REAL ESTATE INVESTMENT FUND | | | | | | |
| Retail Properties | Portugal | 10 000 000 | 10 550 484 | 367 359 | 68.55% | Comprehensive |
| I.T. SERVICES | | | | | | |
| CoolLink, Lda | Portugal | 158 502 | 236 868 | (25 278) | 50.00% | Comprehensive |

Note: the figures relate to accounting balances before consolidation adjustments.

Perimeter of Consolidation



As a result of this perimeter, Banco Carregosa performs the consolidation of accounts and reporting for supervisory purposes, occupying a central place in the Group, both due to the development of exclusive activities and the relative size of its capital and risks.

The Group reported a net profit of EUR 7 286 052 (positive), with equity standing at EUR 41 793 430.

By resolution of the Board of Directors of May 2011, and as a result of the failure of the restructuring project for Lisbon Brokers, SA and Francisco Marques Pereira, SGPS, SA, it was decided to simultaneously dissolve them after authorisation from the Bank of Portugal. Accordingly, Banco Carregosa L. J., SA reported in its individual accounts the calculated impairment, with the incidental effects on the consolidated accounts.

In 2013, the Bank sold its participation in "Optimize Investment Partners SA", thus reverting the impairment constituted in 2012, in the amount of EUR 340 000.

That same year, the Bank extended its activity to the Real Estate Investment Fund "Retail Properties", simultaneously placing and subscribing 7 352 888 shares in this fund, which should be substantially reduced upon completion of the capital increase scheduled for 2014.

2 · BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

2.1 · Basis of Presentation and Comparability

The consolidated financial statements were prepared based on the accounting records of Banco Carregosa, and its subsidiaries, and were processed in accordance with International Financial Reporting Standards or International Accounting Standards (IFRS/IAS) adopted by the European Union, as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July, transposed into national law by notice of the Bank of Portugal no. 1/2005 of 21 February.

Consolidation of Associated Companies and Subsidiaries (IAS 27, 28 and IFRS 3)

Banco Carregosa has direct and indirect shareholdings in subsidiaries. These are thus considered because the Bank has control or power to govern the financial and operating policies of each company.

These same companies are consolidated by the comprehensive method. The transactions and balances between companies are eliminated in the consolidation process, with the amount of capital, reserves and income resulting from third-party investment recorded in minority interests.

The consolidated Profit is calculated through the net income of the Bank and its subsidiaries in proportion to the actual participation, after consolidation adjustments, namely the elimination of costs and income resulting from transactions between them and as such taken into account in the consolidation perimeter.

2.2 · Main Accounting Policies

The accounting policies set out herein apply to the consolidated financial statements of the Carregosa Group.

2.2.1 · Transactions in Foreign Currency

The Financial Statements of the Group's companies in foreign currency are previously converted to Euros based on the exchange rates (fixing) disclosed as an indication by the Bank of Portugal.

The conversion to the euro of assets and liabilities in a different currency is made using the exchange rates at the Balance Sheet date.

The costs and income calculated in foreign currencies are converted at the exchange rate of the month that they are recognized.

2.2.2 · Investments in Credit Institutions at Home and Abroad

These instruments are valued at fair value, which is usually the consideration paid, net of directly associated transaction costs.

2.2.3 · Financial Assets Held for Trading

This item includes the financial assets acquired for the purpose of selling in the short term and making profits from fluctuations in the price or dealer's margin, including all financial derivatives that are not classified as hedging operations.

The financial assets classified in this category are recorded at fair value, with gains and losses arising from subsequent valuation reflected in net income.

2.2.4 · Financial Assets Held for Sale

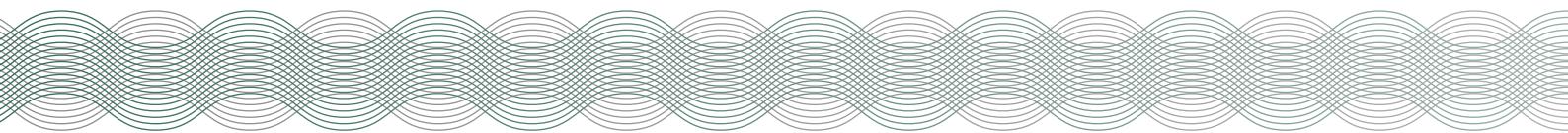
Under this heading are classified the instruments that can be sold in response to or in anticipation of liquidity needs or changes in interest rates, exchange rates or changes in their market price, and which were not classified in any of the other categories of financial assets. These include equity instruments and debt instruments.

These assets are measured at fair value with gains and losses reflected in "Revaluation reserves" until the time of their disposal or are subjected to impairment losses. Interest is recognized in the income statement under "Interest and similar income". For financial assets available for sale in foreign currency, the exchange differences are recognised directly in equity under the appropriate reserves item. When a drop in fair value of a financial asset available for sale has been recognised directly in equity and there is objective evidence that the asset is impaired, the accumulated loss, which had been recognised directly in equity, is removed from equity and recognised in the income statement under "Impairment of other financial assets net of reversals and recoveries".

2.2.5 · Financial Assets Held to Maturity

This item includes non-derivative financial assets with fixed or determinable payments and defined maturities that the Group has the intention and capacity to hold until maturity.

These investments are valued at amortized cost using the effective interest rate method and subject to impairment tests.



Impairment losses recognized in financial investments held to maturity are recorded in the income statement. If in a subsequent period the amount of impairment loss decreases and the decrease can objectively be related to an event occurring after the impairment was recognised, this is reversed by contra-entry of income for the year.

2.2.6 · Loans to Clients and Receivables from Other Debtors

Loans to clients and receivables from other debtors are the financial assets corresponding to the supply, to a particular entity, of money, goods or services, by the Institution. This concept covers the typical activity of granting credit to clients and the credit positions arising from transactions with third parties conducted within the activities of the institution.

The valuation followed in loans to clients and receivables from other debtors is as follows:

- On the date of initial recognition, the financial assets are recorded at their nominal value and cannot, either on that date or subsequent date of recognition, be included or reclassified in other categories of financial assets.
- The interest component, including that regarding any premiums or discounts, is recognized separately in the income statements.
- The value of the assets included in this category is subject to correction, according to criteria of rigour and prudence so as to reflect, at any time, their realisable value.
- The correction referred to in the previous paragraph cannot be lower than what is established by Notice no. 3/95 of the Bank of Portugal, as a minimum reference framework for the establishment of specific and general provisions.
- For the purpose of establishing general provisions, referred to in the previous paragraph, the total credit granted by the Companies is taken into account, including other responsibilities undertaken with third parties, such as guarantees or other instruments of similar nature.

2.2.7 · Repos

Securities sold under repurchase agreements are maintained in the portfolio in which they were originally recorded. The funds received are recorded, on the settlement date, in own liabilities account and the amount of interest accrued. The nominal value of the securities assigned is recognised in specific off-balance sheet item.

2.2.8 · Impairments

Periodically, and with frequency less than or equal to one year, loans and receivables and guarantees are subject to impairment tests. The identified impairment losses are recorded by contra-entry in the income statement. If, in future periods, there is a reduction in the estimated loss initially recorded, the impairment initially recorded is likewise reverted by contra-entry in the income statement.

According to IAS 39, a financial asset is impaired when there is evidence that there occurred one or more loss events after the initial recognition of the asset, and these events have an impact on the estimated recoverable value of future cash flows of the financial asset in question.

2.2.9 · Non-current Assets Held for Sale

Non-current assets are classified as held for sale whenever it is determined that their book value will be recovered through a sale transaction rather than through continued use.

Assets recorded under this category are valued at the lowest value between the acquisition cost and fair value, based on appraisals by internal or external experts, less costs incurred on the sale.

2.2.10 · Provisions

The Carregosa Group calculates provisions for overdue loans and interest and general credit risks in accordance with Notice no. 3/95 of the Bank of Portugal, as amended by subsequent regulations, namely Notice no. 8/2003 of the Bank of Portugal.

The provisions recorded in the accounting correspond to the application of the percentages set by the Bank of Portugal and are complemented by provisions in excess of these minimum amounts, when deemed appropriate.

i) Provisions for overdue loans and interest:

These are to meet the risks of collections of principal, interest and other amounts that are overdue, regarding any financing transactions that have been made. This provision is calculated by applying the minimum percentage of provision set out in Notice no. 3/95 of the Bank of Portugal, as amended by Notice no. 8/2003 of 30 January, depending on the seniority of the overdue uncollected balances and whether there are guarantees or not.

ii) Provisions for general credit risks:

The provision for general credit risks is to meet the risks associated to the execution of the credit granted.

The provision set up corresponds to a percentage of 1% on the capital falling due on 31 December 31 from credit agreements, as well as receivables from other debtors.

2.2.11 • Other Tangible Assets

Under Other tangible assets, the assets are recorded at acquisition cost (including directly attributable costs) less accumulated amortisation and impairment losses.

These tangible assets are amortised on a straight-line basis according to their expected useful life, up to the maximum years indicated in the table below. By applying a principle of caution, and in duly documented exceptional cases by decision of the Executive Committee, amortisation periods less than those indicated may be used; however, the respective tax effects are considered to date of such decision and recognised in the appropriate asset account.

YEARS:

Equipment:

| | |
|-----------------------------|--------|
| Transport equipment | 4 – 8 |
| Furniture and supplies | 8 – 16 |
| I.T. equipment | 3 – 8 |
| Other tangible fixed assets | 5 – 20 |

2.2.12 • Intangible Assets

Under this heading the Bank and its subsidiaries recorded the costs of the development phase of projects implemented and to be implemented, as well as the cost of acquiring software, in any of the cases when the estimated impact is reflected beyond the year in which they are carried out.

Intangible assets are amortised on a straight line and duodecimal basis over the estimated period of useful life of the assets which generally corresponds to a three-year period.

2.2.13 • Other Financial Liabilities – Resources from Other Credit Institutions, Resources from Clients, Other Loans and Others

The other financial liabilities, which mainly include resources from clients and resources from central banks, are initially valued at fair value, which normally corresponds to the consideration received net of directly associated transaction costs.

Also valued at fair value, are the financial liabilities held for trading, namely those resulting from short selling with the respective adjustments charged against profit or loss.

According to the fair value option, advocated by IAS 39, the financial liabilities included under securitised and subordinated liabilities are classified as financial liabilities at fair value through profit or loss, whenever they comply with the classification requirements of this category, in particular by incorporating one or more embedded derivatives. These liabilities are initially valued at fair value, with subsequent changes in fair value highlighted in the income statement.

2.2.14 • Provisions and Contingent Liabilities

A provision is established when there is a present obligation (legal or constructive) arising from past events where there is likely to be future outflow of resources associated with them and they can be reliably determined. The provision represents the best estimate of any amounts that would be necessary to spend to settle the liability at the balance sheet date.

If it is not likely that there will be future outflow of resources, it is a contingent liability. Contingent liabilities are only subject to disclosure, if the possibility of a payment is remote.

2.2.15 • Tax on Profits

All the Group companies are taxed individually. Banco Carregosa and its subsidiary companies located in Portugal are subject to the tax regime set out in the Corporate Income Tax Code and in the Statute of Tax Benefits.

2.2.16 · Recognition of Income and Expenses

Income and expenses are recognised on the basis of duration of the operations in accordance with the accrual-based accounting principle i.e. they are recorded as they are generated. Income is recognised when it is probable that economic benefits associated with the transaction will flow to the company and the amount of capital gain can be measured. Interest accrued and not collected is cancelled in the balance sheet after three months since maturity and only recognised as income when it is actually received.

2.2.17 · Fees for Services Rendered

The Carregosa Group charges its customers fees for providing a broad range of services. The fees are recognised as income immediately, as they relate to particular or specific services, and are not associated to services that extend over a period of time.

2.2.18 · Employee Benefits

Banco Carregosa, using the Collective Labour Agreement for the Banking Sector (ACTV) as a reference for labour practices, undertook the commitment, exclusively for its employees not included in the National Pension System, to assign to them, or to their families, cash benefits for old-age retirement, early retirement, disability or survivor's pension, with the establishment of a Defined Benefit Pension Plan. This plan follows the provisions of the ACTV and is subject to the requirements set by the Bank of Portugal, in particular by the Notice no. 12/2001 and subsequent updates.

To finance these liabilities, in 2004 Banco Carregosa joined the Pension Fund Horizonte – Pensõesgere, In 2010, aware of the evolution of its duties and based on a policy of rigour and good management of the coverage of the liabilities assumed, the Bank decided to move the Pension Fund to a new management entity, "BANIF AÇOR PENSÕES – Sociedade Gestora de Fundos de Pensões SA" subscribing to three Open Pension Funds: Optimize Capital Pensões Acções (30%) Optimize Capital Equilibrado (30%) and Optimize Capital Moderado (40%). The benefits related to disability and survivor pensions are covered by a life insurance policy.

Liabilities for past services of the employees covered are determined annually and take into account the date of admission to Banco Carregosa and not the date of admission to the banking sector. Consequently, the share of liability assigned to the period between the date of admission to the banking sector and the date of admission to the Company will be attributable to previous employers, unless the latter have transferred the amount related to their share of the liability.

The recognised liabilities correspond to the difference between the present value of pension obligations and the fair value of the assets of pension funds, taking into account adjustments for deferred actuarial gains and losses. The value of the liabilities is determined annually by independent actuaries using the "Projected Unit Credit" method and the actuarial assumptions considered appropriate. The update of liabilities is made based on a discount rate that reflects the medium and long-term interest rates of bonds listed in the Eurozone by companies assessed as low risk.

IAS 19, with mandatory implementation as from 1 January 2013, reflects the impacts, both in terms of the elimination of the "corridor" option, and in terms of elimination of the use of the expected return rate of the fund, which shall have to coincide with the discount rate for calculating liabilities to cover the Pension Fund.

The elimination of the corridor option introduces greater volatility in the annual income of the Bank's Accounts understood as comprehensive income (reserves and net profit). On the other hand, the portfolio composition of the Fund and its consequent effective annual return will no longer affect the balance of the net income and shall only affect the reserves through the actuarial gains and losses as well as influence the value of the Fund at the end of each year.

In the case of Banco Carregosa, since the expected return used in previous years was higher than the discount rate, the impact of this amendment to IAS 19 (elimination of the use of the expected rate of return) is higher the greater the gap between the two rates.

In addition to pensions, integrated into the Fund's liabilities and for that group of employees, the Bank also undertook the death grant.

As a result of a study of the current liabilities and charges for medical assistance, in 2010 the Bank decided to outsource this benefit with Multicare, covering all employees and maintaining the same levels of charges.

2.3 · Risk Management

2.3.1 · Risk Management Function

Risk management comprises the identification, assessment, monitoring and control of all materially relevant risks to which the Bank is subject, keeping them at levels within the limits determined by the Executive Committee. The aim of this is that the Bank will not be forced to change its strategy, or incur losses that materially affect the financial situation of the Institution.

Thus, the risk management policy seeks to maintain, at all times, the proper relationship between the equity and the activity undertaken.

The intention is also to establish an adjustment factor to the returns of actual and potential transactions, with the aim to:

- a) Allow setting a pricing of the transactions suited to the potential losses;
- b) Homogenise and compare;
- c) Select the operations that are on the borderline of maximum risk efficiency/return;
- d) Select the operations that best fit our strategy;
- e) Analyse the synergies of operations;
- f) Obtain a measure of risk/return of the Bank as a whole.

2.3.2 • Risk Management Organisational Structure

The Executive Committee of the Board of Directors, in which the Board of Directors has delegated the management powers that are not unavailable before the Law, the Statutes or its Regulation, is the highest level in monitoring and risk management and capital allocation.

Given the importance of risk in trust, the Executive Committee seeks, first, to instill in all departments and employees a culture of careful risk assessment.

Nevertheless, the Bank maintains a structure with specific functions in risk management.

It is aided in these functions by the Asset and Liability Committee (ALCO), with advisory functions. This committee meets at least monthly, with the members of the Executive Committee, the Director of Private Banking, the Chief Financial Officer and the Head of Portfolio and Risk Management. From these meetings recommendations are issued with regard to funding and its application, by a majority of the votes present, and the Chairman of the Executive Committee has the casting vote in case of a tie.

The CFO manages its own portfolio, in accordance with the recommendations of ALCO and decisions of the Executive Committee. In pursuit of that allocation, he manages the currency hedging positions within the exposure limits intended by the Bank.

The Risk Department identifies, monitors and controls, from a qualitative and quantitative risk perspective, and transmits the results to the

Executive Committee, through reports, both regular and sporadic, detecting possible deficiencies and proposing corrective measures.

The Accounting and Information Management Department carries out the accounting of transactions and the preparation of financial reports for strategic use and management for the Executive Committee.

Internal Audit, through timely action, is responsible for preventing the outbreak of fraud or other damaging behaviours, whether moral or material, unethical or simply of deviant nature, for the Institution and permanently accompanies the planned projects, their implementation and effectiveness.

The Compliance Department ensures constant syndication in compliance with prudential standards, through, *inter alia*, monitoring and regular assessment of the adequacy and effectiveness of the measures and procedures adopted to detect any risk of non-compliance with legal obligations and duties to which the institution is subject, and the measures taken to address any deficiencies in compliance.

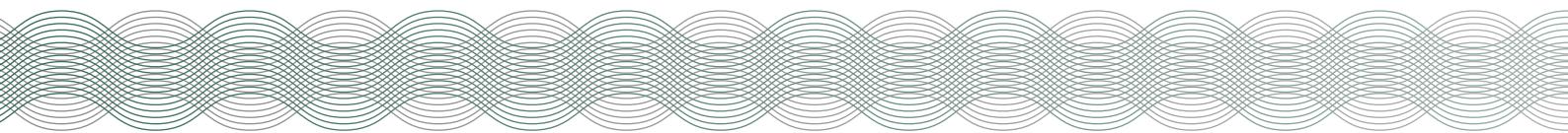
The Executive Committee ensures flexibility in decision making and, with the support of the Central Directorate, disseminates the strategies and decisions in terms of capital adequacy and risk management.

The segregation and independence of duties of all areas in Banco Carregosa is ensured by direct reporting to the Executive Committee.

In this way, the organisational structure seems to be appropriate to ensure segregation of duties and responsibilities in the management process, which facilitates compliance with the regulatory framework of risk control, minimizing conflicts of interest between the business, risk and control areas.

To achieve its objectives, the Bank is provided with a central I.T. tool where all the information is gathered, with appropriate security policies. The management of the Bank's I.T. network is also endowed with effective security policies. The accounting processing is performed by the *Smartstream* programme and the management of the suppliers' accounts through the *Primavera* programme, with appropriate levels of security. In parallel with the systems presented, the *Bloomberg* and *Reuters* risk analysis tools are used for the control of market risk.

Banco Carregosa develops its best efforts to ensure that the process of risk management is a process of continuous improvement and on-going reassessment of the adequacy of resources to needs.



a) Credit Risk

Credit risk means the possibility of financial losses arising from clients' or counterparties' non-compliance of the contractual obligations established with the Bank.

The timely monitoring of the Clients' balances, due and falling due, as well as the value of orders transmitted to the markets, associated with the value of the deposited assets and customer profiles, allows the management of this type of risk according to criteria set by the board. The Risk Department has an information system that permits, in due time, to control the compliance of the guarantees provided by clients with the level of credit granted.

There is also the contractual possibility of the Bank closing positions or selling securities that collateralise the loans in view of the drop in the agreed ratios. The implicit safety thereof makes the changes in the price of collateral, even in the most likely negative scenario, not to have a significant impact on equity.

b) Market Risk

Market risk means the possibility of there occurring losses resulting from any adverse change in the value of the assets that comprise the Bank's portfolio. The change in the value of the assets may be caused by changes in interest rates, exchange rate, risk premium or the assets underlying the securities.

ALCO (Asset and Liability Committee) defines the allocation of assets taking into account the various types of risk incurred. The Finance Department performs the defined allocation daily. The Risk Department monitors the risks incurred and compliance with the rules for delegation of powers, with regard to the current management of the Bank's investments. The Executive Committee, responsible for the area, is informed of the operations carried out.

The weight of the operations in organised markets, in particular Euronext (with central counterparty and clearing house), limits the counterparty risk. Moreover, we always try to ensure the principle of DVP (delivery versus payment) even in OTC transactions (transactions over-the-counter).

c) Operational Risk

Operational risk is the risk of there occurring events with negative impact on earnings or capital resulting from inadequate or negligent application of internal procedures, people's behaviour, information systems or from external causes, including legal risk.

Operational risk must be assessed at distinct two levels: the technical level and the organisational level. At the technical level, the company has always opted for a significant investment in information technology and, as a result of this policy, it has an exemplary information system with great flexibility and reliability in the operating processes that it puts into production. The information systems of Banco Carregosa contain private financial and personal information considered sensitive and confidential. Access to these systems is limited exclusively to employees of Banco Carregosa and staff under contract that, with appropriate prior framework, is involved in the development or operation of the system or whose work involves recording, reviewing or retrieving that data. This privilege is based on trust and good faith and is properly documented.

At the organisational level, particularly in the method and manner of reporting, monitoring risk and the rules and policies related thereto, it was necessary to redefine and seek a new compromise between the commercial interests and the risks involved.

This work was coordinated in order to maintain relationships with the procedures and allow their statistical analysis. The controls indicated in the matrix were tested by an external consultant. The inconsistencies were presented to the Executive Committee, which is coordinating improvements to procedures. The aim is thus to:

- Create the occurrences base to monitor the risk matrix;
- Identify the procedures where extraordinary measures must be taken;
- Obtain a measure of the Company's operational risk.

Mitigation of operational risk also includes internal reporting structures, contingency plans, the actions of the Internal Audit and training plans for employees. It must be noted that the business continuity plan is being revised to align it with the best practices set by the Bank of Portugal.

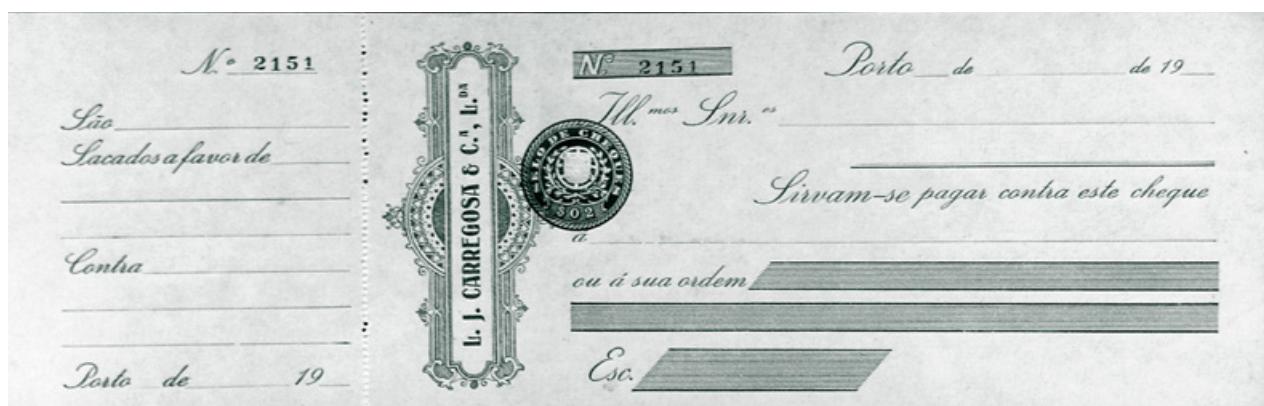
The history of losses so far experienced is not material compared to the volume of transactions and/or total income.

d) Liquidity Risk

Liquidity risk is the possibility of the Bank being unable to meet its liabilities when due or to incur significant losses for their fulfillment. Liquidity risk results from the mismatch between the maturities of assets and liabilities of the Bank.

The Bank favours investments in deposits in other credit institutions and negotiable securities, thus preventing the occurrence of treasury losses. The Executive Committee and those involved in Own Portfolio Management receive a daily report from the Risk Department with the analysis of the allocation of assets, liabilities and off-balance sheet, with estimates of minimum capital requirements, information on concentration of counterparties, mismatches and with the simulation of the impact of the drastic reduction of exposure due to liquidity needs, ALCO reviews the mismatch of assets and liabilities operations monthly, suggesting changes/corrections in the deadlines.

Given the values described, we believe the Bank has its liquidity risk completely under control.



3 · FOREWORD

The accounts of the Consolidated Balance Sheet and Income Statement are compared for the dates of 31 December 2013 and 31 December 2012, in accordance with International Financial Reporting Standards and comprise the following items:

3.1 · Cash and Deposits at Central Banks

Note 01

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|-------------------|-------------------|
| Cash | 27 | 177 |
| Current accounts at the Bank of Portugal | 33 923 137 | 50 677 236 |
| | 33 923 164 | 50 677 413 |

Current accounts at the Bank of Portugal include deposits that satisfy the legal requirements for the establishment of minimum cash deposits. In accordance with the Bank of Portugal Notice no. 7/94 of 19 October, the coefficient to be applied amounts to 2% of the eligible liabilities. These deposits are remunerated.

3.2 · Deposits in Other Credit Institutions

Note 02

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Current accounts in Monetary Institutions | | |
| Residents | 4 198 289 | 4 038 763 |
| Non-residents | 8 027 488 | 7 301 344 |
| | 12 225 776 | 11 340 107 |

3.3 · Assets Held for Trading

Note 03

For the comparable periods, this group has the following decomposition:

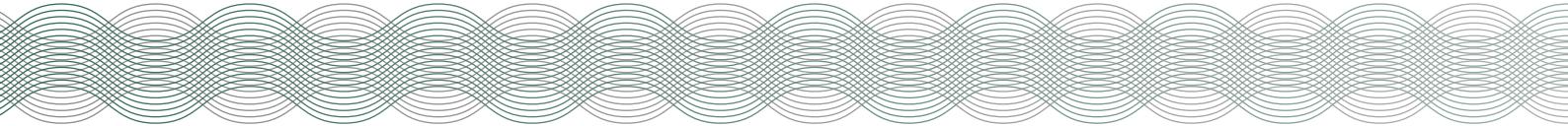
| | 31/12/2013 | 31/12/2012 |
|--------------------------------------|------------------|------------------|
| Trading Securities | | |
| Securities | 2 292 913 | 2 142 487 |
| Derivatives with positive fair value | 466 511 | 214 558 |
| | 2 759 424 | 2 357 045 |

This portfolio had a slight increase over the same period, either through acquisitions due to favourable market conditions or through transfers of part of the securities from the held-to-maturity assets portfolio.

FINANCIAL ASSETS HELD FOR TRADING

On 31 December 2013 this showed the following details:

| NATURE AND TYPE | ACQUISITION VALUE | BALANCE SHEET VALUE | GAINS | | | | |
|---|----------------------|------------------------|---------------|---------------|----------|------------|--|
| | | | FAIR VALUE | MORE | LESS | IMPAIRMENT | |
| DEBT INSTRUMENTS | | | | | | | |
| Issued by Residents | | | | | | | |
| Other Resident Issuers | | | | | | | |
| Unsubordinated Debt | 150 950 | 153 881 | 2 931 | - | - | | |
| Issued by Non-Residents | | | | | | | |
| Other Non-Resident Issuers | | | | | | | |
| Unsubordinated Debt | 401 374 | 400 306 | 1 068 | - | - | | |
| | 552 324 | 554 187 | 2 931 | 1 068 | - | | |
| EQUITY INSTRUMENTS | | | | | | | |
| Issued by Residents | | | | | | | |
| Other Resident Issuers | | | | | | | |
| Shares | 337 213 | 339 910 | 3 597 | 900 | - | | |
| Issued by Non-Residents | | | | | | | |
| Other Non-Resident Issuers | | | | | | | |
| Shares | 522 943 | 566 062 | 45 819 | 2 700 | - | | |
| Investment Units | 6 074 | 2 850 | - | 3 224 | - | | |
| | 866 230 | 908 822 | 49 416 | 6 824 | - | | |
| OTHERS | | | | | | | |
| Issued by Non-Residents | | | | | | | |
| Other Non-Resident Issuers | | | | | | | |
| Structured Products | 796 760 | 798 290 | 5 220 | 3 690 | - | | |
| Others | 78 720 | 31 610 | - | 47 110 | - | | |
| | 875 480 | 829 900 | 5 220 | 50 800 | - | | |
| DERIVATIVES WITH POSITIVE FAIR VALUE | | | | | | | |
| Others | | | | | | | |
| Unrealised capital gains in Options | - | 199 473 | - | - | - | | |
| Unrealised capital gains in CFD's on currency | - | 267 038 | - | - | - | | |
| | - | 466 511 | - | - | - | | |
| TOTAL | 2 294 034 | 2 759 420 | 57 567 | 58 692 | - | | |



3.4 • Financial Assets Available for Sale

Note 04

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------------|--------------------|-------------------|
| Issued by residents | | |
| Portuguese public debt instruments | 31 075 798 | 5 014 329 |
| Non-Residents debt instruments | 21 700 055 | 9 100 170 |
| Equity instruments | 4 361 936 | 2 617 200 |
| | 57 137 789 | 16 731 699 |
| Issued by non-residents | | |
| Debt instruments | 47 366 424 | 24 221 508 |
| Others | 194 000 | 0 |
| | 47 560 424 | 24 221 508 |
| | 104 698 213 | 40 953 207 |

As mentioned in the basis of presentation and main accounting policies, the assets are classified under this heading when they are not intended for sale in the short term, with changes to fair value recognised directly in equity under the heading of revaluation reserves. In 2013, there was a strengthening of this portfolio, both from the application of increased funds raised with clients, and from purchasing debt securities of non-resident issuers that are not accepted as collateral for funds raised with the Central Bank.

FINANCIAL ASSETS HELD FOR SALE

On 31 December 2013 this showed the following details:

| NATURE AND TYPE | ACQUISITION VALUE | BALANCE SHEET VALUE | GAINS | | IMPAIRMENT | | | |
|------------------------------|----------------------|------------------------|------------------|----------------|---------------|--|--|--|
| | | | MORE | LESS | | | | |
| DEBT INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Portuguese public debt | | | | | | | | |
| Treasury Bonds | 6 161 215 | 6 201 173 | 53 816 | 13 858 | - | | | |
| Treasury Bills | 24 771 723 | 24 874 625 | 102 902 | - | - | | | |
| Other Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 21 128 777 | 21 700 055 | 574 715 | 3 437 | - | | | |
| Issued by Non-Residents | | | | | | | | |
| Other Foreign Public Issuers | | | | | | | | |
| Bonds of Sovereign Agencies | 5 008 790 | 5 077 825 | 69 035 | - | - | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 38 623 603 | 40 351 690 | 1 854 611 | 126 524 | - | | | |
| Subordinated Debt | 1 817 849 | 1 936 909 | 119 060 | - | - | | | |
| | 97 511 957 | 100 142 277 | 2 774 139 | 143 819 | - | | | |
| EQUITY INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Other Resident Issuers | | | | | | | | |
| Shares | 4 786 046 | 4 361 936 | 21 000 | 404 260 | 40 850 | | | |
| Issued by Non-Residents | | | | | | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Structured Products | 194 000 | 194 000 | - | - | - | | | |
| | 4 980 046 | 4 555 936 | 21 000 | 404 260 | 40 850 | | | |
| TOTAL | 102 492 003 | 104 698 213 | 2 795 139 | 548 079 | 40 850 | | | |

3.5 - Investments in Credit Institutions

Note 05

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|------------------|
| Investments | | |
| In the country | | |
| In the Bank of Portugal | 0 | 0 |
| In other credit institutions | 19 202 844 | 4 922 998 |
| Income receivable – interest on investments | 22 532 | 26 279 |
| | 19 225 376 | 4 949 277 |

The substantial increase in this item in 2013 is justified by the redirection of liquidity for investment in Other Credit Institutions as a result of the divestment that occurred in the securities portfolio held to maturity.

3.6 - Loans to Clients

Note 06

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Domestic Credit | | |
| Loans | 12 859 606 | 10 347 303 |
| Current account credit | 16 047 306 | 10 786 833 |
| Overdrafts in current accounts | 257 433 | 93 301 |
| Purchase operations with resale agreement | 8 715 735 | 16 288 014 |
| Foreign Credit | | |
| Loans | 1 020 000 | 1 360 000 |
| Current account credit | 0 | 705 771 |
| Overdue loans and interest | 125 034 | 160 472 |
| Income receivable | 115 627 | 69 518 |
| | 39 140 741 | 39 811 212 |
| Provisions/Impairments for overdue loans and interest | (410 110) | (315 110) |
| | 38 730 631 | 39 496 102 |

The loan portfolio has remained stable, compared to the previous year, although there is a significant reinforcement in the credit granted on current account, offset by an equivalent decrease in the purchase operations with resale agreements made with another domestic credit institution. In addition, the relative levels of provisioning remain low when compared to the volume of credit as a result of a policy of strong guarantees and rigorous evaluation of loan applications, at the same time with positive effects on the net interest margin.

3.7 · Investments Held to Maturity

Note 07

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------------|------------|-------------------|
| Issued by residents | | |
| Portuguese public debt instruments | 0 | 93 615 016 |
| Income receivable | | |
| Issued by residents | | |
| Portuguese public debt | 0 | 1 327 464 |
| | 0 | 94 942 480 |

For strategic guidance, and in line with the recommendation of ALCO, the Bank sold and transferred, in 2013, all the remaining portfolio of assets held to maturity, because of the instability and future uncertainties, as reflected in the risk/return effect on debt instruments.

3.8 · Investment Properties

Note 08

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|------------|
| Other properties | | |
| Real Estate Investment Fund – Retail Properties | 6 346 779 | 0 |
| | 6 346 779 | 0 |

3.9 · Other Tangible Assets

Note 09

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------------------------------|--------------------|--------------------|
| Other tangible assets | | |
| Real estate | 525 290 | 525 290 |
| Equipment* | 5 394 632 | 4 757 709 |
| Assets in financial leasing | 641 547 | 641 547 |
| Tangible assets in progress | 0 | 0 |
| | 6 561 469 | 5 924 546 |
| Accumulated amortisations | | |
| Real estate | (28 594) | (19 935) |
| Equipment* | (4 569 464) | (4 210 482) |
| Assets in financial leasing | (292 327) | (286 799) |
| Tangible assets in progress | 0 | 0 |
| | (4 890 385) | (4 517 216) |
| | 1 671 085 | 1 407 330 |

(*) As mentioned in note 2.2.11 of the main accounting policies, the Bank decided, in late 2012, to substitute part of its car fleet with new and semi-new cars. At the same time and as a measure of caution against future uncertainties, it also decided to amortise this fleet in its entirety, safeguarding the resulting fiscal impacts.

3.10 · Intangible Assets

Note 10

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------------------------------|--------------------|--------------------|
| Goodwill | 43 913 | 43 913 |
| Other intangible assets | | |
| Software | 2 250 985 | 2 110 141 |
| Tangible assets in progress | 4 273 | 0 |
| Others | 1 297 496 | 1 297 496 |
| | 3 596 667 | 3 451 551 |
| Accumulated amortisations | | |
| Formation expenses | (498 364) | (498 364) |
| Software | (2 090 334) | (1 749 246) |
| Tangible assets in progress | 0 | 0 |
| Pluriannual Costs | (595 840) | (595 840) |
| Others | (203 675) | (146 843) |
| | (3 388 212) | (2 990 293) |
| | 208 455 | 461 258 |

Despite a reduction in net terms, the significant investment in information systems has to be emphasised, both in terms of support system to the Bank's business and investments made in the revamping of its website, and participation in the interbank credit transfer system (SEPA).

3.11 · Investment in Associates and Subsidiaries Excluded from the Consolidation

Note 11

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Inv. subs. excl. from cons. ass. co. | | |
| In the country | 0 | 518 720 |
| Acum. Impair. IAS / Provisions for accum. Impairments IFRS | | |
| In the country – associates | 0 | (340 000) |
| | 0 | 178 720 |

In 2012, under this heading was the interest acquired in Optimize Investment Partners, SA. It was considered an impairment of 340,000 according to the analysis of individual losses accumulated by the company. In 2013, this investment and its impairment was cancelled through sale.

3.12 · Current Tax Assets

Note 12

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---------------------------|------------|------------|
| Current Tax Assets | | |
| CIT receivable | 290 869 | 0 |
| 290 869 | 0 | |

3.13 · Deferred Tax Assets

Note 13

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------|----------------|------------|
| Deferred tax assets | | |
| Temporary differences | | |
| Tangible assets | 300 681 | 126 552 |
| Intangible assets | 0 | 6 739 |
| Tax losses | 0 | 159 000 |
| 300 681 | 292 291 | |

This item reflects only the impact in terms of temporary differences in income taxation in the Bank, since no temporary tax differences were found in the subsidiaries. As indicated in the accounting policies, also pointed out are the temporary differences identified between the amortisations allowed for tax purposes and those pointed out in the accounting.

3.14 · Other Assets

Note 14

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|------------------|
| Other liquid assets | 5 154 | 20 668 |
| Credit and interest due | 0 | 46 711 |
| Debtors and other investments | | |
| Government sector | 20 751 | 18 848 |
| Sundry debtors | 348 933 | 59 152 |
| Sundry investments | 0 | 106 263 |
| Other assets | 953 097 | 40 797 |
| Other interest and similar income | | |
| Fixed income issued by residents | | |
| Portuguese public debt | 50 657 | 12 |
| Other domestic public issuers | 0 | 9 440 |
| Other residents | 565 388 | 120 704 |
| Other income receivable | | |
| Other liabilities | 898 960 | 402 770 |
| Fees for services rendered | 528 567 | 1 377 879 |
| Expenses with deferred charges | | |
| Insurance | 20 892 | 19 933 |
| Other Expenses with Deferred Charge | 50 842 | 34 017 |
| Equity Value of the Pension Fund | 2 091 273 | 2 000 303 |
| Other Accruals and Deferrals | 2 025 999 | 5 120 965 |
| | 7 560 512 | 9 378 462 |
| Accum. Imp. IAS/ prov. for accum. Imp. IFRS | | |
| Overdue loans – debtors and other investments | 0 | (46 711) |
| Provisions for overdue loans | | |
| Debtors and other investments | 0 | (56) |
| | 0 | (46 767) |
| | 7 560 512 | 9 331 695 |

The value recorded in the account of the Government Sector relates to VAT recoverable and special Payments on behalf of the subsidiaries Lisbon Brokers and FMP SGPS. It should also be noted that the value of overdue loans from sundry debtors of the associate Lisbon Brokers is fully provisioned.

3.15 · Deposits of Central Banks

Note 15

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|-------------------|-------------------|
| Deposits of the Bank of Portugal | | |
| Other deposits – Loans | 75 000 000 | 90 000 000 |
| Interest on deposits of the Bank of Portugal | | |
| Loans | 996 875 | 621 181 |
| | 75 996 875 | 90 621 181 |

3.16 · Financial Liabilities Held for Trading

Note 16

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|---------------|-------------------|
| Short selling (*) | 0 | 18 545 000 |
| Derivatives with negative fair value (**) | 96 044 | 1 049 |
| | 96 044 | 18 546 049 |

(*) Short selling of debt instruments.

(**) Unrealised losses to cover part of the portfolio exposure in USD.

3.17 · Deposits of Other Credit Institutions

Note 17

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|-------------------|
| Use of credit institutions in the country | | |
| Current account overdrafts | 137 539 | 73 383 |
| Loans – Repos | 8 236 122 | 16 240 499 |
| Other deposits | 124 | 3 699 |
| | 8 373 785 | 16 317 580 |
| Use of credit institutions abroad | | |
| Current accounts | 67 267 | 282 898 |
| Current accounts overdrafts | 673 683 | 2 732 776 |
| | 740 950 | 3 015 674 |
| | 9 114 735 | 19 333 254 |

3.18 · Client Funds and Other Loans

Note 18

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--------------------------|-------------------|-------------------|
| Client funds | | |
| Deposits | | |
| Residents | | |
| Sight | 24 366 792 | 18 416 471 |
| Term | 54 056 993 | 45 167 458 |
| Non-residents | | |
| Sight | 9 050 113 | 10 709 010 |
| Term | 2 823 399 | 2 893 322 |
| | 90 297 297 | 77 186 262 |
| Interest on client funds | | |
| Deposits | | |
| Residents | 704 414 | 634 512 |
| Non-residents | 92 832 | 13 617 |
| | 797 246 | 648 129 |
| | 91 094 543 | 77 834 390 |

3.19 · Provisions

Note 19

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|----------------|------------|
| Provisions for general credit risks | | |
| Credit granted | 0 | 0 |
| Other provisions | | |
| For other risks and charges | 555 766 | 0 |
| | 555 766 | 0 |

3.20 · Current Tax Liabilities

Note 20

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------|------------|------------------|
| Current tax liabilities | | |
| CIT payable | 0 | 5 244 936 |
| | 0 | 5 244 936 |

The 2012 value is for the Bank's CIT payable amounting to €5 233 236 and CoolLink's amounting to €11 700.

3.21 · Other Liabilities**Note 21**

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|-------------------|
| Credit and other resources | | |
| Suppliers | 389 089 | 478 028 |
| Suppliers of Goods in Financial Leasing | 211 975 | 285 100 |
| Creditors for Transactions in Securities | 1 256 516 | 810 270 |
| Other Creditors | 79 039 | 65 365 |
| Credits for options on futures | 317 090 | 0 |
| Other Resources | 2 598 613 | 3 676 177 |
| VAT payable | 81 196 | 76 100 |
| Government Sector | 270 826 | 285 126 |
| Social Security contributions | 63 439 | 57 422 |
| Contributions to Other Health Systems | 4 432 | 4 739 |
| Unions | 818 | 860 |
| Attachments by Court order | 763 | 0 |
| | 5 273 796 | 5 739 188 |
| Pension liabilities and other benefits | 2 135 833 | 2 150 287 |
| Other interest and similar charges | 0 | 324 225 |
| Charges payable | | |
| Banking services rendered for third parties | 0 | 0 |
| Remuneration payable to Staff | 402 440 | 438 508 |
| Overheads | 489 | 1 277 |
| Other charges payable | 55 497 | 68 652 |
| | 458 425 | 508 437 |
| Other revenue with deferred income | 37 307 | 170 |
| Transactions pending settlement | 1 384 211 | 3 452 079 |
| | 9 289 572 | 12 174 386 |

Under the heading of other resources, the value reported refers to financial balances from clients resulting from transactions in derivatives and amounts invested in liquidity in the portfolio management contracts.

The amount reported as Government Sector concerns the values of withholding tax at source made in the year and to be delivered the following year.

3.22 · Capital

Note 22

The movements and balances at 31 December 2013 in shareholders' equity are presented in the Annex "Statement of Changes in Equity".

3.23 · Minority Interests

Note 23

The minority interests in 2013 were calculated according to the following table:

| SUBSIDIARIES | EQUITY | % MINORITY INTERESTS | MINORITY INTERESTS |
|-----------------------------------|------------------|----------------------|--------------------|
| CoolLink | 183 780 | 50.00% | 79 251 |
| Lisbon Brokers, SA (*) | (576 627) | 15.16% | 0 |
| Retail Properties Investment Fund | 10 000 000 | 31.45% | 3 260 080 |
| FMP, SGPS, SA | 68 850 | 15.00% | 10 452 |
| Total | 9 676 003 | | 3 349 783 |

(*) – Includes additional capital contributions made by Banco Carregosa in 2011 amounting to € 600 000, so the minority interests are null.

3.24 · Net Interest Income

Note 24 and 25

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------------|--------------------|--------------------|
| Interest and similar income from: | | |
| Cash and investments in OCI | 1 482 664 | 777 554 |
| Credit to clients | 1 465 679 | 1 042 334 |
| Overdue loans | 21 810 | 58 446 |
| Other financial assets | | |
| Held for trading | 240 195 | 1 220 821 |
| Available for sale | 4 471 075 | 1 266 447 |
| Held to maturity | 183 053 | 8 179 996 |
| | 7 864 477 | 12 545 598 |
| Interest and Similar Charges from: | | |
| Resources from OCI | (470 317) | (957 261) |
| Resources from clients | (2 384 558) | (2 042 316) |
| Liabilities held for trading | (63 950) | (189 358) |
| Others | (74) | (10 863) |
| | (2 918 898) | (3 199 799) |
| | 4 945 579 | 9 345 799 |

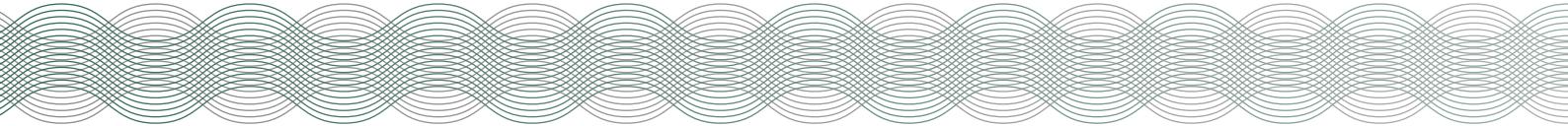
As these are income and charges resulting mainly from banking activities, the values are derived mainly from the Banco Carregosa's individual contribution to the consolidated results, as expressed in the notes to the individual accounts.

3.25 · Income and Charges from and with Commission Services

Note 26 and 27

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|------------------|
| Income from Services and Commissions for: | | |
| Guarantees and sureties | 15 172 | 1 379 |
| Other transactions in financial instruments | 0 | 0 |
| Deposit and custody of securities | 18 458 | 20 338 |
| Bill collection | 56 505 | 76 530 |
| Securities Management | 369 960 | 176 278 |
| UCITS | 2 554 | 40 309 |
| Credit operations | 0 | 0 |
| Other Services Rendered | 246 088 | 337 246 |
| Transactions on behalf of Third Parties | 2 612 518 | 2 981 999 |
| Other commissions received | 142 603 | 216 495 |
| | 3 463 858 | 3 850 574 |
| Charges with services and commissions for: | | |
| Deposit and custody of securities | (40 353) | (38 008) |
| Charging of securities | 0 | 0 |
| Securities Management | (3 380) | 0 |
| UCITS | (38 500) | 0 |
| Other banking services rendered by third parties | (29 947) | (32 777) |
| Transactions performed by third parties | (708 501) | (735 232) |
| Other commissions paid | (3 855) | 0 |
| | (824 536) | (806 017) |
| | 2 639 322 | 3 044 558 |



3.26 · Income from Assets and Liabilities Measured at Fair Value

Note 28

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|--------------------|---------------------|
| Gains in: | | |
| Financial assets held for trading | | |
| Securities | 2 660 453 | 19 016 672 |
| Futures and Other Forward Transactions | 853 534 | 680 474 |
| Other financ. assets at fair value through profit or loss | 80 000 | 0 |
| Financial liabilities held for trading (non-derivatives) | 12 246 285 | 2 430 027 |
| | 15 840 271 | 22 127 173 |
| Losses in: | | |
| Financial Assets held for Trading | | |
| Securities | (2 816 687) | (12 999 051) |
| Futures and Other Forward Transactions | (415 150) | (356 865) |
| Trading financial liabilities (non-derivatives) | (5 277 000) | (3 828 038) |
| | (8 508 837) | (17 183 954) |
| | 7 331 435 | 4 943 219 |

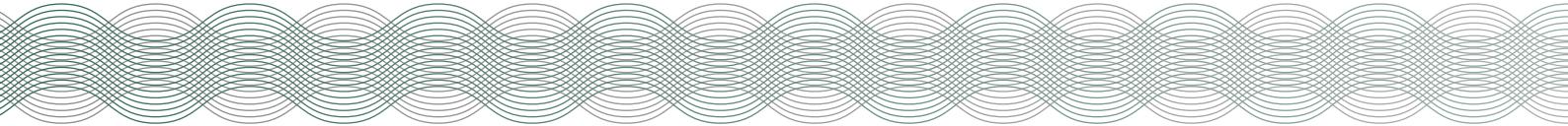
The income under these headings is, for the most part, justified by the capital gains in January, due to the disposal of liabilities held for trading that had been opened in the last quarter of 2012, aiming to cover the market risks associated with the held-to-maturity portfolio on that date.

3.27 · Financial Assets Available for Sale**Note 29**

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------------|------------------|
| Gains in: | | |
| Financial assets available for sale | | |
| Securities | | |
| Issued by residents | | |
| Debt instruments | 1 783 245 | 5 011 847 |
| Equity instruments | 32 587 | 18 260 |
| Others | 359 | 0 |
| Issued by non-residents | | |
| Debt instruments | 1 989 674 | 379 302 |
| Equity instruments | 0 | 0 |
| Others | 21 218 | 0 |
| | 3 827 083 | 5 409 409 |
| Losses in: | | |
| Financial assets available for sale | | |
| Securities | | |
| Issued by residents | | |
| Debt instruments | (203 640) | |
| Issued by non-residents | | (3 700) |
| Debt instruments | (7 420) | (827 962) |
| Others | 0 | 0 |
| | (211 060) | (831 662) |
| | 3 616 023 | 4 577 746 |

The income calculated also results from the sale of part of the held to maturity portfolio. Through this, it was necessary to reclassify the assets in the portfolio of available for sale, and with the sale of some of these, particularly to settle the positions in liabilities held for trading, about half of the results indicated were obtained. During the rest of the year, it was still possible to take advantage of some exceptional market opportunities, resulting in a balance of income from assets available for sale slightly lower than in 2012.



3.28 · Income from Foreign Exchange Revaluation

Note 30

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---------------------------------|------------------|------------------|
| Gains in: | | |
| Exchange rate differences | | |
| Other items in foreign currency | 122 899 | 185 662 |
| Losses in: | | |
| Exchange rate differences | | |
| Other items in foreign currency | (507 705) | (315 257) |
| | (384 806) | (129 595) |

Income determined in large part due to the appreciation of the USD against the EUR, the currency in which the group showed greater exposure.

3.29 · Income From the Sale of Other Assets

Note 31

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|------------------|------------------|
| Gains in: | | |
| Investments held to maturity | 1 434 439 | 2 395 770 |
| Inv. in subsidiaries excl. cons. assoc. and joint ventures | 16 659 | 0 |
| Investments in subsidiaries, assoc. and joint ventures | 0 | 189 963 |
| Non-financial assets – other tangible assets | 37 514 | 69 015 |
| Losses in: | | |
| Investments held to maturity | 0 | (1 502) |
| Non-financial assets | 0 | (196 000) |
| | 1 488 612 | 2 457 246 |

3.30 · Other Operating Income

Note 32

For the comparable periods, this group has the following decomposition:

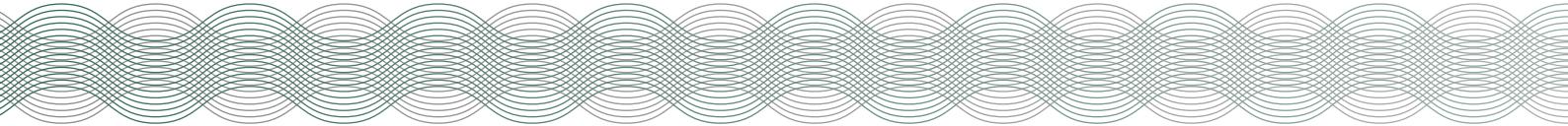
| | 31/12/2013 | 31/12/2012 |
|--|------------------|------------------|
| Gains in: | | |
| Other Income and Operating Income | 0 | 0 |
| Gains in non-financial assets | 218 960 | 13 142 |
| Others | 0 | 0 |
| | 218 960 | 13 142 |
| Losses in: | | |
| Other taxes | (133 618) | (157 964) |
| Membership fees and donations | (227 297) | (38 851) |
| Contributions to DGF [Deposit Guarantee Fund] | (17 500) | (17 500) |
| Contributions to the investor compensation scheme | (2 500) | (2 500) |
| Failures in the management and execution of procedures | (3) | (1 034) |
| Failures of IT or telecommunications systems | (1 950) | (1 208) |
| Losses in Non-Financial Assets | 0 | 0 |
| Other operating charges and expenses | (306 397) | (199 726) |
| | (689 265) | (418 782) |
| | (470 305) | (405 641) |

3.31 · Staff Costs

Note 33

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---------------------------------|--------------------|--------------------|
| Remunerations | | |
| Management Bodies | (501 687) | (568 510) |
| Employees | (2 314 134) | (2 325 050) |
| Mandatory Social Security Costs | | |
| Costs related to Remunerations | (657 762) | (648 896) |
| Other mandatory social costs | | |
| Pension fund | (31 692) | (31 667) |
| Accident insurance | (13 740) | (12 255) |
| Other staff costs | (143 215) | (88 808) |
| | (3 662 230) | (3 675 186) |



3.32 · Overheads

Note 34

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-----------------------------------|--------------------|--------------------|
| Supplies: | | |
| Water, Energy and Fuels | (179 092) | (165 743) |
| Consumables | (10 607) | (3 729) |
| Publications | (7 834) | (8 823) |
| Hygiene and Cleaning Materials | (9 853) | (9 778) |
| Other Third Party Supplies | (143 752) | (91 337) |
| | (351 138) | (279 410) |
| Services: | | |
| Leases and Rentals | (312 501) | (320 645) |
| Communications | (241 196) | (263 165) |
| Travel and expense accounts | (305 338) | (196 855) |
| Advertising and Publications | (666 595) | (515 100) |
| Maintenance and Repair | (126 383) | (171 272) |
| Insurance | (32 514) | (24 039) |
| Specialised services | | |
| Retainers and Fees | (333 151) | (187 848) |
| Legal, Litigation and Notary | (3 682) | (9 073) |
| I.T. | (194 690) | (137 073) |
| Security and Surveillance | (8 901) | (5 482) |
| Cleaning | (9 561) | (9 229) |
| Information | (277 884) | (290 622) |
| Data banks | (36 061) | (33 938) |
| Other specialised services | | |
| Studies and Consultations | (60 855) | (62 457) |
| External Consultants and Auditor | (409 587) | (446 717) |
| External assessors | (21 587) | 0 |
| Other third party services | | |
| Advisory, communication and image | (41 567) | (42 983) |
| Bank of Portugal – Bpnet Service | (1 879) | (2 448) |
| Condominium Services | (10 729) | (8 434) |
| Others | (106 806) | (5 400) |
| | (3 201 465) | (2 732 779) |
| | (3 552 603) | (3 012 189) |

Pursuant to paragraph b) of no. 1 of article 66-A, chapter 6 of the C.C.C., the following fees for Lisbon Brokers, SA and FMP, SGPS were recorded, and no other type of service was provided:

| | |
|-----------------------------------|-----------------|
| Statutory Auditors/Single Auditor | |
| Statutory Audits | 1 500.00 |
| | 1 500.00 |

Pursuant to paragraph b) of no. 1 of article 66-A, chapter 6 of the C.C.C., the following fees for Banco Carregosa were recorded, and no other type of service was provided:

| | |
|--|------------------|
| Statutory Auditors | |
| Statutory Audits | 21 241.92 |
| Review of Interim Financial Statements | 15 260.00 |
| Guarantee and Reliability Services | 5 493.60 |
| Others (CoolLink) | 1 700.00 |
| | 43 695.52 |

3.33 · Amortisations

Note 35

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--------------------------|------------------|--------------------|
| Tangible assets | | |
| Real estate | (8 659) | (8 659) |
| Equipment | (497 478) | (1 200 051) |
| Financial leasing assets | (5 529) | (5 529) |
| Other intangible assets | (537) | (807) |
| | (512 202) | (1 215 046) |
| Intangible assets | (397 919) | (443 938) |
| | (910 121) | (1 658 984) |

3.34 · Depreciation and Amortisations

As mentioned in note 08, the movements and balances of the other “tangible assets” and “intangible assets”, including amortisations and impairment adjustments are presented in Annex 4.

3.35 · Provisions Net of Write-offs

Note 36

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------|------------------|------------|
| Gains in: | | |
| Other provisions | 13 100 | 0 |
| Losses in: | | |
| Other provisions | (568 866) | 0 |
| | (555 766) | 0 |

3.36 · Credit Impairment Net of Reversals and Recoveries

Note 37

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------------|------------------|
| Gains in: | | |
| Provisions for general credit risks | 111 184 | 196 797 |
| Other provisions | 45 606 | 158 330 |
| Losses in: | | |
| Provisions for general credit risks | (190 686) | (327 480) |
| Other provisions | (73 457) | (185 965) |
| | (107 353) | (158 319) |

3.37 · Impairment of Other Financial Assets Net of Reversals and Recoveries

Note 38

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------|-----------------|
| Financial assets available for sale | | |
| Securities | 0 | (40 850) |
| | 0 | (40 850) |

3.38 · Impairment of Other Assets Net of Reversals and Recoveries

Note 39

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|----------------|------------------|
| Gains in: | | |
| Investments in subsidiaries, asso. and joint ventures | 340 000 | 0 |
| Non-financial assets | 56 | 0 |
| Losses in: | | |
| Non-financial assets | 0 | (340 000) |
| Investments in subsidiaries, assoc. and joint ventures | 0 | (45 102) |
| | 340 056 | (385 102) |

3.39 · Income From Investments in Assoc. and Joint Ventures (Equity Accounting)

Note 40

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|--------------|-----------------|
| Appropriation neg. results sub. excluded from cons. Ass. and joint | 0 | (22 238) |
| Residents: | | |
| Associates | 5 579 | 0 |
| | 5 579 | (22 238) |

3.40 · Taxes

Note 41 e 42

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------|--------------------|--------------------|
| Taxes | | |
| Current | (3 795 155) | (5 533 695) |
| Deferred | 8 390 | 115 147 |
| | (3 786 765) | (5 418 548) |

The current taxes recorded in 2013 in the amount of € 3 795 155, result from the income tax calculated according to the tax laws applicable to Banco Carregosa amounting to € 3 718 271, to Coolink in the amount of € 6 767 and to the Fund Reatil € 70 116.77.

The deferred taxes recorded in 2013 in the amount of € 8 390 result solely from changes in deferred tax assets, detailed in 3.13.

3.41 · Minority Interests

Note 43

Minority interests in the consolidated income for 2013 were calculated according to the following table:

| SUBSIDIARIES | NET INCOME | % MINORITY INTERESTS | MINORITY INTERESTS |
|-----------------------------------|----------------|----------------------|--------------------|
| CoolLink | (25 278) | 50.00% | (12 639) |
| Lisbon Brokers, SA (*) | (24 593) | 15.16% | 0 |
| Retail Properties Investment Fund | 367 359 | 31.45% | 115 518 |
| FMP, SGPS, SA | 833 | 15.00% | 125 |
| Total | 318 321 | | 103 004 |

(*) – As already mentioned in note 3.21, minority interests are not included in the results of the company Lisbon Brokers, given its negative net worth, after deducting the supplementary capital contributions from Banco Carregosa.

Exerceu o direito de actualisacão

Fernando



COMPANHIA DE FOMENTO COLONIAL

SOCIEDADE ANÔNIMA DE RESPONSABILIDADE LIMITADA

SÉDE NO PORTO

Constituído por escritura de 18 de Janeiro de 1939 publicada no Diário do Governo de 28 de Fevereiro do mesmo ano, 3.ª Série n.º 48, para efectivação do Acordo de Londres de 30 de Maio de 1938, aprovado pelo Governo Português em 15 de Julho do mesmo ano, nos termos do Decreto-Lei n.º 28862.

CAPITAL ESC. 4.576.000\$00

DIVIDIDO EM 208.000 ACCOES DE ESC. 22500 CADA

TÍTULO DE UMA ACÇÃO -A-

Liberado

N° 26.934.

ESG. 22 \$00

Averbado ao Forador

—Kerall O'Neil

Porto, 5 de Junho de 1941

Os Administradores Delegados

10. *Leucosphaera* sp. (Basionym)



3.42 · Off-Balance Sheet Accounts

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|----------------------|------------------------|
| Commitments to third parties: | | |
| Irrevocable commitments | | |
| Potential liabilities to the ICS | 196 649 | 169 843 |
| Revocable commitments | | |
| Credit lines | 16 133 815 | 8 546 237 |
| Overdraft facilities | 50 017 | 47 699 |
| | 16 380 481 | 8 763 779 |
| Liability for provision of services: | | |
| Deposit and custody of securities | 370 952 428 | 418 290 366 |
| Administrative amounts by the Institution | 60 307 850 | 18 113 287 |
| Others | 0 | 0 |
| | 431 260 278 | 436 403 653 |
| Services rendered by third parties: | | |
| Deposit and custody of securities | 359 745 277 | 375 476 214 |
| Other services | 0 | 0 |
| | 359 745 277 | 375 476 214 |
| Foreign exchange transactions and derivatives: | | |
| FX forward transactions – trading | 38 433 338 | 17 992 912 |
| Futures and forward options – trading | 199 473 | 0 |
| | 38 632 812 | 17 992 912 |
| Guarantees provided and any other services: | | |
| Personal/institutional guarantees and sureties | 2 082 015 | 359 773 |
| Real guarantees | 98 312 720 | 127 180 000 |
| | 100 394 734 | 127 539 773 |
| Guarantees received: | | |
| Personal guarantees | 2 902 489 | 0 |
| Real guarantees | 35 036 296 | 37 411 349 |
| | 37 921 449 | 37 411 349 |
| Other off-balance sheet items: | | |
| Write-offs | 1 339 935 | 1 337 153 |
| Accrued interest | 8 253 | 10 804 |
| Sundry | (982 798 067) | (1 004 935 636) |
| | (981 449 878) | (1 003 587 679) |



L. J. CARREGO

XIV. INDIVIDUAL ACCOUNTS
ANALYSIS AND NOTES



INDIVIDUAL BALANCE SHEET (AAS) ON 31 DECEMBER 2013 AND 2012

| | NOTES | 31-12-2013 | | Euros | |
|--|-------|--|---|--------------------|--------------------|
| | | VALUE BEFORE PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | NET AMOUNT | PREVIOUS YEAR |
| ASSETS | | | | | |
| Cash and resources in central banks | 1 | 33 923 137 | 0 | 33 923 137 | 50 677 236 |
| Resources in other credit institutions | 2 | 12 183 282 | 0 | 12 183 282 | 11 285 908 |
| Financial assets held for trading | 3 | 2 759 420 | 0 | 2 759 420 | 2 357 042 |
| Other financial assets at fair value through profit or loss | | 0 | 0 | 0 | 0 |
| Financial assets available for sale | 4 | 111 805 246 | 0 | 111 805 246 | 40 953 207 |
| Investments in credit institutions | 5 | 19 119 419 | 0 | 19 119 419 | 4 795 298 |
| Loans to clients | 6 | 39 140 741 | (93 569) | 39 047 172 | 39 732 712 |
| Investments held to maturity | 7 | 0 | 0 | 0 | 94 942 480 |
| Assets with repurchase agreement | | 0 | 0 | 0 | 0 |
| Hedging derivatives | | 0 | 0 | 0 | 0 |
| Non-current assets held for sale | | 0 | 0 | 0 | 0 |
| Investment properties | | 0 | 0 | 0 | 0 |
| Other tangible assets | 8 | 5 530 954 | (3 915 821) | 1 615 134 | 1 315 979 |
| Activos intangíveis | 9 | 2 172 422 | (2 008 890) | 163 532 | 413 770 |
| Investments in associates and subsidiaries excluded from the consolidation | 10 | 914 378 | (600 000) | 314 378 | 512 848 |
| Current tax assets | 11 | 285 972 | 0 | 285 972 | 0 |
| Deferred tax assets | 12 | 300 681 | 0 | 300 681 | 292 291 |
| Other assets | 13 | 7 341 596 | 0 | 7 341 596 | 9 320 391 |
| TOTAL ASSETS | | 235 477 247 | (6 618 279) | 228 858 967 | 256 599 162 |

| | NOTES | 31-12-2013 | Euros | | |
|---|-------|---|---|--------------------|--------------------|
| | | VALUE BEFORE PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | PROVISIONS, IMPAIRMENTS AND AMORTIZATIONS | NET AMOUNT | PREVIOUS YEAR |
| LIABILITIES | | | | | |
| Resources of central banks | 14 | | | 75 996 875 | 90 621 181 |
| Financial liabilities held for trading | 15 | | | 96 044 | 18 546 049 |
| Other liabilities at fair value through profit and loss | | | | 0 | 0 |
| Resources of other credit institutions | 16 | | | 9 114 611 | 19 331 386 |
| Resources of clients and other loans | 17 | | | 95 089 633 | 77 880 651 |
| Debt securities | | | | 0 | 0 |
| Financial liabilities associated to transferred assets | | | | 0 | 0 |
| Hedging derivatives | | | | 0 | 0 |
| Non-current liabilities held for sale | | | | 0 | 0 |
| Provisions | 18 | | | 816 541 | 236 611 |
| Current tax liabilities | 19 | | | 0 | 5 233 236 |
| Deferred tax liabilities | | | | 0 | 0 |
| Equity instruments | | | | 0 | 0 |
| Other subordinated liabilities | | | | 0 | 0 |
| Other liabilities | 20 | | | 9 088 134 | 12 023 248 |
| TOTAL LIABILITIES | | | | 190 201 838 | 223 872 361 |
| CAPITAL | | | | | |
| Share Capital | | | | 20 000 000 | 20 000 000 |
| Share premium | | | | 369 257 | 369 257 |
| Other equity instruments | | | | 0 | 0 |
| Revaluation reserve | | | | 1 979 015 | 745 643 |
| Other reserves and retained earnings | | | | 9 259 693 | 2 147 997 |
| Own shares | | | | 0 | 0 |
| Net income of the financial year | | | | 7 049 164 | 9 463 904 |
| Anticipated Dividends | | | | 0 | 0 |
| TOTAL CAPITAL | 21 | | | 38 657 129 | 32 726 801 |
| TOTAL LIABILITIES AND CAPITAL | | | | 228 858 967 | 256 599 162 |

The CPA

The Board of Directors

INDIVIDUAL INCOME STATEMENT
31 December 2013 and 2012

| | NOTAS | 31-12-2013 | Euros ANO ANTERIOR |
|--|-------|-------------------|-----------------------|
| Interest and similar income | 22 | 7 860 906 | 12 541 111 |
| Interest and similar expense | 23 | (3 038 988) | (3 199 799) |
| NET INTEREST INCOME | | 4 821 917 | 9 341 313 |
| Income from equity instruments | | 0 | 0 |
| Income from services and commissions | 24 | 3 498 860 | 3 850 574 |
| Charges with services and commissions | 25 | (782 134) | (805 311) |
| Income from assets and liabilities valued at fair value through profit or loss | 26 | 7 331 435 | 4 943 219 |
| Income from financial assets available for sale | 27 | 3 616 023 | 4 577 746 |
| Income from foreign exchange revaluation | 28 | (384 789) | (129 589) |
| Income from sale of other assets | 29 | 1 470 124 | 2 395 285 |
| Other operating income | 30 | (580 600) | (390 879) |
| OPERATING REVENUE | | 18 990 837 | 23 782 357 |
| Staff costs | 31 | (3 372 817) | (3 451 182) |
| Overheads | 32 | (3 716 633) | (3 302 373) |
| Depreciation and amortisation | 33 | (874 989) | (1 627 583) |
| Provisions net of write-offs | 34 | (579 502) | (130 684) |
| Value adjustments associated with credit to clients and receivables from other debtors (net of restitutions and write-offs) | 35 | (27 851) | (26 284) |
| Impairment of other financial assets net of reversals and recovery | 36 | 0 | (40 850) |
| Impairment of other net assets net of reversals and recovery | 37 | 340 000 | (340 000) |
| PROFIT BEFORE TAX | | 10 759 045 | 14 863 401 |
| Taxes | | (3 709 881) | (5 399 497) |
| Current | 38 | (3 718 271) | (5 514 644) |
| Deferred | 39 | 8 390 | 115 147 |
| PROFIT AFTER TAX | | 7 049 164 | 9 463 904 |

Of which: Profit after tax from discontinued operations.

The CPA

The Board of Directors

STATEMENT OF CASH FLOWS
for the period ended on 31 December 2013 and 2012

| | Euros | |
|---|---------------------|---------------------|
| | 31-12-2013 | 31-12-2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Interest and commissions received | 12 505 412 | 16 925 110 |
| Payment of interest and commissions | (3 622 612) | (2 701 166) |
| Payments to employees and suppliers | (7 153 753) | (6 816 145) |
| Resources of credit institutions and central banks | (23 219 640) | 15 779 092 |
| Other operating assets and liabilities | (9 248 244) | 63 019 889 |
| Other receipts from clients | 17 770 708 | (4 124 220) |
| Tax on profit | (9 152 414) | (671 489) |
| Net cash from operating activities | (22 120 543) | 81 411 070 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES: | | |
| Dividends received | - | - |
| Acquisition/sale of assets available for sale | (69 618 667) | (34 078 296) |
| Investments held to maturity | 95 049 456 | (13 242 763) |
| Acquisition of tangible and intangible assets | (923 906) | (1 318 056) |
| Sale of tangible and intangible assets | 35 685 | 71 500 |
| Investments in subsidiaries and associated companies | 538 470 | 535 500 |
| Net cash from investment activities | 25 081 037 | (48 032 115) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Capital Increase | - | - |
| Dividends paid | (2 500 000) | - |
| Issuance of securitised and subordinated debt | - | - |
| Interest paid on cash bonds and others | - | - |
| Interest paid on subordinated liabilities | - | - |
| Resources of credit institutions (not associated with the main capital gains generating activities) | - | - |
| Net cash from financing activities | (2 500 000) | - |
| Increase (Decrease) in net cash and cash equivalents | 460 495 | 33 378 956 |
| Effect of exchange differences | - | - |
| Cash and cash equivalents at start of period | 63 954 120 | 30 575 165 |
| Cash and cash equivalents at end of period | 64 414 615 | 63 954 120 |

TANGIBLE AND INTANGIBLE ASSETS
On 31 December 2013 (Individual Activity)

Annex IV

| ACCOUNTS | ON 31/12/2012 | | | | | |
|--------------------------------|------------------|--------------------------|-----------------------|---------------------------|------------------|----------|
| | GROSS VALUE | ACCUMULATED AMORTISATION | INCREASES AQUISITIONS | AMORTISATION FOR THE YEAR | WRITE-OFFS (NET) | TRANSF. |
| OTHER INTANGIBLE ASSETS | | | | | | |
| Software | 1 842 233 | 1 484 532 | 139 922 | 337 602 | 0 | 0 |
| Intangible Assets in Progress | 0 | 0 | 4 273 | 0 | 0 | 0 |
| Other Intangible Assets | 185 994 | 129 163 | 0 | 56 831 | 0 | 0 |
| | 2 028 227 | 1 613 695 | 144 195 | 394 433 | 0 | 0 |
| TANGIBLE ASSETS | | | | | | |
| Real Estate | 522 936 | 18 052 | 0 | 8 188 | 0 | 0 |
| Equipment | 3 995 042 | 3 538 696 | 644 407 | 466 839 | 0 | 0 |
| Assets in Financial Leasing | 368 570 | 13 821 | 0 | 5 529 | 0 | 0 |
| | 4 886 548 | 3 570 569 | 644 407 | 480 556 | 0 | 0 |
| TOTALS | 6 914 775 | 5 184 264 | 788 602 | 874 989 | 0 | 0 |

The CPA

| ADJUSTMENTS | | | | | | Euros |
|-------------|---------------------------|--------------------------|---------------------------|------------------------------------|------------------------------------|-------------------------|
| GROSS VALUE | AMORTISATION FOR THE YEAR | ACCUMULATED AMORTISATION | ADJUSTED AQUISITION VALUE | ADJUSTED AMORTISATION FOR THE YEAR | ADJUSTED ACCUMULATED AMORTISATIONS | NET VALUE ON 31/12/2013 |
| 0 | 0 | 0 | 1 982 155 | 337 602 | 1 484 912 | 159 260 |
| 0 | 0 | 0 | 4 273 | 0 | 0 | 4 273 |
| 0 | 0 | 0 | 185 994 | 56 831 | 129 163 | 0 |
| 0 | 0 | 0 | 2 172 422 | 394 433 | 1 614 075 | 163 533 |
| <hr/> | | | | | | |
| 0 | 0 | 0 | 522 936 | 8 188 | 18 052 | 496 696 |
| 0 | 0 | 0 | 4 639 449 | 466 839 | 3 403 392 | 769 218 |
| 0 | 0 | 0 | 368 570 | 5 529 | 13 821 | 349 220 |
| 0 | 0 | 0 | 5 530 955 | 480 556 | 3 435 265 | 1 615 134 |
| 0 | 0 | 0 | 7 703 377 | 874 989 | 5 049 340 | 1 778 666 |

The Board of Directors



STATEMENT OF CHANGES IN EQUITY

On 31 December 2013 (Individual Activity)

Euros

| ACCOUNTS | BALANCE ON 31-12-2012 | INCREASES | TRANSFERS | DECREASES | BALANCE ON 31-12-2013 |
|-----------------------------------|--------------------------|-------------------|-------------------|----------------|--------------------------|
| Paid-up Capital | 20 000 000 | | | | 20 000 000 |
| Share premium | 369 257 | | | | 369 257 |
| Revaluation reserve | 1 121 378 | 319 963 | | | 1 441 341 |
| Legal reserve | 506 236 | | 946 390 | | 1 452 626 |
| Reserve for exchange rate changes | -375 735 | | | 913 409 | 537 674 |
| Other reserves | 288 988 | 6 165 305 | | | 6 454 293 |
| Retained earnings | 1 352 774 | | | | 1 352 774 |
| Net profit for the year | 9 463 904 | 7 049 164 | -9 463 904 | | 7 049 164 |
| TOTAL EQUITY | 32 726 802 | 13 534 432 | -8 517 914 | 913 409 | 38 657 129 |

The CPA

The Board of Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ON 31 DECEMBER 2013
(Amounts in Euros unless otherwise indicated)

1 · GENERAL INFORMATION

Banco L. J. Carregosa, SA (Bank or Carregosa) is a commercial bank with headquarters in Portugal, at Av. da Boavista no. 1083, in Porto. For this purpose, it has the necessary authorisations from the Portuguese authorities. It started its activity as a commercial bank in November 2008, after the merger of Sociedade de Corretagem L. J. Carregosa and Personal Value, according to public deed of 17 May of that year.

The Bank has a nationwide network of 4 branches and two representative offices in Spain and São Paulo.

2 · BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

2.1 · Basis of Presentation and Comparability

Under the provisions of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and its transposition into Portuguese Law through Decree-Law no. 35/2005 of 17 February and Notice no. 1/2005 of the Bank of Portugal, the financial statements of Banco Carregosa are prepared in accordance with the Adjusted Accounting Standards (AAS) as defined by the Bank of Portugal.

The AAS reflect the application to the individual statements of the International Financial Reporting Standards (IFRS) as adopted by the European Union with the exception of some issues regulated by the Bank of Portugal, such as the impairment of credit to customers and the accounting method relating to recognition in retained earnings of adjustments of liabilities for retirement and survival pensions during the transition period.

The individual financial statements of Banco Carregosa now presented relate to the year ended on 31 December 2013 and were prepared in accordance with the AAS, which include the IFRS in force as adopted by the EU until 31 December 2011. The accounting policies applied by the Bank in the preparation of its financial statements for 31 December 2013 are consistent with those used in preparing the annual financial statements as at 31 December 2012.

These statements were prepared under the historical cost principle, except for assets and liabilities recorded at fair value, namely financial derivatives and financial assets and liabilities at fair value

2.2 · Summary of Main Accounting Policies

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

2.2.1 · Accrual-based

The Bank adopts the accrual-based accounting principle for the vast majority of items in the financial statements. Thus, costs and income are recorded as they are generated, regardless of when paid or received.

2.2.2 · Transactions in Foreign Currency

The assets and liabilities in foreign currency are converted into Euros at the "fixing" exchange rate of the balance sheet date, which are converted at the average exchange rate of the month indicated by the Bank of Portugal.

Income and costs relating to transactions in foreign currency are recorded in the period they occur, according to the effect that the transactions in foreign currency have on the foreign exchange position. On the date of the transaction, purchases and sales of spot and forward foreign currency are recorded in the foreign exchange position.

2.2.3 · Investments in Credit Institutions at Home and Abroad

These instruments are valued at fair value, which is usually the consideration paid, net of directly associated transaction costs.

2.2.4 · Financial Assets Held for Trading

This item includes the financial assets acquired for the purpose of selling in the short term and making profits from fluctuations in the price or dealer's margin, including all financial derivatives that are not classified as hedging operations.

The financial assets classified in this category are recorded at fair value, with gains and losses arising from subsequent valuation reflected in net income.

2.2.5 · Financial Assets Held for Sale

Under this heading are classified the instruments that can be sold in response to or in anticipation of liquidity needs or changes in interest rates, exchange rates or changes in their market price, and which were not classified in any of the other categories of financial assets. These include equity instruments, investment fund units and debt instruments.

These assets are measured at fair value with gains and losses reflected in "Revaluation reserves" until the time of their disposal or are subjected to impairment losses. Interest is recognized in the income statement under "Interest and similar income". For financial assets available for sale in foreign currency, the exchange differences are recognised directly in equity under the appropriate reserves item. When a drop in fair value of a financial asset available for sale has been recognised directly in equity and there is objective evidence that the asset is impaired, the accumulated loss, which had been recognised directly in equity, is removed from equity and recognised in the income statement under "Impairment of other financial assets net of reversals and recoveries".

2.2.6 · Loans to Clients and Receivables From Other Debtors

Loans to clients and receivables from other debtors are the financial assets corresponding to the supply, to a particular entity, of money, goods or services, by the Institution. This concept covers the typical activity of granting credit to clients and the credit positions arising from transactions with third parties conducted within the activities of the institution.

The valuation followed in loans to clients and receivables from other debtors is as follows:

- On the date of initial recognition, the financial assets are recorded at their nominal value and cannot, either on that date or subsequent date of recognition, be included or reclassified in other categories of financial assets.
- The interest component, including that regarding any premiums or discounts, is recognised separately in the income statements.
- The value of the assets included in this category is subject to correction, according to criteria of rigour and prudence so as to reflect, at any time, their realisable value.
- The correction referred to in the previous paragraph cannot be lower than what is established by Notice no. 3/95 of the Bank of Portugal, as a minimum reference framework for the establishment of specific and general provisions.
- For the purpose of establishing general provisions, referred to in the previous paragraph, the total credit granted by the Companies is taken into account, including other responsibilities undertaken with third parties, such as guarantees or other instruments of similar nature.

2.2.7 · Repos

Securities sold under repurchase agreements are maintained in the portfolio in which they were originally recorded. The funds received are recorded, on the settlement date, in own liabilities account and the amount of interest accrued. The nominal value of the securities assigned is recognised in specific off-balance sheet item.

2.2.8 · Non-current Assets Held for Sale

Non-current assets are classified as held for sale whenever it is determined that their book value will be recovered through a sale transaction rather than through continued use.

Assets recorded under this category are valued at the lowest value between the acquisition cost and fair value, based on appraisals by internal or external experts, less costs incurred on the sale.

2.2.9 · Provisions

The Carregosa Group calculates provisions for overdue loans and interest and general credit risks in accordance with Notice no. 3/95 of the Bank of Portugal (with the amendments introduced by subsequent regulations, namely Notice no. 8/2003).

The provisions recorded in the accounting correspond to the application of the percentages set by the Bank of Portugal and are complemented by provisions in excess of these minimum amounts, when deemed appropriate.

i) Provisions for overdue loans and interest:

These are to meet the risks of collections of principal, interest and other amounts that are overdue, regarding any financing transactions that have been made. This provision is calculated by applying the minimum percentage of provision set out in Notice no. 3/95 of the Bank of Portugal, as amended by Notice no. 8/2003 of 30 January, depending on the seniority of the overdue uncollected balances and whether there are guarantees or not.

ii) Provisions for general credit risks:

The provision for general credit risks is to meet the risks associated to the execution of the credit granted.

The provision set up corresponds to a percentage of 1% on the capital falling due on 31 December from credit agreements, as well as receivables from other debtors.

2.2.10 · Other Tangible Assets

Under Other tangible assets, the assets are recorded at acquisition cost including vehicles and other equipment.

These tangible assets are amortised on a straight-line basis according to their expected useful life, up to the maximum years indicated in the table below. By applying a principle of caution, and in duly documented exceptional cases by decision of the Executive Committee, amortisation periods less than those indicated may be used; however, the respective tax effects are considered to date of such decision and recognised in the appropriate asset account.

YEARS:**Equipment:**

| | |
|-----------------------------|--------|
| Transport equipment | 4 – 8 |
| Furniture and supplies | 8 – 16 |
| I.T. equipment | 3 – 8 |
| Other tangible fixed assets | 5 – 20 |

2.2.11 · Intangible Assets

Under this heading, the Bank registers the costs of the development phase of projects implemented and to be implemented, as well as the cost of acquiring software, in any of the cases when the estimated impact is reflected beyond the year in which they are carried out.

Intangible assets are amortised on a straight line and duodecimal basis over the estimated period of useful life of the assets which generally corresponds to a three-year period.

2.2.12 · Other Financial Liabilities – Resources from other Credit Institutions, Resources from Clients, Other Loans and Others

The other financial liabilities, which mainly include resources from clients, are initially valued at fair value, which normally corresponds to the consideration received net of directly associated transaction costs.

According to the fair value option, advocated by IAS 39, the financial liabilities included under securitised and subordinated liabilities are classified as financial liabilities at fair value through profit or loss, whenever they comply with the classification requirements of this category, in particular by incorporating one or more embedded derivatives. These liabilities are initially valued at fair value, with subsequent changes in fair value highlighted in the income statement.

2.2.13 · Provisions and Contingent Liabilities

A provision is established when there is a present obligation (legal or constructive) arising from past events where there is likely to be future outflow of resources associated with them and they can be reliably determined. The provision represents the best estimate of any amounts that would be necessary to spend to settle the liability at the balance sheet date.

If it is not likely that there will be future outflow of resources, it is a contingent liability. Contingent liabilities are only subject to disclosure, if the possibility of a payment is remote.

2.2.14 · Recognition of Income and Expenses

Income and expenses are recognised on the basis of duration of the operations in accordance with the accrual-based accounting principle, i.e. they are recorded as they are generated. Income is recognised when it is probable that economic benefits associated with the transaction will flow to the company and the amount of capital gain can be measured. Interest accrued and not collected is cancelled in the balance sheet after three months since maturity and only recognised as income when it is actually received.

2.2.15 · Fees for Services Rendered

Banco Carregosa charges fees for providing a broad range of services. The fees are recognised as income immediately, as they relate to particular or specific services, and are not associated to services that extend over a period of time.

2.2.16 · Income Tax

The Company is subject to the tax regime in the Corporate Income Tax Code (CITC).

The current tax is recognised as cost in the year in which the profits were generated. The effect on future taxes are recognised as deferred tax assets provided that it is probable that there will be future taxable profit to allow its use. The deferred tax liabilities are always recorded.

The deferred tax assets and liabilities are calculated and evaluated on an annual basis using the tax rates that are expected to be in force on the date of reversal of temporary differences.

Finally, income taxes are recorded against income for the year unless the operations that caused them have been reflected in a specific equity item. In this case, the tax effect is also reflected against equity.

The costs with income tax correspond to the sum of the current tax and deferred tax.

2.2.17 · Employee Benefits

Banco Carregosa, using the Collective Labour Agreement for the Banking Sector (ACTV) as a reference for labour practices, undertook the commitment, exclusively for its employees not included in the National Pension System, to assign to them or to their families, cash benefits for old-age retirement, early retirement, disability or survivor's pension. These cash benefits consist of a percentage that increases as a result of the number of years that the employee has worked, applied according to the salary scale negotiated annually with the active workforce.

To finance these liabilities, in 2004 Banco Carregosa joined the Pension Fund Horizonte – Pensõesgere. In 2010, aware of the evolution of its duties and based on a policy of rigour and good management of the coverage of the liabilities assumed, the Bank decided to move the Pension Fund to a new management entity, "BANIF AÇOR PENSÕES – Sociedade Gestora de Fundos de Pensões SA" subscribing to three Open Pension Funds: Optimize Capital Pensões Acções (30%) Optimize Capital Equilibrado (30%) and Optimize Capital Moderado (40%).

As before, liabilities for past services of the employees covered are determined annually and take into account the date of admission to Banco Carregosa and not the date of admission to the banking sector. Consequently, the share of liability assigned to the period between the date of admission to the banking sector and the date of admission to the Company will be attributable to previous employers, unless the latter have transferred the amount related to their share of the liability.

The recognised liabilities correspond to the difference between the present value of pension obligations and the fair value of the assets of pension funds, taking into account adjustments for deferred actuarial gains and losses. The value of the liabilities is determined annually by independent actuaries using the "Projected Unit Credit" method and the actuarial assumptions considered appropriate. The update of liabilities is made based on a discount rate that reflects the medium and long-term interest rates of bonds listed in the Eurozone by companies assessed as low risk.

In addition to pensions, integrated into the Fund's liabilities and for that group of employees, the Bank also undertook the death grant.

As a result of a study of the current liabilities and charges for medical assistance, in 2010 the Bank decided to outsource this benefit with Multicare, covering all employees that do not benefit from SAMS (Medical-Social Assistance Service), while maintaining the same levels of charges.

IAS 19 – Employee benefits (amendment) – this standard was revised to include several changes, particularly with regard to:

(i) recognition of actuarial and financial gains and losses arising from differences between the assumptions used in determining liability and the expected asset performance and actual values, as well as those resulting from changes in actuarial and financial assumptions during the year against equity;

- (ii) a single interest rate is applied to the plan's liabilities and assets;
- (iii) the difference between the fund's actual return on assets and the single interest rate is recorded as actuarial gains/losses; and
- (iv) the expenses recorded in the income statements correspond only to the current service cost and net interest expense.

2.2.18 • Report by Segments

Banco Carregosa conducts its business through a common network to the various products marketed so it is not suitable to report by segments of activity.

Since the activities of Banco Carregosa are developed in Portugal and in Spain, through a representative office, it is not relevant to report by geographical segment.



3 · FOREWORD

The accounts of the Balance Sheet and Income Statement are compared for the dates of 31 December 2013 and 31 December 2012, in accordance with Adjusted Accounting Standards (AAS) and comprise the following items:

3.1 · Cash and Deposits at Central Banks

Note 01

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|-------------------|-------------------|
| Cash | 0 | 0 |
| Current accounts at the Bank of Portugal | 33 923 137 | 50 677 236 |
| | 33 923 137 | 50 677 236 |

Current accounts at the Bank of Portugal include deposits that satisfy the legal requirements for the establishment of minimum cash deposits. In accordance with the Bank of Portugal Notice no. 7/94 of 19 October, the coefficient to be applied amounts to 2% of the eligible liabilities. These deposits are remunerated.

3.2 · Deposits in Other Credit Institutions

Note 02

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Current accounts in Monetary Institutions | | |
| Residents | 4 155 794 | 3 984 564 |
| Non-residents | 8 027 488 | 7 301 344 |
| | 12 183 282 | 11 285 908 |

3.3 · Financial Assets Held for Trading

Note 03

For the comparable periods, this group has the following decomposition:

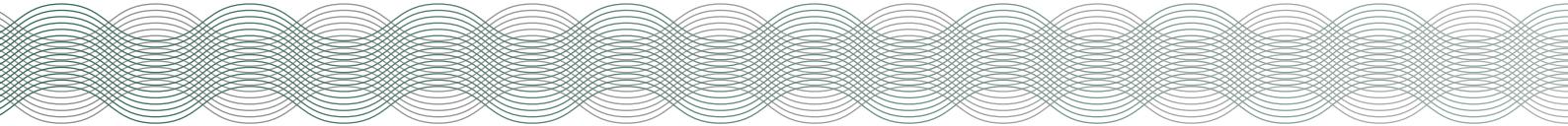
| | 31/12/2013 | 31/12/2012 |
|--------------------------------------|------------------|------------------|
| Trading Securities | | |
| Securitie | 2 292 909 | 2 142 484 |
| Derivatives with positive fair value | 466 511 | 214 558 |
| | 2 759 420 | 2 357 042 |

This portfolio had a slight increase over the same period, either through acquisitions due to favourable market conditions or through transfers of part of the securities from the held-to-maturity assets portfolio.

FINANCIAL ASSETS HELD FOR TRADING

On 31 December 2013 this showed the following details:

| NATURE AND TYPE | ACQUISITION VALUE | BALANCE SHEET VALUE | | GAINS | | IMPAIRMENT | | |
|---|----------------------|------------------------|---------------|---------------|----------|------------|--|--|
| | | FAIR VALUE | MORE | LESS | | | | |
| DEBT INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Other Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 150 950 | 153 881 | 2 931 | - | - | | | |
| Issued by Non- Residents | | | | | | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 401 374 | 400 306 | | 1 068 | - | | | |
| | 552 324 | 554 187 | 2 931 | 1 068 | - | | | |
| EQUITY INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Other Resident Issuers | | | | | | | | |
| Shares | 337 213 | 339 910 | 3 597 | 900 | - | | | |
| Issued by Non- Residents | | | | | | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Shares | 522 943 | 566 062 | 45 819 | 2 700 | - | | | |
| Investment Units | 6 074 | 2 850 | - | 3 224 | - | | | |
| | 866 230 | 908 822 | 49 416 | 6 824 | - | | | |
| OTHERS | | | | | | | | |
| Issued by Non- Residents | | | | | | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Structured Products | 796 760 | 798 290 | 5 220 | 3 690 | - | | | |
| Others | 78 720 | 31 610 | - | 47 110 | - | | | |
| | 875 480 | 829 900 | 5 220 | 50 800 | - | | | |
| DERIVATIVES WITH POSITIVE FAIR VALUE | | | | | | | | |
| Others | | | | | | | | |
| Unrealised capital gains in Options | - | 199 473 | - | - | - | | | |
| Unrealised capital gains in CFD's on currency | - | 267 038 | - | - | - | | | |
| | - | 466 511 | - | - | - | | | |
| TOTAL | 2 294 034 | 2 759 420 | 57 567 | 58 692 | - | | | |



3.4 • Financial Assets Available for Sale

Note 04

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------------|--------------------|-------------------|
| Issued by residents | | |
| Portuguese public debt instruments | 31 075 798 | 5 014 329 |
| Other residents debt instruments | 21 700 055 | 9 100 170 |
| Equity instruments | 11 468 969 | 2 617 200 |
| | 64 244 822 | 16 731 699 |
| Issued by non-residents | | |
| Debt instruments | 47 560 424 | 24 221 508 |
| | 111 805 246 | 40 953 207 |

As mentioned in the basis of presentation and main accounting policies, the assets are classified under this heading when they are not intended for sale in the short term, with changes to fair value recognised directly in equity under the heading of revaluation reserves. In 2013, there was a significant strengthening of this portfolio as a result of the transfer of part of the portfolio of assets held to maturity and the judicious application of funds raised with clients. At the same time, there was a significant strengthening in certain debt securities of non-resident issuers that are not accepted as collateral for funds raised with the Central Bank, as well as the subscription, in 2013, to investment units of Retail Properties, as documented in the table below (*).

FINANCIAL ASSETS HELD FOR SALE

On 31 December 2013 this showed the following details:

| NATURE AND TYPE | ACQUISITION VALUE | BALANCE SHEET VALUE | GAINS | | IMPAIRMENT | | | |
|------------------------------|----------------------|------------------------|------------------|----------------|---------------|--|--|--|
| | | | MORE | LESS | | | | |
| DEBT INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Portuguese public debt | | | | | | | | |
| Treasury Bonds | 6 161 215 | 6 201 173 | 53 816 | 13 858 | - | | | |
| Treasury Bills | 24 771 723 | 24 874 625 | 102 902 | - | - | | | |
| Other Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 21 128 777 | 21 700 055 | 574 715 | 3 437 | - | | | |
| Issued by Non-Residents | | | | | | | | |
| Other Foreign Public Issuers | | | | | | | | |
| Bonds of Sovereign Agencies | 5 008 790 | 5 077 825 | 69 035 | - | - | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Unsubordinated Debt | 38 623 603 | 40 351 690 | 1 854 611 | 126 524 | - | | | |
| Subordinated Debt | 1 817 849 | 1 936 909 | 119 060 | - | - | | | |
| | 97 511 957 | 100 142 277 | 2 774 139 | 143 819 | - | | | |
| EQUITY INSTRUMENTS | | | | | | | | |
| Issued by Residents | | | | | | | | |
| Other Resident Issuers | | | | | | | | |
| Shares | 4 786 046 | 4 361 936 | 21 000 | 404 260 | 40 850 | | | |
| Others (*) | 6 855 438 | 7 107 033 | 251 595 | - | - | | | |
| Issued by Non-Residents | | | | | | | | |
| Other Non-Resident Issuers | | | | | | | | |
| Structured Products | 194 000 | 194 000 | - | - | - | | | |
| | 11 835 484 | 11 662 969 | 272 595 | 404 260 | 40 850 | | | |
| TOTAL | 109 347 441 | 111 805 246 | 3 046 734 | 548 079 | 40 850 | | | |

3.5 - Investments in Credit Institutions

Note 05

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------|-------------------|------------------|
| Investments | | |
| In the country | | |
| In the Bank of Portugal | 0 | 0 |
| In other credit institutions | 19 100 000 | 4 769 855 |
| Income receivable | 19 419 | 25 444 |
| | 19 119 419 | 4 795 298 |

The substantial increase in this item in 2013 is justified by the redirection of liquidity for investment in Other Credit Institutions as a result of the divestment that occurred in the securities portfolio held to maturity.

3.6 - Loans to Clients

Note 06

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Domestic Credit | | |
| Loans | 12 859 606 | 10 347 303 |
| Current account credit | 16 047 306 | 10 786 833 |
| Overdrafts in current accounts | 257 433 | 93 301 |
| Purchase operations with resale agreement | 8 715 735 | 16 288 014 |
| Foreign Credit | | |
| Loans | 1 020 000 | 1 360 000 |
| Current account credit | 0 | 705 771 |
| Overdue loans and interest | 125 034 | 160 472 |
| Income receivable | 115 627 | 69 518 |
| | 39 140 741 | 39 811 212 |
| Provisions/Impairments for overdue loans and interest | (93 569) | (78 500) |
| | 39 047 172 | 39 732 712 |

The loan portfolio has remained stable, compared to the previous year, although there is a significant reinforcement in the credit granted on current account, offset by an equivalent decrease in the purchase operations with resale agreements made with another domestic credit institution. In addition, the relative levels of provisioning remain low when compared to the volume of credit as a result of a policy of strong guarantees and rigorous evaluation of loan applications, at the same time with positive effects on the net interest margin.

3.7 · Investments Held to Maturity

Note 07

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|------------------------------------|------------|-------------------|
| Issued by residents | | |
| Portuguese public debt instruments | 0 | 93 615 016 |
| Income receivable | | |
| Issued by residents | | |
| Portuguese public debt | 1 327 464 | |
| | 0 | 94 942 480 |

For strategic guidance, and in line with the recommendation of ALCO, the Bank sold and transferred, in 2013, all the remaining portfolio of assets held to maturity, because of the instability and future uncertainties, as reflected in the risk/return effect on debt instruments.

3.8 · Other Tangible Assets

Note 08

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------------------------------|--------------------|--------------------|
| Other tangible assets | | |
| Real estate | 522 935 | 522 936 |
| Equipment* | 4 639 449 | 3 995 042 |
| Assets in financial leasing | 368 570 | 368 570 |
| | 5 530 954 | 4 886 548 |
| Accumulated amortisations | | |
| Real estate | (26 240) | (18 052) |
| Equipment* | (3 870 231) | (3 538 696) |
| Assets in financial leasing | (19 350) | (13 821) |
| | (3 915 821) | (3 570 569) |
| | 1 615 134 | 1 315 979 |

The movements and balances on 31 December 2013 under the headings of other ‘tangible assets’ and ‘intangible assets’, including amortisations and impairment adjustments are shown on the map in an Annex called ‘Tangible and Intangible Assets on 31 December 2013’.

(*) As mentioned in note 2.2.11 of the main accounting policies, the Bank decided, in late 2012, to substitute part of its car fleet with new and semi-new cars. At the same time and as a measure of caution against future uncertainties, it also decided to amortise this fleet in its entirety, safeguarding the arising fiscal impacts, a situation that was maintained in the 2013 acquisitions.

3.9 · Intangible Assets

Note 09

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------------------------------|--------------------|------------------|
| Other intangible assets | | |
| Software | 1 982 155 | 1 842 233 |
| Tangible assets in progress | 4 273 | 0 |
| Others | 185 994 | 185 994 |
| | 2 172 422 | 2 028 226 |
| Accumulated amortisations | | |
| Software | (1 822 514) | (1 484 913) |
| Pluriannual Costs | (382) | (382) |
| Others | (185 994) | (129 163) |
| | (2 008 890) | (614 457) |
| | 163 532 | 413 770 |

Despite a reduction in net terms, the significant investment in information systems has to be emphasised, both in terms of support system to the Bank's business and investments made in the revamping of its website, and participation in the interbank credit transfer system SEPA.

3.10 · Investment in associates and Subsidiaries Excluded from the Consolidation

Note 10

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|----------------|----------------|
| Valued at historical cost – in the country. | | |
| In the country | 914 378 | 1 452 848 |
| Acum. Impair. IAS / Provisions for accum. Impairments IFRS | | |
| In the country – subsidiaries | (600 000) | (600 000) |
| In the country – associates | 0 | (340 000) |
| | 314 378 | 512 848 |

As a result of the sale of our interest in the associate Optimize Investment Partners in 2013 included under this heading, the impairment constituted in 2012 amounting to €340 000 was cancelled, maintaining the impairment for Lisbon Brokers, SA constituted in 2011 of €600 000.

3.11 · Current Tax Assets

Note 11

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--------------------|----------------|------------|
| Current tax assets | | |
| CIT receivable | 285 972 | 0 |
| | 285 972 | 0 |

3.12 · Deferred Tax Assets

Note 12

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-----------------------|----------------|----------------|
| Deferred tax assets | | |
| Temporary differences | | |
| Assets | 300 681 | 292 291 |
| | 300 681 | 292 291 |

This item reflects only the impact in terms of temporary differences in income taxation. As indicated in the accounting policies, also pointed out are the temporary differences identified between the amortisations allowed for tax purposes and those pointed out in the accounting.

3.13 · Other Assets

Note 13

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------------|------------------|
| Other liquid assets | 5 154 | 20 668 |
| Debtors and other investments | | |
| Government sector | 137 | 0 |
| Sundry debtors | 158 794 | 69 194 |
| Sundry investments | 0 | 106 263 |
| Other assets | 953 097 | 40 797 |
| Other interest and similar income | | |
| Fixed income issued by residents | | |
| Portuguese public debt | 50 657 | 12 |
| Other domestic public issuers | 0 | 9 440 |
| Other residents | 565 388 | 120 704 |
| Other income receivable | | |
| Other liabilities | 898 960 | 402 770 |
| Fees for services rendered | 528 567 | 1 377 879 |
| Expenses with deferred charges | | |
| Insurance | 20 892 | 19 933 |
| Other Expenses with Deferred Charge | 42 665 | 31 464 |
| Equity Value of the Pension Fund | 2 091 273 | 2 000 303 |
| Other Accruals and Deferrals (*) | 2 026 013 | 5 120 965 |
| | 7 341 596 | 9 320 391 |

(*) In "Other Accruals and Deferrals" are recorded the purchase transactions awaiting settlement.

3.14 · Deposits of Central Banks

Note 14

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|-------------------|-------------------|
| Deposits of the Bank of Portugal | | |
| Other deposits – Loans | 75 000 000 | 90 000 000 |
| Interest on deposits of the Bank of Portugal | | |
| Loans | 996 875 | 621 181 |
| | 75 996 875 | 90 621 181 |

3.15 · Financial Liabilities Held for Trading

Note 15

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|---------------|-------------------|
| Short selling (*) | 0 | 18 545 000 |
| Derivatives with negative fair value (**) | 96 044 | 1 049 |
| | 96 044 | 18 546 049 |

(*) Short selling of debt instruments.

(**) Unrealised losses to cover part of the portfolio exposure in USD.

3.16 · Deposits of Other Credit Institutions

Note 16

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|------------------|-------------------|
| Use of credit institutions in the country | | |
| Term Deposits Overdrafts | 137 539 | 71 546 |
| Repos | 8 236 122 | 16 240 499 |
| Other deposits | 0 | 3 699 |
| | 8 373 661 | 16 315 712 |
| Use of credit institutions abroad | | |
| Current accounts | 67 267 | 282 898 |
| Current accounts overdrafts | 673 683 | 2 732 776 |
| | 740 950 | 3 015 674 |
| | 9 114 611 | 19 331 386 |

3.17 · Client Funds and Other Loans

Note 17

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--------------------------|-------------------|-------------------|
| Client funds | | |
| Deposits | | |
| Residents | | |
| Current Account | 24 406 189 | 18 462 732 |
| Term | 58 006 993 | 45 167 458 |
| Non-residents | | |
| Current Account | 9 050 113 | 10 709 010 |
| Term | 2 823 399 | 2 893 322 |
| | 94 286 694 | 77 232 523 |
| Interest on client funds | | |
| Deposits | | |
| Residents | 710 107 | 634 512 |
| Non-residents | 92 832 | 13 617 |
| | 802 939 | 648 129 |
| | 95 089 633 | 77 880 651 |

3.18 · Provisions

Note 18

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|----------------|----------------|
| Provisions for general credit risks | | |
| Credit granted | 305 407 | 233 013 |
| Unsecured loans | 11 135 | 3 598 |
| | 316 541 | 236 611 |
| Other provisions | | |
| For other risks and charges | 500 000 | 0 |
| | 816 541 | 236 611 |

Movements in Provisions, Impairments and Value Adjustments Associated with Loans to Client and Receivables

| | BALANCES 31/12/2012 | APPROPRIATIONS | USES TRANSF/ADJUST. | WRITE-OFFS RESTITUTIONS | BALANCES 31/12/2012 |
|--|------------------------|----------------|------------------------|----------------------------|------------------------|
| Provisions for overdue credit and interest | 78 500 | 73 457 | (12 782) | 45 606 | 93 569 |
| Provisions for general credit risks | 236 611 | 190 686 | 428 | 111 184 | 316 541 |
| Provisions for other Risks and Charges | 0 | 500 000(**) | | | 500 000 |
| Total | (*)315 111 | 764 143 | (12 354) | 156 790 | 910 110 |

(*) These totals include provisions deducted from assets (note 6).

(**) Provision for civil liability coverage not covered by insurance policy.

3.19 · Current Tax Liabilities

Note 19

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------|------------|------------------|
| Current tax liabilities | | |
| CIT payable | 0 | 5 233 236 |
| | 0 | 5 233 236 |

3.20 · Other Liabilities

Note 20

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|------------------|-------------------|
| Credits and other resources | | |
| Suppliers | 423 278 | 425 836 |
| Suppliers of Goods in Financial Leasing | 211 975 | 285 100 |
| Creditors for Transactions in Securities | 1 256 516 | 810 270 |
| Other Creditors | 9 308 | 20 247 |
| Futures | 317 090 | 0 |
| Other Resources | 2 598 613 | 3 676 177 |
| VAT payable | 30 992 | 60 044 |
| Government Sector | 265 687 | 282 426 |
| Social Security contributions | 58 322 | 53 449 |
| Contributions to Other Health Systems | 4 432 | 4 739 |
| Third party collections | 1 581 | 860 |
| | 5 177 794 | 5 619 147 |
| Pension liabilities and other benefits | 2 135 833 | 2 150 287 |
| Other interest and similar charges | | |
| Debt instruments | 0 | 324 225 |
| Charges payable | | |
| Remuneration payable to Staff | 367 693 | 408 420 |
| Overheads | 0 | 268 |
| Other charges payable | 53 769 | 68 652 |
| | 421 462 | 801 564 |
| Other revenue with deferred income | 5 325 | 170 |
| Operations to be settled (*) | 1 347 720 | 3 452 079 |
| | 9 088 134 | 12 023 248 |

Under the heading of Credit and Other resources, the value reported refers to financial balances from clients resulting from transactions in derivatives and amounts invested in liquidity in the portfolio management contracts.

The amount reported as Government Sector concerns the values of withholding tax at source made in the year and to be delivered the following year.

In "Other transactions pending settlement" are recorded the transactions to sell securities awaiting settlement.

3.21 · Capital

Note 21

The annex "Statement of changes in Equity" shows a positive change compared to 2012 amounting to €5 930 328 as a result of the variation in the Revaluation Reserves of the securities portfolios and the positive Income for the year.

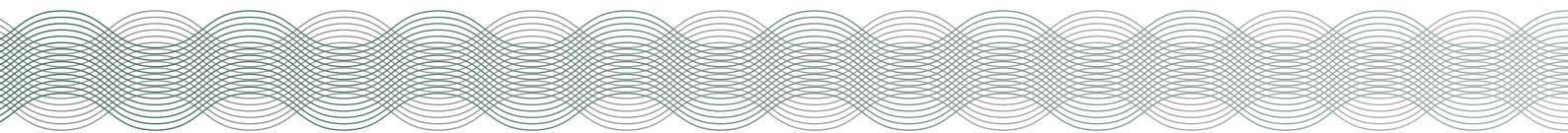
3.22 · Net Interest Income

Notes 22 e 23

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|--------------------|--------------------|
| Interest and similar income from: | | |
| Interest on cash deposits | 1 479 075 | 772 805 |
| Interest from Clients and Other Investments | 6 381 831 | 11 768 307 |
| | 7 860 906 | 12 541 111 |
| Interest and Similar Charges from: | | |
| Resources from Other Credit Institutions | (470 317) | (957 261) |
| Interest from Creditors and Other Resources | (2 568 671) | (2 242 537) |
| Interest on Loans | 0 | 0 |
| | (3 038 988) | (3 199 799) |
| | 4 821 917 | 9 341 313 |

Net interest income decreased considerably in 2013, mostly due to the interest implicit in each of the Bank's bond portfolios, where the securities held to maturity, either by sale or by the integration in the remaining investment portfolio, ceased to contribute to net interest income.



3.23 · Income and Charges from and with Commission Services

Note 24 and 25

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|------------------|------------------|
| Income from Services and Commissions for: | | |
| Guarantees and sureties | 15 172 | 1 379 |
| Deposit and custody of securities | 18 458 | 20 338 |
| Bill collection | 56 505 | 76 530 |
| Securities Management | 369 960 | 176 278 |
| Undertakings for collective investment | 37 554 | 40 309 |
| Other Services Rendered | 246 088 | 337 246 |
| Transactions on behalf of Third Parties | 2 612 518 | 2 981 999 |
| Other commissions received | 142 604 | 216 495 |
| | 3 498 860 | 3 850 574 |
| Charges with services and commissions for: | | |
| Deposit and custody of securities | (36 853) | (38 008) |
| Securities Management | (3 380) | 0 |
| Other banking services rendered by third parties | (29 697) | (32 072) |
| Transactions performed by third parties | (708 501) | (735 232) |
| Other commissions paid | (3 703) | 0 |
| | (782 134) | (805 311) |
| | 2 716 726 | 3 045 263 |

3.24 · Income from Assets and Liabilities Measured at Fair Value

Note 26

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|--------------------|---------------------|
| Gains in: | | |
| Financial assets held for trading | | |
| Securities | 2 660 453 | 19 016 672 |
| Futures and Other Forward Transactions | 853 534 | 680 474 |
| Other finance. assets at fair value through profit or loss | 80 000 | 0 |
| Financial liabilities held for trading (non-derivatives) | 12 246 285 | 2 430 027 |
| | 15 840 271 | 22 127 173 |
| Losses in: | | |
| Financial Assets held for Trading | | |
| Securities | (2 816 687) | (12 999 051) |
| Futures and Other Forward Transactions | (415 150) | (356 865) |
| Financial liabilities held for trading (non-derivatives) | (5 277 000) | (3 828 038) |
| | (8 508 837) | (17 183 954) |
| | 7 331 435 | 4 943 219 |

The income under these headings is, for the most part, justified by the capital gains in January, due to the disposal of liabilities held for trading that had been opened in the last quarter of 2012, aiming to cover the market risks associated with the held-to-maturity portfolio on that date.

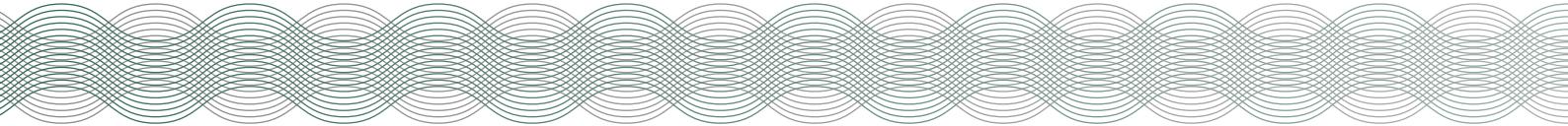
3.25 · Financial Assets Available for Sale

Note 27

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------------|------------------|
| Gains in: | | |
| Financial assets available for sale | | |
| Securities | | |
| Issued by residents | | |
| Debt instruments | 1 783 245 | 5 011 847 |
| Equity instruments | 32 587 | 18 260 |
| Others | 359 | 0 |
| Issued by non-residents | | |
| Debt instruments | 1 989 674 | 379 302 |
| Others | 21 218 | 0 |
| | 3 827 083 | 5 409 409 |
| Losses in: | | |
| Financial assets available for sale | | |
| Securities | | |
| Issued by residents | | |
| Debt instruments | (203 640) | (3 700) |
| Issued by non-residents | | |
| Debt instruments | (7 420) | (827 962) |
| | (211 060) | (831 662) |
| | 3 616 023 | 4 577 746 |

The income calculated also results from the sale of part of the held to maturity portfolio. Through this, it was necessary to reclassify the assets in the portfolio of available for sale, and with the sale of some of these, particularly to settle the positions in liabilities held for trading, about half of the results indicated were obtained. During the rest of the year, it was still possible to take advantage of some exceptional market opportunities, resulting in a balance of income from assets available for sale slightly lower than in 2012.



3.26 · Income from Foreign Exchange Revaluation

Note 28

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---------------------------------|------------------|------------------|
| Gains in: | | |
| Exchange rate differences | | |
| Other items in foreign currency | 122 890 | 185 622 |
| Losses in: | | |
| Diferenças cambiais | | |
| Other items in foreign currency | (507 679) | (315 211) |
| | (384 789) | (129 589) |

Income determined in large part due to the appreciation/devaluation of the USD against the EUR, the currency in which the Bank showed greater exposure.

3.27 · Income from the Sale of Other Assets

Note 29

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|------------------|------------------|
| Gains in: | | |
| Investments held to maturity | 1 434 439 | 2 395 770 |
| Non-financial assets | 35 685 | 64 015 |
| Losses in: | | |
| Investments in subsidiaries in the country | 0 | (64 500) |
| | 1 470 124 | 2 395 285 |

In non-financial assets, the records of 2012 and 2013 relate to the sale of vehicles.

3.28 · Other operating income

Note 30

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--|------------------|------------------|
| Gains in: | | |
| Gains in non-financial assets | 100 466 | 15 602 |
| | 100 466 | 15 602 |
| Losses in: | | |
| Other taxes | (127 679) | (155 052) |
| Membership fees and donations | (227 297) | (38 851) |
| Contributions to DGF [Deposit Guarantee Fund] | (17 500) | (17 500) |
| Contributions to the investorcompensation scheme | (2 500) | (2 500) |
| Failures in the management and execution of procedures | (3) | (1 034) |
| Failures of IT or telecommunications systems | (1 950) | (1 208) |
| Other operating charges and expenses | (304 137) | (190 336) |
| | (681 066) | (406 481) |
| | (580 600) | (390 879) |

3.29 · Staff Costs

Note 31

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-----------------------------------|--------------------|--------------------|
| Remunerations | | |
| Management and Supervisory Bodies | (417 030) | (482 660) |
| Employees | (2 182 481) | (2 227 260) |
| Mandatory Social Security Costs | | |
| Costs related to Remunerations | (608 005) | (609 324) |
| Other mandatory social costs | | |
| Pension Fund | (31 692) | (31 667) |
| Accident insurance | (12 722) | (11 477) |
| Other staff costs | (120 888) | (88 794) |
| | (3 372 817) | (3 451 182) |

In December 2013, the Bank had 66 employees in Portugal and 2 in Spain, totalling 68. At the end of 2013, as an extraordinary and one-off measure, the employees were paid a performance bonus.

Liabilities for Retirement and Survivor's Pensions

Banco Carregosa offers a Pension Plan to workers who, on 31 December 2010, were not integrated in the National Pension System, corresponding to about one third of the workforce of Banco Carregosa.

The Pension Plan of Banco Carregosa is a defined benefit plan, following the provisions of the Collective Labour

Agreement of the Banking Sector (ACT) and is subject to the requirements set by the Bank of Portugal. The formation of the value of the benefits depends on the number of years of service of the worker and the pay scales set by the ACTV.

The guaranteed benefits to participants in the Banco Carregosa Pension Plan:

- Pensions for old age or presumed disability;
- Deferred survivor's pensions;
- Immediate survivor's pensions;
- Post-retirement payments to SAMS (Medical-Social Assistance Service);
- Death Grant.

The liabilities for past services of the employees covered are determined annually and take into account the date of admission to Banco Carregosa and not the date of admission to the banking sector. Consequently, the share of liability assigned to the period between the date of admission to the banking sector and the date of admission to the Company will be attributable to previous employers, unless the latter have transferred the amount related to their share of the liability.

The benefits related to disability pensions and immediate survivor's pensions are covered by a life insurance policy.

In addition, the Bank also has liabilities and charges with the medical care of its workers. The workers who, on 31 December 2010, were integrated into CAFEB have the health protection benefit of the Medical-Social Assistance Service (SAMS) of their unions. The remaining workers benefit from the MULTICARE Health Insurance under conditions that are very close to the SAMS services.

| DISTRIBUTION BY PROFESSIONAL CATEGORY | 31.12.2013 | 31.12.2012 |
|---------------------------------------|------------|------------|
| Administration | 4 | 6 |
| Management | 15 | 14 |
| Technicians | 12 | 11 |
| Administrative | 11 | 13 |
| Commercial/operational | 18 | 18 |
| Others | 6 | 6 |
| | 66 | 68 |

The liabilities for Retirement and Survivor's Pensions and costs arising from the Bank's Pension Plan were drawn up through an actuarial evaluation performed by an actuary of the firm Pereira da Silva, Pedro Corte Real & Associados, the management entity being BANIF AÇOR PENSÕES – Sociedade Gestora de Fundos de Pensões, S.A.

The Bank's Pension Plan is a defined benefit plan and follows the provisions of ACTV – Collective Vertical Labour Agreement for the Banking Sector. On 31 December 2013, the Banco Carregosa Pension Plan had 17 members and 5 pensioners.

Decree-Law no. 1-A/2011 of 3 January gave rise changes in the methodology for calculating liabilities of pension funds. From the date of transition of bank employees enrolled in CAFEB to the General Social Security System on 31 December 2010, the fund ceased to be responsible for the entire ACT pension which, thereafter, considers only the supplementary pension that results from the difference between the ACT pension and the the Social Security pension.

According to the method used in this evaluation, the Current Value of Liabilities for Past Services on 31 December 2013 corresponds to €2 135 832.80 with €518 502.63 of this amount corresponding to the Current Value of Pensions in Payment. The value of the fund on the same date is € 2 091 272.95, which means coverage of 97.91% of overall funding.

As funding of the pension plan is subject, in terms of minimum funding, to what is established by the Bank of Portugal i.e. full funding of pension liabilities in payment and acquired rights and 95% of the past service liability of the active population, it turns out that it fully complies with what is established.

Given the funding level observed in 2012, no contributions were made in 2013.

The recommended contribution for 2014 is € 31 963.14 corresponding to 8.38% of the payroll scheduled for 2014. The report is available for consultation.

3.30 · Overheads

Note 32

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-----------------------------------|--------------------|--------------------|
| Supplies: | | |
| Water, Energy and Fuels | (173 594) | (162 047) |
| Consumables | (5 717) | (3 729) |
| Publications | (7 834) | (8 823) |
| Hygiene and Cleaning Materials | (9 853) | (9 778) |
| Other Third Party Supplies | (141 447) | (84 456) |
| | (338 444) | (268 833) |
| Services: | | |
| Leases and Rentals | (300 673) | (312 141) |
| Communications | (235 622) | (257 253) |
| Travel and expense accounts | (278 968) | (169 969) |
| Advertising and Publications | (666 595) | (515 100) |
| Maintenance and Repair | (125 000) | (170 301) |
| Insurance | (30 030) | (20 115) |
| Specialised services | | |
| Retainers and Fees | (102 233) | (93 007) |
| Legal, Litigation and Notary | (3 248) | (8 431) |
| I.T. | (775 202) | (580 344) |
| Security and Surveillance | (8 901) | (5 482) |
| Cleaning | (9 549) | (9 229) |
| Information | (277 884) | (290 622) |
| Data banks | (36 061) | (33 938) |
| Other specialised services | | |
| Studies and Consultations | (60 855) | (62 457) |
| External Consultants and Auditor | (406 266) | (446 717) |
| Other third party services | | |
| Advisory, communication and image | (41 567) | (42 983) |
| Bank of Portugal – Bpnet Service | (1 879) | (2 448) |
| Condominium Services | (10 729) | (8 434) |
| Others | (6 929) | (4 569) |
| | (3 378 190) | (3 033 541) |
| | (3 716 633) | (3 302 373) |

Pursuant to paragraph b) of no. 1 of article 66-A, chapter 6 of the C.C.C., the following fees were recorded for the Statutory Auditors, and no other type of service was provided:

| Statutory Auditor | |
|--|------------------|
| Statutory Audits | 21 241.92 |
| Review of Interim Financial Statements | 15 260.00 |
| Guarantee and Reliability Services | 5 493.60 |
| | 41 995.52 |

3.31 · Amortisations

Note 33

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|--------------------------|------------------|--------------------|
| Tangible Assets | | |
| Real estate | (8 188) | (8 188) |
| Equipment | (466 839) | (1 179 772) |
| Financial leasing assets | (5 529) | (5 529) |
| | (480 556) | (1 193 489) |
| Intangible assets | (384 433) | (434 094) |
| | (874 989) | (1 627 583) |

As mentioned in note 8 and 9, the movements and balances of the other “tangible assets” and “intangible assets”, including amortisations and impairment adjustments are presented in Annex 4.

3.32 · Provisions Net of Write-offs

Note 34

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------------|------------------|------------------|
| Gains in: | | |
| Provisions for general credit risks | 111 184 | 196 797 |
| Losses in: | | |
| Provisions for general credit risks | (190 686) | (327 480) |
| Other provisions | (500 000) | 0 |
| | (579 502) | (130 684) |

3.33 · Value Adjustments Associated with Credit to Clientes

Note 35

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------------|-----------------|-----------------|
| Gains in: | | |
| Overdue credit | 45 606 | 159 681 |
| Losses in: | | |
| Overdue credit | (73 457) | (185 965) |
| | (27 851) | (26 284) |

3.34 · Credit Impairment Net of Reversals and Recoveries

Note 36

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|-------------------------------|------------|-----------------|
| Overdue credit and interest | | |
| Debtors and Other Investments | 0 | (40 850) |
| | 0 | (40 850) |

3.35 · Impairment of other Assets Net of Reversals and Recoveries

Note 37

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|----------------|------------------|
| Investments in subsidiaries, asso. and joint ventures | 0 | (340 000) |
| Ver. rec. impairment losses (IAS) / prov. imp. (AAS) | 340 000 | 0 |
| | 340 000 | (340 000) |

The cancellation of this impairment in 2013 stems from the sale of the stake in Optimize Investmernt Partners.

3.36 · Taxes

Note 38

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|----------|--------------------|--------------------|
| Impostos | | |
| Current | (3 718 271) | (5 514 644) |
| Deferred | 8 390 | 115 147 |
| | (3 709 881) | (5 399 497) |

Impact of the records is in the notes that follow.

Current Taxes

The difference between the tax calculated at the legal rate and the tax calculated at the effective rate for the year 2012 and 2013 can be explained as follows:

| | 2013 | 2012 |
|---|------------------|------------------|
| 1 Profit before tax – AAS Basis | 10 759 045 | 14 863 401 |
| 2 Legal rate of taxation (CIT + Local Tax) | 26.50% | 26.50% |
| 3 Normal Tax Burden(1x2) | 2 851 147 | 3 938 801 |
| 4 Tax effect of expenses that are not deductible | | |
| 4.1 Provisions and non-deductible impairment losses | 690 686 | 368 330 |
| 4.2 Amortisations not accepted as cost | 103 060 | 909 801 |
| 4.3 Donations and Membership fees | 9 389 | 0 |
| 4.4 CIT for previous years | 0 | 0 |
| 4.5 Tax capital gains | 10 343 | 25 417 |
| 4.6 Fines, penalties and compensatory interest | 1 042 | 2 944 |
| 4.7 Corrections related to previous years | 4 885 | 4 777 |
| 4.8 AAS correction impacts | 0 | 0 |
| 4.9 Car hire without driver and allowances | 0 | 0 |
| 4.10 Expenses not properly documented and gifts | 94 662 | 25 417 |
| 4.11 Retirement pensions | 0 | 0 |
| 4.12 Insufficient estimated tax | 0 | 27 784 |
| 4.13 Corrections in cases of tax credit and withholding | 0 | 0 |
| 4.14 Pension fund | 31 692 | 31 689 |
| 4.15 Impairment in subsidiaries and associates | 0 | 340 000 |
| 4.16 Contribution on Banking Sector | 79 946 | 109 046 |
| | 1 020 707 | 1 845 205 |
| 5 Tax effect of income that is not taxable | | |
| 5.1 Decrease in provisions and taxable impairments | -451 184 | -196 797 |
| 5.2 Tax benefits | -91 312 | -15 034 |
| 5.3 AAS impact | 0 | -10 352 |
| 5.4 Accounting gains | -35 685 | -64 015 |
| 5.5 Excess tax estimate | -85 065 | 0 |
| 5.6 Corrections related to previous years | -13 255 | -2 807 |
| | -678 039 | -289 004 |
| 6 Equity changes | 1 381 164 | - 1 138 862 |
| 7 Taxable profit (1+4+5+6) | 12 482 877 | 17 558 464 |
| 8 Reportable tax loss | 0 | 0 |
| 9 Tax (Tax payable + Local Tax) | 3 629 184 | 5 285 018 |
| 10 Autonomous Taxation | 89 087 | 229 626 |
| 11 Total Tax (9+10) | 3 718 271 | 5 514 644 |
| 12 Effective rate (11/1) | 34.56% | 37.10% |

According to current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security).

Additionally, in accordance with article 58 of the CIT Code, the Directorate-General for Taxation can make the corrections it deems necessary to determine the taxable income whenever, because of a special relationship between the taxpayer and another person, whether or not subject to CIT, different conditions than would normally be agreed between independent persons have been established, leading to the result obtained being different from that calculated if there were no such relationships. However, the Administration believes that any corrections arising from different interpretations of existing legislation by the tax authorities should not have a material effect on the attached financial statements.

3.37 · Deferred Taxes

Note 39

The deferred taxes recorded in 2013 in the amount of € 8,390 stem solely from the tax impact resulting from the amortisation process of the Bank's car fleet of the Bank in 2012 and the subsequent sale of vehicles.

3.38 · Off-Balance Sheet Accounts

Note 40

For the comparable periods, this group has the following decomposition:

| | 31/12/2013 | 31/12/2012 |
|---|--------------------|--------------------|
| Commitments to third parties: | | |
| Irrevocable commitments | | |
| Potential liabilities to the ICS | 196 649 | 169 843 |
| Revocable commitments | | |
| Credit lines | 16 133 815 | 8 546 237 |
| Overdraft facilities | 50 017 | 47 699 |
| | 16 380 481 | 8 763 779 |
| Liability for provision of services: | | |
| Deposit and custody of securities | 370 952 428 | 418 290 366 |
| Administrative amounts by the Institution | 60 307 850 | 18 113 287 |
| Others | 0 | 0 |
| | 431 260 278 | 436 403 653 |
| Services rendered by third parties: | | |
| Deposit and custody of securities | 359 745 277 | 375 476 214 |
| Other services | 0 | 0 |
| | 359 745 277 | 375 476 214 |
| Foreign exchange transactions and derivatives: | | |
| FX forward transactions – trading | 38 433 338 | 17 992 912 |
| Futures and forward options – trading | 0 | 0 |
| Options – trading | 199 473 | 0 |
| | 38 632 812 | 17 992 912 |



| | 31/12/2013 | 31/12/2012 |
|--|----------------------|------------------------|
| Guarantees provided and any other services: | | |
| Personal/institutional guarantees and sureties | 2 082 015 | 359 773 |
| Real guarantees | 98 312 720 | 127 180 000 |
| | 100 394 734 | 127 539 773 |
| Guarantees received: | | |
| Personal guarantees | 2 902 489 | 0 |
| Real guarantees | 35 018 960 | 37 411 349 |
| | 37 921 449 | 37 411 349 |
| Other off-balance sheet items: | | |
| Write-offs | 1 339 935 | 1 337 153 |
| Accrued interest | 8 253 | 10 804 |
| Sundry | (982 780 731) | (1 004 935 636) |
| | (981 432 542) | (1 003 587 679) |

Porto, 29th April 2014

The Chartered Public Accountant
Pedro Baldaque Silva

The Board of Directors

Chairman: Maria Cândida Cadeco Rocha e Silva

Jorge Manuel Conceição Freitas Gonçalves
 Pedro José Malheiro Duarte
 António José Paixão Pinto Marante
 Paulo Armando Morais Mendes
 Francisco Miguel Melhorado de Oliveira Fernandes
 Nuno Rafael Domingues dos Santos Reis Maya



XV. LEGAL CERTIFICATION OF ACCOUNTS (CONSOLIDATED AND INDIVIDUAL)

LEGAL CERTIFICATION OF CONSOLIDATED ACCOUNTS

Introduction

1. We examined the consolidated financial statements of Banco L.J.Carregosa,S.A., consisting of the consolidated Balance Sheet as at 31 December 2013, (which reveals a total of EUR 227,940,965 and total shareholders' equity amounting to EUR 41,793,430, including a positive net consolidated income of EUR 7,286,052), the Consolidated Statements of Income, of Cash flow and of alterations in the shareholders' equity for the year ending on that date and the corresponding Annex.
- verification of the consolidated operations;
- appraisal of the adequacy of the accounting principles adopted, their uniform application and disclosure, taking the circumstances into account;
- verification of the applicability of the going concern principle; and
- appraisal of the adequacy, in overall terms, of the presentation of the consolidated financial statements.

Responsibilities

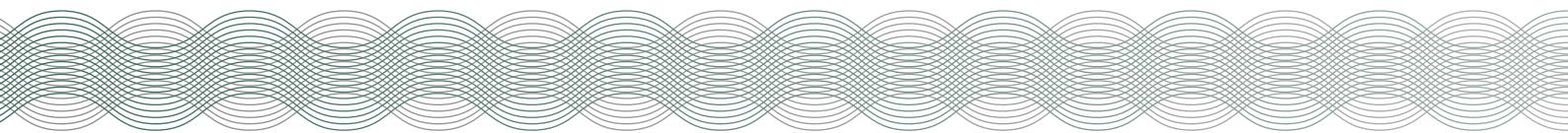
2. The Board of Directors is responsible for the preparation of consolidated financial statements that truly and appropriately reflect the financial position of the group of companies included in the consolidation, the consolidated result of their operations and their consolidated cash flows, as well as the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system.
5. Our audit also included verifying that the consolidated financial information contained in the management report agreed with the consolidated financial statements.
6. We consider that the audit that was performed provides an acceptable basis for expressing our opinion.

Scope

4. The audit we made was carried out in accordance with the Technical Standards and Audit Guidelines of the Institute of Statutory Auditors, which require that an audit be planned and performed so as to obtain an acceptable degree of reliability as to whether the consolidated financial statements are free of materially relevant distortions. For this purpose the said audit includes:
 - verification that the financial statements of the companies included in the consolidation have been properly audited and the verification, on a sampling basis, of the documents supporting the amounts and disclosures contained therein and the appraisal of the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation;
7. In our opinion, the said consolidated financial statements truly and fairly present, in all materially relevant aspects, the consolidated financial position of Banco L. J. Carregosa, S.A., as at 31 December 2013, the consolidated results of its operations and consolidated cash flows for the year that ended on that date, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.
8. Without affecting the opinion expressed in paragraph no. 7, and like last year, below we describe a exemption of an accounting policy with impact on several accounting periods and also described in the legal certification of individual accounts for this year of Banco Carregosa in its paragraph 9 that is also applicable to the consolidated financial statements.

Highlights

8. Without affecting the opinion expressed in paragraph no. 7, and like last year, below we describe a exemption of an accounting policy with impact on several accounting periods and also described in the legal certification of individual accounts for this year of Banco Carregosa in its paragraph 9 that is also applicable to the consolidated financial statements.



In the notes to the Bank's consolidated Accounts in the accounting policies, note 2.2.11 says that the tangible assets are amortised on a straight-line basis according to their expected useful life, having as limit the years indicated in the table below which, for transport equipment, is defined between 4-8 years. By applying a principle of caution, and in duly documented exceptional cases by decision of the executive committee, amortisation periods less than those indicated may be used; however, the respective tax effects are considered to date of such decision and recognised in the appropriate asset account.

Also in the notes to the Bank's consolidated accounts, note 9 says that, as mentioned in note 2.2.11 of the main accounting policies, the Bank decided, in late 2012, to substitute part of its car fleet with new and semi-new cars. At the same time and as a measure of caution against future uncertainties, it also decided to amortise this fleet of Banco Carregosa in its entirety, safeguarding the arising fiscal impacts, a situation that was maintained in the acquisitions of 2013.

Thus, the exemption of this accounting policy for 2013 has an effect on the consolidated accounts that, compared to the application of the principle of consistency, the assets item Other Tangible Assets is undervalued by approximately EUR 900,000, the Assets item for deferred taxes is overvalued by approximately EUR 130,000, totaling an undervaluation of assets and own capital of approximately EUR 770,000. The impact of this accounting policy exemption on the consolidated net income for the year ended on 31 December 2013 has no significance.

Report on other legal requirements

9. It is also our opinion that the information in the management report is in agreement with the financial statements of the financial year.

Porto, 30th April 2014

Vilar, Campos, Gomes & Associados, SROC, Lda. (SROC 180)
Represented by Cristina Gomes (*Statutory Auditor 1088*)

LEGAL CERTIFICATION OF INDIVIDUAL ACCOUNTS

Introduction

1. We examined the financial statements of Banco L. J. Carregosa, S.A., consisting of the Balance Sheet as at 31 December 2013, (which reveals a total of EUR 228,858,967 and total shareholders' equity amounting to EUR 38,657,129, including a positive net income of EUR 7,049,164), the Statements of Income, of Cash flow and of alterations in the shareholders' equity for the year ending on that date and the corresponding Annex.

Responsibilities

2. The Board of Directors is responsible for the preparation of financial statements that truly and appropriately reflect the financial position of the Company, the result of its operations and its cash flows, as well as the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system.
3. Our responsibility is to express a professional independent opinion, based on our audit of the said financial statements.

Scope

4. The audit we made was carried out in accordance with the Technical Standards and Audit Guidelines of the Institute of Statutory Auditors, which require that an audit be planned and performed so as to obtain an acceptable degree of reliability as to whether the financial statements are free of materially relevant distortions. For this purpose the said audit includes:
 - verification, on a sampling basis, of the documents supporting the amounts and disclosures contained in the financial statements and the appraisal of the estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation;
 - appraisal of the adequacy of the accounting principles adopted, their uniform application and disclosure, taking the circumstances into account;

- verification of the applicability of the going concern principle; and
 - appraisal of the adequacy, in overall terms, of the presentation of the financial statements.
5. Our audit also included verifying that the financial information contained in the management report agreed with the financial statements.
6. We consider that the audit that was performed provides an acceptable basis for expressing our opinion.

Opinion

7. In our opinion, the said financial statements truly and fairly present, in all materially relevant aspects, the financial position of Banco L. J. Carregosa, S.A., as at 31 December 2013, the result of its operations and cash flows for the year that ended on that date, in accordance with the Adjusted Accounting Standards issued by the Bank of Portugal.

Highlights

8. Without affecting the opinion expressed in paragraph no. 7, and like last year, below we describe an exemption of an accounting policy with impact on several accounting periods. In the notes to the Bank's Individual Accounts in the accounting policies, note 2.2.11 says that the tangible assets are amortised on a straight-line basis according to their expected useful life, having as limit the years indicated in the table below which, for transport equipment, is defined between 4-8 years. By applying a principle of caution, and in duly documented exceptional cases by decision of the executive committee, amortisation periods less than those indicated may be used; however, the respective tax effects are considered to date of such decision and recognised in the appropriate asset account.

Also in the notes to the Bank's Individual Accounts, note 8 says that, as mentioned in note 2.2.11 of the main accounting policies, the Bank decided, in late 2012, to substitute part of its car fleet with new and semi-new cars. At the same time and as a measure of caution against future uncertainties, it also decided to amortise this fleet of Banco Carregosa in its entirety, safeguarding the arising fiscal impacts, a situation that was maintained in the acquisitions of 2013.

Thus, the exemption of this accounting policy for 2013 has an effect that, compared to the application of the principle of consistency, the assets item Other Tangible Assets is undervalued by approximately EUR 900,000, the Assets item for deferred taxes is overvalued by approximately EUR 130,000, totaling an undervaluation of assets

and own capital of approximately EUR 770,000. The impact of this accounting policy exemption on the net income for the year ended on 31 December 2013 has no significance.

Report on other legal requirements

9. It is also our opinion that the information in the management report is in agreement with the financial statements of the financial year.

Porto, 30th April 2014

Vilar, Campos, Gomes & Associados, SROC, Lda. (*SROC 180*)
Represented by Cristina Gomes (*Statutory Auditor 1088*)



XVI. REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders,

1. The Supervisory Board submits its report and gives its opinion on the rendering of accounts documents, of the Bank and of the Group, presented by the Board of Directors of Banco L. J. Carregosa, S.A., referring to the financial year of 2013, thereby complying with the legal – paragraph g) of no. 1 of article 420 and article 508-D of the Commercial Companies Code – and statutory provisions.
2. The Board, throughout the year, made the necessary contacts with various Departments of the Bank, obtaining information on the most relevant aspects of the activity undertaken, as well as following the evolution of several issues under consideration.
3. The verifications that were deemed timely and appropriate were made.
4. We did not find any situation that did not respect the statutes and the applicable legal requirements.
5. Throughout the year, this Board had the opportunity to witness the professionalism, dedication and strong commitment of the Board of Directors, Executive Committee and other employees of the Bank and the Group.
6. All this considered, including the content of the legal certification of accounts, which were presented and with which we agree, we are of the opinion that the Annual General Meeting should:
 - a) Approve the Board of Directors' Report and the Accounts, both those referring to the Bank and those referring to the Group, related to the financial year ended on 31st December 2013.
 - b) Approve the proposal for the appropriation of profits presented in the Board of Directors' Report.
 - c) Carry out the general appraisal of the administration and supervision of Banco L. J. Carregosa, S.A., pursuant to article 455 of the Commercial Companies Code.

The process for the preparation of consolidated accounts was analysed.

We always obtained, both from the Board of Directors and from the Bank's services, all the clarification requested.

Porto, 30th April 2014

The Supervisory Board



XVII. MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD ON 28TH MAY 2014

I hereby certify, in view of the Minutes of the Annual General Meeting of Shareholders of "Banco L. J. Carregosa, S.A.", held on 28th May 2014, that the following resolutions were made:

- 1) The Management Report and Accounts and the Consolidated Accounts for the year 2013 were unanimously approved.
- 2) The proposal for appropriation of positive net income for the year, amounting to € 7 049 164,09 (seven million, forty nine thousand, one hundred and sixty four Euros and nine cents) was unanimously approved, to be appropriated as follows:
 - Reinforcement of Legal Reserve: € 704 916.40
 - Dividend Distribution: € 1 750 000.00
 - Free Reserves: € 4 594 247.69
- 3) A vote of praise to the Board of Directors and the Supervisory Board was unanimously approved, to each and every one of the members serving on these bodies in the year 2013.
- 4) The election of Mr. Paulo Martins de Sena Esteves as Member of the Board of Directors was unanimously approved and, within this, as member of the Executive Committee for the current term of office.
- 5) The election of Mr. Joaquim Manuel Martins da Cunha as member of the Remuneration Committee was unanimously approved.
- 6) The proposed sale and purchase of own shares, pursuant to articles 319 and 320 of the Commercial Companies Code was unanimously approved.

Porto, 29th May 2014.

The Chairman of the General Meeting,

(Luís Neiva dos Santos)

BANCO L. J. CARREGOSA, S.A.

Av. da Boavista, 1083

4100-129 Porto

Tel. +351 226 086 460

Fax. +351 226 086 493

www.bancocarregosa.com

info@bancocarregosa.com

**Registered in the CRCP with the sole number
of registration and tax identification 503 267 015
Social Capital: 20.000.000 euros**

Edition and Property: BANCO L. J. CARREGOSA, S.A.

Design: SKA - Brand Developement

Year of Edition: 2014

