Report & Accounts 2014

EST. 1833

BANCO CARREGOSA

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Index

I · Summary of Indicators

INDIVIDUAL ACCOUNTS

· values expressed in Euros ·

	2014	2013	2012
Financial Margin	3,727,904	4,821,917	9,341,312
Net Commissions	4,009,905	2,716,726	3,045,263
Income from Financial Operations (Net)	5,042,293	12,032,793	11,786,661
Other Operating Results	-138,143	-580,600	-390,879
Banking Income	12,709,606	18,990,836	23,782,357
Staff Costs	-3,430,326	-3,372,816	-3,451,182
Other Administrative Costs	-4,129,974	-3,716,633	-3,302,373
Structural Costs	-7,560,300	-7,089,449	-6,753,555
Amortisations	-547,320	-874,989	-1,627,583
Provisions	171,636	-579,502	-130,684
Impairments	-4,561,192	312,149	-407,134
Net Income before Tax	212,430	10,759,045	14,863,401
Taxes	-175,688	-3,709,881	-5,399,497
NET INCOME	**36,742**	**7,049,164**	**9,463,904**

Total Net Assets	198,683,075	228,858,967	256,599,162
Shareholders' Equity	33,959,415	38,657,129	32,726,801
Own Funds	34,928,378	33,298,095	26,049,628
Deposits from Clients	120,336,085	95,089,633	77,880,651
Credit granted / Deposits from Clients1	42.74%	41.06%	51.02%
Overdue loans / Credit granted	13.39%	0.32%	0.38%
Return on Assets (ROA)	0.02%	3.09%	4.37%
Return on Equity (ROE)	0.10%	20.07%	34.62%
Solvency Ratio	19.70%	20.45%	21.00%
Financial margin / Earning Assets	2.03%	2.61%	4.81%
Structural Costs/ Banking Income	59.18%	37.33%	28.40%

[1] This value was significantly influenced by a one-off purchase transaction of an overdue credit, as described in Chapter VI - Analysis of Accounts. Excluding this transaction the value is 0.96%.


TERRENOS
MOURINHA

II · Shareholder Structure and Governing Bodies

BANCO L. J. CARREGOSA, S.A.

GENERAL ASSEMBLY

CHAIRMAN	Luis Manuel de Faria Neiva dos Santos
Secretary	Maria Manuela Pereira Antunes Matias

BOARD OF DIRECTORS

CHAIRWOMAN	Maria Cândida Cadeco da Rocha e Silva
Administrator	António José Paixão Pinto Marante
Administrator	Jorge Manuel da Conceição Freitas Gonçalves
Administrator	Nuno Rafael Domingues dos Santos Reis Maya
CHAIRMAN OF THE EXECUTIVE COMMITTEE (EC)	Pedro José Malheiro Duarte
EC Member	Francisco Miguel Melhorado de Oliveira Fernandes
EC Member	Paulo Armando Morais Mendes
EC Member	Paulo Martins de Sena Esteves

SUPERVISORY BOARD

CHAIRWOMAN	Maria da Graça Alves Carvalho
Member	Eduardo Maria Lopes Rothes Barbosa
Member	Manuel José Lemos de Ferreira Lemos
Member (Alternate)	André de Castro Amorim

STATUTORY AUDITOR (SROC)

SROC	Vilar, Campos, Gomes & Associados Represented by Jorge Adalberto Vilar de Oliveira
Alternate (SROC)	António Magalhães & Carlos Santos

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

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, except for Eng.º Paulo Martins de Sena Esteves, who was elected at the Meeting of May 28, 2014.


CARREGOSA
PAPEIS DE

III · Message from the Chairwoman of the Board of Directors

Dear Chairman of the General Assembly,
Shareholders,

The last message I addressed to you in the context of the 2013 Annual Report, began by noting that two of our administrators had left us in a somewhat abrupt manner and the difficulties for the Bank to continue its activities smoothly in their absence. This problem is overcome. Banco Carregosa is presented to this Assembly with a new administrator that is so integrated into the team that it seems as if he has always been part of it. For our affections, our dead will always be irreplaceable, for our daily reality we only need task performers. So the matter was resolved.

The year 2014 was marked by the disaster of Banco Espirito Santo and Banco Carregosa has not gone unscathed by this tragedy. The consequences of the tragedies are evaluated by the losses and these losses are also the feeling of distrust that struck on all citizens as well as the overreaction of the lawmakers that, having been taken by surprise, seek to prevent possible replicas. Obviously these exception environments are always more challenging for small banks.

As always, we will seek to face this period in a positive manner and conclude that periods of crisis make us stronger and with a more accurate sense of rigor and competence. This will be the path to follow because it's the attitude that Shareholders expect from us.

To those who work with us we can only say thank you and ask you to continue the path with the same enthusiasm.

Thank you very much,
Maria Cândida Rocha e Silva
Chairwoman of the Board of Directors


Lourenço Joaquim Carregosa
CAMBISTA
276, Rua das Flores, 278
PORTO
Compra e vende toda a qualidade de moedas
d'ouro ou prata,
tanto nacional como estrangeira. Notas
dos Bancos de Hespanha, França e Inglaterra.

IV · Message from the Chairman of the Executive Committee

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

The year 2014 was marked by the resolution measurement applied to Banco Espírito Santo, S.A.– BES.

The BES – GES case become the largest destruction of value in living memory in Portugal, directly damaging shareholders, clients, creditors and competitors.

Without trying to apportion blame, and less excuses, it was a quick, unexpected and surprising process in which it is difficult to believe that there are innocents.

In Banco Carregosa concrete activity, we continue to follow the path we have set, with the same values and guiding principles, trying not to lose sight of the opportunities that we come across.

It was an especially difficult year for the sector. The sharp decline in interest rates has drawn heavy pressure on net interest income, leading to a general increase in bank charges. We believe that this context will continue in the near future.

The restructuring, rationalization and development measures adopted by us in previous years allow us to face with moderate optimism this "hostile" environment in our activity.

In the conclusion of this mandate, with the ups and downs we all know, we deliver a consolidated bank in order to focus on growth and clients.

I conclude by thanking to all stakeholders, particularly employees, for the demonstrated dedication.

Oporto, May of 2015
Pedro Duarte
Chairman of the Executive Committee

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 2014.

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 66º no. 5 (Management Report).

1 · BANCO CARREGOSA

Banco Carregosa results from the transformation of a secular institution, already dedicated to savings and investment, into a bank.

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.

Throughout the twentieth century, L.J. Carregosa deepened its vocation in brokerage and asset management areas becoming successively a Brokerage and Financial Brokerage Company. 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.

Currently, Banco Carregosa is an institution focused on the private banking segment which provides fully personalized and specialized banking and investment services. It is addressed to clients who value, above all, the protection of capital assets, seeking appreciation through professional and exclusive advice, designed to meet the interests and goals of each client.

Honouring its history, the Bank bases its performance on traditional banking values such as personal and customized contact, conservative approach to risk assessment, deep knowledge of the financial situation and the client´s objectives as well as independent and professional advice.

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), including custody and underwriting of investment funds.

The Bank also provides a comprehensive counselling service to individual clients and their families in matters related to asset management, including support in the definition and management of the investment process and the structuring of assets.

For clients who prefer to use only the online channel, GoBulling - Banco Carregosa Online is the area specializing in savings and investment solutions. In this segment the clients are the ones who manage their own assets, without the need for management advising, but for whom the advanced technological processes of negotiation are essential.

Although primarily designed for the private clients segment, the Bank also has a set of solutions specially tailored to Institutional Investors and Companies, including corporate, management and hedging solutions, custody, diverse Investment Fund depositary services as well as clearing and settlement services under MIBEL – the Iberian Electricity Market.

The Bank is headquartered in Oporto, in Avenida da Boavista, and currently has two branches in Lisbon and one representative office located in Madrid.

2 · MAIN EVENTS OF 2014

January

January 2014 was the month with the highest number of account openings, since the public presentation of Banco Carregosa. This record comes after the launch of the new website in December 2013.

The seminar "Prospects for Financial Markets in 2014", exclusively for Private Banking clients, was held in Lisbon, at the National Museum of Ancient Art.

Banco Carregosa sponsored the exhibition "Rubens, Brueghel, Lorrain - The Nordic landscape of the Prado", in the National Museum of Ancient Art (MNAA), open to public between December 2013 and March 2014. A collection of 57 unique works from the Prado Museum, by Peter Paul Rubens, Jan Brueghel and Claude Lorrain, whose theme were the landscapes painted by the Flemish and Dutch masters of the seventeenth century.

February

The seminar "Prospects for Financial Markets in 2014", exclusively for Private Banking clients, was held in Oporto.

The "Carregosa Ibéria Indexed Deposit" was launched.

GoBulling – Banco Carregosa Online sponsored and co-organized the stock market game "Trading Cup 2014", in association with JEEFEUC - Faculty of Economics, University of Coimbra.

March

Beginning of a series of seminars and workshops for GoBulling – Banco Carregosa Online clients, starting in Lisbon with the seminar "Investing in the Domestic Market".

The Chairman of the Executive Committee of Banco Carregosa was the speaker in the Conference "Via Bolsa", organised by Euronext-Lisbon, on the 20th march in Oporto Business School, entitled "Business financing through capital markets". This conference was also sponsored by Banco Carregosa. Revenue from entrance fees were donated to "Associação Mundo a Sorrir" (Smiling World Association).

April

The Bank was the main sponsor of "Portugal Open", the country's biggest tennis event, held in Jamor, between April 26 and May 4. In previous editions of the event attracted 40,000 visitors.

Launching of two indexed term deposits based on Shiller CAPE Europe index, "Carregosa Shiller Cape Europe Indexed Deposits".

May

Eng. Paulo Sena Esteves is elected Board member, at the General Meeting of May 28, 2014.

June

The indexed deposit "Carregosa Ibéria July 2016" is launched.

Banco Carregosa sponsored the exhibition "Os Saboias – Reis e Mecenas, Turim 1730/1750", an event organized by the producer "Everything is New", which was on display at the National Museum of Ancient Art in Lisbon between June and September 2014.

July

In partnership with Porsche, Banco Carregosa invited clients and friends to participate in the tournament "Golf Challenge III Porsche", held on the 5th and 6th of July at Vidago Palace.

GoBulling - Banco Carregosa Online was elected the right choice to negotiate on the capital market, in the 5 criteria chosen by the independent study of DECO - Consumer Protection.

September

Banco Carregosa was awarded the prize "Best in Private Banking in Portugal", by the World Finance, a British publication of finance and economics.

The "Indexed Term Deposit Carregosa Spain vs. Spain" was launched.

October

Banco Carregosa made an Initial Public Offering (IPO) of Notes on the Finvex Sustainable & Efficient Europe 30 Price Return index. The Notes were issued by SG Issuer and guaranteed by the Société Générale (rating Moody's/S&P/Fitch: A2/A/A). In Portugal, the commercialization was exclusive of Banco Carregosa.

The 2014 edition of the "Stock Market Game" was initiated, co-organized with the newspaper "Jornal de Negócios".

November

Banco Carregosa assured the session on Taxation in the series of seminars "Young Professional Sessions", organised by Euronext Lisbon.

GoBulling – Banco Carregosa Online launched a specific term deposit for the Christmas season, called "TD Christmas GoBulling – Anticipated Interest".

December

On the 5th of December, was held in Lisbon, the "Outlook-2015" conference, exclusive for private banking clients, in Lapa Hotel. The guest speaker was the Prof. Daniel Bessa. On the 12th of December this session took place in Serralves Library, in Oporto, having as guest speaker the Prof. Dr. António Costa Silva.

GoBulling Pro, Web Pro and Pro Mobile platforms, in partnership with Saxo Bank, obtained, again, several international awards throughout the year 2014.

3 · COMMUNICATION POLICY AND CORPORATE RESPONSIBILITY

Brands and Communication

The name Carregosa is inseparable from the financial sector in Portugal. Besides being one of the oldest financial houses of the Iberian Peninsula, is a recognized name in the segment of Private Banking, since Banco Carregosa initiated activity in 2008, and in the capital market area, where GoBulling has already been a leader, for more than a decade, in some business segments. Both **Brands** share common services, but have independent and autonomous directions.

The brand "Banco Carregosa", directed to the private banking segment, lives mostly of personal relationships. Private Banking clients are accompanied in an individual and personalized manner by their private banker.

GoBulling – Banco Carregosa Online clients prefer the speed, convenience and advanced technology of the trading platforms. They favour the autonomy in counselling implementation, although they have access to a trading room with highly experienced traders.

But, GoBulling was subject to a recent development. Renowned for several years as an online brokerage brand, is now a provider of more information, more products and more services. GoBulling - Banco Carregosa Online expanded its activity and offers online banking products – deposits and applications join the trading portfolio of all kinds of securities, from any market in the year. Soon it will be possible to invest in investment funds managed by international management companies carefully selected by the Bank. Regarding counselling and investment advice, GoBulling is preparing to provide its clients with information produced exclusively which complements the information already available and produced by international experts.

Only apparently the **Communication** between two brands can be conflicting or raise difficult challenges. The practice shows that it is possible to distinguish two brands and two different positions in the same organization. The public, clients and Media have no difficulties to understand and distinguish these two concepts.

But each requires a different strategy: while the Private Banking segment responds better to the organizing of social, cultural, economic or recreational selected events, looking for some visibility in restricted and specific environments, GoBulling - Banco Carregosa Online requires a strong presence on the internet, social networks and specialized agencies in electronic financial information.

Both brands use advertising, although in different measures, with GoBulling – Banco Carregosa Online having a much greater advertising exposure.

Banco Carregosa, in turn, only exceptionally uses advertising space. Its exposure is made essentially in editorial space, whether in national and international media (radio, television, press and internet).

In 2014, Banco Carregosa and GoBulling - Banco Carregosa Online generated 1,700 news in the national media, generating an AVE (*Advertising Value Equivalents*) of about 8,840 million euros.

Banco Carregosa and GoBulling – Banco Carregosa Online were mentioned by 95 national media agencies. The number of people who had contact opportunity with the two brands (*Opportunities to see* - OTS) was 9.7 million. From the total of news, 49% were issued in audiovisual media (radio and television) and 51% in printed media (press and internet). The percentage of positive or neutral news was 100%. 72% of the news was broadcast by general information media and 28% by specialized agencies. Of the total news, the brand Banco Carregosa was quoted in 51% of the cases and the GoBulling brand in 49%.

Social Responsibility

Banco Carregosa is a sensitized institution to society´s concerns and especially attentive to the problems that affect the community in which it operates. Systematically, has made an effort to address these needs, whether in the area of health, sport, research and culture, in local or national projects.

In 2014, the **Health** and patient support area was the most benefited by Banco Carregosa. Cancer-related projects, mental illness, child health and oral health were supported, of which the following stand out:

- Banco Carregosa supported the PASOP Project (Ambulatory Oral and Public Health Project) from the University Fernando Pessoa.
- Sponsored Kátia Guerreiro concert in support of the "League of friends of Hospital São João". This was a fundraising benefit event.
- Banco Carregosa was one of the strongest presences in "Tea at Yeatman", an important *fundraising* event of "Mama Help", held in October in Vila Nova de Gaia.
- Later, Banco Carregosa was the main sponsor of the concert "Douro, Tejo and Guadiana", which took place on December 27 at Casa da Música in Oporto, whose revenues fully reversed in favour of "Mama Help", a non-profit organization based in Oporto, which helps breast cancer patients.
- The project "Walk & Run", organized by the international school - CLIP, in Oporto, which aimed to raise funds for the IPO - Pediatric Service in Oporto, was supported by Banco Carregosa.
- Also in the area of oncological diseases, Banco Carregosa granted sponsorship to the commemorating event of the 50th anniversary of The Portuguese Cancer League (Liga Portuguesa Contra o Cancro) – North Branch, which was a fund raising event.
- Support was granted to the 8th Anniversary of "ENCONTRAR+SE", integrated in the Commemorations of World Mental Health Day.
- In December, Banco Carregosa decided to support "MAKE-A-WISH Portugal". "MAKE-A-WISH" is a non-profit organization that wishes to realize wishes of children and young people between the ages of 3 and 18 years old, with severe, progressive, degenerative or malignant disease.

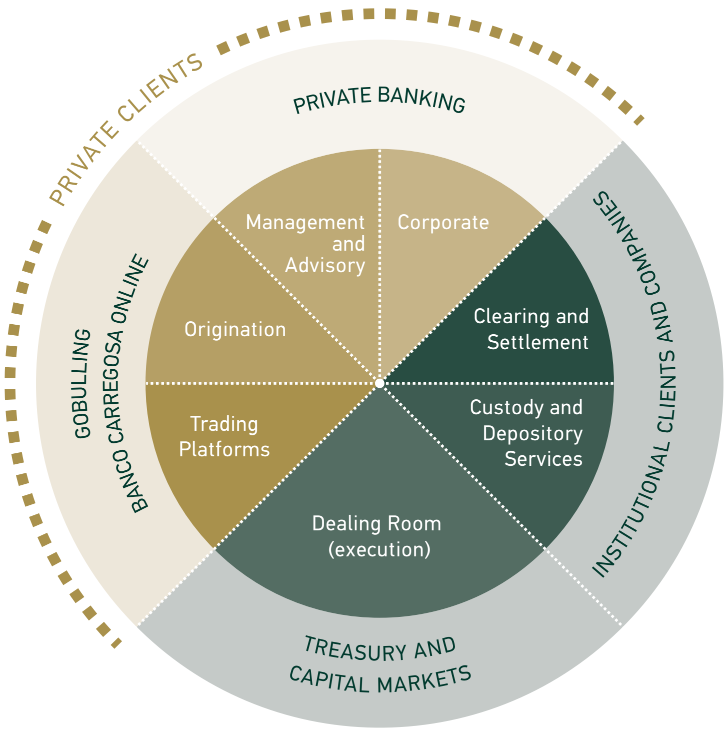
A society that practices **Sport** is a healthier, more fraternal and funnier society. Hence numerous initiatives related to sport, especially geared towards children and young people, have earned the support of Banco Carregosa:

- A sponsorship was awarded to Golf athlete "João Maria Pontes" one of the young promises of the Portuguese Golf.
- In the motoring sports, support was provided to TEAM NOVADRIVER from the National Speed Championship (CNV) and International GT Open Circuit (Audi Sport Customer Racing).
- Banco Carregosa Cup was created as a prize of the World Shooting Championship in the Hunters Club of Oporto - Tribute to Dr. Paulo Duarte, former Board Member of Banco Carregosa.
- The "AMB Volleyball Cup Espinho 2014" was supported, which is an event that promotes sporting activities among young people (Miguel Maia and João Brenha).
- In September, financial support to "Associação Desportiva e Recreativa da Pasteleira" (district championship football team) was granted.
- The assistance granted to "Colegio Pedro Arupe" aims to contribute to the success of young players of national Rugby who participate in all official competitions of the Portuguese Rugby Federation, CUP Colleges Tournament, and various events at national level.

The attention that Banco Carregosa gives to Culture is not new. Some cultural initiatives have been supported for several years. Banco Carregosa is, for example, a founding member of Casa da Música, status granted in 2013. While maintaining some constant supports, new initiatives were supported:

- The chronicles of the architect Luis Aguiar Branco, published in the magazine "O Tripeiro" from the Associação Comercial do Oporto (Oporto Trade Association), deserved the sponsorship of Banco Carregosa.
- Banco Carregosa supported the initiative, with a more educational inclination, "Dia da Internet Mais Segura (Safer Internet Day) 2014", for the application of the"-Fundation for Science and Technology" to the financing of CEF Program of the European Commission.
- The Young Musicians Competition of the German School in Oporto, held in March, was supported by Banco Carregosa.
- The IN SPIRITUM Festival – 1st International Festival of Music and Contemplation of the city of Oporto, that produced seven concerts between the 23rd and the 27th of April, was supported by Banco Carregosa.
- The book "Walking in Oporto", from the Professor Germano Silva, published by Porto Editora, was sponsored by Banco Carregosa.
- Banco Carregosa was the cultural maecenas of the exhibition "SPLENDOR ET GLORIA – Five Exceptional 18th Century Jewels", held at the National Museum of Ancient Art, in a production of Everything is New.
- The book "Houses And Palaces in Lisbon - Coats of Arms", from José António de Mello, Pedro Mascarenhas Cassiano Neves and Ana Luísa da Cunha Alvim (photography), published by Sribe, was sponsored by Banco Carregosa.
- Banco Carregosa was the cultural patron of the Gulbenkian Season Opening Concert.
- Banco Carregosa sponsored the organization of the classical music concert "Quarteto Costa", held in December in the Arabic Lounge at Palácio da Bolsa in Oporto.

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**.

The main offer of Banco Carregosa is **Private Banking**: based on traditional banking values, trust, 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 counselling 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 assets. 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 anagement 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**, 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, the investment management is done by the Client in connection with our professional managers.

For clients just looking for a high quality execution service, the Bank provides its **trading room**, ensuring through experienced traders, access to a wide range of markets and instruments, providing quick execution 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. From the range of services available we highlight 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: he 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, in 2014, overall economic activity increased 3.3%, accelerating smoothly in relation to the 3.2% of real world GDP growth in 2013.

This slight increase was boosted by US growth, with the help of the decrease and maintenance of the already low interest rates in the Eurozone, EUA and several other regions. This growth, however, was limited by the slowdown in growth of the emerging economies and the difficulties relating to the Eurozone crisis.

In an international context somewhat turbulent, the US economy grew 2.4% above the 2.2% from the previous year. The fall in oil prices contributed to the acceleration of growth in the 2nd half. The US also benefited from the appreciation of its shareholder market and from the reduction of the unemployment rate from 6.7% to 5.6%. In 2014, inflation grew by 0.15% more than in 2013, but still in some modest 1.6%.

The Eurozone reversed the trend of real GDP contraction, which grew 0.8% in 2014, with some of the economies in most critical situation returning to growth and others, such as Germany, accelerating the pace of growth seen in previous years.

One of the Eurozone catalysts was the rise of domestic demand by 0.8% which was falling in the past two consecutive years. At the same time, there was a drop in the unemployment rate from 0.5 pp. to 11.4%. For the second time in the history of the euro, there was deflation in the Eurozone, with the index reaching -0.2%, even with a devaluation of the Euro against the US dollar by 11.5% throughout 2014 which helped contain a greater decline in inflation.

For Portugal, the closing of the Economic and Financial Assistance Programme in late June was an important moment, such as the positive growth rates in various quarters e a global increase of 0.9% in 2014. This real GDP growth represents a reversal of the downward trend of the last three years, largely supported by a 2.3% increase in domestic demand.

On the other hand, the Balance of Payments shall submit, in 2014, a negative balance of 0.4% of the GDP, even with the external competitiveness gains from devaluation of the Euro. Portugal also saw the occurrence of deflation in 2014, which set the CPI in -0.2%. On the negative side we highlight the high level of debt (public and private), a high unemployment rate at 13.5% (although smaller than in 2013), and a devaluation of the main Portuguese stock index by more than 25%, between January and December 2014.

Financial Markets

Overall, the main indexes of European and American stocks increased, although less than in the previous year, at a time when the asset purchase program by the Federal Reserve slowed down.

INDEX	PROFITABILITY	
	2014	2013
PSI 20	-36.67%	13.78%
CAC 40	-0.54%	15.24%
Euro Stoxx 50	1.19%	15.22%
IBEX 35	10.23%	22.84%
DAX 30	3.53%	17.64%
S&P 500	2.58%	20.31%

The European indices fared worse, registering more modest gains. For the third consecutive year, variations in rates were higher than variations in the companies' revenues. They even managed to decline in Europe translating into further expansion of the ratio P/R (price/revenue).

The best of the North American market behaviour can be partly explained by the current margins of its companies, about 2.2 percentage points above its historical average. As for the European performance, this was been negatively influenced by the crisis experienced in some countries, which resulted in a negative revenue evolution (with European margins below its historical average), and also the depreciation of the Euro against the USD, which motivated investments in assets denominated in USD, instead of others denominated in Euros.

In general, bonds posted positive returns, although below the values recorded in previous years. Both the long-term debt *investment grade*, German and US 10-year bonds present now a negative real rate of return. Even the *high yield* bonds became more expensive throughout the year.

2015 Preview

For 2015, everything points to an improvement in the global growth, particularly in the developed countries. However, when disaggregating this growth, the world economy may have very different records:

- Emerging countries affected by the impacts of the slowdown in Chinese investment (which supported the prices of raw materials for more than a decade) will possibly start the crisis from which they escaped in 2009. While some economies should recover, such as India and Mexico, others must grow less, such as China, and others will even fall into recession (Russia and Brazil).
- A stagnated Eurozone, in an increasingly similar situation to Japan's lost decade(s). Forecasts point to 1 to 1.1%, economic growth in the Euro Zone, with the inflation dropping, which puts pressure on the ECB to act in order to prevent a deflationary scenario through a quantitative easing program by the ECB.
- The US counters the remaining world situation with a real GDP growth of 3% and show that they are finally entering a virtuous cycle of self-sustaining growth. It should be noted that, from mid-2015, US interest rates should start a new upward cycle.

The light at the end of the tunnel is the substantial decline in prices of raw materials which will, over time, be beneficial for the consumer´s purchasing power in most developed countries and for the growth of private consumption that will impact on GDP growth. The flip side is the impact on the exporting economies of these raw materials (OPEC, Russia, Angola ...).

As for Portugal, the forecast is for growth of around 1.5% supported both by improving the internal dynamics, as a result of the end of the austerity plan, and the external dynamic, due to the devaluation of the Euro against other currencies and the resumption of international world market. This growth if equal to or greater than the estimated, and combined with a positive primary balance, can ultimately lead to a small reduction in the gross debt / GDP ratio.

In 2015, investors should concentrate their attention on the following aspects:

- The effects of the quantitative easing program of the ECB in the European economy;
- The progress of the Greek situation and the consequent impact on European markets (particularly in the banking sector), the price of the Euro against other currencies and the international perception of other European countries in difficulty;
- The rate of reduction of stimuli and the rise in interest rates, by the US Federal Reserve;
- The volatility of the several most significant exchange rate relations, in particular those involving the Euro, but also USD, the pound, the yen and the Russian ruble;
- The evolution of oil prices and consequent effects on different economies and industries. Particular attention to possible social instability in a number of emerging economies, especially those dependent on exports of raw materials.

Even with all the uncertainties at the macroeconomic level, particularly in the Eurozone, with a global economy growing close to 4%, there will be, certainly, good investment opportunities.

Economic stimulus programs, the recovery of growth in many countries and higher expectations of corporate earnings should generate interesting investment scenarios. Nevertheless, investors should look to choose the best entry opportunity.

In relation to low-risk investments, the conviction of Banco Carregosa is that Investment Grade bonds (with quality, whether sovereign or from companies with strong balance sheets) are expensive, and even present negative real return. On the other hand, High Yield bonds got even more expensive than in early 2014, not being, also, an interesting opportunity.

Bonds risk premium is still the biggest argument for investment in the equity market. Furthermore, the use of several key metrics points to a substantial PSI 20 discount compared to the rest of Europe where we can find more opportunities than in the US, because now benefits from an exchange rate stimulus. In addition, starts from a low base of sales and depressed margins, unlike the United States which is recording historically high values (although still far from extremes) and no longer benefiting from the "Quantitative Easing" stimulus, interrupted by the Federal Reserve.

6 · SUMMARY OF ACTIVITY

Private Banking

In 2014, the **Private Banking** Department maintained its focus on the client, seeking to provide a personalised and independent service in this particularly complex situation with occurrences never before experienced.

The proximity, quality of service, innovative solutions, with particular attention to the specifics of each client, and, above all, the dedication of the team enabled the Private Banking a remarkable growth, increasing by more than 50% the assets under management and extending, significantly, the number of clients and their involvement with the institution.

The results achieved have enabled the consolidation of relations between the clients and the bank, who had at their disposal new investment solutions in 2014, taking advantage of market opportunities, in a perspective of risk diversification and profitability, always maintaining a particular concern about capital and security protection.

In the context of quality of information improvement, we organized sessions with experts and renowned guest speakers, who gave an enriching insight into topics such as Financial Markets, taxation, economic situation, the prospects for development and overall economic growth and the evolution of raw materials prices.

The approach to clients was still made by the invitation to a series of cultural promotion initiatives or sporting events to which the Bank was associated to, such as Portugal Open, Porsche Golf Tournament, InSpiritium concerts in Oporto and Gulbenkian in Lisbon, exhibition at the National Museum of Ancient Art and some solidarity actions.

GoBulling - Banco Carregosa Online

This was the first full year of **GoBulling - Banco Carregosa Online**, the online platform of specialized banking on savings and investment solutions, available on the website www.bancocarregosa.com/gobulling.

The repositioning of the online channel of the Bank, initiated last year, involved a greater investment in technological resources, the creation of new lines of products, the provision of support information and additional report, online contracting means, security of transactions, dissemination of information, as well as an additional marketing effort.

The Bank has been offering consistent and regularly new promotional deposits and indexed deposits, the latter revealing a growing interest by investors in the current context marked by a reduction in interest rates.

In October 2014, the online channel participated in the placement of a structured note indexed to Finvex S & E Europe 30 index.

The cycle of seminars and workshops for GoBulling - Banco Carregosa Online clients, started to have monthly frequency in order to increase information and training for GoBulling trading platforms users.

In terms of trading in financial instruments, the domestic stock market and the trading of derivatives, especially CFDs and Forex remain relevant, segments that in 2014 were particularly challenging, either by the strong devaluation of the Portuguese market because of incidents related to the resolution of the BES, either by the intensification of the competitive environment in the brokerage business in general, which resulted in a reduction / maintenance of market shares in key segments in which the Bank operates.

FINANCIAL PRODUCT	MARKET SHARE		
	2014	2013	2012
Shares - Total Orders	2.02%	2.40%	2.40%
Shares - Online orders	6.50%	8.10%	9.90%
Forward Market - Online Orders	12.00%	11.00%	16.00%
Futures	17.20%	6.40%	23.20%
Options	98.20%	88.70%	95.80%

Foreseeing that the base offer of GoBulling - Banco Carregosa Online is complete in the first half of 2015, sonly On that occasion we will be able to, conveniently, evaluate the results of the operated repositioning, but there are, however, good indicators as to the enlargement of the number of clients and the captured net resources, which grew during the year up to 90% and 150%, respectively.

Origination and Management

The department of **Origination and Management** continued to support the activity of the commercial areas, proposing the allocation of assets, contributing to the preparation of investment proposals according to an open platform approach, ensuring management solutions and creating new products to capture investment opportunities detected by the team.

In terms of **Management**, all strategies managed by the Bank achieved positive performances, although in the more conservative strategies the results have fallen short of their benchmarks. The obligations strategy increased 2.42% (the JPMorgan Credit Index increased 8.51%), the stock strategy increased 7.62% (the European index increased 4.10%) and the alternative strategy increased 3.42% (6-months Euribor had a return of 0.31%). Similarly, third-party funds selected by the management team obtained, on average, results above the respective comparable indexes.

With respect to **Origination**, the work started in 2014 was consolidated. Six indexed deposits were launched; twenty-four structured notes in private placements were issued and led a public offering of a structured note.

Thus, it was possible to offer clients a very comprehensive offer of products, both in risk assets, and in risk-weighted exposure.

Banco Carregosa was a pioneer in Portugal in offering some new investment products using quantitative strategies, either by offering indexed deposits having as underlying Barclays Shiller CAPE Europe Index, or by the commercialization of a structured note indexed to Finvex S & E Europe 30.

In 2015, the **Origination and Management** department will remain committed to (i) show consistent results, which is the main success factor in the long-term, (ii) boost the service of investment recommendations (iii), enhance the quality of new structured products/ indexed deposits, ensuring a supply dynamics with differentiated value propositions besides taking advantage of the expected increase in market volatility, for the benefit of clients and always with the fundamental concern of their portfolio protection.

Treasury and Own Portfolio

The year 2014 was a year of enormous challenges for Banco Carregosa own portfolio and treasury management. The diminishing returns obtained in treasury applications and bond portfolio was accompanied by increased uncertainty about the evolution of interest rates and the marked increase in risk.

In Portugal, the impact of the financial problems in Espirito Santo Group, that led to the difficulties and intervention of the BES Resolution Fund, with repercussions in Portugal Telecom, dragging the Portuguese equity market to negative territory, and outside, the uncertainties in Greece about the outcome of the elections earlier this year, the corruption scandals involving Brazilian companies, are some examples of occurrences that increased the risk of the investment portfolio in 2014.

Contrary to what might be expected, the increased uncertainty was not accompanied by an increase in return of applications. The interventions of the ECB in the markets by buying sovereign debt and injecting liquidity in the market via refinancing operations, caused an inflation of asset prices and hence a lower return for investors.

Against a scenery of diminishing premium, increased risk and reduced return applications, The Bank opted to reduce the volume of own portfolio and lower funding from the ECB at EUR 66 million. Banco Carregosa maintained comfortable and appropriate liquidity levels for its activity.

In this adverse environment, the year is irretrievably linked to the impact that the resolution approved at a special meeting of the Board of Directors of Banco de Portugal, held on August 3, 2014, had on Banco Carregosa. Supported on the statements of Portuguese authorities that, on several occasions and through various senior officials, emphasized the message that the problems were just the Espirito Santo Group´s sphere and that a "ringfencing" around Banco Espirito Santo was created, Banco Carregosa assumed in its own portfolio exposure to Subordinated debt of Banco Espirito Santo, still during the month of July and until the mentioned administrative intervention. These assets transited under the applied resolution, for the “Bad Bank” and being diminished the probability of their recovery, the Bank elected to recognize Impairments amounting to 4.5 million euros, which were decisive for the results of the year.

It should also be noted the increase in the volume of Credit granted, reflecting greater attention to opportunities in this activity segment, presented, mostly by clients of Private Banking and with a low risk profile. In this context, in 2014, there were two credit overdue acquisition operations amounted to € 10,114,385, one of which, amounting to € 6,391,870, still appeared on the balance sheet at December 31, representing about 93% of Overdue loans.

In the payments area, we began the process of joining SWIFT network, which should be completed in the 1st half of 2015. By accessing this international transaction system we intend to ensure greater efficiency and speed in the execution of various operations, as well as a more active role of the Bank in implementing those operations. On the other hand, allows opening a wider range of services provided to clients as part of their international relations.

Other Services

CUSTODIAN OF INVESTMENT FUNDS

Banco Carregosa ended 2014 providing depositary services to four investment funds, adding a risk capital fund to real estate funds recorded in previous periods. The net asset value of these funds amounted to approximately EUR 40 million, representing an increase of 28% compared to the final value of 2013. This activity should continue grow during 2015.

With regard to custody, some projects are underway that will certainly raise the quality of services in this area, namely the connection to the SWIFT network, monitoring the migration to the "TARGET2-Securities", a single platform for securities settlement in central bank money aimed at greater integration of securities markets in Europe, to which the Portuguese market will migrate in 2016, and the application for obtaining Qualified Intermediary status with the Internal Revenue US Services, will allow clients with investments in US assets to automatically benefit from reduced tax rates at the time of the respective income payments.

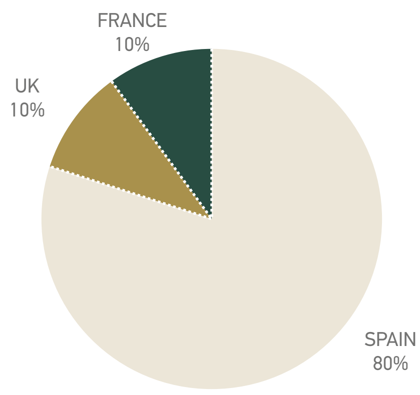
CLEARING AND SETTLEMENT IN THE IBERIAN ELECTRICITY MARKET (MIBEL)

Energy markets will have in the coming decades, huge financing needs - the IEA foresees a global need of 48 trillion USD by 2035. In Europe and in Portugal, in particular, the decarbonisation the process of the economy will rely, necessarily, in processes with high investment needs.

Aware of the crucial role of energy in economic and political agenda and taking advantage of its great ability to incorporate very different market realities, the Bank initiated, in 2013, its activity as a clearing member of the Iberian electricity market derivatives. This status, shared with first class banks, gave access to a new line of business and relationships.

In a market, managed by OMIP and OMIClear, which grew almost 20% in compensated and settled volume, reaching 102 TWh, about double the Portuguese electricity consumption, The Bank already has 10 clients, all of them non-residents, occupying second place measured by number of members served this market.

CLIENTS ORIGIN



Volumes intermediated by the Bank also grew by 10% over the previous year, and new projects were consolidated as the capacity auctions of Portugal-Spain interconnection, the auctions of Special Regime Producers and the launching of the Options Market as a complement to the already existing Futures, Forwards and Swaps. It was also a year of major changes dictated largely by the adoption of OMIClear under EMIR.

For 2015 we anticipate that the pace of the electricity market growth will remain and that new projects will arise, namely the Iberian gas market, initiative in which the Bank is strongly committed.

Internal Control

The Internal Control System (ICS) plays a crucial role in Banco Carregosa, targeting in particular the effective fulfilment of legal obligations and duties to which the Bank is subject, as well as appropriate management of risks inherent to the developed activities, thereby ensuring its stability and continuity.

The ICS of Banco Carregosa is based on three units: Compliance, Risk and Internal Audit. These report directly to the Executive Committee of the Board of Directors, which strives to promote an environment and internal control culture, supported on high standards of ethics and integrity.

The Risk department ensures the implementation of the risk management system, evaluating quantitatively and qualitatively all risks to which the Bank is subject. It is also responsible for the reports at different intervals, both for internal use and the Supervisory Authorities on issues related to risk management.

Compliance is responsible for monitoring compliance with legal obligations and duties to which the Bank is subject. To this end, ensures regular monitoring of published legal and regulatory norms, spreading them by the relevant departments and collaborating in the definition and implementation of procedures to adopt in the current context of increasing regulation of financial activity, better detailed below. This unit has also been contributing to the definition of the training plan of employees, as well as developing internal training sessions taught by this department.

On the prevention of money laundering and terrorist financing, Compliance plays a key role, being responsible for defining the mechanisms for monitoring and detection of suspicious transactions.

Audit plays primarily a monitoring role. Taking into account the risks to which the bank is exposed and its activity, Internal Audit sets out a plan of actions control, that allows review activities, processes and systems, in order to assess the adequacy and effectiveness of ICS, issuing, where appropriate, recommendations based on the results of the analyses made. The major deficiencies detected and the recommendations made are reported to the relevant governing bodies.

The increased Regulation has assumed a growing importance in the financial sector, with transverse impact on member organizations, affecting among other things, how the Bank relates to clients and information systems that underpin the provision of banking services. Given the functions of structural units that comprise the Internal Control, changes in regulation have decisive impact on the activity of the Departments.

In 2014, we highlight the following regulations:

- **Notice number 5/2013 of Banco de Portugal** – Prevention of money laundering and terrorism financing - Regulates the conditions, mechanisms and procedures necessary for the effective implementation of the preventive duties of money laundering and terrorist financing, in the provision of financial services subject to supervision by Banco de Portugal. The entry into force of this regulation, which took place on February 16th, 2014, increased the requirements for opening bank accounts, as well as surveillance measures to clients and reporting suspicious activity. To that extent, it was necessary to make changes in some Bank procedures and activity´s support system, having been given specific training on the subject.

- ***Foreign Account Tax Compliance Act* - FATCA** – Approved on March 18, 2010, as part of the Hiring Incentives to Restore Employment Act, entered into force on July 1st, 2014. The primary purpose of FATCA is to prevent tax evasion from US taxpayers, not exempt from tax, in respect of income earned outside the United States. The rules of law require that foreign financial institutions (FFI's) make a formal commitment before the USA Internal Revenue Service (IRS), directly or indirectly via the national tax authorities (formalized by the signing of an intergovernmental agreement, IGA), becoming FFI participants, under which performing the identification and annual reporting of all accounts of its North American clients (citizens or residents).
- Although Portugal has not yet signed the IGA (Model 1) with the USA, it is agreed in substantial terms, so Portugal will benefit from equivalent treatment to countries that have signed the bilateral agreement. In practical terms, this legislation has affected the requirements for opening accounts, changed the retention rules on income received and introduced new reporting obligations, which should start already in 2015.
- ***European Market Infrastructure Regulation* - EMIR** – Regulation No. 648/2012 of the European Parliament and the Council, of July 4, 2012 regulates Over the Counter or OTC derivatives. Regarding a greater market transparency, in order to enhance its stability, EMIR provides, among others, the reporting of derivatives transactions to authorized Transactions Repositories, process that began on February 12, 2014.
- **Regulation number 2/2012 from CMVM - Complex Financial Products (PFC's)** – Following the entry into force in 2013, of Regulation number 2/2012 from CMVM, the requirements to provide information to clients and to CMVM were increased, which led, in 2014, to the continuation of the approval process with CMVM of documents "Fundamental Investor Information" and sending to the same entity, under the CMVM Instruction number 3/2013, continuous or partial information on commercialization of complex financial products.

Human Resources

The Talent Management of Banco Carregosa has sought to follow the organization's strategy.

This strategy goes through the prudent and sustained growth of the organization and its resources, in particular human resources, betting on talent development with diversified skills, able to follow the high specialization and diversification of the business model of Banco Carregosa.

Flexibility and the ability to adapt to constant changes in the industry are also desirable features and a priority on development issues.

Talent Management has as main objectives to attract, develop and retain the best talent in the organization, by creating conditions for the employees to feel motivated to exploit their full potential, with a positive and constructive attitude, leading them to want to stay in the organization.

These are the goals of the Human Resources Department:

- To attract and select the best existing talent in the financial sector labour market;
- To develop the potential of existing human assets;
- Retain the best existing talents in the organization.

Thus, 2014 was a year of consolidation processes explored in recent years, central to the development of key skills to the banking business. Among these cases we highlight the training, performance evaluation and optimization of benefits management.

Although between 2012 and 2013, there has been a slight decrease in the number of employees, in late 2014 there was a reinforcement of both teams of Oporto and Lisbon, with special focus on commercial teams. Since the transition to Bank in 2008, the structure has remained cohesive and with sustained growth, being the average workers´ years of service of six years.

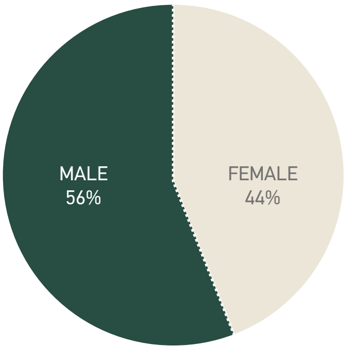
EVOLUTION OF THE WORKFORCE		
PERIOD	**Dec. 2014**	**Dec. 2013**
Headquarters	56	50
Lisbon	17	14
Spain (representative office)	2	2
TOTAL	**75**	**66**

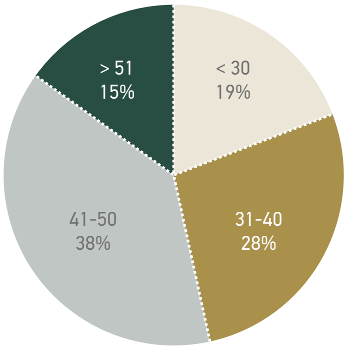
Banco Carregosa workforce has high potential employees, with skills appropriate to their roles, with banking experience and above average qualifications (71% of the employees have higher education).

With regard to the distribution of employees by gender, there was quite a balance. The percentage of female employees at the end of 2014, equal to the same period last year, i.e. 44% and the ratio of Male/Female was 1,3.

The average age of employees was 42 years old.

DISTRIBUTION BY GENDER AND AGE GROUP





VI · Analysis of Accounts

1 · INDIVIDUAL ACCOUNTS

In the year under review, the Bank achieved positive net profits of € 36,742 which, when compared to the € 7,049,164, equally positive of 2013, represent a decrease of 99%. The reduced expression of the annual results, on one hand maintained, in the first half of 2014, an average yield equivalent to the previous year, taking advantage of the business opportunities and a favourable evolution of the Portuguese Treasury Bonds prices, on the other hand, in the second half, the effects of Central Bank intervention in Banco Espírito Santo, caused a significant reversal in retained earnings in the period, as a result of the Bank's exposure to these two entities, translated in impairments that, taken together, represent € 4,525,211.

The main performance indicators can be found in the table "**Summary of Indicators**" which shows the main highlights of the Bank's evolution in 2014:

Net assets decreased by 13%, to approximately 199 million, as a result of the reduction on the financial assets portfolio available for sale, partly offset by an increase in loans and other investments in credit institutions. Shareholders' Equity regressed 12% over the previous year, although considering the variation of about EUR 7 million positive results among the last two years.

	2014	VAR %	2013	2012
Total Net Assets	198,683,075€	-13%	228,858,967€	256,599,162€
Shareholders' Equity	33,959,415€	-12%	38,657,129€	32,726,801€
Own Funds	34,928,377€	5%	33,298,095€	26,049,628€

With regard to **Loans to clients**, there was a greater demand for this business area, which explains, in net terms, an increase of 31.73% (+ 12.390 M€). In this analysis will be necessary to consider the purchase from a non-resident banking institution, of an overdue loan amounting to 6,392 M€ whose acquisition stood at € 1,772 m. The related impairment represented 4,620 M€. This operation is associated with a promissory contract and a financial guarantee for assignment of the credit in early 2015. The Bank has not changed its credit granting policy, both in terms of typology, purposes and associated guarantees. Removing the effect of this impairment, we verify that the overdue loans levels and their provisioning remain at the level of previous years.

	2014	VAR %	2013	2012
Overdue loans / Credit granted	13.39%	4.080%	0.29%	0.38%
Overdue loans / Liquid assets	3.47%	6.243%	0.05%	0.06%
Credit granted / Deposits from Clients	42.74%	4%	41.25%	51.02%
Credit granted / Net assets	25.89%	52%	17.19%	15.48%

Client deposits maintained the same sustained growth as in 2013, now representing an increase of 26.55% (+25,246 M€). This growth in opening new accounts resulted from the launch of the new site in December 2013, channelling resources to current accounts that justify a positive performance of 43.23% and term accounts of 17.91% the latter benefiting from the offer of indexed deposits innovative products.

With regard to **Income**, the Return on Average Equity, in the 2012-2014 period, of 15.12%, should be pointed out, resulting from the good results obtained in recent years.

RETURN	2014	VAR %	2013	2012
Return on Assets (ROA)	0.02%	-99%	3.09%	4.15%
Return on Average Equity (ROE)	0.10%	-100%	20.07%	26.95%
Banking Income/Average Net Assets	5.57%	-33%	8.33%	10.43%

The **Banking Income** amounted to about 13 M€, lower than that achieved in 2013 (-33%). The reduction in banking income is due to a 23% drop in Financial Margin to 3,7 M€, through a reduction in income, which resulted from the sale of part of the assets portfolio, held to maturity, with very significant impact on Income from Financial Operations and interest rates.

Net Commissions show a remarkable growth (+48%), result of increased asset management activity, of provd1ed financial advisory services, of revenues from young business areas such as depositary of investment funds, clearing and settlement in the MIBEL, from the increased efficiency in the collection of traditional bank services and the provision of bank guarantees of remarkable volume.

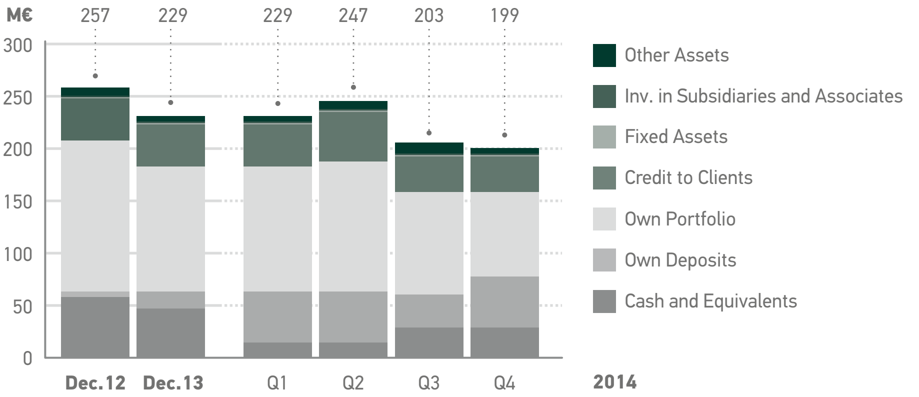
Results in Financial Operations, with a negative variation of 53% are a reflection of exposure to Banco BES and the redirection of investment policy of the securities portfolio of the Bank, either by disposals and transfers between portfolios, either by new acquisitions.

Net Income recorded in 2014 amounting to € 36,742 reflects what is expressed in the previous paragraph. Excluding this negative effect, we would have a value of Shareholders' Equity at the level of the previous year, even considering the distribution of results.

	2014	VAR %	2013	VAR %	2012
Banking Income	12,709,606	-33%	18,990,837	-20%	23,782,357
· Financial Margin	3,727,904	-23%	4,821,917	-48%	9,341,312
· Net Commissions	4,009,905	48%	2,716,726	-11%	3,045,263
· Income from Financial Operations (Net)	5,042,293	-58%	12,032,793	2%	11,786,661
Net Income	36,742	-99%	7,052,287	-25%	9,463,904

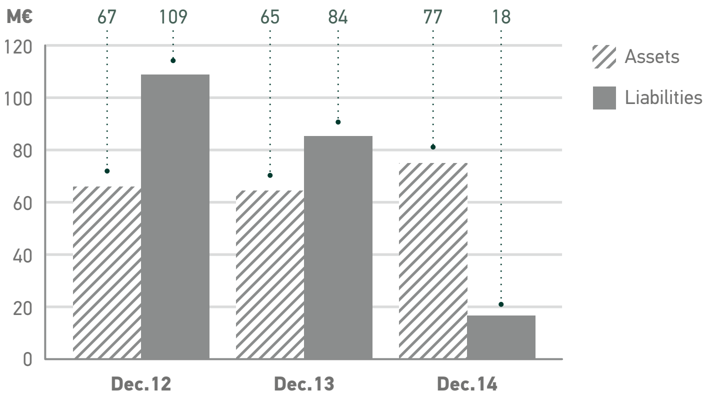
Financial Soundness was maintained, with the Solvency Ratio reaching (Tier I) 19.25%, well above the minimum level required by Banco de Portugal.

Asset Composition

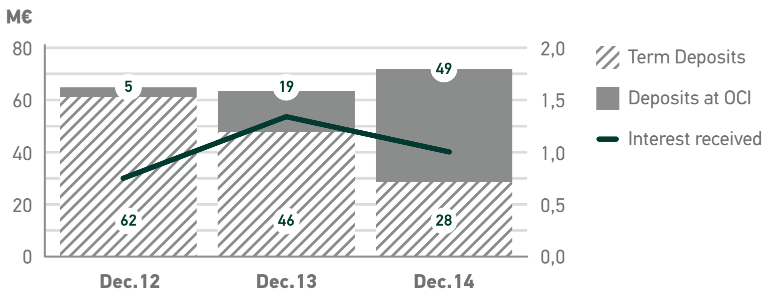


The **net assets of the Bank** amounted to 198.683 M€. In terms of its composition, we can register an increase in the relative importance of highly liquid components in relation to financial instruments held in the portfolio. The registered negative variations, with reference to the last two years, are the result of less favourable market conditions.

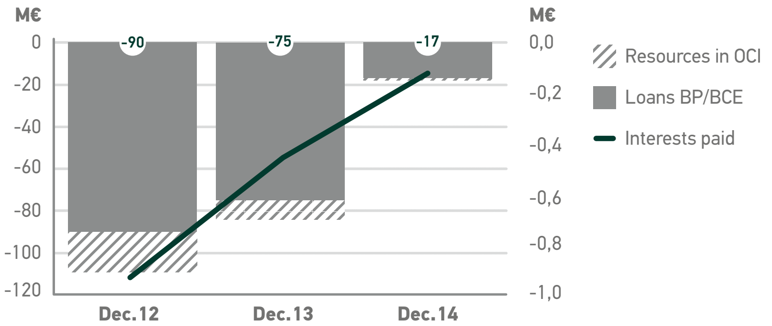
Evolution of Aggregate Liquidity



Liquidity – Assets

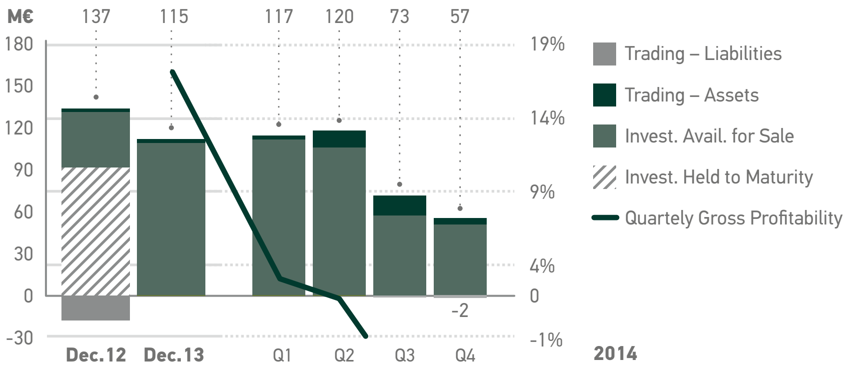


Liquidity - Liabilities



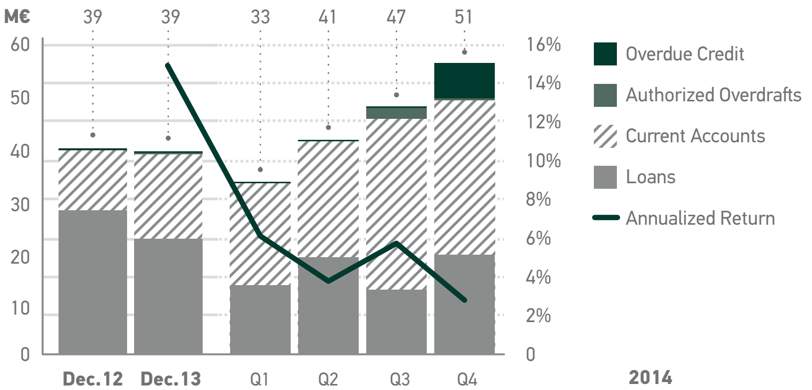
Asset financing is being provided by the use of stable funding sources (financing with a maturity less than or equal to two years and Shareholders' Equity which, taken together, represent 25.7% of assets).

Portfolio Evolution



The Bank's securities portfolio (trading and investment) represent, by themselves, 28.6% of net assets compared with 50% in 2013. The absolute and aggregate values, for each of the years, stood at EUR 56 and 114 million, respectively (excluding liabilities held for trading).

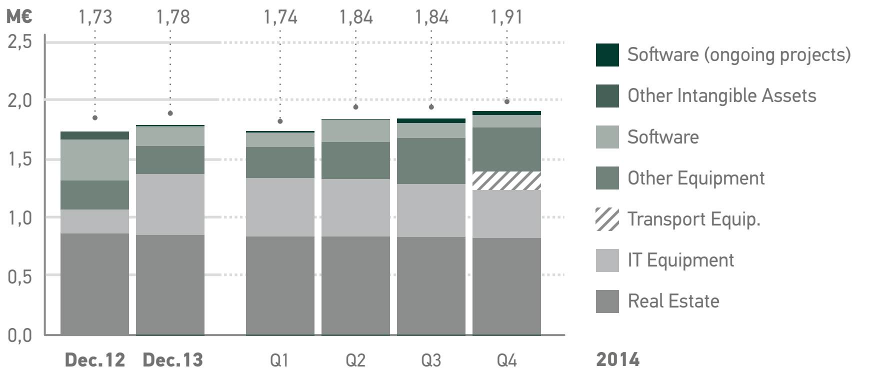
Evolution of Loan Portfolio



The loan portfolio, after a stabilization in 2013 (0% compared to 2012), counter-cyclically with the market shortage, had a new dynamic in 2014, in part due to demand and the opening-up by the Bank to Credit operations. This portfolio with very specific characteristics and specific purposes holds contracts validated by notary and mostly subject to property registration, although the Bank does not grant consumer and housing credit. In addition, the Bank has also in most operations, Personal guarantees of the respective debtors or guarantors.

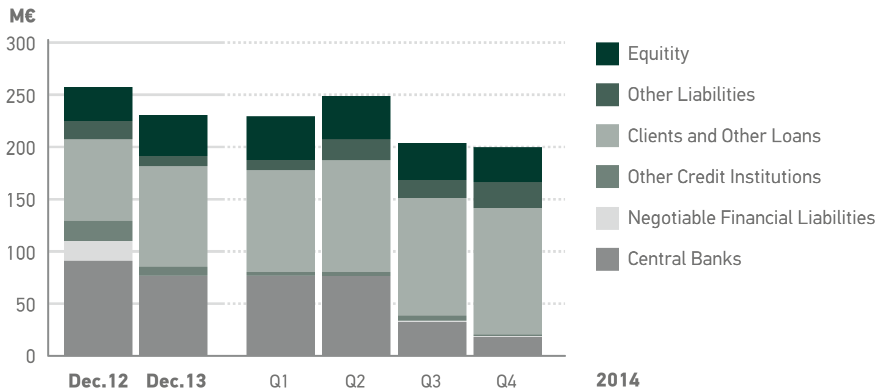
The real estate guarantees are subject to periodic revaluation by accredited and independent technical assessors following prudent criteria which reflect the evolution of the corresponding real estate markets, the nature of the property, the potential use and liquidity. All other guarantees are made 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 2014, € 229,224 of provisions (excluding impairment of overdue loans acquired from a credit institution in the amount of € 4,620,018). Provisions for General Credit Risks, as a result of the evolution of normal credit, experienced a growth of 170%, standing at € 857,617 in late 2014.

Fixed Assets – Net Value



Fixed assets, in net terms, have an annual variation of +14.46%, in its highest expression justified by the entire amortisation of existing transport equipment and new acquisitions in 2013 and new acquisitions in 2014.

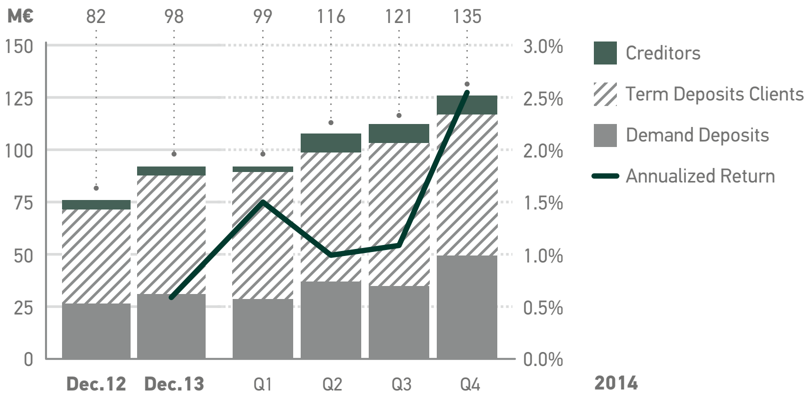
Composition of Liabilities and Net Positions



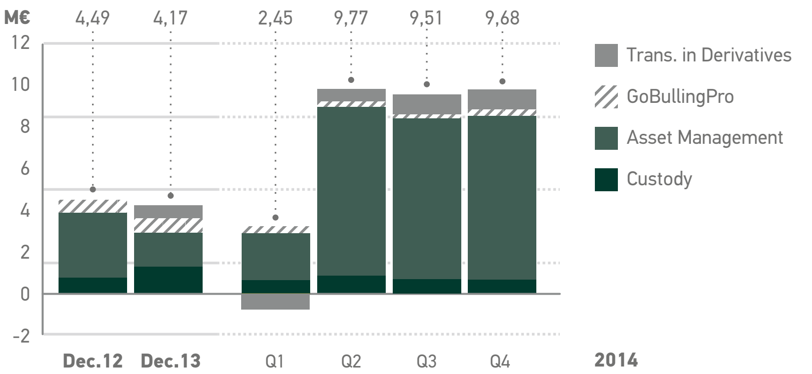
Liabilities show an overall decrease of -15.47% that compares the amount of 190.202 M€ of 2013, and we should point out a sharp decline in the Central Banks Resources (-77.33%) and other credit institutions Resources (-1.215%), totalling, in these two components, a negative variation of 67.189 M€. Conversely, Financial Liabilities Held for Trading had positive variations of +1.939% and Other Liabilities + 160.20% thus contributing to an increase of +16,424 M€.

In terms of **Net Worth**, equity showed a negative evolution of over 4.6 M€, as a direct result of the policy of incorporation of the net income from the previous year, after distribution of dividends amounting to 1.5 M€, the negative revaluation of its investment portfolio and reduced expression in the current year result.

Evolution of Resources from Clients

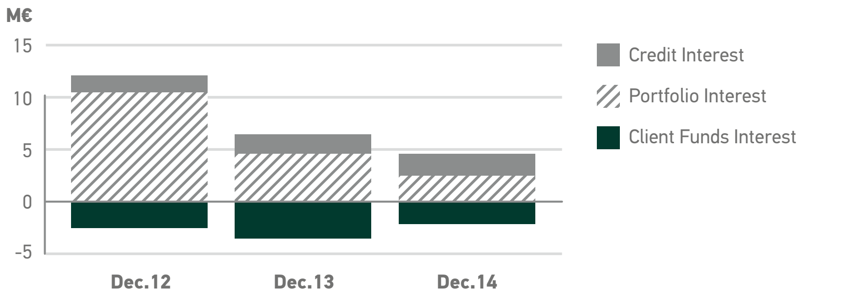


Creditors by Type (detail)



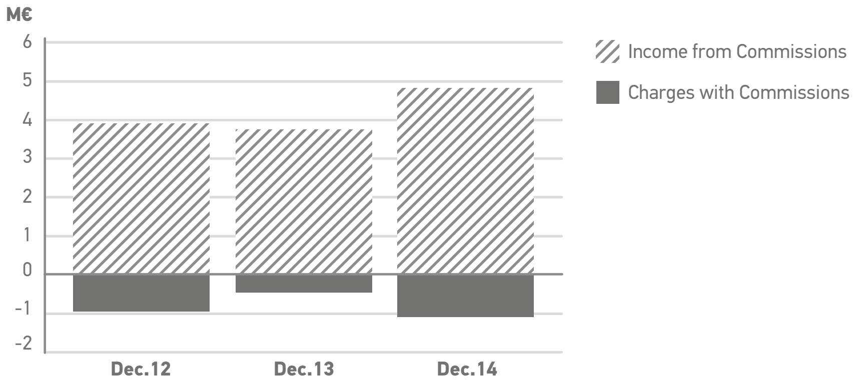
The resources raised from clients show a significant growth (+37.39%) compared with the previous year. This evolution reflects not only the increase in new clients, but also the tendency of reinforcing the proportion of clients' financial assets allocated in Demand and Term Deposits and management models.

Evolution of Net Margin



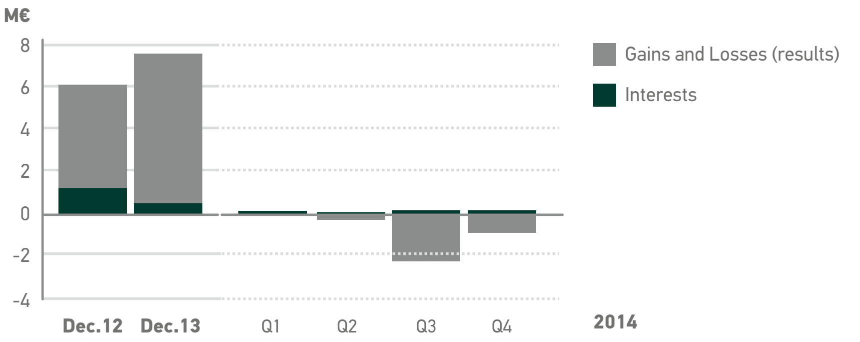
In 2014, the net margin showed a drop of 23%, totalling a negative variation of -1.094 M€. As a result of this variation and in terms of interest and similar income, are more significant in this reduction, the interest from own portfolios resulting from the reduction in bond rates and the effect of the sale of securities held to maturity, in 2012 and beginning of 2013. In terms of spending, and despite the increase in absolute terms of resources obtained, it has been possible to maintain and even slightly reduce the costs associated with respective compensation, following market trends.

Evolution of Net Commissions

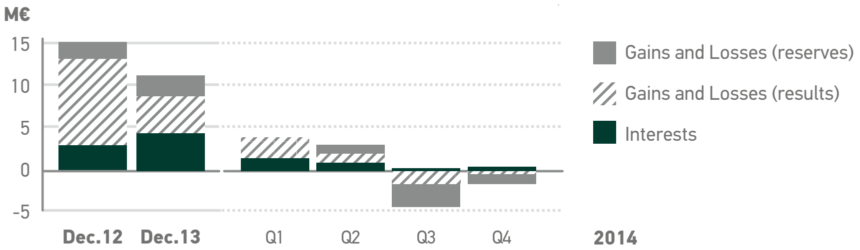


More significant was the evolution of **Income with Net Commissions** which grew by 48%, reaching € 4,009,905, while in 2013 stood at € 2,716,726. This performance is explained by the moderate growth of charges with services and commissions (+15.71%) and the Income from Services and Commissions (+40.47%). On the latter component, we highlight the income obtained by the Management of (+€ 240,675 – 65.05%), Provided Services (+€ 471,374 – 19.55%) and Transactions on behalf of Third Parties (+€ 542,454 – 20.76%).

Gains and losses – Financial Assets and Liabilities Held for Trading

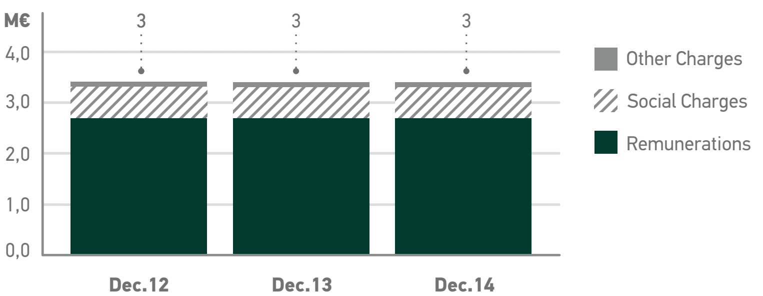


Gains and losses – Financial Assets and Liabilities held for sale



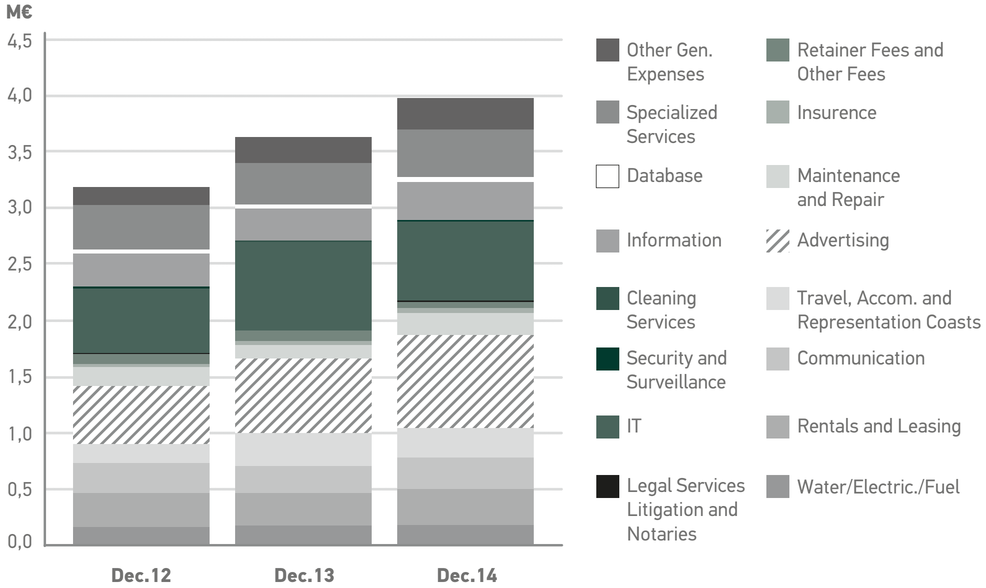
In the year of 2014, with regard to own portfolio management, It was a year of strong contrasts, both compared to previous years, and within this exercise, between the 1st and 2nd semester. In effect, as we can see from the analysis of graphics, although in the first two quarters of the year there has been a remarkable result, although less than in 2013, against a background of adverse market, in the last two quarters the profitability was, by contrast, very negative, as a result of the impacts that the resolution measure applied to BES has had on the markets and the exposure that the Bank held.

Staff Costs



Staff costs stabilised in 2014, showing a slight increase (1,69%) compared to 2013, as a result of two relevant factors, if on one hand, the staff was reinforced by the admission nine (9) employees, there wasn´t in 2014 the granting of performance bonuses that, in 2013, represented € 127,500.

General Administrative Costs



Overheads maintained a level of moderate growth (+11.1%), in line with similar growth already seen in 2013 (+12.5%). Partly justified by the tax burden and cost of production, by investment in marketing, namely advertising, technological component and use of specialised services, fundamental supports for the operation and development of the activity and better range of products and services.

2 · 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 14.5% in 2014 to 199,1 M€ compared with the 198,7 M€ recorded in the Bank.

The Consolidated Net Profit in 2014 was € 378,453 (positive) with contributions of each of the companies, after cancellation of reciprocal movements and the Bank's net profit of € 36,742, 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 2013 and 31 December 2014, 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 2013 and 31 December 2014, 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 24 March 2015; and

iv. the management report faithfully describes the evolution of the business, performance and financial position of Banco Carregosa and the Group for the year 2014.

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.

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 66º-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, Supervisory Bodies, and Employees

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.

Remuneration Policy of Management and Supervisory Bodies of Banco L. J. Carregosa, S.A.

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 the year of 2014, the monthly fixed remuneration for members of the Governing Bodies was established in:

ROLE	MFR
Chairwoman of the Board of Directors	€ 4,000
Chairman of the Executive Committee	€ 6,000
EC Members	€ 5,800

Furthermore, the following were established:

- 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 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;
- 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 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.

We should also mention that, the Bank´s Board proposed, in the last General Meeting, a change in the composition of the Remuneration Committee, and the replacement of the Chairwoman, Dr. Maria Candida Rocha e Silva, was approved, for an independent element of the management bodies, Dr. Joaquim Manuel Martins da Cunha, Statutory Auditor.

Dr. Inácio Sousa Lima, lawyer, continues to be part of the Remuneration Committee as Chairman, and Mr. Jorge Manuel da Conceição Freitas Gonçalves, Non-executive director, who is not paid any remuneration, therefore the Commission is mostly composed of independent members, in compliance with Paragraph 2 of article 7 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 on-going 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 in 2014, 12 new staff members were recruited. The table below shows the other requirements related to this same article.

AREA OF ACTIVITY	TOTAL REMUNERATION (VALUES IN EUROS)	
	Fixed	Variable (*)
MANAGEMENT AND SUPERVISORY BODIES		
Board of Directors	68,066.27	0.00
Executive Committee	304,968.41	0.00
Supervisory Board	22,560.00	0.00
CENTRAL MANAGEMENT		
Central Management	84,281.47	0.00
BUSINESS UNITS		
Relational Channel	319,578.42	0.00
Online Channel	184,092.75	77,556.68
Investment Advisors Network	37,639.07	0.00
Institutional Business	4,918.12	
Origination and Management	211,842.68	0.00
Financial	91,506.94	0.00
Markets	79,317.21	3,155.03
INTERNAL CONTROL UNITS		
Operations	146,291.23	0.00
Legal	89,872.01	0.00
Marketing	59,811.40	0.00
Systems	86,450.73	0.00
Internal Audit (*)	18,940.00	0.00
Compliance	56,635.74	0.00
Risk	44,639.07	0.00
Accounting and Management Information	121,371.11	0.00
Human Resources	19,567.87	0.00
Secretariat	98,009.48	0.00
Communication	44,757.41	0.00
Maintenance and Repair	64,027.97	0.00
General-secretariat	25,699.52	0.00
OVERALL TOTAL	2,284,844.43	80,711.71

(*) On July 31, 2014, an employee of the institution took office as Internal Auditor replacing the previous external consultant.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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 € 36,742.15, be appropriated as follows:

- Reinforcement of Legal Reserve: **€ 3,674.22**
- Free Reserves: **€ 33,067.93**

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.

CARREGOSA & C
UPÕES
PAPEIS
Dra. MARIA CANDIDA ROCHA E SILVA
CORRETORA OFICIAL
DA
BOLSA DE VALORES DO PORTO

XIII · Consolidated Accounts

CONSOLIDATED BALANCE SHEET IAS/IFRS

· amounts in euros

		31-12-2014			
	NOTES	AMOUNTS BEFORE IMPAIRMENTS, DEPRECIATION AND AMORTIZATION	IMPAIRMENT, DEPRECIATION AND AMORTIZATION	NET	PREVIOUS YEAR
ASSETS					
Cash and resources in central banks	1	1 566 284		1 566 284	33 923 164
Resources in other credit institutions	2	26 574 622		26 574 622	12 225 776
Financial assets held for trading	3	4 804 341		4 804 341	2 759 424
Other financial assets at fair value through profit or loss	4	912		912	0
Financial assets available for sale	5	48 876 474	(4 566 061)	44 310 413	104 698 213
Loans to credit institutions	6	49 528 487		49 528 487	19 225 376
Loans to clients	7	56 286 785	(5 555 804)	50 730 981	38 730 631
Held to maturity investments		0		0	0
Assets with repurchase agreement		0		0	0
Hedging derivatives		0		0	0
Non-current assets held for sale	8	85 680		85 680	0
Investment properties	9	7 633 087		7 633 087	6 346 779
Other tangible assets	10	6 973 698	(5 142 762)	1 830 935	1 671 085
Intangible assets	11	3 764 306	(3 589 660)	174 646	208 456
Investment in associated and affiliates excluded from the consolidation		0		0	0
Current tax assets	12	2 586 946		2 586 946	290 869
Deferred tax assets	13	243 896		243 896	300 681
Other assets	14	9 032 971		9 032 971	7 560 512
TOTAL OF ASSETS		**217 958 487**	**(18 854 287)**	**199 104 200**	**227 940 965**

CONSOLIDATED BALANCE SHEET IAS/IFRS

· amounts in euros

	NOTES	31-12-2014 AMOUNTS BEFORE IMPAIRMENTS, DEPRECIATION AND AMORTIZATION	IMPAIRMENT, DEPRECIATION AND MORTIZATION	NET	PREVIOUS YEAR
LIABILITIES					
Resources of central banks	15			17 229 154	75 996 875
Financial liabilities held for trading	16			1 959 205	96 044
Other liabilities at fair value through profit or loss				0	0
Deposits of Other Credit Institutions	17			692 832	9 114 735
Resources of clients and other loans	18			117 756 756	91 094 543
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			269 834	555 766
Current tax liabilities	20			3 879	0
Deferred tax liabilities				0	0
Equity Instruments				0	0
Other subordinated liabilities				0	0
Other liabilities	21			24 062 868	9 289 572
TOTAL LIABILITIES				**161 974 528**	**186 147 535**
SHAREHOLDERS' EQUITY					
Share capital				20 000 000	20 000 000
Share premium account				369 257	369 257
Other equity instruments				0	0
Revaluation reserves				(982 648)	1 727 420
Other reserves and retained earnings				13 901 382	9 060 917
Own shares				0	0
Consolidated net income of the financial year				378 453	7 286 052
Anticipated dividends				0	0
Total of Equity Capital attributable to the group	22			33 666 444	38 443 646
Minority Interests	23			3 463 228	3 349 784
Total Shareholders 'Equity				37 129 672	41 793 430
TOTAL LIABILITIES + SHAREHOLDERS EQUITY				**199 104 200**	**227 940 965**

The Certified Accountant

The Board of Directors

CONSOLIDATED INCOME STATEMENT IAS/IFRS

· amounts in euros

	NOTES	31-12-2014	PREVIOUS YEAR
Interest and similar incomes	24	5 807 191	7 864 477
Interest and similar expenses	25	(2 034 832)	(2 918 898)
Financial Margin		3 772 359	4 945 579
Income from equity instruments		0	0
Income from services and commissions	26	4 872 580	3 463 858
Charges with services and commissions	27	(985 281)	(824 536)
Income from Assets and Liabilities Measured at Fair Value through profit and loss	28	(2 641 899)	7 783 833
Gain and loss on financial assets available for sale	29	5 615 643	3 616 023
Gain and loss on currency revaluation	30	1 530 115	(384 806)
Gain and loss on the sale of other assets	31	965 559	1 488 612
Other operating results	32	455 971	(470 305)
Operating revenue		13 585 046	19 618 259
Staff costs	33	(3 764 831)	(3 662 230)
Overheads	34	(3 768 656)	(3 552 603)
Depreciation and amortization	35	(578 689)	(910 121)
Provisions Net of Write-offs	36	297 066	(555 766)
Loan impairment losses net of reversals and recoveries	37	(224 424)	(107 353)
Impairment losses on other financial assets net of reversals and recoveries	38	(4 525 211)	0
Impairment losses on other assets net of reversals and recoveries	39	0	340 056
Results of associated and in jointly controlled entities (equity method)	40	0	5 579
Net income before tax		1 020 302	11 175 822
Taxes			
Current	41	(283 794)	(3 795 155)
Deferred	42	(56 786)	8 390
Consolidated net income of the financial year before minority interests		679 722	7 389 056
Minority interests	43	(301 269)	(103 004)
Consolidated net income of the financial year attributed to shareholders		378 453	7 286 052

Of which: Net income after tax of discontinued operations

The Certified Accountant

The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

· amounts in euros

	31-12-2014	21-12-2013
Consolidated Net income of the financial year	378 453	7 286 052
ITEMS NOT RECLASSIFIED IN THE INCOME STATEMENT:		
Tangible assets	3 747	(12 537)
Gains and losses (-) actuarial with defined benefit pension plans	(695 587)	147 792
ITEMS THAT CAN BE RECLASSIFIED IN THE INCOME STATEMENT:		
Currency conversion	964 097	(161 939)
Financial assets available for sale	(3 677 912)	1 153 765
Other comprehensive income	(3 405 655)	1 127 081
Total comprehensive income for the year	(3 027 203)	8 413 133
Attributable to Minority interests (non-controlling interests)	(301 269)	(103 004)
Attributable to owners of the parent	(2 725 934)	8 516 137

The Certified Accountant

The Board of Directors

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON 31 DECEMBER 2014 AND 2013

· amounts in euros

	31-12-2014	PREVIOUS YEAR
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interests and commissions received	11 486 430	12 471 561
Payment of interests and commissions	(3 900 186)	(3 543 359)
Payment to employees and suppliers	(7 522 084)	(7 358 438)
Credit Institutions Resources	(65 744 261)	(23 219 547)
Other assets and operational liabilities	15 920 404	(9 104 852)
Other receipts from clients	15 566 703	13 827 586
Tax on profit	(2 593 215)	(9 353 757)
Net cash from operating activities	(36 786 208)	(26 280 805)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Dividends received	0	0
Acquisition/Sale of assets available for sale	52 958 237	(69 618 667)
Held to maturity investments	0	95 049 456
Acquisition of tangible and intangible assets	(706 958)	(935 243)
Sale of tangible and intangible assets	15 758	51 685
Increase/decrease in other asset accounts	(773 468)	(5 904 718)
Investments in subsidiaries and associated companies	0	538 470
Net cash from investment activities	51 493 569	19 180 982
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital increase	0	10 000 000
Other equity instruments	0	0
Dividends paid	(1 774 353)	(2 500 000)
Issuance of securitised and subordinated debt	0	0
Interest paid on cash bonds and others	0	0
Interest paid on subordinated liabilities		0
Resources of credit institutions (not associated with the main capital gains generating activities)	0	(1 837)
Net cash from financing activities	(1 774 353)	7 498 163
Increase (Decrease) in net cash and cash equivalents	12 933 008	398 340
Effect of exchange differences	0	0
Cash and cash equivalents at start of period	64 559 980	64 161 641
Cash and cash equivalents at end of period	77 492 988	64 559 980

The Certified Accountant — The Board of Directors

TANGIBLE AND INTANGIBLE ASSETS

· amounts in euros

On 31 December 2014 (Consolidated Activity)

	ON 31/12/2013					
ACCOUNTS	GLOSS VALUE	ACCUMULATED AMORTISATION	INCREASES ACQUISITIONS	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
Data processing systems (software)	2 250 985	(2 090 715)	136 380	(201 448)	0	9 366
Other intangible assets	203 675	(203 675)	0	0	0	0
Intangible Assets in Progress	4 273	0	31 258	0	0	(9 366)
	3 596 667	(3 388 212)	167 638	(201 448)	0	0
TANGIBLE ASSETS						
Real Estate	525 290	(28 594)	0	(8 188)	0	0
Equipment	5 394 632	(4 569 464)	539 320	(363 524)	(626)	0
Assets in financial leasing	641 547	(292 327)	0	(5 529)	0	0
Tangible Assets in Progress	0	0	0	0	0	0
	6 561 469	(4 890 385)	539 320	(377 241)	(626)	0
TOTALS	**10 158 136**	**(8 278 596)**	**706 958**	**(578 689)**	**(626)**	**0**

TANGIBLE AND INTANGIBLE ASSETS

· amounts in euros

On 31 December 2014 (Consolidated Activity)

ACCOUNTS	ADJUSTMENTS GROSS VALUE	ADJUSTMENTS AMORTISATION FOR THE YEAR	ADJUSTMENTS ACCUMULATED AMORTISATION	ADJUSTED ACQUISITION VALUE	ADJUSTED AMORTISATION FOR THE YEAR	ADJUSTED ACCUMULATED AMORTISATIONS	NET VALUE ON 31/12/2014
OTHER INTANGIBLE ASSETS							
Goodwill	0	0	0	43 913	0	0	43 913
Formation expenses	0	0	0	498 364	0	(498 364)	0
Pluriannual Costs	0	0	0	595 458	0	(595 458)	0
Data processing systems (software)	0	0	0	2 396 732	(201 448)	(2 090 715)	104 568
Other intangible assets	0	0	0	203 675	0	(203 675)	0
Intangible Assets in Progress	0	0	0	26 164	0	0	26 164
	0	0	0	3 764 306	(201 448)	(3 388 212)	174 646
TANGIBLE ASSETS							
Real Estate	0	0	0	525 290	(8 188)	(28 594)	488 508
Equipment	(1 648)	0	46	5 932 304	(363 524)	(4 569 418)	998 736
Assets in financial leasing	0	0	0	641 547	(5 529)	(292 327)	343 691
Tangible Assets in Progress	0	0	0	0	0	0	0
	(1 648)	0	46	7 099 141	(377 241)	(4 890 339)	1 830 935
TOTALS	**(1 648)**	**0**	**46**	**10 863 446**	**(578 689)**	**(8 278 551)**	**2 005 581**

The Certified Accountant

The Board of Directors

STATEMENT OF CHANGES IN EQUITY

· amounts in euros

On 31 December 2014 (Consolidated Activity)

ACCOUNTS	BALANCE ON 31-12-2013	INCREASES	TRANSFERS	DECREASES	31-12-2014
Paid-up Capital	20 000 000				20 000 000
Share premium account	369 257				369 257
Revaluation reserves	2 265 095			3 674 165	(1 409 071)
Legal reserve	1 452 626		704 916		2 157 543
Reserve for Exchange Rate Changes	(537 674)	964 097			426 423
Other reserves	6 454 293		4 594 248	695 587	10 352 954
Retained earnings	1 153 997		236 888		1 390 885
Consolidated net income of the financial year	7 286 052	378 453	(7 286 052)		378 453
Total of Equity Capital attributable to the group	38 443 646	1 342 550	(1 750 000)	4 369 753	33 666 444
Minority interests	3 349 784	113 445			3 463 228
TOTAL SHAREHOLDERS 'EQUITY	**41 793 430**	**1 455 995**	**(1 750 000)**	**4 369 753**	**37 129 672**

The Certified Accountant

The Board of Directors

Consolidated Accounts Analysis Annex on 31 December 2014

(Amounts expressed in Euros unless indicated otherwise)

1 · INTRODUCTORY NOTE

The year 2014 was for Banco L.J. Carregosa, S.A., (hereinafter "Banco Carregosa", "Company" or "Carregosa Group", when treated on a consolidated basis) the sixth 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.

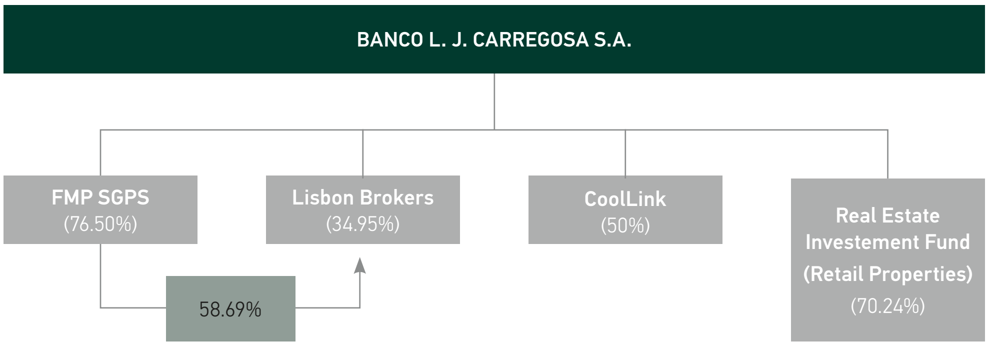
In addition to organic growth, as a result of steady increase in banking business, which explains much of the variation of the main items related to the activity as a Credit Institution, it is also important to note that in the early years, Banco Carregosa sought to diversify its areas of intervention, initially acquiring a 19.99% stake in "Optimize Investment Partners – SGFIM" in October 2009, meanwhile divested, and in April 2010, it also acquired, directly and indirectly, a 84.84% stake in the capital of the brokerage company "Lisbon *Brokers*, SA" and 76,50% of the company Francisco Marques Pereira, SGPS, SA, in partnership with the Shareholder "Imocarregosa, SA", meanwhile in a process of transformation. The latter company held 10% of own shares on 31 December. For prudential purposes and considering the materiality assumed by the Bank in the participation of Retail Properties Real Estate Investment Fund, we considered this fund to be integrated on the respective Perimeter of Consolidation, until this participation is substantially reduced.

Companies and funds that make up the Group's perimeter of consolidation on 31.12.2014

ACTIVITY	HEAD-QUARTERS	EQUITY	ASSETS	PROFIT LOSS	ACTUAL STAKE	CONSOLIDATION METHOD
BANKING Banco L.J. Carregosa, SA	Portugal	33 959 415	198 683 075	36 742	-	Comprehensive
BROKERAGE Lisbon *Brokers*, SA	Portugal	(6 609)	32 178	(5 389)	84.84%	Comprehensive
HOLDING COMPANY Francisco Marques Pereira, SGPS, SA	Portugal	70 385	96 130	702	85.00%	Comprehensive
REAL ESTATE INVEST. FUND Retail Properties	Portugal	10 994 469	11 436 300	719 110	70.24%	Comprehensive
I.T. SERVICES CoolLink, Lda	Portugal	186 235	283 239	27 733	50.00%	Comprehensive

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

Companies and funds that make up the Group's perimeter of consolidation on 31.12.2014



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 € 378,453 (positive), with equity standing at € 37,129.672.

By resolution of the Board of Directors, it was decided to dissolve Lisbon *Brokers*, SA and Francisco Marques Pereira, SGPS, SA, 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 this same year, the Bank maintained its activity with Real Estate Investment Fund "Retail Properties", holding 7,024,301 Investment units, which should be substantially reduced upon completion of the capital increase.

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

The financial statements of the Bank on December 31, 2014 are pending approval by the General Assembly. However, the Board of Directors believes that these financial statements will be approved without significant changes.

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.

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. Held to maturity financial assets

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 Banco de 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.

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

Whenever the net book value of tangible assets exceeds its recoverable value, in accordance with IAS Standard 36 - "Impairment of Assets", an impairment loss is recognized in the income for the year. Impairment losses can be reversed, also with impact on the statement of results for the year, if in subsequent periods there is an increase in the recoverable amount assets.

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 – Deposits of Other Credit Institutions, Resources of 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:

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

2.3.2. Risk Management Organisational Structure

The Board of Directors and the Executive Committee, while government bodies of Banco Carregosa, share an understanding of the activity risks and the desired degree of tolerance to risk, drawing the strategy to be adopted. In this context, the control mechanisms for the aggregate risk management decide and monitor their performance and the departments that are subordinated to them.

The management and monitoring of each specific risk is the responsibility of the Executive Committee, although the Financial Management plays an important role, in current context, plays an important role in treasury and securities portfolio of the Bank management, within the defined limits of discretion. Central management also assume executive functions, by delegation, mainly impacting the operational Risk Management.

The Assets and Liabilities Committee (ALCO) assist the Executive Committee, with advisory functions, functioning as a monthly discussion forum on the raising and application of funds, using a balance between results and risk. It is composed of members of the Executive Committee, by the Financial Director, the Director of the Relational Channel, Risk Director, Origination and Management and the Responsible for the Management of Own Portfolio.

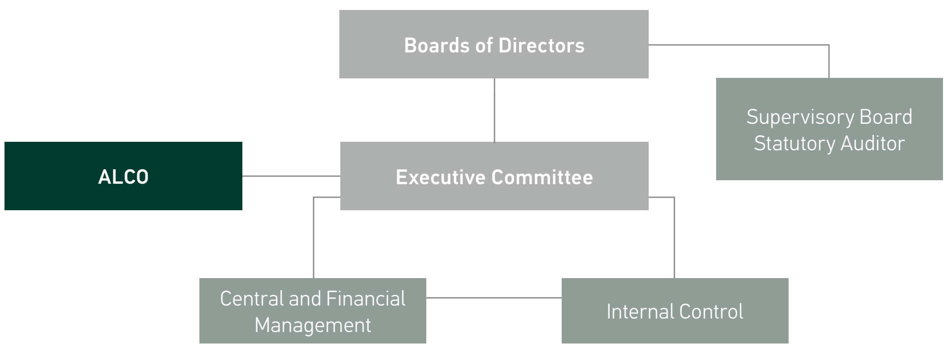
The Departments of Compliance, Risk and Internal Audit, members of the Internal Control Group, perform control functions and risk monitoring, on an on-going basis, providing and compiling information for the Executive Committee and for other bodies with relevant functions in the matters involved.

The Supervisory Board and the Statutory Auditor develop similar functions, but with a more general scope with longer time horizons and a closer connection to the Board of Directors.

In providing vital information for internal governance we also stress the action of the Accounting Department and Information Management.

Among the internal control information, we highlight the realization of projections and scenario analyses / stress tests, whose clearance is the result of an interactive tuning between the Executive Committee and the Risk Department, with input from other relevant bodies in the enlarged management function, risk control and monitoring. Similarly, the measurement of adequacy of economic capital is an exercise with material consequences for the internal governance. This is complemented by a set of current information, easier to compute, but more segregated by type of risk. The models used follow generally accepted theoretical basis of the financial industry, reinforced by the good practices recommended by the National and International Regulators.

Due to the size of the Bank, a centralized operational structure of the Executive Committee was adopted. However, the Risk Management of the Company is performed by two parallel, but communicating, systems, with different time horizons.



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

Credit risk focuses mainly on the portfolio of loans to clients, securities portfolio and deposits of the Bank with other credit institutions.

Several techniques of reduction of this risk are used, in particular the requirement of solid and liquid collateral, the use of contractual netting agreements, clearance procedures and the record of Impairments.

Currently the Bank measures the credit risk inherent to its assets based on ratings, terms to maturity and the regulatory methods. Every year, we use a proprietary model for scenarios simulation which allows the reading of credit risk impacts in combination with its risk concentration.

Market Risk means the possibility of 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.

Market risk is measured by value at risk calculation with different time horizons.

Operational risk is the risk of occurring events with negative impact on earnings or capital resulting from inadequate or negligent application of internal procedures, people's behaviour, and 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 the bank 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, and 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.

In 2014, the Bank created a proprietary model for measuring operational risk, based on analysis of replacement scenarios of tangible assets and the increase in commissions paid.

Liquidity Risk is the possibility of the Bank being unable to meet its liabilities when due or to incur significant losses for their fulfilment. 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 · NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The accounts of the Balance sheet and Consolidated Income Statement are compared for the dates of 31 December 2014 and 31 December 2013, in accordance with International Financial Reporting Standards and comprise the following items:

3.1 Cash and Resources in Central Banks · Note 01

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

	31-12-2014	31-12-2013
Cash	34	27
Current accounts at the Bank of Portugal	1 566 250	33 923 137
	1 566 284	**33 923 164**

Current accounts at the Bank of Portugal include deposits that satisfy the legal requirements for the establishment of minimum cash deposits. These deposits are remunerated.

3.2 Resources in Other Credit Institutions · Note 02

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

	31-12-2014	31-12-2013
Current accounts in monetary institutions		
Residents	16 285 857	4 198 288
Non-residents	10 288 765	8 027 488
	26 574 622	**12 225 776**

3.3 Assets Held for Trading · Note 03

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

	31-12-2014	31-12-2013
Trading Securities		
Securities	4 683 996	2 292 913
Derivatives with positive fair value	120 345	466 511
	4 804 341	**2 759 424**

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, as detailed in the following table.

FINANTIAL ASSETS HELD FOR TRADING

· amounts in euros

On 31 December 2014 this showed the following details:

NATURE AND TYPE	ACQUISITION VALUE	BALANCE SHEET VALUE FAIR VALUE	GAINS MORE	 LESS	IMPAIRMENT
DEBIT INSTRUMENTS					
Issued by Residents **Other Resident Issuers**					
Unsubordinated Debt	3 600 950	3 600 057	-	893	-
Issued by Non-Residents **Other Non-Resident Issuers**					
Unsubordinated Debt	84 630	84 419	-	211	-
	3 685 580	**3 684 476**	**0**	**1 104**	**-**
EQUITY INSTRUMENTS					
Issued by Residents **Other Resident Issuers**					
Shares	145 792	91 264	-	54 528	-
Issued by Non-Residents **Other Non-Resident Issuers**					
Shares	241 952	247 944	5 995	3	-
Investment Units	4 780	2 480	-	2 300	-
	392 524	**341 688**	**5 995**	**56 831**	**-**
OTHERS					
Issued by Non-Residents **Other Non-Resident Issuers**					
Structured Products	690 290	603 975	360	54 528	-
Others	78 720	53 857	-	54 528	-
	769 010	**657 832**	**360**	**111 538**	**-**
DERIVATIVES WITH POSITIVE FAIR VALUE					
Others					
Unrealised capital gains in Futures	-	47 191	-	-	-
Unrealised capital gains in Options	-	73 154	-	-	-
	-	**120 345**	**-**	**-**	**-**
TOTAL	**4 847 114**	**4 804 341**	**6 355**	**169 473**	**-**

3.4 Other Financial Assets at Fair Value Through Profit or Loss · Note 04

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

	31-12-2014	31-12-2013
Securities		
Issued by residents	912	0
	912	**0**

Value concerning the contribution to Labour Compensation Fund. Option for fair value accounting, according to IAS 39 No. 9 b), being the price obtained in the Labour Compensation Fund website.

3.5 Financial assets Available for Sale · Note 05

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

	31-12-2014	31-12-2013
Issued by residents		
Public debt instruments	306 769	31 075 798
Other residents debt instruments	14 328 322	21 700 055
Accumulated impairment (IAS) / Provisions for impairment(AAS)	(3 801 000)	0
Equity instruments	1 519 314	4 402 786
Accumulated impairment (IAS) / Provisions for impairment(AAS)	(421 514)	(40 850)
Others	0	0
	11 931 891	**57 137 789**
Issued by Non-Residents		
Debt instruments	32 321 496	47 366 424
Accumulated impairment (IAS) /Provisions for impairment (AAS)	(343 547)	
Others	400 573	194 000
	32 378 522	**47 560 424**
	44 310 413	**104 698 213**

As mentioned in the basis of presentation and main accounting policies, assets are classified under this heading when they are not intended for sale in the short term, with changes at fair value recognised directly in equity, under the heading of revaluation reserves. In 2014, as a result of significant reversal in interest rates of debt instruments, the investment policy was changed, also reducing the use of funding from the European Central Bank.

FINANTIAL ASSETS AVAILABLE FOR SALE

· amounts in euros

On 31 December 2014 this showed the following details:

NATURE AND TYPE	ACQUISITION VALUE	BALANCE SHEET VALUE FAIR VALUE	GAINS MORE	GAINS LESS	IMPAIRMENT
DEBT INSTRUMENTS					
Issued by residents Portuguese public debt					
Treasury Bonds	284 968	306 769	21 801	-	-
Other Resident Issuers					
Unsubordinated debt	9 880 325	9 974 822	163 297	68 800	-
Subordinated debt	4 353 500	552 500	-	-	3 801 000
Issued by Non-Residents Other Foreign Public Issuers					
Bonds of Sovereign Agencies	5 008 790	5 082 600	73 810	-	-
Other Non-Resident Issuers					
Unsubordinated debt	27 596 107	26 890 786	161 033	866 354	-
Subordinated debt	348 110	4 563	-	-	343 547
	47 471 800	**42 812 040**	**419 941**	**935 154**	**4 144 547**
EQUITY INSTRUMENTS					
Issued by residents Other Resident Issuers					
Shares	2 440 174	1 097 800	-	920 860	421 514
Issued by Non-Residents Other Non-Resident Issuers					
Structured Products	395 354	400 573	5 219	-	-
	2 835 528	**1 498 373**	**5 219**	**920 860**	**421 514**
TOTAL	**50 307 328**	**44 310 413**	**425 160**	**1 856 014**	**4 566 061**

3.6 Investments in Credit Institutions · Note 06

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

	31-12-2014	31-12-2013
INVESTMENTS		
In the country		
In the Bank of Portugal	0	0
In other credit institutions	49 455 620	19 202 844
Income receivable – interest on investments	72 867	22 532
	49 528 487	**19 225 376**

The substantial increase in this item in 2014 is justified by the redirection of liquidity for investment in Other Credit Institutions, as a result of a sharp fall in debt interest.

3.7 Loans to Clients · Note 07

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

	31-12-2014	31-12-2013
Domestic Credit		
Loans	19 037 790	12 859 606
Current account credit	28 872 422	16 047 306
Overdrafts in current accounts	148 552	257 433
Purchase operations with resale agreement	0	8 715 735
Foreign Credit		
Loans	165 000	1 020 000
Current account credit	999 287	0
Overdue loans and interest	6 885 289	125 034
Income receivable	178 445	115 627
	56 286 785	**39 140 741**
Provisions/ Impairments for overdue loans and interest	(5 555 804)	(410 110)
	50 730 981	**38 730 631**

The loan portfolio maintained a rate of considerable growth (+30.98%), compared to the previous year, although there is a significant reinforcement in the credit granted on current accounts, offset by an equivalent decrease in the purchase operations with resale agreements made with another domestic credit institution in 2013. 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 financial margin. In December, 2014 an overdue loan was acquired from a non-resident credit institution, being ensured its cession in early 2015, through a promissory contract with equivalent financial pledge.

3.8 Non-current Assets Held for Sale · Note 08

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

	31-12-2014	31-12-2013
Non-current tangible assets held for sale		
Real Estate	85 680	0
	85 680	**0**

Corresponding to the purchase price of an acquired property on credit recovery process.

3.9 Investment Properties · Note 09

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

	31-12-2014	31-12-2013
Other properties		
Real Estate Investment Fund – Retail Properties	7 633 087	6 346 779
	7 633 087	**6 346 779**

3.10 Other Tangible Assets · Note 10

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

	31-12-2014	31-12-2013
Other tangible assets		
Real Estate	525 290	525 290
Equipment (*)	5 806 861	5 394 632
Assets in financial leasing	641 547	641 547
Tangible Assets in Progress	0	0
	6 973 698	**6 561 469**
Accumulated amortisation		
Real Estate	(36 781)	(28 594)
Equipment (*)	(4 808 125)	(4 569 464)
Assets in financial leasing	(297 856)	(292 327)
	(5 142 762)	**(4 890 385)**
	1 830 935	**1 671 085**

The movements and balances on 31 December 2014 in the headings "other tangible assets" and "intangible assets", including amortisations and impairment adjustments are presented in "Tangible and Intangible assets on 31 December 2014".

(*) As mentioned in note 2.2.11 of the main accounting policies (consolidated accounts), 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, this situation was maintained in 2013 and 2014 acquisitions.

3.11 Intangible Assets · Note 11

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

	31-12-2014	31-12-2013
Consolidation differences (Goodwill)	43 913	43 913
Other intangible assets		
Formation expenses	498 364	498 364
Pluriannual Costs	595 458	595 458
Automatic Data Processing System (Software)	2 396 732	2 250 985
Tangible Assets in Progress	26 164	4 273
Others	203 675	203 675
	3 764 306	**3 596 667**
Accumulated amortisation		
Formation expenses	(498 364)	(498 364)
Pluriannual Costs	(595 840)	(595 840)
Automatic Data Processing System (Software)	(2 291 782)	(2 090 334)
Others	(203 675)	(203 675)
	(3 589 660)	**(3 388 212)**
	174 646	**208 455**

Despite a reduction in net terms, he 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 in achieving improvements in business support tools.

3.12 Current Tax Assets · Note 12

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

	31-12-2014	31-12-2013
Current tax assets		
IRC Tax receivable	2 586 946	290 869
	2 586 946	**290 869**

Payments on account and additional on account paid on 2014 that, according to the IRC rules, are calculated depending on the taxable income for the previous year. This value must be settled by AR in 2015.

3.13 Deferred Tax Assets · Note 13

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

	31-12-2014	31-12-2013
DEFERRED TAX ASSETS		
Temporary differences		
Tangible assets	90 665	134 942
Intangible assets	6 230	6 739
Impairment in investments in subsidiaries	147 000	159 000
	243 896	**300 681**

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:

	31-12-2014	31-12-2013
Other assets	93 113	5 154
Credit and interest due	0	0
Debtors and other investments		
Debtors by futures and options transactions	1 417 587	924 837
Government sector	237 809	20 751
Sundry debtors	505 292	348 933
Sundry investments	0	0
Other assets	32 007	28 259
Other interest and similar incomes		
Fixed income issued by residents		
Portuguese public debt	5 240	50 657
Other domestic public issuers	0	0
Other residents	215 574	565 388
Fixed-income securities issued by non-residents		
Other non-residents	459 364	898 960
Other income receivable	506 365	528 567
Expenses with deferred charges		
Insurance	21 201	20 892
Other Income	50	0
Contributions to DGF FGCAM and ICS	0	0
Other expenses with deferred charges	152 609	50 842
Equity Value of the Pension Fund	2 462 864	2 091 273
Other Accruals and Deferrals	2 923 898	2 025 999
	9 032 971	**7 560 512**
Accum. Impair. IAS/ Prov. for Accum. Impair. AAS		
Credit and interest overdue	0	0
Sundry debtors	0	0
	0	**0**
	9 032 971	**7 560 512**

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. In Other Assets we included the value of the margin account with OMIClear as clearing member of OMIP.

INFORMATION ON ENCUMBERED AND UNENCUMBERED ASSETS

· amounts in euros

Annex referred in Instruction No. 28/2014 of Banco de Portugal

MODEL A - ASSETS		CARRYING AMOUNT OF THE ENCUMBERED ASSETS 010	FAIR VALUE OF THE ENCUMBERED ASSETS 040	BOOK VALUE OF UNENCUMBERED ASSETS 060	FAIR VALUE OF UNENCUMBERED ASSETS 090
010	**Assets of the institution providing the information**	21 863 749		177 240 451	
030	Equity instruments			1 439 488	0
040	Debt securities	20 426 570	20 426 570	27 754 671	27 754 671
120	Other assets	1 437 179		148 046 292	

MODEL B - COLLATERAL RECEIVED		FAIR VALUE OF ENCUMBERED COLLATERAL RECEIVED OR ISSUED OWN DEBT SECURITIES 010	FAIR VALUE OF THE COLLATERAL RECEIVED OR ISSUED ENCUMBERED OWN DEBT SECURITIES 040
130	**Collateral received by the institution providing the information**	0	0
150	Equity instruments		
160	Debt securities		
230	Other collateral received		
240	**Issued own debt securities that are not own *covered bonds* or ABS**	0	0

MODEL C - ENCUMBERED ASSETS, ENCUMBERED COLLATERAL RECEIVED AND RELATED LIABILITIES		RELATED LIABILITIES, CONTINGENT LIABILITIES AND SECURITIES LENT OUT 010	ASSETS, COLLATERAL RECEIVED ISSUED OWN DEBT SECURITIES THAT ARE NOT OWN *COVERED BONDS* OR ENCUMBERED ABS 030
010	**Book value of the selected financial liabilities**	18 969 205	20 446 163

3.15 Resources of Central Banks · Note 15

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

	31-12-2014	31-12-2013
Resources from the Bank of Portugal		
Other resources - Loans	17 010 000	75 000 000
Interest on resources from the Bank of Portugal		
Loans	219 154	996 875
	17 229 154	**75 996 875**

3.16 Financial Liabilities Held for Trading · Note 16

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

	31-12-2014	31-12-2013
Derivatives with negative fair value (*)	1 959 205	96 044
	1 959 205	**96 044**

(*) 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:

	31-12-2014	31-12-2013
Use of credit institutions in the country		
Term Deposits Overdrafts	165 827	137 539
Repos	0	8 236 122
Other resources	211	124
	166 038	**8 373 785**
Use of credit institutions abroad		
Current accounts	520 294	67 267
Current accounts overdrafts	6 500	673 683
	526 794	**740 950**
	692 832	**9 114 735**

3.18 Client Funds and Other Loans · Note 18

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

	31-12-2014	31-12-2013
Resources of clients		
Deposits		
Residents		
Current account	26 807 643	24 366 792
Term	67 360 582	54 056 993
Non-residents		
Current account	21 031 834	9 050 113
Term	1 864 882	2 823 399
	117 064 941	**90 297 797**
Interest on client funds		
Deposits		
Residents	675 438	704 414
Non-residents	16 377	92 832
	691 815	**797 246**
	117 756 756	**91 094 543**

3.19 Provisions · Note 19

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

	31-12-2014	31-12-2013
Provisions relating to Guarantees and Commitments	151 056	0
Other provisions		
For other risks and charges	118 778	555 766
	269 834	**555 766**

3.20 Current tax liabilities · Note 20

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

	31-12-2014	31-12-2013
IRC Tax payable		
2014 fiscal year of the affiliated CoolLink	3 879	0
	3 879	**0**

3.21 Other Liabilities · Note 21

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

	31-12-2014	31-12-2013
Suppliers	301 941	389 089
Suppliers of Goods in Financial Leasing	145 722	211 975
Creditors for Transactions in Securities	722 858	1 256 516
Other Creditors	405 912	79 039
Credits for transactions in futures and options	878 271	317 090
Resources - Escrow Account	5 943 101	0
Other Resources	8 083 124	2 598 613
VAT Payable	48 290	81 196
Withholding tax and other amounts payable to the Administrative State	339 984	270 826
Contributions to Social Security	66 236	63 439
Other contributions to Health Systems	4 263	4 432
Third party collection	797	818
Liens by order of courts	0	763
	16 940 499	**5 273 796**
Pension liabilities and other benefits	3 285 103	2 135 833
Charges payable		
Remuneration payable to Staff	479 506	402 440
Por general expenses	0	489
Other Charges payable	98 966	55 497
	578 472	**458 425**
Other revenue with deferred income	63 777	37 307
Operations to be settled	3 195 016	1 384 211
	24 062 868	**9 289 572**

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

In "Other operations pending settlement” are recorded the bond buying operations carried out at end of period, pending settlement at the beginning of the following year.

3.22 Equity Attributable to the Group · Note 22

The movements and balances at December 31, 2014 the movements and balances at December 31, 2014 in shareholders' equity are presented in Annex "Demonstration of Variation in Shareholders' Equity".

3.23 Minority Interests · Note 23

The minority interests in 2014 were calculated according to the following table:

SUBSIDIARIES	EQUITY	% MINORITY INTERESTS	MINORITY INTERESTS
CoolLink	186 235	50%	93 117
Lisbon *Brokers*, SA (*)	(6 609)	15.16%	0
Retail Properties Investment Fund	10 994 469	29.76%	3 359 553
FMP, SGPS, SA	70 385	15%	10 558
TOTAL	**11 244 480**		**3 463 228**

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

3.24 Financial Margin · Note 24 and 25

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

	31-12-2014	31-12-2013
Interest and similar incomes from:		
Cash and investments in OCI	967 749	1 482 664
Loans to clients	2 250 450	1 487 489
Other financial assets		
Held for Trading	445 455	240 195
Available for sale	2 137 360	4 471 075
Held to maturity	0	182 112
Debtors and other applications	3 169	941
Others	3 007	0
	5 807 191	**7 864 477**
Interest and similar expenses from:		
Resources from OCI	(121 463)	(470 317)
Resources from clients	(1 869 012)	(2 376 904)
Liabilities held for trading	(38 729)	(63 950)
Others	(5 629)	(7 728)
	(2 034 832)	**(2 918 898)**
	3 772 359	**4 945 579**

As these are income and charges resulting mainly from banking activities, the values are derived mainly from the Banco Carregosa 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:

	31-12-2014	31-12-2013
Income from services and commissions for:		
Guarantees and sureties	159 544	15 172
Other transactions in financial instruments	0	0
Deposit and custody of securities	17 197	18 458
Bill collection	68 475	56 505
Securities Management	610 635	369 960
Collective invest. in transferable securities (UCITS)	36 574	2 554
Credit operations	0	0
Other Services Rendered	717 462	246 088
Transactions on behalf of Third Parties	3 154 972	2 612 518
Other commissions received	107 722	142 603
	4 872 580	**3 463 858**
Charges with services and commissions for:		
Deposit and custody of securities	(40 529)	(40 353)
Charging of securities	0	0
Securities Management	0	(3 380)
Collective invest. in transferable securities (UCITS)	(79 887)	(38 500)
Other banking services rendered by third parties	(19 646)	(29 947)
Transactions performed by third parties	(842 684)	(708 501)
Other commissions paid	(2 536)	(3 855)
	(985 281)	**(824 536)**
	(3 887 299)	**2 639 322**

3.26 Gain and Loss on Financial Assets and Liabilities at Fair Value · Note 28

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

	31-12-2014	31-12-2013
GAINS IN:		
Financial assets held for trading		
Debt securities	2 415 935	1 512 269
Equity instruments	2 373 532	821 575
Derivatives	1 091 274	853 534
Others	646 011	326 608
Other financ. assets at fair value through profit or loss	0	80 000
Financial liabilities held for trading (non-derivatives)	0	12 246 285
Other gains in financial operations	1 507 179	556 222
	8 033 931	**16 396 494**
LOSSES IN:		
Financial Assets held for Trading		
Debt securities	(1 973 588)	(1 682 817)
Equity instruments	(3 226 374)	(638 192)
Derivatives	(3 530 012)	(415 150)
Others	(896 802)	(495 678)
Financial liabilities held for trading (non-derivatives)	0	(5 277 000)
Other Losses in financial operations	(1 049 054)	(103 824)
	(10 675 829)	**(8 612 661)**
	(2 641 899)	**7 783 833**

The negative result recorded in 2014 result from a negative environment of markets, where low interest rates led to a devaluation of debt securities that make up the majority of the portfolio, as well as the depreciation of the euro against the US dollar, which led to losses in Derivatives used as hedge for assets denominated in that currency. Such losses were, however, offset by the results of currency revaluation (see 32.7) and reserves, according to the policy previously presented.

3.27 Gain and Loss on Financial Assets Available for Sale · Note 29

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

	31-12-2014	31-12-2013
GAINS IN:		
Financial assets available for sale		
Securities		
Issued by residents		
Debt securities	1 204 593	1 783 245
Equity instruments	376 127	32 587
Others	0	359
Issued by non-residents		
Debt securities	4 181 703	1 989 674
Equity instruments	0	0
Others	193	21 218
	5 762 615	**3 827 083**
LOSSES IN:		
Financial assets available for sale		
Securities		
Issued by residents		
Debt securities	(4 081)	(203 640)
Equity instruments	0	0
Issued by non-residents		
Debt securities	(142 891)	(7 420)
Equity instruments	0	0
Others	0	0
	(146 972)	**(211 060)**
	5 615 643	**3 616 023**

According to applicable rules, this section shows figures for the derecognition of financial assets usually by means of the respective sale. Taking into account the longer term in which investments are made for this portfolio, it was possible to establish in 2014, a positive result, resulting from the difference between the sale and purchase amounts of the respective titles.

3.28 Gain and Loss on Currency Revaluation · Note 30

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

	31-12-2014	31-12-2013
GAINS IN:		
Exchange rate differences		
Other items in foreign currency	2 019 090	122 899
LOSSES IN:		
Exchange rate differences		
Other items in foreign currency	(488 975)	(507 705)
	(1 530 115)	**(384 806)**

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 Gain and Loss on the Sale of Other Assets · Note 31

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

	31-12-2014	31-12-2013
GAINS IN:		
Sale of credits to clients	950 000	0
Held to maturity investments	0	1 434 439
Inv. in SUBSIDIARIES excl. assoc. and joint ventures.	0	16 659
Non-financial assets	15 559	37 514
LOSSES IN:		
Held to maturity investments	0	0
Non-financial assets	0	0
	965 559	**1 488 612**

In Non-Financial Assets, 2013 records and 2014 refer to the sale of cars. Gains recognized on investments held to maturity, refer to the sale of securities of that portfolio in early 2013. In 2014, the purchase and simultaneous cession of an overdue loan generated a gain of € 950,000.

3.30 Other Operating Results · Note 32

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

	31-12-2014	31-12-2013
GAINS IN:		
Other Income and Operating Income	815 002	218 960
	815 002	**218 960**
LOSSES IN:		
Others taxes	(167 536)	(133 618)
Donations and membership fees	(63 713)	(227 297)
Contributions to DGF (Deposit Guarantee Fund)	(17 500)	(17 500)
Contributions to the investor compensation scheme	(2 500)	(2 500)
Non-Financial Assets	(426)	0
Failures in the management and execution of procedures	(34 651)	(3)
Failures of IT or telecommunications systems	(201)	(1 950)
Other operating charges and expenses	(72 504)	(306 397)
	(359 031)	**(689 123)**
	455 971	**(470 305)**

3.31 Staff Costs · Note 33

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

	31-12-2014	31-12-2013
Remunerations		
Management Bodies	(488 388)	(501 687)
Employees	(2 355 678)	(2 314 134)
Mandatory Social Security Costs		
Costs related to remunerations	(678 968)	(657 762)
Other mandatory social security costs		
Pension fund	(75 478)	(31 692)
Accident insurance	(12 872)	(13 740)
Other staff costs	(153 447)	(143 215)
	(3 764 831)	**(3 662 230)**

3.32 Overheads · Note 34

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

	31-12-2014	31-12-2013
SUPPLIES:		
Water, Energy and Fuels	(181 834)	(179 092)
Consumables	(6 918)	(10 607)
Publications	(7 342)	(7 834)
Hygiene and Cleaning Materials	(16 955)	(9 853)
Other Third Party Supplies	(148 045)	(143 752)
	(361 094)	**(351 138)**

	31-12-2014	31-12-2013
SERVICES:		
Leases and Rentals	(326 982)	(312 501)
Communications	(300 930)	(241 196)
Travel and expense accounts	(303 168)	(305 338)
Advertising and Publications	(822 271)	(666 595)
Maintenance and Repair	(194 109)	(126 383)
Insurance	(46 828)	(32 514)
Specialised services		
Retainers and Fees	(121 188)	(333 151)
Legal, Litigation and Notary	(9 856)	(3 682)
I.T.	(159 893)	(194 690)
Security and Surveillance	(10 027)	(8 901)
Cleaning	(2 593)	(9 561)
Information	(340 872)	(277 884)
Data banks	(45 357)	(36 061)
Temporary manpower	(225)	0
Other Specialised services		
Studies and Consultations	(62 073)	(60 855)
External Consultants and Auditor	(536 414)	(409 587)
External assessors	(7 934)	(21 587)
Other third party services		
Advisory, communication and image	(57 164)	(41 567)
Bank of Portugal – Bpnet Service	(2 769)	(1 879)
Condominium Services	(7 963)	(10 729)
Others	(48 946)	(106 806)
	(3 407 562)	**(3 201 465)**
	(3 768 656)	**(3 552 603)**

Pursuant to paragraph b) of no. 1 of article 66-A, chapter 6 of the C.C.C., he 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	600
	600

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	15 931
Guarantee and Reliability Services	5 494
Others (CoolLink)	1 700
	23 125

3.33 Depreciation and Amortization · Note 35

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 IV.

3.34 Provisions Net of Write-offs · Note 36

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

	31-12-2014	31-12-2013
GAINS IN:		
Provisions for guarantees and commitments	9 700	0
Other provisions	540 839	13 100
LOSSES IN:		
Provisions for guarantees and commitments	(149 621)	0
Other provisions	(103 852)	(568 866)
	(297 066)	**(555 766)**

3.35 Loan Impairment Losses Net of Reversals and Recoveries · Note 37

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

	31-12-2014	31-12-2013
GAINS IN:		
Provisions for general credit risks	197 552	111 184
Overdue loans	208 397	45 606
LOSSES IN:		
Provisions for general credit risks	(385 995)	(190 686)
Overdue loans	(244 378)	(73 457)
	(224 424)	**(107 353)**

3.36 Impairment Losses on Other Financial Assets Net of Reversals and Recoveries · Note 38

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

	31-12-2014	31-12-2013
Financial assets available for sale		
Securities	(4 525 211)	0
	(4 525 211)	**0**

Impairments calculated as a result of the Bank's exposure to BES and GES.

3.37 Impairment Losses on Other Assets Net of Reversals and Recoveries · Note 39

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

	31-12-2014	31-12-2013
GAINS IN:		
Investments in subsidiaries, asso. and joint ventures	0	340 000
Non-Financial Assets	0	56
LOSSES IN:		
Non-Financial Assets	0	0
Investments in subsidiaries, asso. and joint ventures	0	0
	0	**340 056**

3.38 Income from Investments in Assoc. and Joint Ventures (Equity Accounting) · Note 40

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

	31-12-2014	31-12-2013
Appropriation neg. results sub. excluded from cons. Ass. and joint. Residents:		
Associates	0	5 579
	0	**5 579**

3.39 Taxes · Note 41 and 42

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

	31-12-2014	31-12-2013
Taxes		
Current	(283 794)	(3 795 155)
Deferred	(56 786)	8 390
	(340 580)	**(3 786 765)**

The current taxes recorded in 2014 in the amount of € 283.794, result from the income tax calculated according to the tax laws applicable to Banco Carregosa amounting to € 118.902, to Coollink in the amount of € 4.804 and to the Retail Fund € 160.088.

The deferred taxes recorded in 2014 in the amount of € 56.786, result solely from changes in deferred tax assets, detailed in 3.13 (includes adjustment variation IRC rate).

3.40 Minority Interests · Note 42

Les intérêts minoritaires dans le résultat consolidé en 2014 ont été calculés selon le tableau suivant:

SUBSIDIARIES	NET INCOME	% MINORITY INTERESTS	MINORITY INTERESTS
CoolLink	27 733	50%	13 867
Lisbon *Brokers*, SA (*)	(5 389)	15,16%	0
Retail Properties Real Estate Investment Funds	719 110	29,76%	287 297
FMP, SGPS, SA	702	15%	105
TOTAL	**742 156**		**301 269**

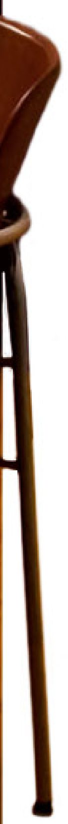
(*) As already mentioned in note 3.21, minority interests are not included in the results of the company Lisbon Brokers, given its negative net worth, after deducting the supplementary capital contributions from Banco Carregosa.


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.RES
18 — LARGO DOS LÓIOS — 20
1931

3.41 Off-Balance Sheet Accounts

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

	31-12-2014	31-12-2013
Commitments to third parties:		
Irrevocable commitments		
Potential liabilities to the ICS	228 049	196 649
Revocable commitments		
Credit lines	18 030 602	16 133 815
Overdraft facilities	1 448	50 017
	18 260 099	**16 380 481**
Liability for provision of services:		
Deposit and custody of securities	343 810 941	370 952 428
Administrative amounts by the Institution	92 896 472	60 307 850
Others	0	0
	436 707 413	**431 260 278**
Services rendered by third parties:		
Deposit and custody of securities	318 449 861	359 745 277
Other services	0	0
	318 449 861	**359 745 277**
Foreign exchange transactions and derivatives:		
Foreign exchange forward transactions – trading	38 930 937	38 433 338
Futures and forward options – trading	65 495	0
Options - trading	73 220	199 473
	39 069 652	**38 632 812**
Guarantees provided and any other services:		
Personal guarantees	16 516 673	2 082 015
Real guarantees	20 650 000	98 312 720
	37 166 673	**100 394 734**
Guarantees received:		
Personal guarantees	62 702 521	2 902 489
Real guarantees	78 207 019	35 036 296
	140 909 540	**37 938 785**
Other off-balance sheet items:		
Write-offs	1 340 261	1 339 935
Accrued interest	13 915	8 253
Sundry	(991 917 415)	(985 700 556)
	(990 563 238)	**(984 352 367)**



XIV · Individual Accounts

INDIVIDUAL BALANCE SHEET (AAS) ON 31 DECEMBER 2014 AND 2013

· amounts in euros

		31-12-2014			
	NOTES	VALUE BEFORE IMPAIRMENTS AND AMORTISATIONS	PROVISIONS IMPAIRMENTS AND AMORTISATIONS	NET	PREVIOUS YEAR
ASSETS					
Cash and deposits in central banks	1	1 566 250	0	1 566 250	33 923 137
Deposits in other credit institutions	2	26 449 520	0	26 449 520	12 183 282
Financial assets held for trading	3	4 804 337	0	4 804 337	2 759 420
Other financial assets at fair value through profit or loss	4	547	0	547	0
Financial assets available for sale	5	56 598 990	(4 566 061)	52 032 929	111 805 246
Loans to credit institutions	6	48 568 789	0	48 568 789	19 119 419
Loans to clients	7	56 286 785	(4 849 242)	51 437 542	39 047 172
Held to maturity investments		0	0	0	0
Assets under repurchase agreement		0	0	0	0
Hedging derivatives		0	0	0	0
Non-current assets held for sale	8	85 680	0	85 680	0
Investment properties	9	0	0	0	0
Other tangible assets	10	5 921 295	(4 137 357)	1 783 937	1 615 134
Intangible assets	11	2 330 092	(2 207 680)	122 412	163 532
Investments in associated and affiliates excluded from the consolidation		914 378	(600 000)	314 378	314 378
Current tax assets	12	2 586 946	0	2 586 946	285 972
Deferred tax assets	13	243 896	0	243 896	300 681
Other assets	14	8 685 911	0	8 685 911	7 341 596
TOTAL OF ASSETS		**215 043 416**	**(16 360 341)**	**198 683 075**	**228 858 967**

INDIVIDUAL BALANCE SHEET (AAS) ON 31 DECEMBER 2014 AND 2013

· amounts in euros

	NOTES	31-12-2014 VALUE BEFORE IMPAIRMENTS AND AMORTISATIONS	PROVISIONS IMPAIRMENTS AND AMORTISATIONS	NET	PREVIOUS YEAR
LIABILITIES					
Resources of central banks	15			17 229 154	75 996 875
Financial liabilities held for trading	16			1 959 205	96 044
Other liabilities at fair value through profit or loss				0	0
Deposits of Other Credit Institutions	17			692 621	9 114 611
Client Funds and Other Loans	18			120 336 085	95 089 633
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			857 617	816 541
Current tax liabilities				0	0
Deferred tax liabilities				0	0
Instruments representing capital				0	0
Other subordinated liabilities				0	0
Other liabilities	20			23 648 978	9 088 134
TOTAL LIABILITIES				**164 723 660**	**190 201 838**
CAPITAL					
Capital	21			20 000 000	20 000 000
Share premium account				369 257	369 257
Other equity instruments				0	0
Revaluation reserves				(309 854)	1 979 015
Other reserves and retained earnings				13 863 270	9 259 693
Own shares				0	0
Net income of the financial year				36 742	7 049 164
Anticipated dividends				0	0
Total Capital				33 959 415	38 657 129
TOTAL LIABILITIES AND CAPITAL				**198 683 075**	**228 858 967**

The Certified Accountant

The Board of Directors

INDIVIDUAL INCOME STATEMENT
31 DECEMBER 2014 AND 2013

· amounts in euros

	NOTES	31-12-2014	ANNÉE PRÉCÉDENTE
Interest and similar incomes	22	5 793 418	7 860 906
Interest and similar expenses	23	(2 065 514)	(3 038 988)
Financial margin		3 727 904	4 821 917
Income from equity instruments	24	67 647	0
Income from services and commissions	25	4 914 900	3 498 860
Charges with services and commissions	26	(904 995)	(782 134)
Income from Assets and Liabilities Measured at Fair Value through profit and loss	27	(3 100 024)	7 331 435
Gain and loss on financial assets available for sale	28	5 646 457	3 616 023
Gain and loss on currency revaluation	29	1 530 101	(384 789)
Gain and loss on the sale of other assets	30	965 759	1 470 124
Other operating results	31	(138 143)	(580 600)
Operating revenue		12 709 606	18 990 837
Staff Costs	32	(3 430 326)	(3 372 817)
Overheads	33	(4 129 974)	(3 716 633)
Amortisation for the year	34	(547 320)	(874 989)
Provisions Net of Write-offs	35	171 636	(579 502)
Value adjustments associated with credit to clients and receivables from other debtors (net of restitutions and write-offs)	36	(35 981)	(27 851)
Impairment losses on other financial assets net of reversals and recoveries	37	(4 525 211)	0
Impairment losses on other assets net of reversals and recoveries	38	0	340 000
Net income before tax		212 430	10 759 045
Taxes		(175 687)	(3 709 881)
Current	39	(118 902)	(3 718 271)
Deferred	40	(56 786)	8 390
Net income after taxes		36 742	7 049 164
Of which: Profit after tax from discontinued operations		0	0

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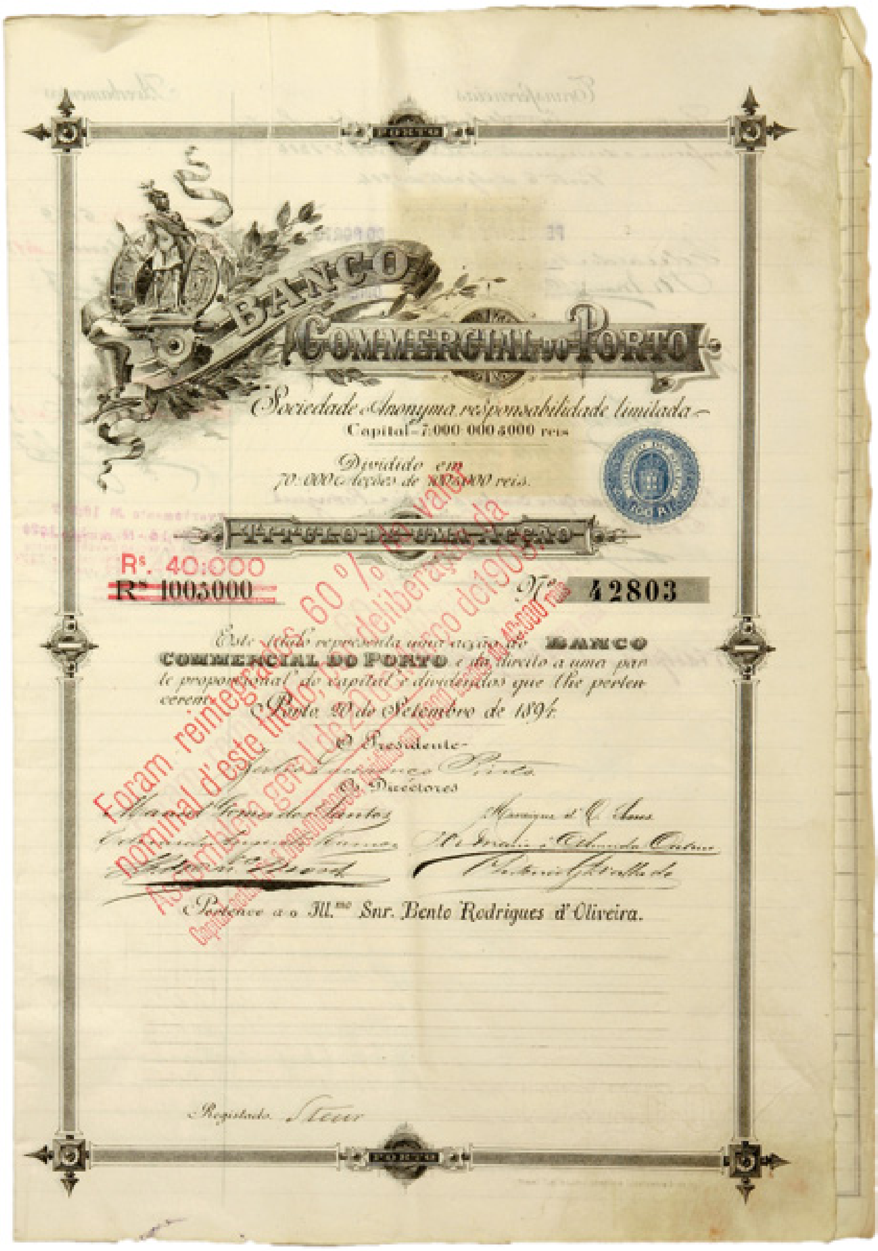
The Board of Directors


BANCO
COMMERCIAL DO PORTO
Sociedade Anonyma responsabilidade limitada
Capital 7:000:000$000 reis
Dividido em 70:000 acções de 100$000 reis.
Rs. 40:000
Rs 100$000
Nº 42803
Este titulo representa uma acção do BANCO COMMERCIAL DO PORTO e dá direito a uma parte proporcional do capital e dividendos que lhe pertencerem.
Porto 20 de Setembro de 1894.
O Presidente
Os Directores
Pertence ao Ill.mo Snr. Bento Rodrigues d'Oliveira.
Registado

CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON 31 DECEMBER 2014 AND 2013

· amounts in euros

	31-12-2014	PREVIOUS YEAR
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interests and commissions received	11 502 529	12 505 412
Payment of interests and commissions	(3 886 745)	(3 622 612)
Payments to employees and suppliers	(7 557 917)	(7 153 753)
Resources of credit institutions and central banks	(65 744 348)	(23 219 640)
Other assets and operational liabilities	15 400 460	(9 248 244)
Other receipts from clients	14 156 551	17 770 708
Tax on profit	(2 419 877)	(9 152 414)
Net cash from operating activities	(38 549 347)	(22 120 543)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Dividends received	0	0
Acquisition/Sale of assets available for sale	52 958 237	(69 618 667)
Held to maturity investments	0	95 049 456
Acquisition of tangible and intangible assets	(677 232)	(923 906)
Sale of tangible and intangible assets	15 958	35 685
Investments in subsidiaries and associated companies	0	538 470
Net cash from investment activities	52 296 963	25 081 037
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital increase	0	0
Dividends paid	(1 750 000)	(2 500 000)
Issuance of securitised and subordinated debt	0	0
Interest paid on cash bonds and others	0	0
Interest paid on subordinated liabilities	0	0
Resources of credit institutions (not associated with the main capital gains generating activities)	0	0
Net cash from financing activities	(1 750 000)	(2 500 000)
Increase (Decrease) in net cash and cash equivalents	11 997 617	460 495
Effect of exchange differences	0	0
Cash and cash equivalents at start of period	64 414 615	63 954 120
Cash and cash equivalents at end of period	76 412 232	64 414 615

The Certified Accountant

The Board of Directors

TANGIBLE AND INTANGIBLE ASSETS

· amounts in euros

On 31 December 2014 (Individual Activity) Annex IV

ACCOUNTS	On 31-12-2013 GROSS VALUE	On 31-12-2013 ACCUMULATED AMORTISATION	INCREASES ACQUISITIONS	AMORTISATION FOR THE YEAR	ABATES (NET)	TRANSF.
OTHER INTANGIBLE ASSETS						
Data processing systems (software))	1 982 155	(1 822 896)	126 412	(198 790)	0	9 366
Other intangible assets	185 994	(185 994)	0	0	0	0
Intangible Assets in Progress	4 273	0	31 258	0	0	(9 366)
	2 172 422	(2 008 890)	157 670	(198 790)	0	0
TANGIBLE ASSETS						
Real Estate	522 936	(26 240)	0	(8 188)	0	0
Equipment	4 639 449	(3 870 231)	519 562	(334 814)	(626)	0
Assets in financial leasing	368 570	(19 350)	0	(5 529)	0	0
Tangible Assets in Progress	0	0	0	0	0	0
	5 530 954	(3 915 821)	519 562	(348 530)	(626)	0
TOTAL	**7 703 376**	**(5 924 711)**	**677 232**	**(547 320)**	**(626)**	**0**

· amounts in euros

ACCOUNTS	ADJUSTMENTS: GROSS VALUE	ADJUSTMENTS: AMORTISATION FOR THE YEAR	ADJUSTMENTS: ACCUMULATED AMORTISATION	ADJUSTED ACQUISITION VALUE	ADJUSTED AMORTISA- TION FOR THE YEAR	ADJUSTED ACCUMULATED AMORTISATION	NET VALUE ON 31-12-2014
OTHER INTANGIBLE ASSETS							
Data processing systems (software))	0	0	0	2 117 934	(198 790)	(1 822 896)	96 248
Other intangible assets	0	0	0	185 994	0	(185 994)	0
Intangible Assets in Progress	0	0	0	26 164	0	0	26 164
	0	0	0	2 330 092	(198 790)	(2 008 890)	122 412
TANGIBLE ASSETS							
Real Estate	0	0	0	522 936	(8 188)	(26 240)	488 508
Equipment	(1 648)	0	46	5 157 363	(334 814)	(3 870 185)	951 738
Assets in financial leasing	0	0	0	368 570	(5 529)	(19 350)	343 691
Tangible Assets in Progress	0	0	0	0	0	0	0
	(1 648)	0	46	6 048 868	(348 530)	(3 915 775)	1 783 937
TOTAL	**(1 648)**	**0**	**46**	**8 378 960**	**(547 320)**	**(5 924 665)**	**1 906 349**

The Certified Accountant

The Board of Directors

STATEMENT OF CHANGES IN EQUITY

· amounts in euros

On 31 December 2014 (Individual Activity)

ACCOUNTS	BALANCE ON 31-12-2013	INCREASES	TRANSFERS	DECREASES	31-12-2014
Paid-up Capital	20 000 000				20 000 000
Share premium account	369 257				369 257
Revaluation reserves	2 516 689			3 252 966	(736 277)
Legal reserve	1 452 626		704 916		2 157 543
Reserve for Exchange Rate Changes	(537 674)	964 097			426 423
Other reserves	6 454 293		4 594 248	695 587	10 352 954
Retained earnings	1 352 774				1 352 774
Net profit for the year	7 049 164	36 742	(7 049 164)		36 742
TOTAL SHAREHOLDERS' EQUITY	**38 657 129**	**1 000 839**	**(1 750 000)**	**3 948 554**	**33 959 415**

The Certified Accountant

The Board of Directors

Annex to the Individual Finantial Statements on 31 December 2014

(Amounts expressed in Euros unless indicated otherwise)

1 · GENERAL INFORMATION

Banco L.J. Carregosa, SA (Bank or Carregosa) is a commercial bank with headquarters in Portugal, in Av. da Boavista nr. 1083, in Oporto. To this end, is authorized by the Portuguese authorities. Began operating as a commercial bank in November 2008, after merging the Brokerage Company L.J. Carregosa with Personal Value, through a public deed dated May 17 of that year.

The Bank has a nationwide network of three branches and a representative office in Spain.

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 July 19, 2002, and transposed into Portuguese Law through Decree-Law No. 35/2005, of February, 17 and Notice 1/2005 of Banco de Portugal, the financial statements of Banco Carregosa are prepared in accordance with the Adjusted Accounting Standards (IAS), as defined by Banco de Portugal.

NCA are the application to individual financial statements of International Financial Reporting Standards (IFRS) as adopted in the European Union, with the exception of issues regulated by Banco de Portugal such as loan impairment and the accounting treatment on the recognition in Retained earnings of adjustments of Liabilities for Retirement and Survivor's Pensions.

The individual financial statements of Banco Carregosa now presented, relate to the year ended on December 31, 2014 and they were prepared in accordance with NCA, which include the IFRS in force as adopted in the European Union until December 31, 2011. The accounting policies used by the Bank in the preparation of its financial statements at December 31, 2014 are consistent with those used in preparing the annual financial statements as at December 31, 2013.

These statements have been prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely derivative financial instruments, assets and financial liabilities at fair value.

2.2. Summary of Main Accounting Policies

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

2.2.1. Accrual-based Accounting

The Bank adopts the accounting principle of accrual-based accounting in relation to most items of the financial statements. Therefore, the costs and income are recorded as they are generated, regardless of their payment or receipt.

2.2.2. Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are converted into Euros at the rate of "fixing" on the balance sheet date, which are converted at the average exchange rate of the month indicated by Banco de Portugal.

Income and expenses relating to foreign currency transactions are recorded in the period in which they occur, according to the effect that transactions in foreign currencies have in the foreign exchange position. On the date of their purchases and sales, foreign currency, in cash and term, is recorded in the foreign exchange position.

2.2.3. Investments in Credit Institutions in Portugal and Abroad

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

2.2.4. Financial Assets Held for Trading

This item includes financial assets acquired with the purpose of selling in the short term and realization of profits from price fluctuations or on the trader, including all derivative financial instruments not classified as hedges.

Financial assets in this category are recorded at fair value, being the gains and losses generated by subsequent valuation reflected in results for the period.

2.2.5. Financial Assets Held for Sale

Under this heading are classified instruments that may be sold in response to or in anticipation of liquidity needs or interest rates changes, exchange rates or changes in their market price which were not classified. Equity instruments, investments in Investment funds units and Debt securities are included.

These assets are valued at fair value, being the respective gains and losses reflected in the heading "Revaluation Reserves" until the time of sale or if they are subjected to impairment losses. Interest is recognized in the income statement as "Interest and similar incomes". For Financial assets available for sale denominated in foreign currency, exchange rate differences are recorded directly in equity under the heading adequate reserves. When a decline in fair value of a financial asset available for sale has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity, is removed from equity and recognized in under the heading "Impairment losses on other financial assets net of reversals and recoveries".

2.2.6. Loans to Clients and Receivable Amounts from Other Debtors (Accounts Receivables)

We consider as loans to clients and receivables from other debtors, financial assets corresponding to the provision, to a particular entity, of money, goods or services, by the institution. This concept covers the typical activity of granting loans to clients, as well as creditor positions resulting from transactions with third parties carried out as part of the institution's activity.

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

- From the date of initial recognition, financial assets are recorded at their nominal value, and cannot, either in that date or in subsequent recognition date, be included or reclassified in other categories of financial assets.
- The component of interest, including possible premiums or discounts, is subject to separate accounting entry in the respective income statements.
- The value of the assets included in this category is subject to correction, according to rigor and prudence criteria, in order to reflect at all-time its realizable value.
- The correction referred to in the previous point cannot be less than that established by Notice No. 3/95, of Banco de Portugal, as a minimum frame of reference for the establishment of specific and general provisions.
- For the purpose of general provisions, referred to in the previous point, It is considered the total Credit granted by the Company, including other liabilities regarding third parties, such as bonds or other instruments of a similar nature.

2.2.7. Repos

Securities sold under repurchase agreements are retained in the portfolio where they were originally recorded. Funds received are recorded on the settlement date, in a proper liabilities account, and the amount of interest is periodised. The nominal value of the securities lent is recognized 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 its book value will be recovered through sale and not through continued use.

The assets recorded in this category are valued at the lower value between acquisition cost and fair value, determined based on reviews of internal or external experts, less costs incurred on the sale.

2.2.9. Provisions

Banco Carregosa calculates provisions for loans and Accrued interest and for general banking risks in accordance with Notice 3/95, of Banco de Portugal (with the changes introduced by subsequent legislation, namely Notice No. 8/2003).

The provisions recorded in the accounts correspond to the application of the percentages set by Banco de Portugal, being complemented by provisions above these minimum amounts, where considered appropriate.

i. **Provisions for Credit and Accrued interest:** Is intended to address the risks of capital collection, interest and other amounts that are overdue, concerning any financing operations made. This provision is calculated by applying the minimum percentages of the provision set out in Notice 3/95, from Banco de Portugal, amended by Notice No. 8/2003, of January 30, depending on the seniority of the balances due and not collected and the existence of guarantees.

ii. **Provisions for general credit risks:** The provision for general banking risks is intended to address the risks associated with the realization of Credit granted.

    The provision made corresponds to a percentage of 1% of the capital becoming due on December 31, of credit agreements as well as amounts receivable from other debtors.

2.2.10. Other Tangible Assets

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

These tangible assets are amortized on a straight-line basis according to their expected useful life, having as limit the years indicated in the table below. By applying a principle of prudence, and in exceptional cases documented by decision of the Executive Committee, we may use inferior amortization periods then those indicated below, however, the respective tax effects considered at the date of such decision are valued in appropriate asset account.

EQUIPMENT	YEARS
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

The Bank recognizes in this heading expenses in the implemented projects development phase and in those to be implemented, well as the cost of acquiring software, in either case when the expected impact extends beyond the year in which they are performed.

Intangible assets are amortized on a straight-line basis and on a monthly basis, over the estimated operating life of the asset which generally corresponds to a period of three years.

2.2.12. Other Financial Liabilities – Deposits of Other Credit Institutions, Resources of Clients, Other Loans and Others

Other financial liabilities, which essentially include client resources, are initially valued at fair value, which normally corresponds to the consideration received net of transaction costs directly associated.

Under the fair value option, recommended by IAS 39, financial liabilities included in the heading debt securities and subordinated liabilities are classified as financial liabilities at fair value, through Results, when fulfilling the requirements classified in this category, particularly by incorporating one or more embedded derivatives. These liabilities are initially recognized at fair value, with subsequent changes in fair value represented in the income statement.

2.2.13. Provisions and Contingent Liabilities

A provision is made when there is a present obligation (legal or constructive), resulting from past events where the future expenditure of resources can be determined with reliability. The provision represents the best estimate of any amounts that would be necessary to disburse to settle the liability at the balance sheet date.

If it is not probable the future expenditure of resources, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the possibility of their payment is remote.

2.2.14. Recognition of Income and Expenses

Income and costs are recognized based on the duration of operations, according to the accrual accounting principle, i.e. they are recorded as they are generated. Income is recognized when it is probable that economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured. Not collected Accrued interest are reversed in the balance sheet after three months of maturity and only recognized as income upon receipt.

2.2.15. Fees for Services Rendered

Banco Carregosa charges commissions for providing a wide range of services. Commissions are, generally, immediately recognized as income, because they relate to specific services, and are not assignable to services that extend in time.

2.2.16. Income Taxes

The Company is subject to taxation under the Corporate Income Tax Code (CIRC).

Current tax is recognized as expense in the period in which the profits were generated. The effects on future taxes are recognized as deferred tax assets, since the future realization of taxable income is probable and enable their use. The deferred tax liabilities are always recorded.

Assets and liabilities for deferred taxes 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, the income taxes are recognized in the income statement against results for the year, unless the operations that originated them have been reflected in a specific equity item. In this case the tax effect is also reflected against equity.

Tax costs on income are the sum of current tax and deferred tax.

2.2.17. Employee Benefits

Banco Carregosa, using the Collective Bargaining Agreement for the Banking Sector as reference point for labour practices, assumed the commitment, exclusively toward employees which are not part of the National Pensions System, to give them, or their families, cash benefits in the form of old-age retirement, early retirement, disability and survival pensions. These benefits consist of a rising percentage according to the number of years of employee service, applied to the salary scale negotiated annually to staff in active employment.

To finance these responsibilities, Banco Carregosa joined in 2004 the Pension Fund Horizonte – Valorização from Pensõesgere. In 2010, attentive to the evolution of its obligations and a rigorous policy and good management of coverage of the liabilities assumed, the Bank decided to transfer the Pension Fund to a new management company, BANIF AÇOR PENSÕES – Sociedade Gestora de Fundos de Pensões SA, subscribing three funds: Open Pension Fund Optimize Capital Pensões Ações (30%) Open Pension Fund Optimize Capital Equilibrado (30%) and Open Pension Fund Optimize Capital Moderado (40%).

As stated above, the past service liabilities of the covered workers are determined annually considering the admission date at Banco Carregosa and not the date of admission in the banking sector. Consequently, the share of responsibilities from the period between the date of admission in the banking sector and the date of admission in the Company is attributable to the previous employers, unless the latter has carried out the transfer of the amount concerning the share of responsibility.

The recognized liabilities are the difference between the current value of pension liabilities and the fair value of the assets of pension funds, considering adjustments relative to deferred earnings and actuarial losses. Liabilities are determined on an annual basis, by independent actuaries, using the method "Projected Unit Credit", and actuarial assumptions considered appropriate. The update of liabilities is made based on a discount rate that reflects the medium and long-term interest rates for bonds listed in the Eurozone by companies evaluated as low risk.

In addition to pensions, integrated into the responsibilities of the Fund and for that group of employees, the Bank also assumed the death grant in the assets account.

As a result of a study on the current responsibilities and costs of medical care, the Bank decided in 2010 to outsource this benefit with Multicare, covering all employees who do not benefit from SAMS, maintaining the same levels of charges.

IAS 19 – Employee Benefits (Amendment)– this standard was revised to include a number of changes, particularly regarding the:

- Recognition of actuarial and financial gains and losses arising from differences between the assumptions used in determining responsibilities and the expected return of assets and the amounts actually verified, as well as those resulting from changes in actuarial and financial assumptions during the year, against equity;
- A single interest rate is applied on liabilities and fund´s assets;
- The difference between the actual return of the fund´s assets and the single interest rate is recorded as actuarial gains / losses; and
- The expenses recorded in results correspond only to the current service cost and net interest expense.

2.2.18. Segment Reporting

Banco Carregosa develops its business through a common network to the various commercialized products, so it is not appropriate the presentation of reporting by business segments.

Given that the activities of Banco Carregosa exist in Portugal and Spain, through a representative office, it is not considered relevant to present reporting by geographical segment.

3 · NOTES TO INDIVIDUAL FINANTIAL STATEMENTS

The Balance Sheet and Income Statement accounts from December 31, 2014 are compared to December 31, 2013, in accordance with the Adjusted Accounting Standards (IAS) and decomposed by the following headings:

3.1 Cash and Deposits in Central Banks · Note 01

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

	31-12-2014	31-12-2013
Cash	0	0
Current accounts at the Bank of Portugal	1 566 250	33 923 137
	1 566 250	**33 923 137**

Current accounts at the Bank of Portugal include deposits that satisfy the legal requirements for the establishment of minimum cash deposits. These deposits are remunerated.

3.2 Deposits in Other Credit Institutions · Note 02

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

	31-12-2014	31-12-2013
Current accounts in Monetary Institutions		
Residents	16 160 755	4 155 794
Non-residents	10 288 765	8 027 488
	26 449 520	**12 183 282**

3.3 Financial assets held for trading · Note 03

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

	31-12-2014	31-12-2013
Trading securities		
Securities	4 683 992	2 292 909
Derivatives with positive fair value	120 345	466 511
	4 804 337	**2 759 420**

This portfolio experienced a significant increase over the same period of last year, both through acquisitions resulting from favourable market developments, and by transfer of part of the portfolio securities available for sale.

FINANTIAL ASSETS HELD FOR TRADING

· amounts in euros

On 31 December 2014 his showed the following details:

NATURE ET TYPE DE TITRES	ACQUISITION VALUE	BALANCE SHEET VALUE	GAINS		IMPAIRMENT
		FAIR VALUE	MORE	LESS	
DEBT SECURITIES					
Issued by Residents **Other Resident Issuers**					
Unsubordinated Debt	3 600 950	3 600 057	-	893	-
Issued by Non- Residents **Other Non-Resident Issuers**					
Unsubordinated Debt	84 630	84 419	-	211	-
	3 685 580	**3 684 476**	**0**	**1 104**	**-**
EQUITY INSTRUMENTS					
Issued by Residents **Other Resident Issuers**					
Shares	145 788	91 260	-	54 528	-
Issued by Non-Residents **Other Non-Resident Issuers**					
Shares	241 952	247 944	5 995	3	-
Equity Instruments	4 780	2 480	-	2 300	-
	392 520	**341 684**	**5 995**	**56 831**	**-**
OTHERS					
Issued by Non- Residents **Other Non-Resident Issuers**					
Structured Products	690 290	603 975	360	86 675	-
Others	78 720	53 857	-	24 863	-
	769 010	**657 832**	**360**	**111 538**	**-**
DERIVATIVES WITH POSITIVE FAIR VALUE					
Others					
Unrealised capital gains in Futures	-	47 191	-	-	-
Unrealised capital gains in Options	-	73 154	-	-	-
	-	**120 345**	**-**	**-**	**-**
TOTAL	**4 847 110**	**4 804 337**	**6 355**	**169 473**	**-**

3.4 Other Financial Assets at Fair Value Through Profit or Loss · Note 04

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

	31-12-2014	31-12-2013
Securities		
Issued by residents	547	0
	547	**0**

Value concerning the contribution to Labour Compensation Fund. Option for fair value accounting, according to IAS 39 No. 9 b), being the price obtained in the Labour Compensation Fund website.

3.5 Financial Assets Available for Sale · Note 05

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

	31-12-2014	31-12-2013
Issued by residents		
Public debt securities	10 834 091	52 775 853
Debt securities from other Residents	1 097 800	4 361 936
Equity instruments	7 722 516	7 107 033
	19 654 407	**64 244 822**
Issued by non- residents		
Debt securities	31 977 949	47 366 424
Debt securities	400 573	194 000
	32 378 522	**47 560 424**
	52 032 929	**111 805 246**

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 2014, as a result of significant reversal in interest rates of Debt securities, the investment policy was changed, also reducing the use of funding from the European Central Bank.

FINANCIAL ASSETS AVAILABLE FOR SALE

· amounts in euros

On 31 December 2014 this showed the following details:

NATURE AND TYPE OF SECURITIES	ACQUISITION VALUE	VALEUR DE BILAN FAIR VALUE	VALUE MORE	 LESS	IMPAIRMENT
INSTRUMENTS DE DETTE					
Issued by residents Portuguese public debt					
Treasury Bonds	284 968	306 769	21 801	-	-
Other Resident Issuers					
Unsubordinated Debt	9 880 325	9 974 822	163 297	68 800	-
Subordinated debt	4 353 500	552 500	-	-	3 801 000
Issued by Non-Residents Other Foreign Public Issuers					
Bonds of Sovereign Agencies	5 008 790	5 082 600	73 810	-	-
Other Non-Resident Issuers					
Unsubordinated Debt	27 596 107	26 890 786	161 033	866 354	-
Subordinated debt	348 110	4 563	-	-	343 547
	47 471 800	**42 812 040**	**419 941**	**935 154**	**4 144 547**
EQUITY INSTRUMENTS					
Issued by residents Other Resident Issuers					
Shares	2 440 174	1 097 800	-	920 860	421 514
Others	7 049 722	7 722 516	672 794	-	-
Issued by Non-Residents Other Non-Resident Issuers					
Structured Products	395 354	400 573	5 219	-	-
	9 885 250	**9 220 889**	**678 013**	**920 860**	**421 514**
TOTAL	**57 357 050**	**52 032 929**	**1 097 954**	**1 856 014**	**4 566 061**

3.6 Investments in Credit Institutions · Note 06

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

	31-12-2014	31-12-2013
Investments		
In the country		
In the Bank of Portugal	0	0
In other credit institutions	48 500 000	19 100 000
Income receivable	68 789	19 419
	48 568 789	**19 119 419**

3.7 Loans to Clients · Note 07

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

	31-12-2014	31-12-2013
Domestic credit		
Loans	19 037 790	12 859 606
Current account credit	28 872 422	16 047 306
Overdrafts in current accounts	148 552	257 433
Purchase operations with resale agreement	0	8 715 735
Foreign Credit		
Loans	165 000	1 020 000
Current account credit	999 287	0
Overdue loans and interest	6 885 289	125 034
Income receivable	178 445	115 627
	56 286 785	**39 140 741**
Provisions/Impairments for overdue loans and interest	(4 849 242)	(93 569)
	51 437 542	**39 047 172**

In 2014, the loan portfolio strengthened its position in the Bank's activity, at the level of the new operations and volume increase, in each of the types of credit that the Bank offers its clients. To point out that the credits are mostly supported by Personal and real guarantees which significantly exceed the outstanding amounts, on the other hand, provisions are established in accordance with notice 3/95, and should be noted the impact in 2014 of the impairment associated with the acquisition of an Overdue loan to a non-resident institution, lying ensured its cession in 2015.

3.8 Non-current assets Held for Sale · Note 08

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

	31-12-2014	31-12-2013
Non-current tangible assets held for sale		
Real Estate	85 680	0
	85 680	**0**

Corresponding to the purchase price of an acquired property on credit recovery process.

3.9 Other Tangible Assets · Note 09

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

	31-12-2014	31-12-2013
Other tangible assets		
Real Estate	522 936	522 936
Equipment (*)	5 029 789	4 639 448
Assets in financial leasing	368 570	368 570
	5 921 295	**5 530 954**
Accumulated amortisation		
Real Estate	(34 428)	(26 240)
Equipment (*)	(4 078 051)	(3 870 231)
Assets in financial leasing	(24 878)	(19 350)
	(4 137 357)	**(3 915 821)**
	1 783 937	**1 615 134**

The movements and balances on 31 December 2014 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 2014.

(*) Is 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.

3.10 Intangible Assets · Note 10

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

	31-12-2014	31-12-2013
Other intangible assets		
Automatic Data Processing System (Software)	2 117 934	1 982 155
Intangible Assets in Progress	26 164	4 273
Others	185 994	185 994
	2 330 092	**2 172 422**
Accumulated amortisation		
Automatic Data Processing System (Software)	(2 021 686)	(1 822 896)
Others	(185 994)	(185 994)
	(2 207 680)	**(2 008 890)**
	122 412	**163 532**

Despite a reduction in net terms, he 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:

	31-12-2014	31-12-2013
Valued at historical cost		
In the country	914 378	914 378
Acum. Impair. IAS / Provisions for accum. Impairments IFRS		
In the country – subsidiaries	(600 000)	(600 000)
In the country – associates	0	0
	314 378	**314 378**

Investments in subsidiaries are recorded at historical cost less the impairment constituted to the subsidiary "Lisbon Brokers" that kept its value in the absence of activity in 2013 and 2014.

3.12 Current Tax Assets · Note 12

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

	31-12-2014	31-12-2013
Current tax assets		
IRC tax receivable in 2015	2 586 946	285 972
	2 586 946	**285 972**

3.13 Deferred Tax Assets · Note 13

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

	31-12-2014	31-12-2013
Deferred tax assets		
Temporary differences		
In Assets	243 896	300 681
	243 896	**300 681**

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.

3.14 Other Assets · Note 14

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

	31-12-2014	31-12-2013
Other liquid assets	93 113	5 154
Debtors and other investments		
Government sector	0	137
Sundry debtors	410 512	158 794
Sundry investments	0	0
Other assets	1 449 593	953 097
Other interest and similar incomes		
Fixed income issued by residents		
Portuguese public debt	5 240	50 657
Other domestic public issuers	0	0
Other residents	215 574	565 388
Other Income receivable		
Other liabilities	459 364	898 960
Fees for services rendered	506 365	528 567
Expenses with deferred charges		
Insurance	21 201	20 892
Other income	50	0
Other Expenses with Deferred Charge	138 138	42 665
Equity Value of the Pension Fund	2 462 864	2 091 273
Other Accruals and Deferrals (*)	2 923 898	2 026 013
	8 685 911	**7 341 596**

(*) In "Other Assets", is included the value of the margin account with OMIClear as clearing member of the OMIP.

3.15 Resources of Central Banks · Note 15

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

	31-12-2014	31-12-2013
Deposits of Central Banks		
Other resources - Loans	17 010 000	75 000 000
Interest on deposits of the Bank of Portugal		
Loans	219 154	996 875
	17 229 154	**75 996 875**

3.16 Financial Liabilities Held for Trading · Note 16

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

	31-12-2014	31-12-2013
Derivatives with negative fair value (*)	1 959 205	96 044
	1 959 205	**96 044**

(*) 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:

	31-12-2014	31-12-2013
Use of credit institutions in the country		
Term Deposits Overdrafts	165 827	137 539
Sales operations with repurchase agreement	0	8 236 122
	165 827	**8 373 661**
Use of credit institutions abroad		
Term deposits	520 294	67 267
Overdrafts in current accounts	6 500	673 683
	526 794	**740 950**
	692 621	**9 114 611**

3.18 Client Funds and Other Loans · Note 18

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

	31-12-2014	31-12-2013
Client loans		
Deposits		
Residents		
Current account	26 886 874	24 406 189
Term	69 860 582	58 006 993
Non-residents		
Current account	21 031 834	9 050 113
Term	1 864 882	2 823 399
	119 644 172	**94 286 694**
Interest on client funds		
Deposits		
Residents	675 536	710 107
Non-residents	16 377	92 832
	691 913	**802 939**
	120 336 085	**95 089 633**

3.19 Provisions · Note 19

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

	31-12-2014	31-12-2013
Provisions for general credit risks		
Credit granted	706 561	305 406
Unsecured loans	151 056	11 135
	857 617	**316 541**
Other provisions		
For other risks and charges	0	500 000
	857 617	**816 541**

MOVEMENTS IN PROVISIONS, IMPAIRMENTS AND VALUE ADJUSTMENTS ASSOCIATED WITH LOANS TO CLIENT AND RECEIVABLES

	BALANCES 31-12-2013	APPROPRI-ATIONS (**)	USES TRANSF./AJUST.	WRITE-OFFS RESTIT.	BALANCES 31-12-2014
Provisions for overdue credit and interest (*)	93 569	10 358 762	(5 394 692)	208 397	4 849 242
Provisions for general credit risks	316 541	748 208	119	207 251	857 617
Provisions for other risks and charges	500 000			500 000	
TOTAIS	**910 110**	**11 106 970**	**(5 394 573)**	**915 648**	**5 706 859**

(*) See 3.7 from Note 07.
(**) In Appropriations are also included the provisions considered in the purchase of overdue loans the other entities in the amount of € 10,114,385 and the uses / transfers and reversal adjustments of Appropriations of € 5,394,366.

3.20 Other Liabilities · Note 20

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

	31-12-2014	31-12-2013
Suppliers	343 428	423 278
Suppliers of Goods in Financial Leasing	145 722	211 975
Creditors for Transactions in Securities	722 858	1 256 516
Other Creditors	253 873	9 308
Creditors for Transactions in futures and Options	878 271	317 090
Resources – Escrow Account	5 943 101	0
Other resources	8 083 124	2 598 613
VAT payable	23 026	30 992
Government Sector	335 000	265 687
Contributions to Social Security	59 185	58 322
Other contributions to Health Systems	4 263	4 432
Third party collections	797	1 581
	16 792 648	**5 177 794**
Pension liabilities and other benefits	3 285 103	2 135 833
Charges payable		
Remuneration payable to Staff	429 601	367 693
Overheads	0	0
Other Charges payable	91 043	53 769
	520 643	**421 462**
Other revenue with deferred income	4 246	5 325
Operations to be settled(*)	3 046 338	1 347 720
	23 648 978	**9 088 134**

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

(*) In "Other operations pending settlement" are registered operations of securities sales held at the end of the period, pending settlement in the following year.

3.21 Capital · Note 21

The annex "Demonstration of variation in Shareholders' Equity" shows a negative variation compared to 2013 amounting to € 4,697,714 as a result of variation of Revaluation reserves of portfolio securities and other reserves, of the distribution to shareholders of € 1,750,000 of the results of this exercise and the positive results generated in the period.

3.22 Financial Margin · Note 22 and 23

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

	31-12-2014	31-12-2013
Interest and similar income from:		
Interest on cash deposits	953 905	1 479 075
Interest from Clients and Other Investments	4 839 513	6 381 831
	5 793 418	**7 860 906**
Interest and similar expenses from:		
Deposits of Other Credit Institutions	(121 463)	(470 317)
Interest from Creditors and Other Resources	(1 944 052)	(2 568 671)
	(2 065 514)	**(3 038 988)**
	3 727 904	**4 821 917**

The financial margin decreased considerably in 2014, mostly due to the interest implicit in each of the Bank's bond portfolios, e where the securities held to maturity, in the beginning of 2013, either by sale or by the integration in the remaining investment portfolio, ceased to contribute to the financial margin.

3.23 Results of Equity Instruments · Note 24

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

	31-12-2014	31-12-2013
Financial assets available for sale		
Issued by residents		
Investment units	67 647	0
	67 647	**0**

This result is a consequence of the distribution of income for the financial year of 2013 from the Retail Properties investment fund, corresponding to € 0.0012 by investment units held.

3.24 Income and Charges from and with Commission Services · Note 25 and 26

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

	31-12-2014	31-12-2013
Income from services and commissions for:		
Guarantees and sureties	195 543	15 173
Deposit and custody of securities	17 197	18 458
Charging of securities	68 475	56 505
Securities Management	610 635	369 960
Undertakings for collective investment	78 574	37 554
Other Services Rendered	717 462	246 088
Transactions on behalf of Third Parties	3 154 972	2 612 518
Other commissions received	108 042	142 604
	4 914 900	**3 498 860**
Charges with services and commissions for:		
Deposit and custody of securities	(40 529)	(36 853)
Securities Management	0	(3 380)
Other banking services rendered by third parties	(19 381)	(29 697)
Transactions performed by third parties	(842 684)	(708 501)
Other commissions paid	(2 401)	(3 703)
	(904 995)	**(782 134)**
	4 009 905	**2 716 726**

In net terms, there was a significant increase in this activity component with greater relevance in Income from services and commissions (+40%) as a result of greater efficiency in collection, in commissions related to the issuance of new Bank guarantees and especially in providing financial advisory services.

3.25 Income from Assets and Liabilities Measured at Fair Value · Note 27

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

	31-12-2014	31-12-2013
GAINS IN:		
Financial assets held for trading		
Securities	5 435 477	2 660 452
Futures and Other Forward Transactions	1 091 274	853 534
Other financial assets at fair value through profit or loss	0	80 000
Financial liabilities held for trading (non-derivatives)	0	12 246 285
	6 526 751	**15 840 271**
LOSSES IN:		
Financial Assets held for Trading		
Securitie	(6 096 763)	(2 816 686)
Futures and Other Forward Transactions	(3 530 012)	(415 150)
Financial liabilities held for trading (non-derivatives)	0	(5 277 000)
	(9 626 775)	**(8 508 836)**
	(3 100 024)	**7 331 435**

The negative result recorded in 2014 result from a negative environment of markets, where low interest rates led to a devaluation of debt securities that make up the majority of the portfolio, as well as the depreciation of the euro against the US dollar, which led to losses in Derivatives used as hedge for assets denominated in that currency. Such losses were, however, offset by the results of currency revaluation (see 32.7) and reserves, according to the policy previously presented.

3.26 Gain and Loss on Financial Assets Available for Sale · Note 28

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

	31-12-2014	31-12-2013
GAINS:		
Financial assets available for sale		
Securities		
Issued by residents		
Debt securities	1 204 593	1 783 245
Equity instruments	376 127	32 587
Others	30 814	359
Issued by non-residents		
Debt securities	4 181 703	1 989 674
Others	192	21 218
	5 793 429	**3 827 083**
LOSSES:		
Financial assets available for sale		
Securities		
Issued by residents		
Debt securities	(4 081)	(203 640)
Issued by non-residents		
Debt securities	(142 891)	(7 420)
	(146 972)	**(211 060)**
	5 646 457	**3 616 023**

According to applicable rules, this section shows figures for the derecognition of financial assets usually by means of the respective sale. Taking into account the longer term in which investments are made for this portfolio, it was possible to establish in 2014, a positive result, resulting from the difference between the sale and purchase amounts of the respective titles.

3.27 Gain and Loss on Currency Revaluation · Note 29

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

	31-12-2014	31-12-2013
GAINS IN:		
Exchange rate differences		
Other items in foreign currency	2 019 076	122 890
LOSSES IN:		
Exchange rate differences		
Other items in foreign currency	(488 975)	(507 679)
	1 530 101	**384 789**

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.

3.28 Gain and Loss from the Sale of Other Assets · Note 30

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

	31-12-2014	31-12-2013
GAINS IN:		
Gains in the sale of credits	950 000	0
Gains in investments held to maturity	0	1 434 439
Non-Financial Assets	15 759	35 685
LOSSES IN:		
Investments in subsidiaries in the country	0	0
	965 759	**1 470 124**

Gains recognized on investments held to maturity refer to the sale of securities of that portfolio, in early 2013. In 2014, with the purchase and simultaneous cession of an overdue loan, a gain of € 950,000 was obtained.

3.29 Other Operating Results · Note 31

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

	31-12-2014	31-12-2013
GAINS IN:		
Other Income and Operating Income	208 769	100 466
	208 769	**100 466**
LOSSES IN:		
Other taxes	(155 778)	(127 679)
Donations and membership fees	(63 713)	(227 297)
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	(34 651)	(3)
Failures of IT or telecommunications systems	(201)	(1 950)
Other operating charges and expenses	(72 143)	(304 137)
Other tangible assets	(426)	(0)
	(347 412)	**(681 066)**
	(138 143)	**(580 600)**

3.30 Staff Costs · Note 32

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

	31-12-2014	31-12-2013
Salaries		
Management and supervisory bodies	(408 002)	(417 030)
Employees	(2 170 790)	(2 182 481)
Mandatory Social Security Costs		
Costs related to Remunerations	(617 859)	(608 005)
Other mandatory social costs		
Pension Fund	(75 478)	(31 692)
Accident insurance	(11 548)	(12 722)
Other Staff costs	(146 649)	(120 887)
	(3 430 326)	**(3 372 817)**

In December 2013, the Bank had 73 employees in Portugal and 2 in Spain, totalling 75.

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	31-12-2014	31-12-2013
Administration	5	4
Management	15	15
Technicians	14	12
Administrative	14	11
Commercial/operational	19	18
Others	8	6
	75	**66**

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 CFPO Consulting – Soluções atuariais e Financeiras, Lda., 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 2014, he Banco Carregosa Pension Plan had 17 members, 47 with vested interests 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 Social Security pension.

According to the method used in this evaluation, the Current Value of Liabilities for Past Services on 31 December 2014 corresponds to € 3,285,103,49, with, € 554 955,80 of this amount corresponding to the Current Value of Pensions in Payment. The value of the fund on the same date is € 2 462 864,28, which means coverage of 74.97% 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, since in February 2015, the Bank made an extraordinary contribution in the amount of € 723,249.40 to cover the minimum required for the financing.

Given the funding level observed in 2013, no contributions were made in 2014.

The recommended contribution for 2015 is € 72 970,29 corresponding to 19.13% of the payroll scheduled for 2015. The report is available for consultation at the headquarters of the institution.

3.31 Overheads · Note 33

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

	31-12-2014	31-12-2013
SUPPLIES:		
Water, Energy and Fuels	(175 417)	(173 594)
Consumables	(5 596)	(5 717)
Publications	(7 342)	(7 834)
Hygiene and Cleaning Materials	(16 955)	(9 853)
Other Third Party Supplies	(144 212)	(141 447)
	(349 521)	**(338 444)**

	31-12-2014	31-12-2013
SERVICES:		
Leases and Rentals	(315 097)	(300 673)
Communications	(294 650)	(235 622)
Travel and expense accounts	(268 442)	(278 968)
Advertising and Publications	(822 271)	(666 595)
Maintenance and Repair	(185 883)	(125 000)
Insurance	(43 155)	(30 030)
Specialised services		
Retainers and Fees	(59 029)	(102 233)
Legal, Litigation and Notary	(9 504)	(3 248)
I.T.	(701 431)	(775 202)
Security and Surveillance	(10 027)	(8 901)
Cleaning	(2 530)	(9 549)
Information	(340 872)	(277 884)
Data banks	(45 357)	(36 061)
Temporary manpower	(225)	0
Other Specialised services		
Studies and Consultations	(62 073)	(60 855)
External Consultants and Auditor	(533 093)	(406 266)
Other third party services		
Advisory, communication and image	(57 164)	(41 567)
Bank of Portugal – Bpnet Service	(2 769)	(1 879)
Condominium Services	(7 437)	(10 729)
Others	(19 444)	(6 929)
	(3 780 453)	**(3 378 190)**
	(4 129 974)	**(3 716 633)**

External Consultants and Auditor

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	13 050
Guarantee and Reliability Services	4 500
	17 550

3.32 Amortisations · Note 34

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

	31-12-2014	31-12-2013
Tangible assets		
Real Estate	(8 188)	(8 188)
Equipment	(334 813)	(466 839)
Financial leasing assets	(5 529)	(5 529)
	(348 530)	**(394 433)**
Intangible assets	(198 790)	(874 989)
	(547 320)	**(3 786 765)**

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 IV.

3.33 Provisions Net of Write-offs · Note 35

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

	31-12-2014	31-12-2013
GAINS IN:		
Provisions for general credit risks	207 252	111 184
Other provisions	500 000	0
LOSSES IN:		
Provisions for general credit risks	(535 616)	(190 686)
Other provisions	0	(500 000)
	171 636	**(579 502)**

3.34 Value Adjustments Associated with Credit to Clientes · Note 36

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

	31-12-2014	31-12-2013
GAINS IN:		
Overdue credit	208 397	45 606
LOSSES IN:		
Overdue credit	(244 378)	(73 457)
	(35 981)	**(27 851)**

3.35 Impairment losses on other financial assets net of reversals and recoveries · Note 37

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

	31-12-2014	31-12-2013
Debt instruments issued by non-residents	(4 191 997)	
Equity instruments issued by residents	(380 664)	0
	(4 525 211)	**0**

Impairments calculated on the Bank´s exposure to BES and GES Group.

3.36 Impairment of other Assets Net of Reversals and Recoveries · Note 38

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

	31-12-2014	31-12-2013
Investments in subsidiaries, asso. and joint ventures	0	0
Ver. rec. impairment losses (IAS) / prov. imp. (AAS)	0	340 000
	0	**340 000**

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

3.37 Taxes · Note 39 and 40

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

	31-12-2014	31-12-2013
Current	(118 902)	(3 718 371)
Deferred	(56 786)	8 390
	(175 687)	**(3 709 881)**

Impact of the records is in the notes that follow.

CURRENT TAX

· amounts in euros

The difference between the tax calculated at the legal rate and the tax calculated at the effective rate for the year 2013 and 2014 can be explained as follows:

		2014	2013
1	Profit before tax – AAS Basis	212 430	10 759 045
2	Legal rate of taxation (CIT + Local Tax)	24.50%	26.50%
3	Normal Tax Burden(1x2)	52 045	2 851 147
4	Tax effect of expenses that are not deductible		
4.1	Provisions and non-deductible impairment losses	916 280	690 686
4.2	Amortisations not accepted as cost	508	202 795
4.3	Donations and Membership fees	9 525	9 389
4.4	IRC tax for previous years	0	0
4.5	Tax capital gains	18 486	10 343
4.6	Fines, penalties and compensatory interest	877	1 042
4.7	Corrections related to previous years	5 656	4 885
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	138 869	94 662
4.11	Retirement pensions	0	0
4.12	Insufficient estimated tax	0	0
4.13	Corrections in cases of tax credit and withholding	0	0
4.14	Pension Fund	75 478	31 692
4.15	Impairment in subsidiaries and associates	0	0
4.16	Contribution on Banking Sector	97 009	74 946
		1 262 689	**1 120 442**

		2014	2013
5	Tax effect of income that is not taxable		
5.1	Decrease in provisions and taxable impairments	(707 252)	(451 184)
5.2	Tax benefits	(57 572)	(91 312)
5.3	AAS impact	(9 523)	0
5.4	Accounting gains	(42 946)	(37 223)
5.5	Excess tax estimate	0	(85 065)
5.6	Corrections related to previous years	(5 378)	(13 255)
5.7	Loss for tax purposes	0	0
5.8	Taxable amortization in previous periods	(129 631)	(9 735)
		(952 301)	**(777 774)**
6	Equity changes	(2 984 456)	1 381 164
7	Taxable profit (1+4+5+6)	(2 461 639)	12 482 877
8	Reportable tax loss	0	0
9	Tax (Tax payable + Local Tax)	0	3 629 184
10	Autonomous Taxation	118 902	89 087
11	Total Tax (9+10)	118 902	3 718 271
12	Effective rate (11/1)	55.97%	34.56%

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.

3.38 Deferred Tax · Note 40

The deferred taxes recorded in 2014 in the amount of € 56.786 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, as well as the accuracy of Assets by deferred IRC taxes by variation of the rate of this tax.

3.39 Off-Balance Sheet Accounts · Note 41

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

	31-12-2014	31-12-2013
COMMITMENTS TO THIRD PARTIES:		
Irrevocable commitments		
Potential liabilities to the ICS	228 049	196 649
Revocable commitments		
Credit lines	18 030 602	16 133 815
Overdraft facilities	1 448	50 017
	18 260 099	**16 380 481**
LIABILITY FOR PROVISION OF SERVICES:		
Deposit and custody of securities	343 810 941	370 952 428
Administrative amounts by the Institution	92 896 472	60 307 850
Others	0	0
	436 707 413	**431 260 278**
SERVICES RENDERED BY THIRD PARTIES:		
Deposit and custody of securities	318 449 861	359 745 277
Other services	0	0
	318 449 861	**359 745 277**
FOREIGN EXCHANGE TRANSACTIONS AND DERIVATIVES:		
Foreign exchange forward transactions – trading	38 930 937	38 433 338
Futures and forward options – trading	65 495	0
Options - trading	73 220	199 473
	39 069 652	**38 632 812**
GUARANTEES PROVIDED AND ANY OTHER SERVICES:		
Personal/institutional guarantees and sureties	16 516 673	2 082 015
Real guarantees	20 650 000	98 312 720
	37 166 673	**100 394 734**
GUARANTEES RECEIVED:		
Personal guarantees	62 702 521	2 902 489
Real guarantees	78 145 278	35 018 960
	140 847 799	**37 921 449**
OTHER OFF-BALANCE SHEET ITEMS:		
Write-offs	1 340 261	1 339 935
Accrued interest	13 915	8 253
Sundry	(991 855 674)	(985 683 220)
	(990 501 497)	**(981 432 542)**

Oporto, 30^{th} April 2015

The Certified Accountant

Pedro Baldaque Silva

The Board of Directors

Chairwoman: Maria Cândida Cadeco Rocha e Silva

António José Paixão Pinto Marante

Francisco Miguel Melhorado de Oliveira Fernandes

Jorge Manuel Conceição Freitas Gonçalves

Nuno Rafael Domingues dos Santos Reis Maya

Paulo Armando Morais Mendes

Paulo Martins de Sena Esteves

Pedro José Malheiro Duarte

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 2014, (which reveals a total of EUR 199,104,200 and total shareholders' equity amounting to EUR 37,129,672, including a positive net consolidated income of EUR 378,453), 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.

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.

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 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;

— 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.

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.

RESERVATIONS by disagreement

7. We describe below a derogation 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 7 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 10 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 in its entirety, safeguarding the arising fiscal impacts, a situation that was maintained in the acquisitions of 2013.

It should be noted that, the cars purchased in 2014 followed the applicable accounting policy without derogations.

The derogation of this accounting policy carried out in 2012 and 2013 has as effect the year 2014 that, compared to the application of the principle of consistency, the consolidated assets item Other Tangible Assets is undervalued by approximately EUR 680,000, the Assets item for deferred taxes is overvalued by approximately EUR 88,000, the consolidated net income for the year ended 31 December 2014 is overvalued by approximately EUR 171,000 (resulting from the cost of undervalued amortisations by about EUR 205, 000 and the cost of overvalued deferred taxes by approximately EUR 34,000) and the income carried forward is undervalued by approximately EUR 763,000, totalling an undervaluation of assets and own capital of approximately EUR 592,000.

OPINION

8. In our opinion, except for the effects of the situation described in paragraph 7 above, 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 2014, 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.

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.

Oporto, 4th May 2015

Vilar, Campos, Gomes & Associados, SROC, Lda. (SROC 180)

Represented by Jorge Adalberto Vilar de Oliveira (Statutory Auditor 682)

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 2014, (which reveals a total of EUR 198,683,075 and total shareholders' equity amounting to EUR 33,959,415, including a positive net income of EUR 36,742), 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 and their 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.

RESERVATIONS by disagreement

7. In the notes to the Bank's Accounts in the accounting policies, note 2.2.10 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 accounts, note 9 says that, as mentioned in note 2.2.10 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 acquisitions of 2013.

It should be noted that, the cars purchased in 2014 followed the applicable accounting policy without derogations.

The derogation of this accounting policy carried out in 2012 and 2013 has as effect the year 2014 that, compared to the application of the principle of consistency, the assets item Other Tangible Assets is undervalued by approximately EUR 680,000, the Assets item for deferred taxes is overvalued by approximately EUR 88,000, the net income for the year ended 31 December 2014 is overvalued by approximately EUR 171,000 (resulting from the cost of undervalued amortisations by about EUR 205, 000 and the cost of overvalued deferred taxes by approximately EUR 34,000) and the income carried forward is undervalued by approximately EUR 763,000, totalling an undervaluation of assets and own capital of approximately EUR 592,000.

OPINION

8. In our opinion, except for the effects of the situation described in paragraph 7 above, 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 2014, 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.

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.

Oporto, 4th May 2015

Vilar, Campos, Gomes & Associados, SROC, Lda. (SROC 180)
Represented by Jorge Adalberto Vilar de Oliveira (Statutory Auditor 682)

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 2014, 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.

   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.

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 we were shown 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 2014.

   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.

Oporto, 4th May 2015

The Supervisory Board

XVII · Minutes of the Annual General Meeting of Shareholders Held on 27th May 2015

I HEREBY CERTIFY, in view of the Minutes of the Annual General Meeting of Shareholders of "Banco L. J. Carregosa, S.A.", held on **27 May 2015**, that the following resolutions were taken:

1. The Management Report and Accounts and the Consolidated Accounts for the year 2014 were unanimously approved.

2. It was unanimously approved that the net profit (positive) in the amount of **€ 36,742.15** (thirty-six thousand, seven hundred forty-two euros and fifteen cents) be distributed as follows:

- To reinforce the Legal Reserve: **€ 3,674.22**
- For Free Reserves: **€ 33,067.93.**

3. Praise for the Board of Directors and the Supervisory Board of the Company was unanimously approved, extended to each and every one of its members in office, for the year 2014.

4. The proposal for election of the **Governing Bodies** for the three-year period from 2015 to 2017 was unanimously approved, with the following composition:

MANAGEMENT BODY
Board of Directors:
Chairwoman: Maria Cândida Cadeco da Rocha e Silva;
Member: António José Paixão Pinto Marante;
Member: Jorge Manuel da Conceição Freitas Gonçalves;
Member: Francisco Miguel Melhorado de Oliveira Fernandes;
Member: Nuno Rafael Domingues dos Santos Maya;
Member: Paulo Armando Morais Mendes;
Member: Paulo Martins de Sena Esteves;
Member: Pedro José Malheiro Duarte.

SUPERVISORY BODY
Supervisory Board:
Chairwoman: Maria da Graça Alves Carvalho;
Member: Manuel José Lemos de Ferreira Lemos;
Member: Eduardo Maria Lopes Rothes Barbosa;
Alternate: André de Castro Amorim.

Statutory Auditors:
Permanent: Marques da Cunha, Arlindo Duarte & Associados - SROC, Lda., with headquarters at Rua Júlio de Brito, nº 108, Oporto, TIN 502 152 567, registered in the Order of Statutory Auditors under no. 52, represented by the partner Dr. Joaquim Manuel Martins da Cunha, Statutory Auditor no. 859;

Alternate: António Magalhães & Carlos Santos, SROC, with headquarters at Rua do Campo Alegre, no. 606 – 2.º, rooms 201/203, Oporto, TIN no. 502 138 394, registered in the Order of Statutory Auditors under no. 53, represented by Carlos Afonso Dias Leite Freitas dos Santos, Statutory Auditor no. 1314, married, with citizen card no. 10202311 5ZZ7.

GENERAL MEETING BOARD:
Chairman: Luís Manuel de Faria Neiva dos Santos;
Secretary: Maria Manuela Pereira Antunes Matias,
Secretary: Ana Mafalda Mateus Freitas Gonçalves Malafaya.

5. The election of the members of the **Remuneration Committee** for the **three-year period from 2015 to 2017** was unanimously approved, with the following composition:
— Sérgio Reis Perdigão;
— Jorge Manuel da Conceição Freitas Gonçalves;
— José Inácio Sousa Lima.


COMPANHIA PORTUGUEZA DE PHOSPHOROS
COMPAGNIE PORTUGAISE DES ALLUMETTES
Capital : 4.500 Contos de Reis ou, ao par, Francos 25.000.000
Capital : 4.500 Contos de Reis ou, au pair, Francs 25.000.000
SÉDE DA COMPANHIA EM LISBOA
SIÈGE SOCIAL A LISBONNE
Titulo de Uma Acção Liberada
Titre d'Une Action Libérée
Reis 45$000 ou, ao par, Francos 250
Reis 45$000 ou, au pair, Francs 250
Nº 078,109
DIVIDENDOS

6. The proposal to amend Article 16 of the Articles of Incorporation by the addition of a number 3 was unanimously approved, to read as follows:

ARTICLE 16

Convening meetings

1 – (retains the wording in force).

2 – (retains the wording in force).

3 – *The company is not allowed to disclose through its website the information provided for in articles 288 and 289 of the Commercial Companies Code; information to the shareholders should be provided through consultation and obtaining copies of documents at the headquarters.*

7. The proposal for Internal Policy of Selection and Evaluation of the Adequacy of the Members of the Management and Supervisory Bodies and the Holders of Essential Functions was unanimously approved.

8. The proposal of sale and acquisition of own shares, pursuant to the provisions of articles 319 and 320 of the Commercial Companies Code was unanimously approved.

Oporto, 28th May 20155

The Chairman of the General Meeting Board,
(Luís Neiva dos Santos)

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