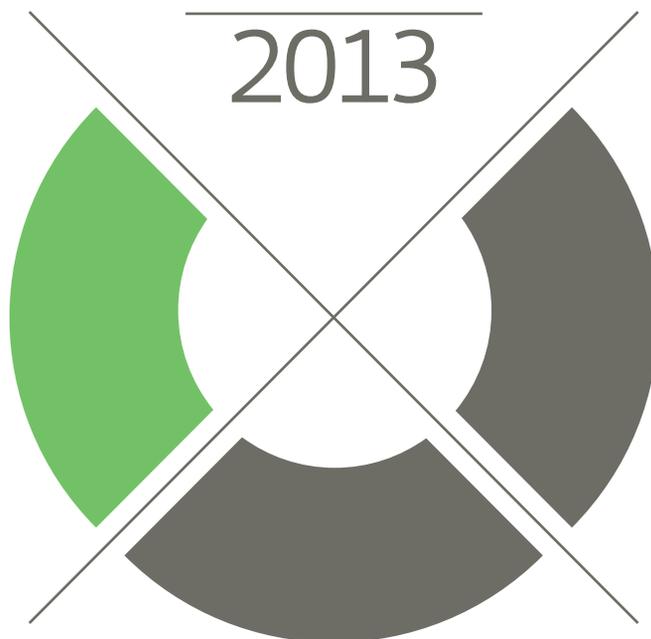


ANNUAL REPORT  
AND ACCOUNTS

2013



VIDA

T-VIDA, Companhia de Seguros S.A.  
Av. da Liberdade, n.º 242  
1250 - 149 Lisbon / Portugal

Registered at the Lisbon Registry of Companies - VAT N.º: 507 684 486

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CORPORATE  
OFFICERS

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VIDA

## 01. CORPORATE OFFICERS

### BOARD OF DIRECTORS



### General Meeting

#### Chairman

Rui Manuel Duarte Sousa da Silveira

#### Secretary

João Afonso Pereira Gomes da Silva

### Board of Directors

#### Chairman

Pedro Guilherme Beauvillain de Brito e Cunha

#### Member

Augusto Tomé Pires Fernandes Pedroso

António Miguel Natário Rio-Tinto

Miguel Maria Pitté Reis da Silveira Moreno

Nuno Miguel Pombeiro Gomes Diniz Clemente



### Board of Auditors

#### Chairman

António Ricardo Espírito Santo Bustorff

#### Member

João de Faria Rodrigues

Maria Madalena França e Silva Quintanilha Mantas Moura

#### Alternate Member

José Silva Duque

### Official Auditor

José Manuel Macedo Pereira

#### Alternate

Sociedade de Revisores Oficiais de Contas Amável Calhau,  
Ribeiro da Cunha e Associados



02

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DIRECTORS'  
REPORT

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VIDA

## 02. DIRECTORS' REPORT

To the Members of T-Vida, Companhia de Seguros, S.A.,

Under the law and the articles of association, the Board of Directors is honoured to present to you for appraisal the Management Report and Accounts of T-Vida, Companhia de Seguros, S.A. (hereinafter T-Vida or Company), in respect of 2013.

### 2.1 / Macroeconomic Framework

The year under review was marked by a recovery of global economic activity, particularly visible in the major developed economies, underpinned by a recovery of activity in Europe.

#### 2.1.1 / International Economic Situation

The economy of the United States recorded a growth of 1.9% in 2013, slower than the previous year (2.8%), but with a more dynamic performance in the second half of the year. The progress seen in the balances of households and businesses, the recovery off the employment market, rising housing prices and the good performance of the stock market contributed to the recovery of economic activity in the second half of the year, with greater dynamism in private consumption and investment.

The recovery of economic activity resulted in an improvement of the employment market, with the jobless rate falling back from 8.1% to 6.7% of the active population. The American public deficit dropped from 9.3% to 6.5% of the GDP, reflecting the restraint in public spending and the recovery of the activity. With inflation at low levels (close to 1.5%) and with the absence of inflationary pressures, the Federal Reserve maintained throughout the year the asset acquisition (quantitative easing) programme set in 2012, at the monthly rate of 85 billion dollars, keeping the fed funds target rate between 0% and 0.25%.

In the Euro area, 2013 was marked by stabilisation of the financial and economic conditions, despite the occurrence of some adverse factors, particularly the political instability in Italy and the financial crisis of Cyprus. The greater stability of financial market conditions resulted from the sharp downturn of the systemic risks associated with the sovereign debt crisis, as well as a progressive improvement of the growth prospects of the activity. Also the new steps towards the consolidation of the banking union contributed to the improvement of confidence.

Throughout the year as a whole, the GDP of the Euro area fell by 0.4%, the result of the significant setback of activity in the first quarter. However, the second quarter was marked by positive growth and by recovery of activity, which became more vigorous up to the end of the year, and the 0.5% GDP growth in the fourth quarter should be stressed. The unemployment rate remained high, having risen on average from 11.4% to 12.1% of the active population.

Within this context, annual inflation fell from 2.5% in 2012 to 1.4% in 2013. In May, the ECB cut the refi rate by 25 basis points, from 0.75% to 0.5%, and in November, when faced with a significant deceleration of prices (with the *y-o-y* inflation rate falling to 0.7%), implemented a further 25 basis point reduction of the rate, to a low of 0.25%. Besides

these decisions, the ECB extended until (at least) mid-2015 the unlimited provision of liquidity in refinancing operations.

On the other hand, it implemented an unprecedented forward guidance mechanism with regard to monetary policy, signalling that the refi rate would be kept low during a long time. However, the 3-month Euribor rose 6 basis points in the fourth quarter and 10 basis points over the year, to 0.287%, reflecting mainly the reduction of liquidity associated with the increase of reimbursements of LTROs by banks. The EUR appreciated nearly 4.5% against the USD, to EUR/USD 1,379.

The recovery of activity in the Euro area extended to the peripherals economies, which returned to positive growth in the second half of the year, as is the case of Spain which, although in the 2013 the GDP shrank 1.2%, showed signs of progressive stabilisation of economic activity, with quarterly variations of 0.1% and 0.3% in the third and fourth quarters, respectively.

In the USA and Europe, the recovery of growth and confidence within the context of expansionary monetary policies was particularly beneficial to the equity market. In the USA S&P 500 and NASDAQ indices recorded gains of 29.6% and 38.3%, respectively. In Europe, the DAX, CAC and the IBEX advanced 25.5%, 18% and 21.4%, respectively. With the recovery of activity and with the Reserve signalling an attenuation of quantitative easing, the yields of 10-year Treasuries and Bunds rose, in 2013, from 1.758% to 3.029% and from 1.316% to 1.929%, respectively.

#### 2.1.2 / Domestic Economic Situation

In Portugal, the good performance of exports and a trend of stabilisation in domestic demand resulted in a recovery of activity as from the second quarter of 2013. The GDP fell by an annual 1.4% in 2013, but with positive quarterly variations as from the second quarter (1.1%, 0.3% and 0.5%) and with a return to *y-o-y* growth in the fourth quarter (1.6%, after 11 quarters of contraction). This intra-annual performance of economic activity coincided with a gradual improvement of household and business confidence indicators, with the European Commission's Economic Sentiment Indicator approaching its long-term average.

Portuguese economic growth continued to be conditioned by the deleveraging process underway in the various sectors. Throughout the year, private consumption and gross fixed capital formation declined in real terms (by -1.7% and -6.6%, respectively), though significantly less intense sharply in 2012 and recovering in the latter part the year.

At the annual evolution of private consumption led to an increase of net household financing capacity to a figure close to 7.5% of the GDP, underpinned by growth of the respective savings rate to nearly 13.5% of disposable income. In turn, companies are again reduced their net borrowing requirements to less than 2% of the GDP, driven by a further decline of investment.

In this connection, the economy lost about 120,000 jobs over the year, keeping the unemployment rate high (16.3% of the active population, in average annual terms, after the 15.7% seen in 2012). The evolution of the labour market nevertheless kept in step with the intra-annual profile of economic activity. The unemployment rate fell from 17.7% to 15.3% of the

active population between the first and fourth quarters of 2013, driven by the creation of nearly 130,000 jobs over the last three quarters of the year, as well as by a reduction of the active population (partly associated with high emigration).

Exports will have returned a real growth of 5.6% in 2013, with positive contributions by goods and services, with a focus on the greater production and export capacity of fuels and on the strong foreign demand directed at the tourism sector.

Together with the increase of domestic savings, this result contributed to obtaining a GDP surplus of 2.6% in the combined current and capital accounts. The recovery of activity and the fiscal consolidation measures helped to reduce the deficit of the public administrations (adjusted to the criteria of the Troika) to around 4.5%, below the target of 5.5% of the GDP.

Portugal returned to the capital markets in December 2013 with a €6.6 billion debt swap, followed in early 2014 by syndicated issues at 5 and 10 years, totalling €6.25 billion. After a high of 7.5% in July, the yield of 10-year TBs closed the year at 6.13%, extending the downward trend early in 2014 to less than 5%. The PSI-20 index rose by around 16% in 2013.

### 2.1.3 / Insurance Market

In 2013 there was a significant increase in the volume of direct insurance premiums, fuelled by the growth of Life insurance.

Combined Life and Non-Life production amounted to €13,105 million, 20.1% higher than the 2012 figure (€2,194 million more).

Life business was responsible for this positive performance of the market. Premiums amounted to €9,247 million, an growth of 33.5% over the previous year. The increased demand for insurer's savings products was crucial to the good performance of the Life segment, proving the special attractiveness of its remuneration model in more volatile circumstances.

The vast majority of savings products sold by the insurers provide investors with capital and income guarantees, an element of security highly valued against backgrounds such as these. Thus, capitalisation products returned a growth of more than 40.0% and new contributions to retirement savings plans (PPRs) totalled €1,548 million, up 37.9% over 2012.

In the Non-Life segment, 2013 was a year of containment, with premium volumes down in most segments. The adverse macroeconomic situation conditions demand for Non-Life insurance and increases competitive pressure on the supply side, with impact on prices.

Non-Life premiums amounted to €3,858 million (down 3.2% compared to the previous year), with emphasis on the sharp decline in the production of Workmen's Compensation (-8.0%) and also in Motor insurance (-5.8%), justified not only by the need to reduce the costs of households and firms (which has a bearing on the number and type of covers taken out) but also by the reduction of the average premium driven by the existing competitive pressure.

On the other hand, the good performance of the Health segment is highlighted (up 3.2%), which, taking into account the economic difficulties, demonstrates growing consumer interest in insurance of this type. Multi-risk (up 1.1%) and Home (up 1.5%) insurance also continued to see an increase of production, reflecting growing sensitivity to risk management and protection in times of uncertainty.

The weight of insurance business as a proportion of the GDP rose from 6.4% in 2012 to 7.7% in 2013. The Life segment accounts for 5.5% of the GDP, with Non-Life segment accounting for 2.3% (4.1% and 2.3% in 2012, respectively).

In keeping with the provisional accounts of the insurance industry, net profits for the year were very good. The sector as a whole returned profits in the sum of €692 million, an increase of 28.0% compared to 2012.

The recovery of the capital markets allowed insurers to end the year 2013 with a growth of profits, particularly in the Life business. Prudent management of investments and a year of appreciation of capital-market assets factors decisive to this performance.

It should be noted that the 2013 results were strongly influenced by two extraordinary operations involving the assignment of Life portfolios that, in net terms, contributed €180 million to the industry's profit (the similar impact in 2012 amounted to €240 million).

The Non-Life technical results fell by 79% (from €92 million in 2012 to €19 million in 2013), mainly due to the damage caused by the storm of January 2013.

## 2.2 / Relevant Facts In 2013

The year under review was one of market growth (up 33.5%) mainly due to the capital-guaranteed financial products, which grew by 43% in Capitalisation products (to €6,800 million) and by 38% in the PPRs (€1,500 million). Traditional products grew by just 0.5% (to €900 million) and of these, Risk and Universal Life products decreased by 0.6%. T-Vida's total production also grew by 24.7% (to €112 million), with an increase of 3.1% in Risk and Universal Life products.

T-Vida continued its strategic line of growth in Life Risk insurance, Risk, creating the conditions to be dynamic and to continue to gain market share in this area. It has recreated its range of Life Welfare and Life linked to Mortgage Loans products and strengthened its distribution capabilities by selecting a set of business partners with the profile and willingness required to sell this type of insurance. In this area it also drew up new forms of distribution, notably telephone sales, having achieved very satisfactory results since 2011.

Provision of a quality service to its customers and business partners continued to be one of T-Vida's priorities. During the year, therefore, a policy was maintained of ongoing improvement to its processes, particularly through the release at the year-end of the Tele-interviews for the clinical assessment of applicants.

With regard to the stock of policies, the maturity of some products and the search by savers for higher rates in the short term led to the cancellation of a significant number of policies, and the stock stood at 130,017 as at December 31, 2013. It should be pointed out that in new Life Risk subscriptions there has been a tendency towards higher average capital subscription and average premiums.

## 2.3 / Key Variables and Business Indicators

(thousand euros)

	2013	2012	VAR 13/12 %
<b>Balance Sheet</b>			
Investments	661,612	721,421	-8.3
Net assets	852,573	865,913	-1.5
Equity	67,581	65,174	3.7
Investment contract mathematical provisions & liabilities	762,467	724,787	5.2
<b>Gains &amp; Losses</b>			
Total production	111,708	89,577	24.7
Premiums earned, net of reinsurance	48,554	31,341	54.9
Costs of claims, net of reinsurance	56,512	60,331	-6.3
Mathematical Provision, net of reinsurance	7,974	28,653	-72.2
Share of income, net of reinsurance	2,182	-2,135	2.2
Operating costs	6,133	6,477	-5.3
Financial result	17,811	-5,334	-433.9
Technical balance <sup>(1)</sup>	7,442	6,565	13.4
Overall balance <sup>(2)</sup>	11,866	11,884	-0.2
Net income	4,296	4,530	-5.2
<b>Indicators (%)</b>			
Technical Balance / Total Production	6.7	7.3	-0.6 p.p.
Operating Costs / Total Production	5.5	7.2	-1.7 p.p.
Operating Costs / Invest. cont. math. provisions & liabilities	0.8	0.9	-0.1 p.p.
Solvency margin cover rate	149	136	12.6 p.p.
Claims / premiums (IFRS 4)	112.2	180.5	-68.3 p.p.
Benefits Paid / Deposits received (IAS 39)	39.0	42.8	-3.8 p.p.
Acquisition Costs / (Premiums + deposits received)	5.4	7.0	-1.6 p.p.
Administrative Costs / (Premiums + deposits received)	3.0	3.4	-0.4 p.p.
<b>Other Indicators</b>			
N° Employees <sup>(3)</sup>	22	19	15.8
N° Policies	130,017	133,779	-2.8

(1) Technical balance net of Reinsurance.

(2) Technical balance + balance of financial activity.

(3) Employees belonging to the permanent staff.

## 2.4 / T-Vida's Business In 2013

### 2.4.1 / Total Production

In 2013 the Insurer's production evolved well, despite the adverse context of the insurance market, coupled with the difficulties of growth of the domestic market and of consumer readiness to take out insurance.

Production totalled €111,708k, up 24.7% (up €22,131k) compared to last time. This change was driven by the significant increase of production in the financial insurance, in the PPRs in particular, which grew by 152.2% (up €25,912k).

Capitalisation products, excluding PPRs, made a negative contribution, a downturn of 19.7% (€-10,177k), compared to 2012.

The Life Risk business line grew by 6.1% (€880k), gaining ground in production, with a weight of 13.7% of total production for 2013. This growth is particularly important given the high technical margins it provides, making a significant contribution to the Company's profit.

Annuities increased by 147.0% (€5,869k), while Universal Life products decreased by 13.6% (€328k), since this is a type of product little sold and of long maturity.

(thousand euros)

Total Production	2013	2012	Change 13/12 (%)
<b>Total Production</b>	<b>111,708</b>	<b>89,577</b>	<b>24.7%</b>
<b>Insurance Contracts</b>	<b>50,593</b>	<b>33,744</b>	<b>49.9%</b>
Annuities	9,861	3,992	147.0%
Other risk & universal life	17,382	16,854	3.1%
Capitalisation products	2,816	2,463	14.3%
PPR	20,534	10,435	96.8%
<b>Investment Contracts</b>	<b>61,115</b>	<b>55,833</b>	<b>9.5%</b>
Capitalisation products	38,713	49,243	-21.4%
PPR	22,402	6,590	239.9%

### 2.4.2 / Costs Of Claims And Benefits Paid

The total cost of indemnities amounted to €80,587k, a decrease of 5.0% compared to 2012. This decrease was caused by the impact of the significant reduction in redemptions in Guaranteed PPRs and Unit-Linked PPRs.

The weight of the indemnities in the light of the mathematical provisions at the beginning of the period was 10.6% (compared to 11.1% the previous year), and 2013 was a year of a large amount of maturities (€22,719k, 50.2% more than last time) and a lesser volume of redemptions (€42,619k, down 16.4%).

In PPRs, the cost of claims and benefits paid amounted to €45,869k (down 20.8%), primarily the result of the decrease of redemptions, which account for 31.0% of total cost of claims, compared to 48.8% in 2012. Capitalisation product claims increased by €8,049k (76.4%), the result of the increase of redemptions of Financial products in the sum of €8,693k (up 131.6%).

In Traditional products indemnity costs fell by 1.2%, standing at the year-end at €15,764k, mainly due to large claims under Risk products (up 14.0%), despite the sharp decline in Annuities (32.4 %) and in Universal Life products (-8.2%).

(thousand euros)

Costs of Claims & Benefits Paid	2013	2012	Change 13/12 %
<b>Costs of Claims &amp; Benefits Paid</b>	<b>80,587</b>	<b>84,789</b>	<b>-5.0%</b>
<b>Insurance Contracts</b>	<b>56,754</b>	<b>60,900</b>	<b>-6.8%</b>
Annuities	6,442	6,391	0.8%
Other risk & universal life	9,322	9,568	-2.6%
Capitalisation products	4,816	5,876	-18.0%
PPR	35,801	38,699	-7.5%
<b>Benefits Paid on Investment Contracts</b>	<b>23,834</b>	<b>23,889</b>	<b>-0.2%</b>
Capitalisation products	13,766	4,656	195.6%
PPR	10,068	19,233	-47.7%

## 2.4.3 / Mathematical Provisions and Investment Contract Liabilities

The evolution under mathematical provisions and investment contract liabilities is directly related with products of a financial nature marketed, which correspond directly to the amounts recorded under insurance and investment contract liabilities.

As at December 31, 2013, the mathematical provisions and liabilities of investment contracts grew 5.2% (€37,680k), the good performance mainly the result of the increase of mathematical provisions of the Financial Liabilities, particularly Capitalisation products, which increased by €22,495k, and and the PPRs, up €9,599k.

Mathematical provisions for Capitalisation products grew by 17.2% (€5,545k), while for PPRs they fell by 1.7% (€2,911k). Emphasis is given to the Capitalisation Operation in the sum of €278,499k, which was in line with the previous year and accounts for 36.5% (38.4% in 2012) of the mathematical provisions and liabilities under insurance and investment contracts.

The sale of contracts with lower technical rates gave rise to a lesser variation of the average guaranteed minimum rates of the PPRs, with an oscillation of 3.13% and 3.26% in 2012 and 2013 respectively. However, in Capitalisation products the oscillation was greater due to the marketing of new products with higher technical rates.

It should be pointed out that the strategy employed at T-Vida of considering the PPR product to be strategic to the long-term return, accounting for 56.5% (59.7% in 2012) of the total of the mathematical provisions and insurance and investment contract liabilities, allowed the Company to maintain its leadership of the segment of Insurers that do not operate the banking channel.

(thousand euros)

Investment Contracts Mathematical Prov. & Liabilities	2013	2012	Change 13/12 %
<b>Investment Contracts Mathematical Prov. &amp; Liabilities</b>	<b>762,467</b>	<b>724,787</b>	<b>5.2%</b>
<b>Mathematical Provisions</b>	<b>290,678</b>	<b>285,039</b>	<b>2.0%</b>
Annuities	53,865	48,038	12.1%
Other risk & universal life	31,407	34,228	-8.2%
Capitalisation products	37,708	32,163	17.2%
PPR	167,698	170,609	-1.7%
<b>Financial Liabilities</b>	<b>471,789</b>	<b>439,748</b>	<b>7.3%</b>
Capitalisation products	87,717	65,222	34.5%
PPR	105,573	95,974	10.0%
Capitalisation operations	278,499	278,552	0.0%

## 2.4.4 / Technical Balance

There was an increase of the technical balance<sup>(1)</sup> from €6,565k in 2012 to €7,442k in 2013. This increase over the previous year of €878k (13.4%) is mainly the result of increased production (24.7%) and of the good performance of the technical balance of Risk Life products, which accounted for 105.4% of Total Technical Balance.

Attention is drawn, in the 2013 technical balance<sup>(1)</sup>, to the positive impact of the reduction of claims in respect of Financial products, particularly in the Guaranteed PPRs, and to the negative impact of the deterioration of the Technical Balance of Annuities.

The financial balance<sup>(2)</sup> returned a negative variation of €896k (-16.8%), the result of the unfavourable evolution of income allocated, the Unit Linked income and the reinsurance income having made a positive contribution to the result. The overall balance<sup>(3)</sup> was practically in line with the previous year, standing at €11,865k, compared with €11,884k in 2012.

(thousand euros)

Total Technical Balance	2013	2012	Change 13/12 %
<b>Technical Balance<sup>(1)</sup></b>	<b>7,442</b>	<b>6,565</b>	<b>13.4</b>
PPR	184	250	-26.4
Capitalisation	-40	-196	-79.6
Traditional	7,298	6,511	12.1
<b>Financial Activity Balance<sup>(2)</sup></b>	<b>4,423</b>	<b>5,319</b>	<b>-16.8</b>
PPR	3,508	4,840	-27.5
Capitalisation	873	418	108.9
Traditional	-306	-311	1.6
Capitalisation operations	348	372	-6.5
<b>Overall Balance<sup>(3)</sup></b>	<b>11,865</b>	<b>11,884</b>	<b>-0.2</b>

(1) Technical balance net of Reinsurance.

(2) Income from financial activity including profit-sharing and technical interest.

(3) Technical balance + Balance of financial activity.

## 2.4.5 / Operating Costs

Operating costs decreased 5.3% (€-344k), y-o-y, mainly due to the substantial reduction of third-party supplies & services.

Staff costs remained in line with the previous year, standing at €1,729k.

Third-party supplies & services fell by 34.7% (€-776k). A contribution to this was made by the decline of costs inherent in the provision of services contract with Bes-Vida and the reduction of Sponsorship costs, as well as the impact of reclassifications of costs directly allocated to sales to acquisition costs.

Taxes and levies increased 25.6%, the result of the increase of production in 2013.

Attention is drawn to the increase of amortisation, up 18.9% over the previous year, due to the 16.7% increase of amortisation of intangible assets related with the seasonality of the amortisation of goodwill of the portfolio (Value in Force) and the 60.8% increase of costs caused by new projects undertaken during 2013.

Commissions rose by 2.5%, due to impact of the increased costs of financial asset management fees owing to the growth of the portfolio managed by ESAF.

(thousand euros)

Operating Costs	2013	2012	Change 13/12 %
Staff costs	1,729	1,729	0.0
Third-party supplies & services	1,463	2,239	-34.7
Taxes and charges	54	43	25.6
Depreciation charges for the period	2,602	2,188	18.9
Commissions	285	278	2.5
<b>Total</b>	<b>6,133</b>	<b>6,477</b>	<b>-5.3</b>

## 2.4.6 / Investments

During 2013, the performance of the financial markets was marked by greater risk propensity by a decrease of volatility. The generally expansionary monetary policies made a decisive contribution to the performance of the markets, especially in higher-risk assets.

The European Central Bank cut its refi rate to a record low of 0.25%, while the Banks of England and of Japan maintained their quantitative-easing programmes. On the other hand, in the USA, the improvement of the economic indicators led the Federal Reserve to make a start to tapering off its bond-purchase programme in keeping with what it had previously announced in the middle of the year.

These favourable conditions, combined with the economic recovery throughout the year, allowed the major US equity indices to reach record highs. Treasury yields rose in 2013, from 1.76% to slightly above 3%, largely the result of FED's tapering programme.

In the Eurozone, the equity indices appreciated significantly and the risk premiums of the public debt of the peripheral countries contracted significantly. Ireland and Spain successfully completed their financial-aid programmes, contributing decisively to the end of the sovereign debt crisis. The prospect of less-accessible liquidity penalised the emerging markets in general.

In Portugal, the improvement of the activity indicators throughout 2013 led to a recovery of economic activity as from the 2<sup>nd</sup> quarter of the year. This performance resulted mainly from buoyant exports and the stabilisation of domestic demand, despite the fiscal consolidation process still ongoing. The more positive economic development on par with a greater propensity for risk assets in financial markets in 2013 led to a reduction of the risk premiums associated with Portuguese sovereign debt. Portugal managed to return to the debt-issue markets, and the 10-year TB *yield* closed the year at 6.13%, compared to nearly 7% at the end of 2012.

Maintaining a predominantly defensive and diversified balance-sheet position, T-Vida implemented a tactical investment policy throughout the year, allowing it to achieve a level of return significantly higher than initially established.

Based on the macroeconomic situation, the investment policy focused on exposure to fixed-rate debt, both sovereign and corporate, particularly on Portuguese issuers through issues offering a good risk/return ratio.

Broadly and chronologically speaking there were three distinct periods in implementing the policy of investment in the bond market.

The first period lasted until the first relevant date, May 22. Till then, still under the influence of Mario Draghi's promise "to do whatever it takes to preserve the euro", investors' appetite for risk brought market rates down. During this period, the Company had strong appetite for bonds below investment grade, both on the secondary and on the primary

market, taking advantage of the additional premium. In an increasing and controlled manner, the average duration of the portfolio was extended, though never exceeding 4 years. Exposure to Portuguese public debt rose until the end of March, then fell sharply in mid-April with the Constitutional Court throwing out the 2013 State Budget and the financial crisis in Cyprus. Therefore, very considerable activity involving rotation of positions with a view to realising the potential gains already achieved. In anticipation of a continuation of low interest in the interbank rates, a part of the floating-rate portfolio was sold, reinvesting the cash generated in fixed-rate bonds providing yields to offset, during the year, the losses incurred.

On May 22, the Federal Reserve made its pre-announcement of the reduction of the monthly quantitative easing. This change of monetary policy was considered the most important structural factor and generated a global response that extended into the summer. Given the potential acceleration of the tapering off of the quantitative easing, there was an aversion to risk assets in the financial markets. During this period the Company slightly reduced its fixed-rate bonds portfolio, especially issues of longer duration and greater risk, and adopted a tactical and cautious stance.

The second relevant date and beginning of the third period was July 21, with the culmination of the political crisis in Portugal. The year under review was a bipolar one for Portuguese debt securities, with sharp swings both ways but with a promising ending. At the peak of the turbulence the 10-year TB *yield* stood at 7.52%, the year's highest. At about this time, there was an unwinding of financial tensions in the Eurozone. During this stage, the Company again invested heavily in fixed-rate long-maturity issues, a strategy that provided more attractive risk premiums. The end of September saw the peak of the Company's exposure to Portuguese public debt (€128,927k, or 35% of the total investment portfolio), and from then on there was a continued decline of the associated *yields*.

At the year-end exposure to Treasury Bonds was lower than the beginning of the year, and only held-to-maturity positions remained in the balance sheet. In contrast, exposure to Portuguese corporates had progressed substantially. There was a sharp reduction of exposure to financial issuers as a proportion of the total bond portfolio, down from 46% at the beginning of the year to around 22% at the year-end. The bond portfolio recorded a rotation (transaction volume weighted by the average portfolio) of about 5.1, the result of strong investment and divestment activity.

With regard to the other asset classes, particularly floating-rate bonds, there was a decrease of 44.5% (€-27,121k). In every period robust liquidity levels were maintained, both through term deposits and through other short-term or readily cashable assets, such as money market funds. The year closed with approximately €77,520k in deposits at the main Portuguese banks. Exposure to equities, almost always indirectly (ETFs or investment funds), was never very great in balance sheet terms, nearly always carried at ancillary level, the main risk being the American market.

No transactions were carried out involving hedge funds or products of similar characteristics. Derivatives that were used were solely currency hedges.

In Real Estate, with the exception of investment through investment funds, there is no direct position.

(thousand euros)

Assets under Management <sup>(1)</sup>	2013	2012	Change 13/12 %
<b>Bonds</b>	<b>245,091</b>	<b>295,471</b>	<b>-17.1%</b>
Fixed-rate	211,294	234,553	-9.9%
Floating-rate	33,797	60,918	-44.5%
<b>Equities &amp; Investment Funds</b>	<b>59,388</b>	<b>17,594</b>	<b>237.5%</b>
Equities	0	999	-100.0%
Investment funds	59,388	16,595	257.9%
<b>Liquidity</b>	<b>77,535</b>	<b>68,200</b>	<b>13.7%</b>
Other	0	34	-100.0%
<b>Unit Links<sup>(2)</sup></b>	<b>283,395</b>	<b>284,453</b>	<b>-0.4%</b>
<b>Total</b>	<b>665,409</b>	<b>665,752</b>	<b>-0.1%</b>
<b>TOTAL w/ Unit Link</b>	<b>382,014</b>	<b>381,299</b>	<b>0.2%</b>
Repo operations	0	35,787	-100.0%
Held-to-maturity assets	70,564	79,224	-10.9%

(1) Amounts determined from a management standpoint.

(2) Primarily in investment funds.

At the year-end, the total investment portfolio amounts to €665,409k (down 0.1%), roughly the same as the previous year. The same is true of the Non-Unit Linked asset portfolio (up 0.2%).

During the year, the Company eliminated the repo operations and reduced held-to-maturity investments by about 10.9% (€8,660k).

(thousand euros)

Financial Results <sup>(1)</sup>	2013	2012	Change 13/12 %
Income	12,530	14,728	-14.9%
Gains & losses	5,115	2,950	73.4%
Impairments/ Written Back	-813	0	-
Gains/ Losses unit links	978	-23,012	-104.2%
<b>Total</b>	<b>17,810</b>	<b>-5,334</b>	<b>-433.9%</b>
<b>TOTAL s/ Unit Link</b>	<b>16,832</b>	<b>17,678</b>	<b>-4.8%</b>

(1) Amounts determined from a management standpoint. Includes costs and income from financial repo operations, valuation of financial liabilities and derecognition of contingent liabilities.

Financial results for 2013 show a y-o-y growth of €23,144k (433.9%), a performance observed mainly under Unit Linked Gains & Losses.

In terms of profit and loss there was a y-o-y increase of €2,165k (73.4%), the result of the trade in fixed-rate bonds, while emphasis is also given to the decrease of income (-14.9%) due to the reduction of rates of remuneration of liquidity. Impairments were recorded in the sum of €-813k, compared to none 2012.

The return on average assets (excluding the Unit Linked effect) on the financial result stood at 4.5% (2012: 4.6%). If we add the change recorded in the Fair Value Reserve, the return is 5.2% (2012: 9.4%). In 2013, the reduction of potential losses amounted to €2,370k.

## 2.4.7 / Equity and Solvency Margin

In 2013 equity increased to €67,581k, €2,407k more than the previous year. This variation is entirely the result of the €2,671k increase of the fair value reserves, which stood at the year-end at €-4,815k.

The estimated solvency ratio in December 2013 (considering the year's dividend distribution) stood at 149% (up €9,709k), compared with 136% (up €6,648k) for 2012. A contribution to this good performance was made by the increase of the items constituting the solvency margin, by about €4,644k (of which €1,987k result from decrease of the net value of Intangible assets).

(thousand euros)

Equity	2013	2012	VAR 13/12 %
Share capital	65,000	65,000	-
Other capital instruments	0	0	-
Revaluation reserves	-4,815	-7,486	35.7
Other reserves	2,996	3,053	-1.9
Retained earnings	104	77	35.1
Net income	4,296	4,530	-5.2
<b>Total</b>	<b>67,581</b>	<b>65,174</b>	<b>3.7</b>

## 2.4.8 / Risk Management, Internal Control System and Compliance

Based on the framework provided by Directive 2009/138/EC of the European Parliament and the Council of November 25 concerning insurance and reinsurance business (Solvency II), the Tranquilidade Group, of which T-Vida forms part, continued, during 2013, the work of adapting to the new Solvency II mechanism, which will require substantial changes in the insurance business.

During 2013, it came to be known that the new Solvency II regime will come into force as from January 2016 and the transposition of Directives amending the initial Directive 2009/138/EC is scheduled for 2014 and 2015. Meanwhile, EIOPA published a set of guidelines for the preparation stage of Solvency II. These guidelines include: Pre-request for internal models; Governance system; Prospective self-assessment of risks; Submission of information to the supervisory authorities.

After reviewing the guidelines, the Tranquilidade Group, of which T-Vida forms part, will define a plan of action allowing compliance and a more gradual transition to the new mechanism.

Several measures were implemented during 2013, of which the following are highlighted:

- Active involvement in the work groups of the Insurance Institute of Portugal and of the Portuguese Insurers Association about matters relating to the evolution of the Solvency II project;
- Participation in the Long term guarantees assessment (LTGA) quantitative impact study;
- Greater systematisation in the procedures and calculations of the Standard Model;
- Systematisation and periodic monitoring of the status of implementation of the recommendations set out and approved within the scope of the internal control system;
- Definition, formalisation and monitoring of sundry policies within the scope of monitoring the Solvency II programme;
- Monitoring the events anonymously reported to the Company of potentially fraudulent situations, development of procedures, applicational developments and issue of periodic reports, as additional mechanisms for the control of the operational risk related with fraud;
- Preparation of procedures for the new FATCA (Foreign Account Tax Compliance Act) regime.

In the matter of Solvency II, the measures called for in the previously-defined Solvency II (Roadmap) Programme were also tracked and monitored.

## 2.5. / Proposal For The Appropriation of Profit

A net profit was returned in the sum of €4,296,044.58, for which we propose the following appropriation:

- a) 10% of the Net profit for the year in the sum of €429,604.46 to Legal Reserve;
- b) Payment of dividends in the sum of €3,800,000.00;
- c) The remainder to Retained Earnings.

Following the appropriation of profits proposed above, the solvency ratio remains above the legally required minimum levels.

## 2.6 / Goals for 2014

The coming year will be a year to accelerate and deepen the strategy defined in 2011. Thus, the strategic business lines in Life Risk will be:

- Individuals;
- Welfare;
- Mortgage Loan Protection;
- Companies - protection of "Key Personnel" in SMEs;
- Companies - protection of expats (exporting companies);

It should be noted that for Individuals, the new risk selection process (involving Tele-interviews) accelerates the sale process and lends greater quality to the determination of the risk and the pricing appropriate to each applicant. This selection process will become routine, taking into account its excellent acceptance by Distributors and Customers alike.

There will also be continuity in innovation by market niches, as well as an in-depth study of the feasibility of an offer for Dependency.

It should be noted that the intention is to maintain the quality of service perceived by corporate customers and their brokers, allowing a very high renewal rate.

In medium- or long-term savings products and against a background of reduction of interest on sovereign debt, the increase of short-and medium-term rates in other countries and the Solvency II framework should lead to a reformulation of the Savings offer of for new contracts. More than ever, insurers have a key role in the development of this topic.

The basis of T-Vida's operations will continue to involve ensuring the loyalty of its customer base and complementing the service of excellence provided to Tranquilidade's agents and brokers, based on the following pillars:

1. Selective enlargement of the base of Agents that distribute Traditional, Life Risk and medium- and long-term Savings products. Coaching the Agents network in order to improve their counselling skills in Protection and Security Solutions, as well as the provision of a competitive offer responding to the needs of modern society will be levers fundamental to achieving the planned growth.
2. Optimisation of the assurance distribution model, drawing on the experience gained by this network in the area of advisory services for its customers and close relations with the Banco Espírito Santo banking network.

3. Increase of T-Vida's role in the Large & Medium Enterprise segment, from a standpoint of Fringe Benefits and Employee Benefits, providing solutions suited to companies and, in particular, to those that operate in various geographic areas or have international projection.

4. The approach to the Business segment, from the viewpoint of an integrated Life and Non-Life offer will continue to be developed and augmented.

The targets set up for 2014 are consistent with the growth prospects of the industry and of the economy.

## 2.7 / Closing Remarks

The Board of Directors wishes to express its gratitude to the shareholders and also for the indispensable co-operation provided by BES-Vida and Tranquilidade, as well as to the Company's employees for their contribution to the development of T-Vida.

We are also pleased to record the activity of the Board of Auditors and of the Official Auditor, while we also express our thanks to the Insurance Supervisory Authority and the Portuguese Insurers Association for their co-operation in various fields of their sphere of competence.

Lisbon, 25 February 2014

### The Board of Directors

Pedro Guilherme Beauvillain de Brito e Cunha  
(Chairman)

Augusto Tomé Pires Fernandes Pedrosa  
(Director)

António Miguel Natário Rio-Tinto  
(Director)

Miguel Maria Pitté Reis da Silveira Moreno  
(Director)

Nuno Miguel Pombeiro Gomes Diniz Clemente  
(Director)

03

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FINANCIAL  
STATEMENTS

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VIDA

## 03. FINANCIAL STATEMENTS

### Financial Statements - Balance Sheet (Assets) as at December 31, 2013 and 2012

(thousand euros)

ASSETS	Notes to the Accounts	December 31, 2013			December 31, 2012
		Gross Value	Impairment, Depreciation / Amortisation or Adjustments	Net Value	
Cash & cash equivalents and sight deposits	8	7,529		7,529	5,856
Investments in affiliates, associates and joint ventures					
Financial assets held for trading	6				
Financial assets classified in the initial recognition at fair value through profit or loss	6	277,687		277,687	281,305
Hedge derivatives	6				
Available-for-sale assets	6	232,451	813	231,638	228,468
<b>Loans &amp; Receivables</b>		<b>81,723</b>		<b>81,723</b>	<b>132,424</b>
Deposits at cedent companies					
Other deposits	6	81,723		81,723	112,631
Loans granted	6				34
Receivables					
Other	6				19,759
Held-to-maturity investments	6	70,564		70,564	79,224
<b>Land &amp; Buildings</b>					
Land & buildings held for own use					
Land & buildings held for income					
Other tangible assets					
Inventories					
Goodwill					
Other intangible assets	12	51,594	17,345	34,249	36,236
<b>Technical Provisions for Reinsurance Ceded</b>		<b>1,640</b>		<b>1,640</b>	<b>1,499</b>
Provisions for unearned premiums					
Mathematical provision for life business	4	506		506	505
Provisions for claims	4	222		222	252
Provision for profit-sharing	4	912		912	742
Provision for rate commitments					
Portfolio stabilisation provision					
Other technical provisions					
Assets for post-employment benefits & other long-term benefits	23				84
<b>Other Debtors for Insurance &amp; Other Operations</b>		<b>3,884</b>	<b>78</b>	<b>3,806</b>	<b>3,493</b>
Receivables for direct insurance operations	13	1,478	78	1,400	1,735
Accounts receivable for other reinsurance operations	13	9		9	66
Accounts receivable for other operations	13	2,397		2,397	1,692
<b>Tax Assets</b>		<b>1,086</b>		<b>1,086</b>	<b>1,529</b>
Current tax assets	24	970		970	44
Deferred tax assets	24	116		116	1,485
Accruals & deferrals	13	2,937		2,937	2,065
Other items of assets	13	139,714		139,714	93,730
Available-for-sale non-current assets and discontinued operating units					
<b>Total Assets</b>		<b>870,809</b>	<b>18,236</b>	<b>852,573</b>	<b>865,913</b>

THE ACCOUNTANT  
Rui Manuel Paulo Dias

THE ACCOUNTS MANAGER  
Pedro Manuel Borges Medalhas da Silva

O DIRETOR FINANCEIRO E ADMINISTRATIVO  
Alexandre Miguel Varela Simões Lopes

THE GENERAL MANAGER  
Emmanuel Hervé Pascal Joel Lesueur

THE BOARD OF DIRECTORS  
Pedro Guilherme Beauvillain de Brito e Cunha  
Augusto Tomé Pires Fernandes Pedroso  
António Miguel Natário Rio-Tinto  
Miguel Maria Pitté Reis da Silveira Moreno  
Nuno Miguel Pombeiro Gomes Diniz Clemente

## Balance Sheet as at December 31, 2013 and 2012

(thousand euros)

LIABILITIES & EQUITY	Notes to the Accounts	December 31, 2013	December 31, 2012
<b>Liabilities</b>			
<b>Technical Provisions</b>		<b>305,478</b>	<b>296,770</b>
Provisions for unearned premiums	4	1,509	1,511
Mathematical provision for life business	4	290,678	285,039
<b>Provisions for Claims</b>			
For life insurance	4	10,625	7,778
Provision for profit-sharing	4	2,666	2,442
Provision for rate commitments			
Portfolio stabilisation provision			
Other technical provisions			
Financial liabilities of the deposit component of insurance contracts and of insurance contracts and transactions considered investment contracts for accounting purposes	5	471,789	439,748
<b>Other Financial Liabilities</b>		<b>291</b>	<b>56,103</b>
Hedge derivatives			
Subordinated debt			
Deposits received from reinsurers			
Other	5	291	56,103
Liabilities for post-employment benefits and other long-term benefits	23	147	
<b>Other Creditors for Insurance &amp; Other Operations</b>		<b>3,748</b>	<b>1,929</b>
Payables for direct insurance operations	13	2,240	1,321
Payables for other reinsurance operations	13	444	287
Payables for other operations	13	1,064	321
<b>Tax Liabilities</b>		<b>338</b>	<b>2,541</b>
Current tax liabilities	24	338	2,541
Deferred tax liabilities			
Accruals & deferrals	13	3,201	3,647
Other provisions	13		1
Other liabilities			
Liabilities of a group for sale classified as available-for-sale			
<b>Total Liabilities</b>		<b>784,992</b>	<b>800,739</b>
<b>Equity</b>			
Equity capital	25	65,000	65,000
(Treasury shares)			
Other capital instruments	25		
<b>Revaluation Reserves</b>		<b>-4,815</b>	<b>-7,486</b>
For adjustment of the fair value of financial assets	26	-4,851	-7,754
For revaluation of land & owner-occupied buildings			
For revaluation of intangible assets			
For revaluation of other tangible assets			
For adjustments to the fair value of cash-flow hedge instruments	26	36	268
For adjustments to the fair value of net investment hedges in foreign currency			
For currency translation differences			
Deferred and current tax reserve	26	894	1,169
Other reserves	26	2,102	1,884
Retained earnings	35	104	77
Net income for the period		4,296	4,530
<b>Total Equity</b>		<b>67,581</b>	<b>65,174</b>
<b>Total Liabilities &amp; Equity</b>		<b>852,573</b>	<b>865,913</b>

THE ACCOUNTANT  
Rui Manuel Paulo Dias

THE ACCOUNTS MANAGER THE FINANCIAL  
Pedro Manuel Borges Medalhas da Silva

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Miguel Maria Pitté Reis da Silveira Moreno  
Nuno Miguel Pombeiro Gomes Diniz Clemente

## Gains & Losses as at December 31, 2013 and 2012

(thousand euros)

PROFIT & LOSS ACCOUNT	Notes to the Accounts	December 31, 2013			December 31, 2012
		Technical Life	Non-Technical	Total	
<b>Premiums Earned Net of Reinsurance</b>		<b>48,554</b>		<b>48,554</b>	<b>31,341</b>
Gross premiums written	14	50,593		50,593	33,744
Ceded reinsurance premiums	14	-2,041		-2,041	-2,359
Provisions for unearned premiums (change)	4 and 14	2		2	-44
Provisions for unearned premiums, reinsurers' part (change)					
Commissions on insurance contracts and transactions considered investment contracts or provision of services contracts for accounting purposes	15	956		956	1,384
<b>Costs of Claims, Net of Reinsurance</b>	<b>4</b>	<b>56,512</b>		<b>56,512</b>	<b>60,330</b>
Amounts paid		53,721		53,721	58,801
Gross amounts		53,993		53,993	59,274
Reinsurers' part		-272		-272	-473
Provision for claims (change)		2,791		2,791	1,529
Gross amount		2,761		2,761	1,626
Reinsurers' part		30		30	-97
Other technical provisions, net of reinsurance	4				
<b>Mathematical Provision of the Life Line, Net of Reinsurance</b>	<b>4</b>	<b>-7,974</b>		<b>-7,974</b>	<b>-28,654</b>
Gross amount		-7,973		-7,973	-28,735
Reinsurers' part		-1		-1	81
Share of profits/ (losses), net of reinsurance	4	2,182		2,182	2,135
<b>Net Operating Costs &amp; Expenses</b>	<b>21</b>	<b>8,342</b>		<b>8,342</b>	<b>8,483</b>
Acquisition costs		6,034		6,034	6,285
Deferred acquisition costs (change)	4	15		15	20
Administrative costs		3,357		3,357	3,029
Reinsurance commissions and profit sharing		-1,064		-1,064	-851
<b>Income</b>	<b>16</b>	<b>12,726</b>	<b>329</b>	<b>13,055</b>	<b>15,671</b>
On interest on financial assets not carried at fair value through profit & loss		12,501	329	12,830	15,218
On interest on financial liabilities not carried at fair value through profit or loss					
Other		225		225	453
<b>Financial Costs</b>	<b>16</b>	<b>718</b>	<b>7</b>	<b>725</b>	<b>1,184</b>
On interest on financial assets not carried at fair value through profit or loss					
On interest on financial liabilities not carried at fair value through profit or loss					
Other		718	7	725	1,184
<b>Net Gains on Financial Assets &amp; Liabilities not Carried at Fair Value Through Profit or Loss</b>	<b>17</b>	<b>2,869</b>	<b>188</b>	<b>3,057</b>	<b>-194</b>
On available-for-sale assets		4,057	188	4,245	2,258
On loans & accounts receivable					
On investments held to maturity					
On financial liabilities carried at amortised cost	5	-1,420		-1,420	-2,712
Others'	17	232		232	260
<b>Net Gains on Financial Assets &amp; Liabilities Carried at Fair Value Through Profit or Loss</b>		<b>993</b>		<b>993</b>	<b>1,704</b>
Net gains of financial assets & liabilities held for trading					
Net gains on financial assets & liabilities classified in the initial recognition at fair value through profit or loss	5, 17 and 18	993		993	1,704
Currency translation differences	19	228		228	66
Net gains on the sale of non-financial assets not classified as available-for-sale non-current assets and discontinued operating units					
<b>Impairment Losses (Net of Reversal)</b>		<b>813</b>	<b>-67</b>	<b>746</b>	<b>94</b>
On available-for-sale assets	6	813		813	
On loans and receivables carried at amortised cost					
On investments held to maturity					
On others	13		-67	-67	94
Other technical income/costs, net of reinsurance	20	-13		-13	115
Other provisions (change)					
Other income/expenses	20		416	416	292
Negative goodwill recognised immediately in profit & loss					
Gains & losses on associates and joint ventures carried using the equity method					
Gains & losses on non-current assets (or disposal groups) classified as held for sale					
<b>Net Income Before Tax</b>		<b>5,720</b>	<b>993</b>	<b>6,713</b>	<b>6,807</b>
Corporation tax for the period - Current tax	24		-2,417	-2,417	-989
Corporation tax for the period - Deferred tax	24				-1,288
<b>Net Income For The Period</b>		<b>5,720</b>	<b>-1,424</b>	<b>4,296</b>	<b>4,530</b>
Earnings per share (in euros)	27			0.07	0.07

04

STATEMENT OF  
COMPREHENSIVE INCOME



VIDA

## 04. STATEMENT OF COMPREHENSIVE INCOME

### Statement Of Comprehensive Income as at December 31, 2013 and 2012

	(thousand euros)	
	2013	2012
<b>Items that May Be Reclassified to the Income Statement</b>	<b>2,396</b>	<b>12,924</b>
Variation of the fair value of financial assets and hedging instruments on cash-flow hedging	2,671	18,288
Change in current & deferred taxes	-275	-5,364
<b>Items that Will Not Be Reclassified to the Income Statement</b>	<b>-235</b>	<b>25</b>
Change of actuarial deviations recognised in reserves	-235	25
Change in current & deferred taxes	-	-
<b>Other Comprehensive Income for the Year after Taxes</b>	<b>2,161</b>	<b>12,949</b>
<b>Net Income for the Period</b>	<b>4,296</b>	<b>4,530</b>
<b>Total Comprehensive Income for the Period</b>	<b>6,457</b>	<b>17,479</b>

05

STATEMENT OF  
CHANGES IN EQUITY



VIDA

## 05. STATEMENT OF CHANGES IN EQUITY

### Statement of Changes in Equity as at December 31, 2013 and 2012

(thousand euros)

	Share Capital	Others Capital Instruments	Revaluation Reserves		Deferred and Current Tax Reserve	Other Reserves		Retained Earnings	Net Income for the Period	Total
			Supplementary Capital Contributions	For Adjustments to The Fair Value of Available-For-Sale Financial Assets		For Hedges in Cash-flow Hedging	Legal Reserve			
<b>Balance as at January 1, 2012</b>	65,000	12,500	-26,302	528	6,533	1,582	-25	66	3,013	62,895
Reimbursement of supplementary capital contributions		-12,500								-12,500
Net gains for adjustment to fair value of available-for-sale financial assets			18,548							18,548
Net gains for adjustment of hedges in cash-flow hedging				-260						-260
Adjustments for recognition of deferred and current taxes					-5,364					-5,364
Actuarial differences recognised in reserves							25			25
Increases of reserves for appropriation of profits						302		-302		0
Distribution of profits								-2,700		-2,700
Transfers between equity headings not included in other lines								3,013	-3,013	0
<b>Total Changes in Equity</b>	<b>0</b>	<b>-12,500</b>	<b>18,548</b>	<b>-260</b>	<b>-5,364</b>	<b>302</b>	<b>25</b>	<b>11</b>	<b>-3,013</b>	<b>-2,251</b>
Net income for the period									4,530	4,530
<b>Balance as at December 31, 2012</b>	<b>65,000</b>	<b>0</b>	<b>-7,754</b>	<b>268</b>	<b>1,169</b>	<b>1,884</b>	<b>0</b>	<b>77</b>	<b>4,530</b>	<b>65,174</b>
Net gains for adjustment to fair value of available-for-sale financial assets			2,903							2,903
Net gains for adjustment of hedges in cash-flow hedging				-232						-232
Adjustments for recognition of deferred and current taxes					-275					-275
Actuarial differences recognised in reserves							-235			-235
Increases of reserves for appropriation of profits						453		-453		0
Distribution of profits								-4,050		-4,050
Transfers between equity headings not included in other lines								4,530	-4,530	0
<b>Total Changes in Equity</b>	<b>0</b>	<b>0</b>	<b>2,903</b>	<b>-232</b>	<b>-275</b>	<b>453</b>	<b>-235</b>	<b>27</b>	<b>-4,530</b>	<b>-1,889</b>
Net income for the period									4,296	4,296
<b>Balance as at December 31, 2013</b>	<b>65,000</b>	<b>0</b>	<b>-4,851</b>	<b>36</b>	<b>894</b>	<b>2,337</b>	<b>-235</b>	<b>104</b>	<b>4,296</b>	<b>67,581</b>

06

STATEMENT OF  
CASH FLOWS



VIDA

## 06. STATEMENT OF CASH FLOWS

### Statement of Cash Flows as at December 31, 2013 and 2012

(thousand euros)

	2013	2012
<b>Cash Flow from Operating Activities</b>	<b>-85,512</b>	<b>-74,517</b>
Net income for the period	4,296	4,530
Depreciation & amortisation charges for the period	2,602	2,188
Change in technical provisions for direct insurance	8,708	-26,327
Change in technical provisions for reinsurance ceded	-141	-80
Change in other provisions	-1	-175
Change in debtors for direct insurance, reinsurance & other operations	-313	-1,049
Change in other tax assets & liabilities	-1,760	7,597
Change in other assets & liabilities	-100,722	-60,883
Change in creditors for direct insurance, reinsurance & other operations	1,819	-318
<b>Cash Flow from Investing Activities</b>	<b>91,235</b>	<b>89,985</b>
Variation of investments	77,841	75,470
Interest	14,009	15,036
Acquisitions of tangible & intangible assets	-615	-521
<b>Cash Flow from Financing Activities</b>	<b>-4,050</b>	<b>-15,200</b>
Dividend distribution	-4,050	-2,700
Subscription of capital/ Ancillary capital contributions	-	-12,500
<b>Net Change in Cash &amp; Cash Equivalents &amp; Sight Deposits</b>	<b>1,673</b>	<b>268</b>
Cash & cash equivalents at the start of the period	5,856	5,588
Cash & cash equivalents at the end of the period	7,529	5,856

07

NOTES TO THE  
FINANCIAL STATEMENTS



VIDA

## 07. NOTES TO THE FINANCIAL STATEMENTS

### Notes to the Financial Statements as at December 31, 2013 and 2012

#### Note 1 / General Information

T-Vida, Companhia de Seguros, S.A. (hereinafter 'T-Vida' or 'Company') was incorporated on July 28, 2006, its object being to carrying on life-insurance business autonomously, commencing August 1, 2006. It is wholly owned by Companhia de Seguros Tranquilidade, S.A..

On August 1, 2006, the Company acquired the portfolio of policies in respect of the traditional broker channel from BES-Vida, Companhia de Seguros, S.A..

The Company has its registered office and principal place of business at Av. da Liberdade, 242, Lisbon, its VAT number is 507 684 486 and is registered at the Lisbon Registry of Companies. The Company carries on its Life insurance business under the supervision of the Insurance Supervisory Authority (SIP) under authorisation n° 1165.

These present notes have due regard for the order established by the Insurance Companies Accounting Plan, and it must be mentioned that numbers not shown are either not applicable for lack of figures or matters to be reported or are not relevant.

#### Note 2 / Information by Segments

T-Vida carries on its business in the life insurance line, for which it is authorised by the ISP and, though it has a varied range of products, its strategy is essentially based on the offer of Protection and Retirement Solutions for the Individuals and Companies segments.

Its subscription policy and rules are defined with a view to obtaining for each product the best cost/benefit balance for the Company, the customer and the business partner, using for the purpose every available source of information for a proper assessment of the quality of the physical, financial and moral risks.

The operating segments reported are in keeping with a business-lines framework typology. Emphasis is given to the good performance of Life Risk insurance (up +6%), against a background of a sharp downturn of the credit market, which has consolidated T-Vida's strategy directed at Protection/ Welfare solutions.

The breakdown of the main headings of the financial statements as at December 31, 2013 & 2012, is as follows:

(thousand euros)

2013	Total Life	Traditional	With-Profits Capitalisation	Without-Profits Capitalisation
<b>Profit &amp; Loss Headings</b>				
Gross premiums written	50,593	27,243	23,350	-
Commissions on investment contracts	956	-	-	956
Gross premiums earned	50,595	27,245	23,350	-
Returns on investments	15,285	3,309	12,403	-426
Gross cost of claims	56,754	16,074	40,680	-
Change in mathematical provision	-7,973	2,994	-10,967	-
Profit-sharing	2,182	1,271	911	-
Gross operating costs	9,406	4,213	2,274	2,918
Balance of reinsurance	-734	-734	-	-
Technical result	5,720	5,254	2,854	-2,389
<b>Balance Sheet Headings</b>				
Assets allocated to representation of technical provisions and financial liabilities on investment contracts	783,846	96,032	250,425	437,389
Technical provisions	305,478	91,017	214,461	-
Financial liabilities on investment contracts	471,789	-	-	471,789

(thousand euros)

2012	Total Life	Traditional	With-Profits Capitalisation	Without-Profits Capitalisation
<b>Profit &amp; Loss Headings</b>				
Gross premiums written	33,744	20,819	12,925	-
Commissions on investment contracts	1,384	-	-	1,384
Gross premiums earned	33,700	20,775	12,925	-
Returns on investments	15,646	5,957	8,861	828
Gross cost of claims	60,900	16,092	44,808	-
Change in mathematical provision	-28,735	-3,773	-24,962	-
Profit-sharing	2,135	1,265	870	-
Gross operating costs	9,334	4,603	2,364	2,367
Balance of reinsurance	-1,019	-1,019	-	-
Technical result	6,192	7,641	-1,294	-155
<b>Balance Sheet Headings</b>				
Assets allocated to representation of technical provisions and financial liabilities on investment contracts	736,563	129,226	272,013	335,324
Technical provisions	296,770	88,971	207,799	-
Financial liabilities on investment contracts	439,748	-	-	439,748

## Note 3 / Basis of Preparation of the Financial Statements and Accounting Policies

### Bases of Presentation

T-Vida's financial statements now presented refer to the year ended December 31, 2013, and have been prepared in accordance with the Insurance Companies Accounting Plan ("PCES 07") issued by the ISP and approved by Regulatory Standard 4/2007-R of April 27, as subsequently amended by Standard 20/2007-R of December 31, and also in accordance with the rules governing the accounting of the operations of insurance companies, as established by the ISP.

This new Accounting Plan introduced the International Financial Reporting Standards (IFRS) in force as adopted within the European Union, with the exception of the measurement of liabilities resulting from insurance contracts, defined in IFRS 4 - Insurance Contracts. The IFRS include accounting standards issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"), and by their antecedent entities IFRS.

In 2013, T-Vida adopted the IFRS and the mandatory-application interpretations for years as from January 1, 2013. These standards are detailed in Note 37. In accordance with the transitory provisions of these standards and interpretations, comparative figures are presented in respect of the new disclosures required.

Recently issued accounting standards and interpretations that have not yet come into force and the T-Vida has not yet applied in the preparation of its financial statements may also be consulted in Note 37.

The accounting policies described hereunder have been applied consistently for all periods presented in the financial statements.

The financial statements are expressed in thousands of euros, rounded to the nearest thousand, and they have been prepared in accordance with the historic cost principle, with the exception of assets and liabilities carried at fair value, particularly derivative financial instruments, financial assets and liability at fair value through profit or loss, available-for-sale financial assets and rental properties. Other financial assets and liabilities as well as non-financial assets and liabilities are carried at amortised cost or historic cost.

Preparation of the financial statements in accordance with the New Plan of Accounts for Insurance Companies requires that the Company make judgements and estimates and use assumptions that affect the application of the accounting policies and the amounts of income, costs, assets and liabilities.

The estimates and assumptions used are based on the most recent information available, acting as support for judgements on the value of assets and liabilities valued solely using these sources of information. The actual results may differ from the estimates.

These financial statements were approved at a meeting of the Board of Directors held on February 25, 2014.

## Main Accounting Principles and Valuation Criteria Adopted

### Financial assets

#### Classification

The Company classifies its financial assets at the start of each transaction, taking into account the underlying intention, in accordance with the following categories:

- Financial assets at fair value through profit or loss, which includes:
  - held-for-trading financial assets, which are those acquired with the main objective of being traded in the short term;
  - Financial assets designated at the time of their initial recognition at fair value, with variations recognised in profit or loss, particularly where:
    - Such financial assets are managed, valued and analysed in-house on the basis of their fair value;
    - Such designation eliminates any inconsistency of recognition and measurement (accounting mismatch);
    - Such financial assets contain embedded derivatives.
- Available-for-sale financial assets, which includes:
  - Non-derivative financial assets the intention of which is to be held for an indeterminate period;
  - Financial assets that are designated as available-for-sale at the time of their initial recognition;
  - Financial assets that do not fall within the other categories.
- Loans and receivables, which includes sums receivable related with direct insurance operations, reinsurance ceded and transactions related with insurance contracts and other transactions.
- Financial assets held to maturity, which includes non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Company has the intent and ability to hold to maturity and were not assigned to any other category of financial assets. Any reclassification or sale of financial assets recognised in this category that is not undertaken close to maturity requires the Company to reclassify this entire portfolio as available-for-sale financial assets and the Company will, during two years, be unable to classify any financial asset in this category.

#### Recognition, initial measurement and derecognition

Acquisitions & disposals of: (i) financial assets at fair value through profit or loss; (ii) investments held to maturity; and (iii) available-for-sale financial assets are recognised on trade date, that is, on the date the Company undertakes to acquire or dispose of the asset.

Financial assets are initially recognised at their fair value plus trading costs, except where classified as financial assets at fair value through profit or loss, in which case these costs are recognised in profit or loss.

These assets are derecognised where (i) the Company's contractual rights to receive their cash flows expire or (ii) the Company has transferred substantially the whole of the risks and benefits associated with holding them.

Financial assets held to maturity are recognised at their fair value on their initial recognition and are subsequently measured at amortised cost. Interest is calculated using the effective interest rate method.

#### Subsequent measurement

Following initial recognition, financial assets at fair value through profit or loss are carried at their fair value, and variations are recognised in profit or loss.

Held-for-sale financial assets are likewise carried at fair value, though any changes are recognised under reserves until such time as the investments are derecognised or an impairment loss is recognised, when the accumulated amount of the potential gains and losses is recorded under reserves and transferred to profit or loss.

Currency fluctuations associated with these investments are also recognised under reserves, in the case of equities, and under profit or loss in the case of debt instruments. Interest, calculated at the effective interest rate, and dividends are recognised in the income statement.

The fair value of quoted financial assets is their current bid price. In the absence of quotation, the Company estimates the fair value using (i) valuation methodologies such as the use of prices of recent similar transaction at arm's length, discounted cash-flow techniques and customised options valuation models designed to reflect the specifics and circumstances of the instrument, and (ii) valuation assumptions based on market information.

Loans and receivables are subsequently carried at amortised cost on the basis of the effective interest-rate method.

Financial instruments in respect of which the fair value cannot be measured reliably are carried at acquisition cost.

#### Transfers between categories

In October 2008 the IASB issued a revision of IAS 39 - Classification of financial instruments (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosures).

This alteration came to allow an enterprise to transfer financial assets at fair value through profit or loss to the available-for-sale financial assets portfolio, to Loans and receivables or to financial assets held to maturity, provided such financial assets meet the characteristics of each category.

Additionally, transfers of financial assets recognised in the available-for-sale financial assets category to the categories of Loans and advances to customers - Securitised credit and Financial assets held to maturity are permitted.

The Company adopted this possibility for a set of financial assets, as described in Note 6.

#### Impairment

The Company regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. For those financial assets showing signs of impairment, the respective recoverable value is determined and impairment losses are recorded with a contra-entry in profit or loss.

A financial asset or group of financial assets is impaired where there is objective evidence of impairment as a result of one or more events occurring after its initial recognition, such as: (i) for securities representing equity capital, ongoing depreciation or significant reduction of their price, and (ii) for debt securities, where this event (or events) impact(s) on the estimated future cash flows of the financial asset or group of assets, which can be estimated reasonably.

In accordance with the Company's policy, a devaluation of the fair value of a capital instrument of 30% is considered a significant devaluation and the period of 1 year is presumed an ongoing devaluation of the fair value below the acquisition cost.

When there is evidence of impairment of available-for-sale financial assets, the potential loss accumulated under reserves, corresponding to the difference between acquisition cost and present fair value, less any impairment loss of the asset previously recognised in profit & loss, is transferred to profit or loss.

If in a subsequent period the amount of the impairment loss falls, the impairment loss previously recognised is reversed and offset under profit and loss for the year until the acquisition cost is re-established, provided the increase is objectively related with an event occurring after recognition of the impairment loss, except with regard to equities and other capital instruments, in which case the reversal of the impairment is recognised in reserves.

#### Derivative financial instruments

Derivative financial instruments are recognised on their trade date at their fair value. Subsequently, the fair value of derivative financial instruments is revalued on a regular basis, and the resultant gains or losses are recorded directly in profit or loss for the period.

The fair value of derivative financial instruments is their market value, where available, or is determined on the basis of valuation techniques, including discounted cash-flow models and options valuation models, as appropriate.

#### Embedded derivatives

Derivatives embedded in other financial instruments are treated separately where their economic characteristics and their risks are not related with the principal instrument and the principal instrument is not carried at fair value through profit & loss. These embedded derivatives are recorded at fair value and variations are recognised in profit & loss.

## Hedge accounting

### Classification criteria

Derivative financial instruments used for hedging purposes may be classified for accounting purposes as hedges provided they cumulatively meet the following conditions:

- On the start date of the transaction the hedge relationship is identified and formally documented, including identification of the hedged item and of the hedge instrument, and assessment of the effectiveness of the hedge;
- There are expectations that the hedge relationship will be highly effective as of the transaction start-date and over the life of the operation;
- The effectiveness of the hedge can be reliably measured as of the operation start-date and over the life of the operation;
- For hedging of cash flows it must be highly probable that they will occur.

### Fair-value hedge

In a fair-value hedge of an asset or liability, the book value of the asset or liability, determined on the basis of the respective accounting policy, is adjusted to reflect the variation of its fair value attributable to the hedged risk. Variations of the fair value of hedges are recognised in profit or loss together with the variations of the fair value of the hedged asset or liability, attributable to the hedged risk.

Should the hedge no longer meet the criteria required to account the hedge, the derivative financial instrument is transferred to the trading portfolio and the hedge accounting is discontinued prospectively. Should the hedged asset or liability be a fixed-income instrument, the revaluation adjustment is written down up to its maturity using the effective-rate method.

During the period covered by these financial statements the Company held no hedges classified as fair-value hedges.

### Cash-flow hedge

In an operation to hedge exposure to highly probable cash-flow variability (cash-flow hedge), the effective part of the fair-value variations of the hedge is recognised in reserves and is transferred to profit or loss during the period when the hedged item affects profit or loss. The non-effective part of the hedge is recorded in profit or loss.

When a hedge expires or is sold, or when the hedge no long meets the criteria required for hedge accounting, the fair-value variations of the derivative accumulated under reserves are recognised in profit & loss when the hedged transaction also affects profit or loss. If it can be expected that the hedged transaction will not be undertaken, the amounts still carried in equity are immediately recognised in profit or loss and the hedge is transferred to the trading portfolio.

## Assets ceded with repurchase agreement

Securities sold under repurchase agreements (repos) at a fixed price or a price that equals the selling price plus the interest inherent in the term of the transactions are not derecognised. The corresponding liability is included in amounts payable to other credit institutions or customers as appropriate. The difference between the selling price and the repurchase price is treated as interest and accrued over the life of the agreement through the effective interest rate method.

Securities purchased under agreements to resell (reverse repos) for a fixed price or a price that equals the purchase price plus interest inherent in the term of the transaction are not recognised, and the purchase price is recorded as loans to other credit institutions or customers as appropriate. The difference between the purchase price and the resale price is treated as interest and is accrued over the life of the agreement through the effective interest rate method.

## Financial liabilities

An instrument is classified as a financial liability where there is a contractual obligation for its settlement to be made by paying cash or another financial asset, regardless of its legal form. Non-derivative financial liabilities include borrowings, creditors for direct insurance and reinsurance operations and other liabilities.

These financial liabilities are recorded (i) initially at their fair value less transaction costs incurred and (ii) subsequently at amortised cost, on the basis of the effective-rate method, with the exception of investment contract liabilities in which the investment risk is borne by the policyholder, which are carried at fair value.

## Transactions in foreign currency

Transactions in foreign currency are translated at the exchange rate ruling on the transaction date. Monetary assets and liabilities expressed in foreign currency are translated into euros at the exchange rate ruling on the balance sheet date. The resultant currency translation differences are recognised in profit & loss except where classified as cash-flow hedges or net investment hedges, in which case the currency translation differences are recognised under reserves.

Non-monetary assets and liabilities carried at historical cost, expressed in foreign currency, are translated at the exchange rate ruling on transaction date. Non-monetary assets and liabilities expressed in foreign currency carried at fair value are translated at the exchange rate ruling on the date the fair value was determined.

## Intangible assets

The value in force (ViF) of acquired business is recognised as an intangible asset and is written down over the period of recognition of the income associated with the acquired policies. The ViF is the estimated present value of the future cash flows of contracts in force on the acquisition date.

Costs incurred with the acquisition of software are capitalised, as are the additional expenses borne by the Company required to implement it. These costs are written down using the straight-line method over the expected useful lives of these assets, usually 3 years.

Costs directly related with the development of software by the Company, which is expected to generate future economic benefits over a period of more than one year are recognised and recorded as intangible assets. These costs are written down on a straight-line basis over the expected useful lives of these assets, which do not, in the main, exceed 5 years.

All other charges related with IT services are recognised as costs as and when incurred.

Where there is an indication that an asset might be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss recognised in the event that the net value of an asset exceeds its recoverable value.

Impairment losses are recognised in the statement of income.

## Leasing

The Company classifies existing lease transactions as operating leases, meeting the criteria established in IAS 17 – Leases in that the risks and benefits inherent in ownership of the assets are not transferred to the lessee.

In operating leases, payments made by the Company in the light of operating lease contracts are recorded as costs during the periods to which they refer.

## Cash & cash equivalents

Cash & cash equivalents includes amounts recorded in the balance sheet maturing at less than three months of the balance sheet date, and includes cash and balances at credit institutions.

## Reinsurance

Reinsurance contracts are reviewed to determine whether the respective contractual provisions involve the transfer of a significant insurance risk. Reinsurance contracts that do not involve transfer of significant insurance risk are recorded using the deposit accounting method and are carried under loans as financial assets or liabilities related with reinsurance business. Amounts received or paid under these contracts are recorded as deposits using the effective interest-rate method.

In the course of its business T-Vida cedes business. Receivables or payables related with reinsurance business include balances receivable from or payable to insurance and reinsurance companies in keeping with the provisions defined in advance in the respective ceded-reinsurance treaties.

The accounting principles applicable to liabilities related with reinsurance accepted within the scope of insurance contracts that involve significant insurance risks are treated in a manner identical to that of direct insurance contracts.

## Employee benefits

### Pensions - Defined-benefit plan

The Company assumes liability for the payment of old-age and disability pensions to its employees under the terms established in the Insurance Employees Collective Bargaining Agreement (CBA).

The benefits provided for in the pension plans are those covered by the CBA Plan under the Insurance Business Collective Bargaining Agreement).

The Company's retirement-pension liabilities (defined-benefit plan) are calculated annually, on the accounts-closing date for each plan individually.

On December 23, 2011, a new Insurance Collective Bargaining Agreement was approved, altering a previously-defined set of benefits.

Of the changes resulting from the new Collective Bargaining Agreement, the following are noteworthy: (i) with respect to post-employment benefits, workers in service taken on by June 22, 1995, are no longer covered by a defined-benefit plan and come to be covered by a defined-contribution plan, (ii) compensation of 55% of base monthly salary payable in 2012 and (iii) length-of-service bonus equal to 50% of the salary when the employee completes one or more multiples of 5 years with the Company.

With regard to the amendment of the plan and taking into account that the value of the fully-funded liabilities for past services in respect of old-age pensions payable to current employees will be converted into individual accounts of these employees, forming part of their individual retirement plan, according to IAS 19, the Company settled the liability.

The Company's net liability for the defined-benefit pension plan and other benefits is calculated separately for each plan, through an estimate of the value of future benefits that each employee is to receive in exchange for his service during the current and past periods. The benefit is discounted to determine its current value, and the discount rate corresponding to the rate of high-quality corporate bonds with a similar maturity as of date of expiry of the plan's obligations is applied. The net liability is determined after deducting the fair value of the Pension Fund's assets.

The interest income/ cost of the pension plan is calculated by the Company by multiplying the net asset/ liability involved in retirement pensions (liabilities less the fair value of the fund's assets) by the discount rate used in determining the retirement-pension liabilities as mentioned above. On this basis, the net income/ cost of interest includes interest costs associated with the retirement-pension liabilities and the expected return on the fund's assets, both measured on the basis of discount rate used in the calculation of the liabilities.

The remeasurement gains and losses, namely (i) the actuarial gains and losses resulting from differences between actuarial assumptions used and the amounts actually incurred (gains and losses of experience) and from the changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected returns on the fund's assets and the amounts obtained are recognised in equity under other comprehensive income (Other reserves).

In its statement of income the Company recognises a total net value that includes (i) the cost of the current service, (ii) the net interest income/cost of the pension plan, (iii) the effect of early retirements, (iv) costs of past service and (v) the effects of any settlement or curtailment during the period. The net income/cost of the pension plan is recognised as interest & similar income or interest & similar costs depending on its nature. Costs of early retirements corresponds to the increase of liabilities due to retirement before the employee reaches retirement age.

The plan is financed each year through the Company's contributions to cover the projected pension liabilities, including complementary benefits as appropriate. The minimum financing of the liabilities is 100% for pensions under payment and 95% for the past services of personnel still in service.

On each reporting date the Company assesses for each individual plan the recoverability of any excess of the fund, based on the prospect of future contributions that may be required.

#### **Defined-contribution plan**

For defined contribution plans, the liabilities relating to the benefit attributable to the Company's employees are recognised as cost for the year when they fall due.

As at December 31, 2013, the Company has a defined-contribution plan for employees in service taken on by June 22, 1995, as well as for all employees who meet the conditions set out in the new Collective Bargaining Agreement, making annual contributions taking into account the individual remuneration of each employee.

#### **Length-of-service bonus**

The length-of-service bonus is 50% of the salary when the employee completes one or more multiples of 5 years with the Company. The length-of-service bonus is determined using the same methodology and assumptions as those of post-employment benefits.

Any actuarial deviations are recorded and taken to profit or loss when incurred.

#### **Bonuses**

Employees' variable remunerations are recorded as a cost for the period to which they refer.

#### **Liability for holiday pay and holiday bonus**

This provision is included under accruals and deferrals under liabilities. It corresponds to about 2 months of remuneration and respective charges, based on the figures for the year in question, and it is intended to recognise legal liabilities towards employees at the end of each year for services provided till then, to be settled at a later date.

## **Corporation tax**

Income taxes include current taxes and deferred taxes. Income taxes are recognised in profit or loss except where they are directly related with items recognised directly in equity, in which case they are also recorded with a contra-entry under equity.

Deferred taxes recognised under equity stemming from the revaluation of available-for-sale financial assets are subsequently recognised in profit & loss at the time the gains & losses that gave rise to them.

Current taxes are those that are expected to be paid on the basis of the taxable income determined in accordance with tax rules in force, using the tax rate approved or substantially approved in each jurisdiction.

Deferred taxes are calculated, in accordance with the liabilities method based on the balance sheet, on the temporary differences between the book values of the assets and liabilities and their tax basis, using the tax rates approved or substantially approved on the balance sheet date in each jurisdiction that are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised only to the extent that it can be expected that there will be taxable profits in the future able to absorb these deductible temporary differences (including tax losses brought forward).

## **Provisions**

Provisions are recognised where (i) the Company has a present, legal or constructive obligation, (ii) it is probable that its payment will come to be enforced, and (iii) where a reliable estimate can be made of the value of such an obligation.

## **Recognition of interest**

Results in respect of interest on available-for-sale financial assets and financial assets at fair value though profit or loss are recorded under specific headings of gains & losses.

Calculation of the amortised cost is performed using the effective-rate method, its impact recorded under returns on investments.

The effective interest rate is the rate that discounts future payments or receipts estimated over the expected life of the financial instrument.

In calculating the effective interest rate future cash flows are estimated considering all the contract terms of the financial instrument (e.g., put options), though possible future credit losses are not considered. The calculation includes commissions constituting an integral part of the effective interest rate, transaction costs and all premiums and discounts related with the transaction.

## **Dividends received**

Returns on capital instruments (dividends) are recognised as and when received.

## Earnings per share

Basic earnings per share are calculated dividing the Company's net profit/(loss) by the weighted average number of ordinary shares issued.

## Offsetting financial instruments

Financial assets and liabilities are carried in the balance sheet at net value where there is a legal possibility of offsetting the amounts already recognised and there is the intention of settling them at their net value or of realising the asset and settling the liability simultaneously.

## Adjustments of receipts pending collection and of doubtful debt

The amounts of these adjustments are calculated on the basis of the value of premiums pending collection and of doubtful debt, in keeping with the criteria established by the ISP.

## Report by operating segments

The Company determines and presents operating segments based on the management information produced in-house.

A business operating segment is an identifiable component of the Company that is intended to provide an individual product or service or a group of related products or services, within a specific economic environment, and is subject to risks and benefits that can be differentiated from others operating in different economic environments.

The Company controls its business through the major operating segments referred to in Note 2.

## Main Estimates and Judgements Used in the Preparation of the Financial Statements

The IFRS establish a series of accounting procedures and require the Board of Directors to make the necessary judgements and estimates to decide the most appropriate accounting procedures.

The main accounting estimates and judgements used by the Company in the application of the accounting principles are detailed as follows, with a view to improving the understanding of how their application affects the Company's reported results and their disclosure.

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Company could be different had a different treatment been chosen.

The Board of Directors considers that the choices made are appropriate and that the financial statements adequately present the Company's financial situation and the results of its operations in all materially relevant aspects.

The alternatives analysed hereunder are presented only to help readers to understand the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

## Impairment of available-for-sale financial assets

The Company determines that there is impairment of its available-for-sale assets where there is an ongoing or significant devaluation of their fair value. Determination of an ongoing or significant devaluation requires judgement.

In accordance with the Company's policy, a devaluation of the fair value of a capital instrument of 30% is considered a significant devaluation and the period of 1 year is presumed an ongoing devaluation of the fair value below the acquisition cost, for capital instruments and events that alter the estimated future cash flows of debt securities.

Additionally, valuations are based on market prices or measurement models that always require the use of certain assumptions or judgements in order to establish the fair-value estimates.

The use of alternative methodologies and of different assumptions and estimates could lead to a different level of impairment losses recognised, with a consequent impact on the Company's results.

## Fair value of derivative financial instruments

Fair value is based on market quotations, where available, or, in the absence of quotations, it is determined on the basis of prices of recent similar transactions realised under market conditions, or on the basis of valuation methodologies based on discounted future cash flows taking into account market conditions, the time effect, the yield curve and volatility factors. These methods may require the use of assumptions or judgements in estimating the fair value.

Consequently, the use of other methods or different assumptions or judgements in applying a given model could give rise to financial results different from those reported.

## Corporation tax

Determination of corporation tax requires certain interpretations and estimates. Other interpretations and estimates could result in a different amount of corporation tax, current and deferred, recognised during the period.

In keeping with current tax legislation the Tax Authorities are entitled to review the calculation of the taxable income made by the Company during a period of four years.

There may therefore be corrections to the taxable income as a result of differences in the interpretation of tax legislation. Nevertheless, the Company's Board of Directors is convinced that there will be no significant corrections to the corporation tax recorded in the financial statements.

## Pensions & other employee benefits

Determination of pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investments and other factors that can impact on the costs and liabilities of the pension plan. Alterations to these assumptions could have a significant impact on the figures determined.

## Technical provisions and liabilities relating to investment contracts

Future liabilities stemming from with-profits insurance and investment contracts are recorded under the accounting heading of technical provisions.

Technical provisions in respect of traditional life products and annuities have been determined on the basis of various assumptions, namely, mortality, longevity and interest rate, applicable to each cover, including a risk and uncertainty margin.

The assumptions used were based on the past experience of the Company and of the market. These assumptions may be reviewed in the event that future experience confirms their inadequacy.

The technical provisions arising from discretionary with-profits insurance and investment contracts include (i) mathematical provision for life contracts; (ii) mathematical provision for profit-sharing attributed and to be attributed; (iii) provisions for reported and not-reported claims including the respective settlement expenses, (iv) portfolio stabilisation provision, and (v) provision for unearned premiums.

The mathematical provision includes the valuation resulting from the liabilities adequacy test. The provision for profit-sharing includes the liability determined through shadow accounting. The provision for claims includes the estimate of liabilities for claims occurred as of the balance-sheet date.

Where there are claims caused by or against policyholders, any sum paid or expected to be paid by the Company is recognised as a loss in profit or loss.

The Company sets aside provisions for the payment of claims arising from with-profits insurance and investment contracts. In their determination it periodically assesses its liabilities using actuarial methods and taking into account the respective reinsurance covers. The provisions are periodically reviewed by qualified actuaries.

The provisions for claims do not represent an exact calculation of the amount of the liabilities, rather an estimate resulting from application of actuarial valuation techniques.

These estimated provisions correspond to the Company's expectation of the ultimate cost of settling claims based on an evaluation of the facts and circumstances known at the time, on a review of the historic settlement patterns, on an estimate of trends in terms of claims frequency, on theories on liability and other factors.

Variables in the determination of the estimate of the provisions may be affected by internal and/or external events, especially alterations to claims management processes, inflation and legal alterations. Many of these events are not directly quantifiable, particularly on a prospective basis.

Additionally, there may be a significant time difference between the moment of occurrence of the insured event (claim) and the moment when this event is reported to the company. The provisions are regularly reviewed through an ongoing process as and when additional information is received and the liabilities come to be liquidated.

## Note 4 / Nature and Extent of the Headings and of The Risks Resulting from Insurance and Investment Contracts

### Provision of Information Allowing Identification and Explanation of The Amounts Indicated in the Financial Statements Resulting from Insurance and Investment Contracts

#### Accounting policies adopted in respect of insurance and investment contracts

The Company issues contracts that include insurance risk, financial risk or a combination of insurance and financial risks.

A contract in which the Company accepts a significant insurance risk from another party, agreeing to compensate the insured in the case of a specific uncertain future event adversely affecting the insured is classified as an insurance contract.

A contract issued by the Company where the transferred insurance risk is not significant, but in which there is a component of participation in the discretionary results, is considered an investment contract and is recognised and measured in accordance with the accounting policies applicable to insurance contracts.

A contract issued by the Company in which there is only a transfer of financial risk, with no participation in the discretionary results, is classified as a financial instrument.

Life contracts, in which the investment risk is borne by the policyholder (unit-linked) issued by the Company, which merely transfer the financial risk, without discretionary profit sharing, have been classified as investment contracts and accounted as financial instruments. Liabilities correspond to the value of the unit, less management commissions, redemption commissions and any penalties.

Unit-linked contracts held by the Company are classified as financial liabilities at fair value through profit or loss, which depends on the fair value of the financial assets, derivatives and/or investment property that form part of the collective unit-linked investment fund. Valuation techniques are used to determine the fair value of the issue date and on each balance sheet date.

The fair value of the financial liability is determined through the units, which reflect the fair value of the assets that make up the investment fund, multiplied by the number of units attributable to each policyholder on the balance sheet date.

Liabilities for unit-linked contracts represent the capitalised value of the premiums received as of the balance-sheet date, including the fair value of any guarantees or embedded derivatives.

With-profits insurance contracts and investment contracts are recognised and measured as follows:

## Recognition of costs & income

Costs and income are recorded during the period to which they refer, irrespective of the moment of their payment or receipt, in accordance with the accrual accounting principle.

### Premiums

Premiums of discretionary with-profits life insurance policies and investment contracts considered as long-duration contracts are recognised as income when owed by the policyholders.

The benefits and other costs are recognised simultaneously with recognition of the income over the life of the contracts. The accrual involves setting aside provisions/ liabilities for discretionary with-profits insurance contracts and investment contracts.

### Provisions for unearned premiums

The provision for Unearned Premiums is based on the determination of premiums written before the end of the year but are in force after that date. In accordance with ISP Standards 19/94-R and 3/96-R, the Company has calculated this provision contract by contract, receipt by receipt, though application of the pro-rata temporis method based on gross premiums written less the respective acquisition costs, in respect of contracts in force.

### Acquisition costs

Acquisition costs directly or indirectly related with the sale of contracts are capitalised and deferred over the life of the contracts. Deferred acquisition costs are subject to recoverability tests at the time of issue of the contracts and are subject to impairment tests on the balance-sheet date. Deferred acquisition costs are written down over the period during which the premiums associated with these contracts are acquired.

### Mathematical provision

The purpose of mathematical provisions is to record the present value of the Company's future liabilities in respect of discretionary with-profits insurance and investment contracts issued. They are calculated using actuarial tables and formulae fully in keeping with the ISP rules and regulations, as follows:

(thousand euros)

2013	Mortality Table	Technical Rate
Retirement Savings Plans and Capitalisation Products <sup>(*)</sup>		
Up to December 1997	GKM 80	4%
January 1998 to June 1999	GKM 80	3.25%
After July 1, 1999	GKM 80	3% e 2.5%
After March 2003	GKM 80	2.75%
After January 1, 2004 <sup>(**)</sup>	GKM 80	2% e 2.75%
Insurance in case of life <sup>(*)</sup>		
Annuities - Up to June 2002	TV 73/77	4%
After July 1, 2002	TV 73/77	3%
After January 1, 2004	GKF 95	3%
After October 1, 2006	GKF 95 and GKF 80	3% e 2.25%
Other insurance in case of life	TV 73/77	4%
Insurance in case of death <sup>(*)</sup>		
Up to December 2004	GKM 80	4%
After January 1, 2005	GKM 80	4%
After January 1, 2008	GKM80 and GKM95	4%
After October 1, 2013 <sup>(**)</sup>	PASEM 2010 (55%H + 45%M)	0%
Universal life <sup>(*)</sup>		
Up to September 1998	GKM 80	4%
After October 1, 2008	GKM 80	3.25%

(\*) Technical bases of the products in accordance with the year they were marketed

(\*\*) Rates defined annually The figures refer to the definition in respect of 2013.

Mathematical provisions are zillmerised and the respective effect is deducted from them.

As of the balance-sheet date, the Company performs an assessment of the adequacy of the liabilities stemming from the discretionary with-profits insurance contracts and investment contracts Assessment of the adequacy of the liabilities is performed on the basis of the projection of the future cash flows associated with each contract, after deduction of the risk-free market interest rate.

This assessment is performed product by product or aggregated where the product risks are similar or a managed jointly. Any shortfall is recorded in the Company's profit or loss when determined.

### Provisions for claims

The provision for claims corresponds to the cost of claims incurred pending settlement, the estimated liability for claims incurred but not yet reported (IBNR) and the direct and indirect costs associated with their settlement, at the year-end. The provision for reported and unreported claims is estimated by the Company on the basis of past experience, available information and application of statistical methods. The provision for claims is not discounted.

### Provision for profit-sharing attributed

The provision for profit-sharing corresponds to the amounts attributed to the insured or beneficiaries of the insurance and investment contracts, in the form of profit-sharing, that have not yet been distributed or incorporated into the mathematical provision of the Life business line.

### Provision for profit-sharing to be attributed (Shadow accounting)

As established in the New Plan Of Accounts for Insurance Companies ("PCES 07"), unrealised gains and losses on financial assets allocated to the liabilities of insurance contracts and with-profits investment contracts are attributed to the policyholders on the basis of the expectation that they will share these unrealised gains and losses when they come to be realised in accordance with the contract and regulatory conditions applicable, through recognition of a liability.

### Provisions for reinsurance ceded

Provisions for reinsurance ceded are determined by applying the foregoing criteria for direct insurance in accordance with the rules and regulations in force.

The methods underlying the calculation of the provisions have not changed with regard to the previous year's methods and assumptions.

### Changes in direct insurance and reinsurance technical provisions

The breakdown of the direct insurance unearned premiums reserve (UPR) reflected under liabilities and the respective annual change in the profit & loss account is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2013	2012	2013	2012
Traditional	1,509	1,511	2	-44
With-profits capitalisation	-	-	-	-
<b>Total</b>	<b>1,509</b>	<b>1,511</b>	<b>2</b>	<b>-44</b>

The breakdown of provisions for direct insurance claims reflected under liabilities and the respective annual change in the profit & loss account is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2013	2012	2013	2012
Traditional	4,151	3,445	706	783
With-profits capitalisation	6,474	4,333	2,055	843
<b>Total</b>	<b>10,625</b>	<b>7,778</b>	<b>2,761</b>	<b>1,626</b>

The provision for claims includes an estimated provision in the amount of €342k (2012: €139k) relating to claims incurred prior to December 31, 2013 and not yet reported (IBNR).

The breakdown of the provision for claims incurred in previous years and their readjustments, solely for risk products, is as follows:

(thousand euros)

Businesses/ Groups of Businesses	Provision for Claims as at 31/12/2012 (1)	Claims* Paid in 2013 (2)	Provision for Claims* as at 31/12/2013 (3)	Readjustments (3) + (2) - (1)
Life	3,445	2,220	2,146	921

\* Claims incurred in 2012 and earlier

The readjustments are mainly due to a process of revaluation of the provisions for claims, to ensure their adequacy in the light of the Company's actual liabilities.

The breakdown of the provision for reinsurance ceded claims reflected under assets and the respective annual change in the profit & loss account is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2013	2012	2013	2012
Traditional	222	252	30	-97
With-profits capitalisation	-	-	-	-
<b>Total</b>	<b>222</b>	<b>252</b>	<b>30</b>	<b>-97</b>

The evolution of the provision for profit-sharing carried under liabilities was as follows in 2013 & 2012:

(thousand euros)

	2013	2012
<b>Balance as at January 1</b>	<b>2,442</b>	<b>2,236</b>
Change of profit-sharing attributed	2,182	2,135
Payments	-1,451	-1,397
Incorporation into mathematical provision	-507	-532
<b>Balance as at December 31</b>	<b>2,666</b>	<b>2,442</b>

Calculation of the provision for profit-sharing is undertaken policy by policy.

With regard to financial products, its value is checked in the light of the technical interest of each product. In the case of the risk products of group policies, their value was verified in the light of the technical interest for each policy.

The evolution of the provision for profit-sharing on reinsurance ceded carried under assets was as follows in 2013 & 2012:

(thousand euros)		
	2013	2012
<b>Balance as at January 1</b>	<b>742</b>	<b>678</b>
Change of profit-sharing attributed	1,047	833
Receipts	-877	-769
<b>Balance as at December 31</b>	<b>912</b>	<b>742</b>

The breakdown of the mathematical provision and the respective annual change in the profit & loss account in 2013 & 2012 is as follows:

(thousand euros)		
	2013	2012
<b>Balance as at January 1</b>	<b>285,039</b>	<b>313,242</b>
Change for the year	-7,973	-28,735
Incorporation of profit-sharing in results	507	532
Other movements	13,105	-
<b>Balance as at December 31</b>	<b>290,678</b>	<b>285,039</b>

The amount of Other movements in 2013 refers to reclassifications of products for which a discretionary provision was set up in the results.

The breakdown of the mathematical provision for reinsurance ceded reflected under assets and the annual change in the profit & loss account is as follows:

Products	Balance Sheet Balance		Change in Gains & Losses	
	2013	2012	2013	2012
Traditional	506	505	-1	81
With-profits capitalisation	-	-	-	-
<b>Total</b>	<b>506</b>	<b>505</b>	<b>-1</b>	<b>81</b>

## Nature and Extent of Specific Insurances Risks

The specific insurance risk is the risk inherent in marketing insurance contracts, in product design and respective pricing, in the subscription process, in the provisions set aside for liabilities and in the management of claims and reinsurance.

In Life insurance the risk can be sub-divided into:

- **Mortality Risk:** risk of losses caused by an increase of the real mortality compared with the expected mortality;
- **Longevity Risk:** risk of losses caused by a reduction of the real mortality compared with the expected mortality;
- **Discontinuity Risk:** risk of losses caused by the more onerous of an increase or a reduction of surrenders compared to the expected level;

- **Expense Risk:** risk of losses through an increase of costs compared to the expected level;
- **Disability Risk:** risk of losses through an increase of the disability rate compared to the expected level;
- **Catastrophic Risk:** risk of losses through occurrence of a catastrophic event affecting Life insurance contracts.

For the purpose, it should be pointed out that the subscription, setting aside provisions and reinsurance processes are duly documented with regard to the main activities, risks and controls in the risk-policy report.

Succinctly, the more relevant control mechanisms are:

- Delegation of competences formally defined for the various processes;
- Segregation of functions between the areas that undertake risk analysis, that draw up price lists and issue technical opinions, and that issue the policies;
- Limited access to the various applications in keeping with the user's profile;
- Document scanning in the issue processes and in claims management;
- Procedures involving case-by-case checks, exceptions reports and audits;
- Recruiting and training policy suited to the responsibilities and technical complexity of the various functions.

T-Vida implements a reinsurance-ceded policy based on proportional and non-proportional treaties.

The reinsurance program for 2013 consists of proportional and non-proportional treaties, as per the following table:

Business Line	Type of Reinsurance
Life Mortgage Loan	Excess
Life Group	Excess
Life Individual Credit	Excess
Life VTCC2.0	Excess
Life Catastrophe	Excess Losses (XL)
Life Cumulus Protect	Excess Losses (XL)
Assistance	Share
Health	Share
Life (premium protection)	Share

The sensitivity analysis of the insurance risk, taking into account its main conditioning factors, was performed for the Mortality and Expenses risks, with expected losses through the application of shock scenarios as follows:

		(thousand euros)	
Area of Analysis	Scenarios	Impact on Pre-Tax Income	
		2013	2012
Expenses	10% increase of operating costs, net of reinsurance	-615	-938
Mortality	10% decrease of the mortality of the insured	-3,096	-2,711

## Nature and Extent of the Market Risk, Credit Risk, Liquidity Risk and Operating Risk

### Market risk

Market risk is normally associated with the risk of loss or occurrence of adverse alterations to the Company's financial situation. It is the result of the level or volatility of the market prices of financial instruments, and is also closely related with the mismatching-risk between assets and liabilities.

It also includes the risks associated with the use of derivative financial instruments, as well as the exchange-rate risk, the equities risk, the real-estate risk, the interest-rate risk, with spread risk and the concentration risk.

Market-risk management lies within the scope of the Financial Policy, under the rules of allocation of assets by class and type of issue, and is undertaken through the Financial Committee structure. The investment policies adopted by T-Vida, duly formalised in a special document, are governed by prudent risk-acceptance levels and portfolio diversification, taking the evolution of the financial markets into account.

The introduction of the Overall Risk Management Committee led to the creation of economic and financial risk work groups, the main duties of which are:

- To orient the introduction of integrated risk-management models, as well as economic capital models, approved by the Board of Directors;
- To validate, from a technical standpoint, the modelling of the technical and financial risks to be drawn up by the Overall Risk and Internal Control Division and approved by the Board of Directors;
- To draw up tolerance indicators based on the models and to monitor variations of the indicators;
- To draw up risk-control mechanisms considering the appetite for risk and the respective tolerances defined by the Board of Directors;
- To define integrated risk-mitigation strategies, from a standpoint of adequacy of assets and liabilities for analysis by the Overall Risk Management Committee.

The main responsibilities of the Overall Risk Management Committee are to analyse and check the conformity of the decisions taken by the Company with the strategy and policy established for risk management, internal control and compliance. In this connection the management of the sundry risks to which the Company is subject is also monitored, and plans of action are proposed to the Board of Directors as and where warranted.

For this purpose, it should also be pointed out that Investment Policy in force at the Company is defined by the Finance Committee, in conjunction with the limits set by the Overall Risk Management Committee, and there is therefore effective segregation of competence in this matter.

### Exchange-rate risk

The exchange-rate risk stems from the volatility of exchange rates against the euro. In 2013 there are no assets/ liabilities subject to this risk.

### Equities risk

The equity risk stems from the volatility of the market prices of equities, and only the systematic risk is measured, in that the non-systematic is taken into account in the concentration risk.

The sensitivity analysis is as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Reserves at Fair Value before Tax	
		2013	2012
Equities	10% decrease of stock-market values	-1,069	-1,759

### Real-estate risk

The real-estate risk is caused by the volatility of real-estate market prices. The exposure to this risk stems solely from real-estate investment funds.

The sensitivity analysis is as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Reserves at Fair Value before Tax	
		2013	2012
Real Estate (Invest. Funds)	10% decrease in the value of real estate and real estate funds	-4,870	-

### Interest-rate risk

Interest-rate risk is inherent in all assets and liabilities whose value is sensitive to alterations of the time frame or to interest-rate volatility.

The figures for the sensitivity analyses performed on this this risk are as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Reserves at Fair Value before Tax	
		2013	2012
Interest-rate	100 b.p.decrease of the interest-rate curve - Effect on Assets	6,655	7,535
	100 b.p.increase of the interest-rate curve - Effect on Assets	-6,082	-6,996

(thousand euros)

Area of Analysis	Scenarios	Impact on Pre-Tax Income	
		2013	2012
Interest-rate	100 b.p. decrease of the interest-rate curve - Effect on Liabilities	-	-999
	100 b.p. increase of the interest-rate curve - Effect on Liabilities	-	928

### Spread risk

The spread risk reflects the volatility of credit spreads across the risk-free interest-rate curve. Securities exposed to this risk are mainly corporate bonds, though structured loans are also affected. Exposure to credit derivatives is immaterial.

(thousand euros)

Rating	2013		2012	
	%	Value	%	Value
AAA	7%	16,142	10%	29,623
AA	4%	10,204	4%	12,384
A	5%	11,385	13%	40,026
BBB	18%	43,359	11%	31,914
BB	61%	150,544	56%	168,460
B	2%	4,155	5%	14,642
CCC	0%	-	0%	1,112
Unrated	3%	9,302	0%	-
<b>Total</b>	<b>100%</b>	<b>245,091</b>	<b>100%</b>	<b>298,161</b>

These figures do not include deposits, repos and reverse repos because they are understood to lie outside the scope of analysis for the risk involved.

### Concentration risk

Concentration risk refers to the additional volatility inherent in highly concentrated portfolios and to partial or permanent losses through issuer default. The breakdown of their distribution by sectors of activity is as follows:

(thousand euros)

Sector of Activity	2013			2012		
	%	Gross Amount	Impairment	%	Gross Amount	Impairment
Basic resources	1%	2,137	-	2%	6,082	-
Communications	12%	29,833	-	5%	15,687	-
Consumables (cyclic)	2%	5,068	-	2%	5,303	-
Consumables (non-cyclic)	1%	2,010	-	1%	3,551	-
Energy	3%	8,153	-	0%	999	-
Financial	21%	54,086	-	42%	134,793	-
Funds	4%	11,174	-482	6%	19,630	-
Public debt	37%	93,967	-331	34%	109,669	-
Industrial	4%	10,291	-	2%	6,703	-
Technology	0%	-	-	1%	3,192	-
Public/ collective services	12%	30,968	-	2%	7,777	-
Other	3%	8,909	-	2%	5,404	-
<b>Total</b>	<b>100%</b>	<b>256,596</b>	<b>-813</b>	<b>100%</b>	<b>318,790</b>	<b>-</b>

The figures include Financial assets classified in the initial recognition at fair value through profit or loss, Assets held for sale and Investments held-to-maturity. The Available-for-sale assets heading does not include real-estate investment funds for reasons of consistency with the non-inclusion in this breakdown of investments in Land & buildings.

These figures do not include deposits, repos and reverse repos because they are understood to lie outside the scope of analysis for the risk involved.

### Liquidity risk

The liquidity risk stems from the possibility that the Company may not hold assets of sufficient liquidity to meet cash-flow requirements to fulfil its obligations to policyholders and other creditors as they fall due.

In order to assess and mitigate this risk and as stipulated in the Market and Liquidity Risk Management Policy, the Company draws up quarterly, for the next twelve months, a monthly cash plan, which is adjusted in line with any existing capital needs or surpluses.

The breakdown of the maturities of financial and non-financial assets as at December 31, 2013 & 2012, is as follows:

(thousand euros)

2013	< 1 Month	1-3 Months	3-12 Months	1-5 Years	> 5 Years	Without Maturity	Total
Financial assets	45,661	35,305	53,374	109,541	86,751	342,315	672,947
Financial liabilities	1,043	2,905	91	-	-	471,789	475,828
<b>Net</b>	<b>44,618</b>	<b>32,400</b>	<b>53,283</b>	<b>109,541</b>	<b>86,751</b>	<b>-129,474</b>	<b>197,119</b>

(thousand euros)

2012	< 1 Month	1-3 Months	3-12 Months	1-5 Years	> 5 Years	Without Maturity	Total
Financial assets	26,455	55,904	87,768	188,014	70,536	302,093	730,770
Financial liabilities	557	1,800	55,675	-	-	439,748	497,780
<b>Net</b>	<b>25,898</b>	<b>54,104</b>	<b>32,093</b>	<b>188,014</b>	<b>70,536</b>	<b>-137,655</b>	<b>232,990</b>

### Credit risk

The credit risk corresponds to the possible losses through default or through deterioration of the counterparties' credit levels that mitigate the existing risk, such as reinsurance contracts or derivatives, amounts receivable from brokers and other exposures to credit not considered in the spread risk.

One of the control procedures involves systematic monitoring of the amounts and age of overdue premiums.

In the selection of reinsurers and securities issuers their ratings are taken into account and their evolution is periodically monitored throughout the year.

## Operational risk and reputational risk

Operational risk is the risk of major losses stemming from inadequacy or failures in processes, people or systems, or external events, within the scope of the Company's day-to-day business, and it can be subdivided into the following categories:

- Intentional professional malpractice (internal fraud);
- Illicit activities carried on by third parties (external fraud);
- Practices related with human resources and safety at work;
- Customers, products and commercial practices;
- External events causing damage to physical assets;
- Interruption of the business and systems failures;
- Risks related with business processes.

Of the main mitigation measures already in existence or to be developed at T-Vida in the light of the risks identified above, we highlight the following:

- Existence of a Code of Conduct;
- Existence of Internal Rules and Procedure Manuals;
- Implementation of internal and external fraud prevention policies and procedures;
- Implementation of measures related with security in access to the owner-occupied properties;
- Implementation of measures related with security in accessing databases and information systems;
- Definition and implementation of the human resources management policy;
- Existence of training programmes covering knowledge recycling;
- Training of employees who interact directly with customers.

Additionally, the legal risk also forms part of the operational risk. The legal-risk concept includes, among others, exposure to fines or other penalties resulting from supervisory activities, as well as other types of compensation.

As the main measures implemented at T-Vida to mitigate the legal risk, besides those already mentioned, we would underscore the following:

- Existence/ formalisation of several policies transverse to the entire Company in the matters of fraud prevention, human resources, outsourcing, subscription or claims management, in which the legal risk is specifically addressed;
- Existence of formal procedures to monitor compliance with the various legal deadlines to which T-Vida is subject;
- Existence of formal procedures in the field of money laundering and financing of terrorism.

The reputational risk is defined as the risk that the insurance company may incur losses as a result of deterioration of its reputation or position in the marketplace owing to a negative perception of its image among its customers, counterparts, equityholders or supervisory authorities, as well as among the general public.

As a rule, the reputational risk can arise from situations such as:

- Possible failures by service-provider entities;
- Failures or difficulties occurring during the claims-management process, giving rise to deterioration of the relations between the insurance company and the policyholders, beneficiaries or injured third parties;
- Failures associated with the subscription process, impacting on relations with the customers throughout the entire existing business cycle.

In this connection, of T-Vida's main measures in dealing with the reputational risk the following are underscored:

- Existence of a code of conduct that has been implemented and disclosed;
- Existence of formal procedures in the field of claims management;
- Existence of a database of contracts of greater value closed with external entities.

### Internal control system

The Internal Control System can be defined as a set of control activities directed at compliance with the policies and procedures defined for the Company. As such, Internal Control consists of implementation of control activities for the risks of failure to comply with established policies and procedures, particularly with regard to operations and compliance.

In this connection, the risks presented in the Internal Control System fall within the operational risks presented under the Risk Management System, though the granularity is greater.

The approach to the Internal Control System adopted involves the following stages:

- Identification of the relevant business units and processes, considering the associated risk;
- Documentation of significant processes, including objectives, main activities, risks and associated controls;
- Appraisal of the design of the controls and determination of the associated opportunities for improvement. These improvements may involve a strengthening of existing controls or implementation of new controls;
- Performance of effectiveness tests on the controls that are identified, confirmation of existing deficiencies and preparation of a correction plan;
- Preparation of the Risk Policy Plan.

The organisational structure, or governance model, underpinning the development of the Company's risk-management and internal-control system is based on model of three lines of defence:

- A first level represented by the various T-Vida divisions (Operational Units), which are areas responsible for risk-management operationalisation and for the respective controls;
- A second level, consisting of the Overall Risk and Internal Control Division, plays a supervisory role, its main responsibilities being systematisation of the rules, policies and monitoring of the risk-management, internal-control and compliance system;
- A third level, consisting of the Internal Audit Division and the External Audit, is charged with independent auditing in the field of risk management, its main goal being to ensure that the controls are effective.

Within the context of the Internal Control System process managers were appointed. Their main duties are to ensure that the system is sufficiently robust to minimise the occurrence of direct or indirect financial losses.

The Internal Control System at T-Vida is duly formalised in the Risk Policy Report defined within the scope of ISP Standard 14/2005-R of November 29, which has, among others, the following headings:

- Processes;
- Process managers and interlocutors;
- Main activities;
- Risks: probability of occurrence, estimated impact and risk-exposure level;
- Controls;
- Control assessment;
- Recommendations.

Additionally, T-Vida keeps a record of operating losses, centred on the Overall Risk & Internal Control Division, in which records are kept of the more relevant losses detected, providing yet another form of monitoring the operational risk and the possibility of taking corrective measures or defining new controls to prevent or reduce the likelihood of occurrence of similar new incidents in the future.

## Solvency

T-Vida monitors solvency in accordance with ISP Regulatory Standard 6/2007-R of April 27. Calculation of the respective margin involves the following components:

	(thousand euros)	
	2013	2012
<b>Elements Constituting the Guarantee Fund</b>	<b>29,532</b>	<b>24,888</b>
<b>Solvency Margin to be Set Aside</b>	<b>19,823</b>	<b>18,240</b>
Insurance not linked to investment funds (excluding complementary insurance)	18,864	17,283
Insurance & operations related to investment funds	470	504
Complementary insurance (including complementary insurance of insurance linked to investment funds)	489	453
Legal minimum guarantee funds	3,700	3,700
<b>Excess/ Insufficiency of the Solvency Margin</b>	<b>9,709</b>	<b>6,648</b>
<b>Solvency Margin Cover Rate</b>	<b>149.0%</b>	<b>136.4%</b>

## Business ratios

The main business ratios, gross of reinsurance, are as follows:

	(%)	
	2013	2012
Claims/ premiums (IFRS 4)	110.5%	180.3%
Benefits paid/ deposits received (IAS 39)	40.4%	42.8%
Acquisition costs/ (premiums + deposits received)	5.4%	7.1%
Administrative costs/ (premiums + deposits received)	3.0%	3.4%

## Adequacy of premiums and provisions

With regard to the adequacy of the premiums and provisions an annual analysis is performed of the technical bases and of the actuarial principles and rules used to construct the pricing of the insurance. To the extent reasonably predictable, a check is performed of the adequacy of the premiums charged, on a prudent actuarial basis, so as to cover the commitments assumed by the insurer stemming from claims associated

with the insurance in question. Analyses of future viability are performed for each new product.

In general terms, the Company's provisions policy is of a prudential nature, using actuarially-recognised methods and complying with legal rules and regulations.

## Note 5 / Liabilities for Investment Contracts and other Financial Liabilities

Movements under liabilities for investment contracts are as follows:

	(thousand euros)				
	Financial without Profit-Sharing	Unit Links	PPR Unit Links	OCA's Unit Link	Total
<b>Balances as at January 1, 2012</b>	<b>63,973</b>	<b>7,441</b>	<b>50,315</b>	<b>302,962</b>	<b>424,691</b>
Additional liabilities of the period, net of commissions	54,722	189	892	-	55,803
Amounts paid	-12,663	-1,190	-9,731	-	-23,584
Technical interest	2,712	859	3,677	-24,410	-17,162
<b>Balances as at December 31, 2012</b>	<b>108,744</b>	<b>7,299</b>	<b>45,153</b>	<b>278,552</b>	<b>439,748</b>
Additional liabilities of the period, net of commissions	60,415	171	520	-	61,106
Amounts paid	-16,578	-336	-6,920	-	-23,834
Technical interest	5,992	454	1,481	-53	7,874
Other movements	-13,105	-	-	-	13,105
<b>Balances as at December 31, 2012</b>	<b>145,468</b>	<b>7,588</b>	<b>40,234</b>	<b>278,499</b>	<b>471,789</b>

The amount of Other movements in 2013 refers to reclassifications of products for which a discretionary provision was set up in the results.

The breakdown of gains and losses on financial liabilities for investment contracts is as follows:

	2013			2012		
	Gain	Loss	Balance	Gain	Loss	Balance
<b>Carried at Fair Value Through Profit or Loss</b>	<b>6,215</b>	<b>-6,424</b>	<b>-209</b>	<b>29,869</b>	<b>-5,381</b>	<b>24,488</b>
Capitalisation	-	-	-	24,628	-300	24,328
PPR	6,215	-6,424	-209	5,241	-5,081	160
<b>Carried at Amortised Cost</b>	<b>4,033</b>	<b>-5,453</b>	<b>-1,420</b>	<b>-</b>	<b>-2,712</b>	<b>-2,712</b>
Capitalisation	-	-	-	-	-1,181	-1,181
PPR	4,033	-5,453	-1,420	-	-1,531	-1,531
<b>Total</b>	<b>10,248</b>	<b>-11,877</b>	<b>-1,629</b>	<b>29,869</b>	<b>-8,093</b>	<b>21,776</b>

The breakdown of Other financial liabilities is as follows:

	(%)	
	2013	2012
Other financial liabilities		
Repurchase agreements - amounts payable	-	55,546
Other	291	557
<b>Book Value</b>	<b>291</b>	<b>56,103</b>

As at December 31, 2012 & 2013, the figures for Others are in respect of financial transactions pending settlement, taking their value dates into account.

## Note 6 / Financial Instruments

The detailed inventory of holdings and financial assets is presented at the end of the notes to the financial statements in Appendix 1, and can be summarised as follows:

	(thousand euros)	
	2013	2012
Available-for-sale financial assets	231,638	228,468
Term deposits	81,723	112,631
Financial assets at fair value through profit or loss	277,687	281,305
Held-to-maturity financial assets	70,564	79,224
<b>Total Holdings and Financial Instruments</b>	<b>661,612</b>	<b>701,628</b>

### Financial Assets at Fair Value Through Profit or Loss

This heading includes securities that, as a result of the application of IAS 39 and in accordance with the option taken and the documented risk-management strategy, the Company considers that (i) these financial assets are managed and their performance measured on the basis of their fair value, and/or that (ii) these assets contain embedded derivative instruments.

The breakdown of the balance of this type of asset is as follows:

	(thousand euros)	
	2013	2012
Bonds & other fixed-income securities		
Public issuers'	777	865
Other issuers'	3,027	7,198
Equities	-	-
Other floating-rate securities	273,883	273,242
<b>Book Value</b>	<b>277,687</b>	<b>281,305</b>
Acquisition value	306,796	311,238

In 2013 and 2012, the Company held, of this type, compound financial instruments with embedded derivatives, in fixed-income securities, as follows:

	(thousand euros)	
Type of Risk	2013	2012
Structured credit	2,277	1,814
Credit derivative	-	3,560
<b>Total</b>	<b>2,277</b>	<b>5,374</b>

### Available-For-Sale Financial Assets

The breakdown of this type of asset is as follows:

	(thousand euros)	
	2013	2012
Bonds & other fixed-income securities		
Public issuers'	39,692	48,812
Other issuers'	132,558	162,062
Equities	-	999
Other floating-rate securities	59,388	16,595
<b>Book Value</b>	<b>231,638</b>	<b>228,468</b>

Included in 2012 were investments sold with repurchase agreements, revalued in accordance with the Available-for-sale assets accounting policy, in the sum of €21,188k.

The breakdown of the final balance sheet figures as at December 31, 2013 & 2012, is as follows:

	(thousand euros)			
	Amortised or Acquisition Cost	Fair-Value Reserve	Impairment	Book Value
Bonds & other fixed-income securities				
Public issuers'	48,419	393	-	48,812
Other issuers'	166,391	-4,329	-	162,062
Equities	994	5	-	999
Other floating-rate securities	16,776	-181	-	16,595
<b>Balance as at December 31, 2012</b>	<b>232,580</b>	<b>-4,112</b>	<b>-</b>	<b>228,468</b>
Bonds & other fixed-income securities				
Public issuers'	39,633	59	-	39,692
Other issuers'	135,586	-2,697	-331	132,558
Equities	-	-	-	-
Other floating-rate securities	59,630	240	-482	59,388
<b>Balance as at December 31, 2013</b>	<b>234,849</b>	<b>-2,398</b>	<b>-813</b>	<b>231,638</b>

Movements under impairment losses are as follows:

	(thousand euros)	
	2013	2012
<b>Balance as at January 1</b>	<b>-</b>	<b>2,638</b>
Allocations for the period	-	-
Cancellations for the period for sale of assets	813	-2,638
Written back during the period	-	-
<b>Balance as at December 31</b>	<b>813</b>	<b>-</b>

The impairments recorded in profit or loss through adjustment of fair value in investments, segregated by the respective categories, are as follows:

(thousand euros)		
	2013	2012
Bonds & other fixed-income securities	331	-
Equities & other floating-rate securities	482	-
<b>Total</b>	<b>813</b>	<b>-</b>

## Held-to-Maturity Investments

The breakdown of this type of asset is as follows:

(thousand euros)		
	2013	2012
Bonds & other fixed-income securities		
Public issuers'	53,943	59,992
Other issuers'	16,621	19,232
<b>Book Value</b>	<b>70,564</b>	<b>79,224</b>
Book value (without accrued interest)	69,347	77,792
Acquisition value	67,610	77,011
Market value	74,183	82,533

Included in 2012 were investments sold with repurchase agreements, revalued in accordance with the Held-to-maturity investments accounting policy, in the sum of €37,538k.

The breakdown of the final balance sheet figures as at December 31, 2013 & 2012, is as follows:

(thousand euros)			
	Amortised or Acquisition Cost	Impairment	Book Value
Bonds & other fixed-income securities			
Public issuers'	59,992	-	59,992
Other issuers'	19,232	-	19,232
<b>Balance as at December 31, 2012</b>	<b>79,224</b>	<b>-</b>	<b>79,224</b>
Bonds & other fixed-income securities			
Public issuers'	53,943	-	53,943
Other issuers'	16,621	-	16,621
<b>Balance as at December 31, 2013</b>	<b>70,564</b>	<b>-</b>	<b>70,564</b>

During 2011 the Company transferred securities in the sum of €93,400k to Held-to-maturity investments, as shown in the following table:

	(thousand euros)									
	On Transfer Date									
	Acquisition Value	Book Value	Fair-Value Reserve		Value of Future Cash Flows <sup>(a)</sup>	Effective Rate <sup>(b)</sup>	Market Value Including Accrued Interest (year-end)		Accumulated Amortised Fair Value Reserve (year-end)	
			Positive	Negative			2012	2013	2012	2013
Of Available-for-sale financial assets	98,387	93,400	-	-6,096	119,639	7.0%	72,801	67,803	-2,455	-3,643

(a) Total amounts of capital and interest, not discounted; future interest rates calculated on the basis of the forward rate stemming from the yield curve as of the transfer date.

(b) Total amounts of capital and interest, not discounted; future interest rates calculated on the basis of the forward rate stemming from the yield curve as of the transfer date.

Should the securities not have been reclassified, the impact on the Company's financial statements would have been as follows:

(thousand euros)		
	2013	2012
<b>Available-for-Sale Financial Assets</b>		
Impact on equity		
- For adjustments to the fair value of financial assets	3,321	2,773
- Reserve for deferred taxes	-963	-804
	<b>2,358</b>	<b>1,969</b>

## Hedge Derivatives

As at December 31, 2009, the Company held financial hedges designed to hedge cash flows. For the purpose it closed interest-rate swap contracts, i.e., contracts whereby a series of financial flows, in a given currency, determined by the interest rate, are swapped during a certain period.

In this specific case, the contracts closed were intended to swap floating interest rate for fixed interest rate to provide protection against alterations of the time structure or volatility of the interest rates used in the formation of the interest rate on floating-rate bonds held by the Company.

During 2010 the Company ended these hedge contracts, though maintaining in some cases the floating-rate assets in respect of which the cash-flow risks were hedged.

Amounts recognised in 2013 & 2012 under Equity originated directly by the hedge derivatives were as follows:

	(thousand euros)	
	2013	2012
Gains & losses	232	260
Revaluation reserve	-232	-260
<b>Total Recognised Under Equity</b>	<b>-</b>	<b>-</b>
Notional value	-	-

The amounts carried under Gains & Losses were recorded under Net gains on financial assets and liabilities not carried at fair value through profit or loss, - others.

The amounts carried under Revaluation reserve, recorded under "For adjustments of the fair value of cash-flow hedge instruments", totalled €36k as at December 31, 2013, and they are being prospectively derecognised in keeping with the requirements of IAS 39.

## Other Financial Assets

Besides the financial instruments described above, the Company also has other assets, as follows:

	(thousand euros)	
	2013	2012
Loans granted	-	34
Resale agreements - Receivables	-	19,759
<b>Total of Other Financial Assets</b>	<b>-</b>	<b>19,793</b>

In 2012, the amount of loans granted refers to loans against policies.

## Fair Value of Financial Assets and Liabilities Carried at Amortised Cost

The breakdown of the fair value of financial assets and liabilities carried at amortised cost is as follows:

	2013		2012	
	Fair Value	Book Value	Fair Value	Book Value
Cash & cash equivalents and sight deposits	7,529	7,529	5,856	5,856
Loans & receivables	81,723	81,723	132,424	132,424
Held-to-maturity investments	74,183	70,564	82,533	79,224
Other debtors for insurance & other operations	3,806	3,806	3,493	3,493
<b>Financial Assets at Amortised Cost</b>	<b>167,241</b>	<b>163,622</b>	<b>224,306</b>	<b>220,997</b>
Financial liabilities on investment contracts	132,464	145,468	96,973	108,744
Other financial liabilities	291	291	56,103	56,103
Other creditors for insurance & other operations	3,748	3,748	1,929	1,929
<b>Financial Liabilities at Amortised Cost</b>	<b>136,503</b>	<b>149,507</b>	<b>155,005</b>	<b>166,776</b>

The fair value of the financial liabilities of investment contracts is estimated contract by contract using the best estimate of the assumptions to project the expected future cash flows and the risk-free interest rate on the issue date. The minimum guaranteed rate was taken into account in estimating the fair value.

Given that all other assets and liabilities are short term, a reasonable estimate of their fair value is considered to be the balance as of the reporting date, except for Investments held-to-maturity for which the fair value was determined based on market prices.

## Valuation Methods

The breakdown of the value of the financial instruments stratified by the measurement method used, in accordance with the levels prescribed in IFRS 7, is as follows:

	2013			Total
	Level 1	Level 2	Level 3	
<b>Available-For-Sale Financial Assets</b>	<b>228,642</b>	<b>328</b>	<b>2,668</b>	<b>231,638</b>
Securities & equity paper	59,388	-	-	59,388
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	39,692	-	-	39,692
Other issuers'	129,562	328	2,668	132,558
Derivatives	-	-	-	-
<b>Financial Assets at Fair Value through Profit or Loss</b>	<b>277,687</b>	<b>-</b>	<b>-</b>	<b>277,687</b>
Securities & equity paper	273,883	-	-	273,883
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	777	-	-	777
Other issuers'	3,027	-	-	3,027
Derivatives	-	-	-	-
<b>Held-to-Maturity Investments (at Market Prices)</b>	<b>74,183</b>	<b>-</b>	<b>-</b>	<b>74,183</b>
Bonds & other fixed-income securities				
Public issuers'	56,404	-	-	56,404
Other issuers'	17,779	-	-	17,779
<b>Total Financial Assets</b>	<b>580,512</b>	<b>328</b>	<b>2,668</b>	<b>583,508</b>
Unit-Linked product liabilities	-	326,321	-	326,321
Derivatives	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>326,321</b>	<b>-</b>	<b>326,321</b>

(thousand euros)

	2012			Total
	Level 1	Level 2	Level 3	
<b>Available-For-Sale Financial Assets</b>	<b>209,583</b>	<b>18,885</b>	<b>-</b>	<b>228,468</b>
Securities & equity paper	16,595	-	-	16,595
Equities & other floating-rate securities	999	-	-	999
Bonds & other fixed-income securities				
Public issuers'	48,812	-	-	48,812
Other issuers'	143,177	18,885	-	162,062
Derivatives	-	-	-	-
<b>Financial Assets at Fair Value through Profit or Loss</b>	<b>277,745</b>	<b>3,560</b>	<b>-</b>	<b>281,305</b>
Securities & equity paper	273,242	-	-	273,242
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	865	-	-	865
Other issuers'	3,638	3,560	-	7,198
Derivatives	-	-	-	-
<b>Held-to-Maturity Investments (at Market Prices)</b>	<b>82,533</b>	<b>-</b>	<b>-</b>	<b>82,533</b>
Bonds & other fixed-income securities				
Public issuers'	62,006	-	-	62,006
Other issuers'	20,527	-	-	20,527
<b>Total Financial Assets</b>	<b>569,861</b>	<b>22,445</b>	<b>-</b>	<b>592,306</b>
Unit-Linked product liabilities	-	331,004	-	331,004
Derivatives	-	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>331,004</b>	<b>-</b>	<b>331,004</b>

The description of the levels is as follows:

- **Level 1** - Financial instruments measured according to (unadjusted) prices available on official markets having quotations disclosed by entities providing transaction prices in liquid markets.
- **Level 2** - Financial instruments measured using internal valuation methods that mainly consider parameters and variables observable in the market.
- **Level 3** - Financial instruments measured in accordance with internal valuation methodologies considering parameters or variables not observable in the market, having a significant impact on the valuation of the instrument and prices provided by third parties whose parameters are not observable in the market.

## Exposure to Sovereign Debt

As at December 31, 2013 & 2012, the Company's exposure to the sovereign debt of countries of the European Union subject to bail-out is as follows:

(thousand euros)

Issuer/ Portfolio	December 31, 2013					
	Book Value	Fair Value	Fair-Value Reserve	Average Interest Rate (%)	Average Maturity Years	Valuation Level
<b>Portugal</b>						
Available-for-sale financial assets	343	343	1	0.5%	1	1
Financial assets at fair value through profit or loss	777	777	-	3.3%	2	1
Held-to-maturity investments	46,898	48,910	-1,620	4.1%	3	1
<b>Total</b>	<b>48,018</b>	<b>50,030</b>	<b>-1,620</b>			

(thousand euros)

Issuer/ Portfolio	December 31, 2012					
	Book Value	Fair Value	Fair-Value Reserve	Average Interest Rate (%)	Average Maturity Years	Valuation Level
<b>Portugal</b>						
Available-for-sale financial assets	28,833	28,833	389	3.1%	2	1
Financial assets at fair value through profit or loss	865	865	-	1.9%	1	1
Held-to-maturity investments	52,962	54,382	-	4.2%	4	1
	<b>82,660</b>	<b>84,079</b>	<b>389</b>			
<b>Ireland</b>						
Available-for-sale financial assets		-	-	-	-	-
Held-to-maturity investments		1,083	-	4.6%	3	1
	<b>936</b>	<b>1,083</b>	<b>-</b>			
<b>Total</b>	<b>83,596</b>	<b>83,596</b>	<b>389</b>			

## Nota 8 / Cash, Cash Equivalents and Sight Deposits

The balance of this heading is as follows:

(thousand euros)

	2013	2012
Cash in hand	1	1
Deposits at credit institutions	7,528	5,855
<b>Total</b>	<b>7,529</b>	<b>5,856</b>

## Nota 11 / Allocation of Investments and Other Assets

In accordance with current legal provisions, the Company is obliged to allocate investments and other assets for the total of the technical provisions, in keeping with the limits established by the ISP.

The indication of which assets are and are not allocated to the insurance portfolios managed by the Company as at December 31, 2013 & 2012, is as follows:

(thousand euros)

	2013				
	With-Profits Life Insurance	Without-Profits Life Insurance	Life Insurance and Transactions Classified as Investment Contracts	Not Allocated	Total
Cash & cash equivalents	4,301	11	274	2,943	7,529
Land & buildings	-	-	-	-	-
Investments in affiliates, associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets classified in the initial recognition at fair value through profit & loss	2,278	-	275,409	-	277,687
Hedge derivatives	203,831	6,992	1,879	18,936	231,638
Available-for-sale financial assets	66,842	3,750	8,439	2,692	81,723
Loans and receivables	68,829	-	507	1,228	70,564
Held-to-maturity investments	-	-	-	-	-
Other tangible assets	-	-	140,128	43,304	183,432
<b>Other Assets</b>	<b>346,081</b>	<b>10,753</b>	<b>426,636</b>	<b>69,103</b>	<b>852,573</b>

(thousand euros)

	2012				
	With-Profits Life Insurance	Without-Profits Life Insurance	Life Insurance and Transactions Classified as Investment Contracts	Not Allocated	Total
Cash & cash equivalents	634	5	332	4,885	5,856
Land & buildings	-	-	-	-	-
Investments in affiliates, associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets classified in the initial recognition at fair value through profit & loss	3,550	-	277,755	-	281,305
Hedge derivatives	-	-	-	-	-
Available-for-sale financial assets	221,561	45	3,519	3,343	228,468
Loans and receivables	116,866	-	8,943	6,615	132,424
Held-to-maturity investments	76,469	-	1,542	1,213	79,224
Other tangible assets	-	-	-	-	-
Other assets	-	-	-	138,636	138,636
<b>Total</b>	<b>419,080</b>	<b>50</b>	<b>292,091</b>	<b>154,692</b>	<b>865,913</b>

## Note 12 / Intangible Assets

All intangible assets are measured using the cost method, and there are no cases of assets generated internally. The useful lives are finite, 3 years for software and other intangible assets, amortisation being calculated using the straight-line method.

Value in Force corresponds to the acquisition cost of the contractual positions resulting from acquired contracts, including all rights, obligations and guarantees emerging therefrom. This asset is written down over the period of recognition of the income associated with the acquired contracts.

The breakdown of the balance of Other intangibles is as follows:

(thousand euros)		
	2013	2012
<b>Other Intangibles</b>	<b>51,594</b>	<b>50,979</b>
Value in force	50,000	50,000
Software	817	542
Other	777	437
<b>Accumulated Depreciation</b>	<b>-17,345</b>	<b>-14,743</b>
<b>Impairments</b>	<b>-</b>	<b>-</b>
	<b>34,249</b>	<b>36,236</b>

Movements in both years is as follows:

(thousand euros)				
	Value in force	Software	Other	Total
<b>Balance as at January 1, 2012</b>	<b>37,444</b>	<b>-</b>	<b>459</b>	<b>37,903</b>
Additions	-	232	289	521
Depreciation for the year	-2,078	-110	-	-2,188
Impairments	-	-	-	-
Transfers	-	308	-308	-
<b>Balance as at December 31, 2012</b>	<b>35,366</b>	<b>430</b>	<b>440</b>	<b>36,236</b>
Additions	-	33	582	615
Depreciation for the year	-2,427	-175	-	-2,602
Impairments	-	-	-	-
Transfers	-	242	-242	-
<b>Balance as at December 31, 2013</b>	<b>32,939</b>	<b>530</b>	<b>780</b>	<b>34,249</b>

Amortisation of intangible assets is allocated to items of the profit & loss account as follows:

(thousand euros)		
	2013	2012
<b>Total Amortisation for the Year</b>	<b>2,602</b>	<b>2,188</b>
<b>Costs of Claims, Net of Reinsurance</b>		
Amounts paid - Gross amounts	130	110
<b>Net Operating Costs &amp; Expenses</b>		
Acquisition costs	390	328
Administrative costs	2,082	1,750
<b>Financial Costs</b>		
Other	-	-

## Nota 13 / Other Assets, Liabilities, Adjustments and Provisions

### Assets and adjustments

The breakdown of the balance of Receivables for direct insurance operations is as follows:

(thousand euros)		
	2013	2012
<b>Gross Assets</b>	<b>1,478</b>	<b>1,880</b>
Policyholders (receipts pending collection)	1,176	1,335
Insurance brokers	2	328
Co-insurers	300	217
<b>Adjustments</b>	<b>-78</b>	<b>-145</b>
Receipts pending collection	-78	-145
Doubtful debt	-	-
<b>Net Assets</b>	<b>1,400</b>	<b>1,735</b>

The breakdown of the balance of Receivables for reinsurance operations is as follows:

(thousand euros)		
	2013	2012
<b>Gross Assets</b>	<b>9</b>	<b>66</b>
Reinsurers	9	66
Reinsured	-	-
<b>Adjustments</b>	<b>-</b>	<b>-</b>
Doubtful debt	-	-
<b>Net Assets</b>	<b>9</b>	<b>66</b>

The breakdown of the balance of Receivables for other operations is as follows:

(thousand euros)		
	2013	2012
<b>Gross Assets</b>	<b>2,397</b>	<b>1,692</b>
Related entities	1,537	-
Staff	12	8
Other receivables	848	1,684
<b>Adjustments</b>	<b>-</b>	<b>-</b>
Doubtful debt	-	-
<b>Net Assets</b>	<b>2,397</b>	<b>1,692</b>

Movements in respect of adjustments to Receivables are reflected in Impairment losses – Other, in the profit & loss account, and are broken down as follows:

(thousand euros)		
	2013	2012
<b>Adjustment of Receipts Pending Collection</b>		
<b>Balance as at January 1</b>	<b>145</b>	<b>51</b>
Allocations for the period	-	94
Use for the year	-67	-
<b>Balance as at December 31</b>	<b>78</b>	<b>145</b>

The balance of accruals and deferrals under Assets is as follows:

	(thousand euros)	
	2013	2012
<b>Accrued Income</b>	<b>2,773</b>	<b>1,872</b>
Financial Income on Reinsurance Ceded	2,773	1,872
<b>Deferred Costs</b>	<b>164</b>	<b>193</b>
Acquisition costs	164	193
<b>Total</b>	<b>2,937</b>	<b>2,065</b>

The balance of Other elements of assets has to do with investment contracts marketed by T-Vida, but whose assets are operationally managed by BES-Vida, Companhia de Seguros, SA, their breakdown being as follows:

	(thousand euros)	
	2013	2012
<b>Balance as at January 1</b>	<b>93,730</b>	<b>50,819</b>
Deposits received	47,942	50,004
Benefits paid	-8,253	-11,579
Technical interest for the period	6,295	4,485
<b>Balance as at December 31</b>	<b>139,714</b>	<b>93,730</b>

## Liabilities and provisions

The breakdown of the balance of Liabilities under Payables for direct insurance operations is as follows:

	(thousand euros)	
	2013	2012
Policyholders		
- Reversals payable	318	257
- Premiums received in advance	752	-
Insurance brokers		
- Commissions payable	27	-
- Current accounts	1,058	935
Co-insurers	85	129
<b>Total</b>	<b>2,240</b>	<b>1,321</b>

The breakdown of the balance of Liabilities under Payables for reinsurance operations is as follows:

	(thousand euros)	
	2013	2012
Reinsurers	444	287
Reinsured	-	-
<b>Total</b>	<b>444</b>	<b>287</b>

The breakdown of the balance of Liabilities under Payables for other operations is as follows:

	(thousand euros)	
	2013	2012
Related entities	80	117
Other suppliers of goods & services	120	33
Staff	6	-
Other payables	858	171
<b>Total</b>	<b>1,064</b>	<b>321</b>

The balance of accruals and deferrals under Liabilities is as follows:

	(thousand euros)	
	2013	2012
<b>Deferred Income</b>	<b>-</b>	<b>-</b>
<b>Accrued Costs</b>	<b>3,201</b>	<b>3,647</b>
- Staff costs (subsidies & charges)	203	177
- Acquisition costs (incentives & commissions)	966	873
- Third-party supplies & services	439	255
- Services Rendered Related Companies	158	389
- Banking channel commissions	1,435	1,953
<b>Total</b>	<b>3,201</b>	<b>3,647</b>

The balance of Liabilities under Other provisions in 2012 is in respect of provisions for taxes.

## Note 14 / Insurance Contract Premiums

The breakdown of insurance contract premiums is as follows:

Businesses/ Groups of Businesses	Gross Premiums Written		UPR Variation		Premiums Earned	
	2013	2012	2013	2012	2013	2012
<b>Life</b>						
Traditional	27,243	20,819	2	-44	27,245	20,775
With-profits capitalisation	23,350	12,925	-	-	23,350	12,925
<b>Total</b>	<b>50,593</b>	<b>33,744</b>	<b>2</b>	<b>-44</b>	<b>50,595</b>	<b>33,700</b>

Businesses/ Groups of Businesses	Reinsurance Premiums Written		UPR Variation		Reinsurance Premiums Earned	
	2013	2012	2013	2012	2013	2012
<b>Life</b>						
Traditional	2,041	2,359	-	-	2,041	2,359
With-profits capitalisation	-	-	-	-	-	-
<b>Total</b>	<b>2,041</b>	<b>2,359</b>	<b>-</b>	<b>-</b>	<b>2,041</b>	<b>2,359</b>

Some amounts of the Life business line are as follows:

	(thousand euros)	
	2013	2012
<b>Gross Direct Insurance Premiums Written</b>	<b>50,593</b>	<b>33,744</b>
In respect of personal contracts	39,569	24,984
In respect of group contracts	11,024	8,760
	<b>50,593</b>	<b>33,744</b>
Periodic	24,078	24,903
Non-periodic	26,515	8,841
	<b>50,593</b>	<b>33,744</b>
On without-profits contracts	21,777	13,340
On with-profits contracts	28,816	20,404
	<b>50,593</b>	<b>33,744</b>
<b>Balance of Reinsurance</b>	<b>-734</b>	<b>-1,019</b>

## Note 15 / Insurance Contract Commissions Received

Those insurance contracts issued by the Company in which there is only the transfer of a financial risk, with no discretionary profit sharing, namely fixed-rate capitalisation insurance and products in which the investment risk is borne by the policyholder, are classified as investment contracts and are carried as a liability, and their subscription and management commissions are recorded and income and calculated fund by fund in accordance with the general conditions of each product.

## Note 16 / Investment Income/Revenue and Expenditure

The accounting policies adopted for the recognition of income and costs in respect of investments are addressed in Note 3. The balance of the Income heading, segregated by the various types of income, is as follows:

	(thousand euros)	
	2013	2012
<b>Interest</b>	<b>13,055</b>	<b>15,671</b>
Available-for-sale financial assets	5,547	4,927
Financial assets at fair value through profit or loss	225	453
Held-to-maturity financial assets	4,649	4,992
Deposits, loans & other assets	2,634	5,299
<b>Dividends</b>	<b>-</b>	<b>-</b>
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	-	-
Derivatives	-	-
<b>Total</b>	<b>13,055</b>	<b>15,671</b>

The breakdown of Income by type of asset is as follows:

	(thousand euros)	
	2013	2012
<b>Bonds &amp; other fixed-income securities</b>		
Public issuers'	4,559	4,285
Other issuers'	5,862	6,087
<b>Equities</b>	<b>-</b>	<b>-</b>
<b>Other floating-rate securities</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>	<b>-</b>	<b>-</b>
<b>Deposits</b>	<b>2,539</b>	<b>5,299</b>
<b>Loans &amp; other assets</b>	<b>95</b>	<b>-</b>
<b>Total</b>	<b>13,055</b>	<b>15,671</b>

The breakdown of Financial costs is as follows:

	(thousand euros)	
	2013	2012
<b>Costs imputed to the investments function</b>	<b>386</b>	<b>377</b>
<b>Interest on repurchase agreements</b>	<b>339</b>	<b>807</b>
<b>Total</b>	<b>725</b>	<b>1,184</b>

## Note 17 / Gains & Losses Realised on Investments

The amounts recorded under net gains of financial assets, segregated by category, are as follows:

	(thousand euros)					
	2013			2012		
	Gain	Loss	Balance	Gain	Loss	Balance
<b>Financial - Not at Fair Value through Profit or Loss</b>	<b>8,805</b>	<b>-4,328</b>	<b>4,477</b>	<b>6,175</b>	<b>-3,657</b>	<b>2,518</b>
Available-for-sale financial assets	8,573	-4,328	4,245	5,915	-3,657	2,258
Held-to-maturity investments	-	-	-	-	-	-
<b>Financial - At Fair Value through Profit or Loss</b>	<b>305</b>	<b>-31</b>	<b>274</b>	<b>543</b>	<b>-1,077</b>	<b>-534</b>
Financial assets at fair value through profit or loss	305	-31	274	543	-1,077	-534
Hedge derivatives	-	-	-	-	-	-
<b>Total</b>	<b>9,110</b>	<b>-4,359</b>	<b>4,751</b>	<b>6,718</b>	<b>-4,734</b>	<b>1,984</b>

## Note 18 / Gains & Losses Stemming From Adjustments to the Fair Value of Investments

The breakdown of gains and losses stemming from adjustments to the fair value of investments is as follows:

(thousand euros)

	2013			2012		
	Gain	Loss	Balance	Gain	Loss	Balance
Financial assets classified at fair value through profit or loss	1,221	-293	928	1,604	-23,854	-22,250
Financial assets held for trading	-	-	-	-	-	-
<b>Total</b>	<b>1,221</b>	<b>-293</b>	<b>928</b>	<b>1,604</b>	<b>-23,854</b>	<b>-22,250</b>

## Note 19 / Gains & Losses on Currency Translation Differences

This heading includes the results of the exchange-rate revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 3, except those that stem from financial instruments measured at fair value though profit or loss.

The balance is broken down as follows:

(thousand euros)

	2013			2012		
	Gain	Loss	Balance	Gain	Loss	Balance
Available-for-sale financial assets	274	-35	239	334	-247	87
Financial assets held for trading	30	-41	-11	161	-182	-21
<b>Total</b>	<b>304</b>	<b>-76</b>	<b>228</b>	<b>494</b>	<b>-429</b>	<b>66</b>

## Note 20 / Other Income, Expenses and Variation of Other Provisions

The breakdown of the balance of Other technical income/expense, net of reinsurance, is as follows:

(thousand euros)

	2013	2012
<b>Other Technical Income</b>	-	<b>128</b>
Co-insurance management commissions	-	1
Unit linked waivers	-	127
<b>Other Technical Expense</b>	<b>13</b>	<b>13</b>
Co-insurance management commissions	13	4
Other	-	9
<b>Value of Gains &amp; Losses</b>	<b>-13</b>	<b>115</b>

The breakdown of the Other income/expense heading is as follows:

(thousand euros)

	2013	2012
<b>Other Non-Technical Income</b>	<b>576</b>	<b>597</b>
Corrections & adjustments	511	-
Other gains	65	597
<b>Other Non-Technical Expense</b>	<b>160</b>	<b>305</b>
Penalties	1	1
Gifts for customers	3	1
Sundry Subscriptions	2	-
Adjustment of debtor balances	34	-
Corrections & adjustments	54	-
Tax estimate insufficiency	-	61
Banking services & default interest	35	33
Other expenses	31	209
<b>Value of Gains &amp; Losses</b>	<b>416</b>	<b>292</b>

## Note 21 / Sundry Costs by Function and Nature of Expense

Costs carried under Costs by nature of expense to be imputed are not shown directly in the profit & loss account, in that they are distributed to the Company's four main functions and are reflected in and distributed to the following headings:

- Claims Function: Claims costs - Amounts paid gross;
- Acquisition Function: Operating costs and expenses - Acquisition costs;
- Administrative Function: Operating costs and expenses - Administrative costs;
- Investment Function: Financial costs - Other.

The process of imputing costs by nature of expense is in keeping with the following criteria, depending on the case:

- % of time devoted to each function by cost centre;
- % of use of IT resources;
- % of persons allocated to each function.

The breakdown of these expenses and their distribution using the classification based on their function as at December 31, 2013 & 2012, is as follows:

(thousand euros) (%)

2013	Cost of Claims		Acquisition Costs		Administrative Costs		Cost of Investments		Total	
Staff costs	156	9%	830	48%	691	40%	52	3%	1,729	100%
Third-party supplies & services	88	6%	870	59%	476	33%	29	2%	1,463	100%
Taxes	-	0%	34	63%	-	0%	20	37%	54	100%
Depreciation	130	5%	390	15%	2,082	80%	-	0%	2,602	100%
Provisions for contingencies & liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Other costs	-	0%	-	0%	-	0%	285	100%	285	100%
<b>Total</b>	<b>374</b>	<b>6%</b>	<b>2,124</b>	<b>35%</b>	<b>3,249</b>	<b>53%</b>	<b>386</b>	<b>6%</b>	<b>6,133</b>	<b>100%</b>

(thousand euros) (%)

2012	Cost of Claims		Acquisition Costs		Administrative Costs		Cost of Investments		Total	
Staff costs	156	9%	830	48%	691	40%	52	3%	1,729	100%
Third-party supplies & services	94	4%	1,602	72%	512	23%	31	1%	2,239	100%
Taxes	-	0%	26	62%	-	0%	16	38%	42	100%
Depreciation	110	5%	328	15%	1,750	80%	-	0%	2,188	100%
Provisions for contingencies & liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Other costs	-	0%	-	0%	-	0%	278	100%	278	100%
<b>Total</b>	<b>360</b>	<b>6%</b>	<b>2,786</b>	<b>43%</b>	<b>2,953</b>	<b>46%</b>	<b>377</b>	<b>6%</b>	<b>6,476</b>	<b>100%</b>

Staff costs are detailed in Note 22.

The breakdown of Third-party supplies & services is as follows:

(thousand euros)

	2013	2012
Fuel	26	41
Office material, stationery, etc.	2	1
Gift articles	7	6
Office equipment & property maintenance	3	-
Hardware maintenance	59	36
Operational rental of vehicles & other rentals	68	66
Travel & entertainment costs	72	71
Post	95	89
Insurance	-	2
Retainers & fees	17	-
Advertising & marketing	324	434
Outsourcing, consultancy & specialised work	221	126
Software services & development	221	229
Subscriptions to APS	11	11
Premium collection	100	94
Temporary work	5	-
Provision of operational services	158	228
Other sundry supplies & services	74	805
<b>Total</b>	<b>1,463</b>	<b>2,239</b>

The breakdown of Taxes and charges is as follows:

(thousand euros)

	2013	2012
ISP levy	54	42
<b>Total</b>	<b>54</b>	<b>42</b>

The breakdown of Depreciation charges is as follows:

(thousand euros)

	2013	2012
Research & development costs	175	110
Intangible - Value in force	2,427	2,078
<b>Total</b>	<b>2,602</b>	<b>2,188</b>

The breakdown of the Provision for contingencies & liabilities and for Other costs is as follows:

(thousand euros)

	2013	2012
Securities' custody & management and other commissions	285	278
<b>Total</b>	<b>285</b>	<b>278</b>

The breakdown of Net operating costs and expenses is as follows:

(thousand euros)

	2013	2012
Acquisition costs		
Brokerage remuneration	1,666	1,089
Costs imputed	2,124	2,786
Other acquisition costs	2,244	2,410
Deferred acquisition costs (change)	15	20
Administrative costs		
Brokerage remuneration	108	76
Costs imputed	3,249	2,953
Reinsurance commissions & profit-sharing	-1,064	-851
<b>Total</b>	<b>8,342</b>	<b>8,483</b>

## Note 22 / Staff Costs

The breakdown of average number of workers in the Company's service by professional category is as follows:

(thousand euros)

	2013	2012
Senior managers	1	1
Managers	2	2
Co-ordinators	1	1
Technicians	15	15
Operational Specialist	3	-
<b>Total</b>	<b>22</b>	<b>19</b>

Staff costs are detailed as follows:

(thousand euros)

	2013	2012
Remuneration - Corporate officers	441	349
Remuneration - Personnel	948	957
Charges on remuneration - Corporate officers	79	15
Charges on remuneration - Personnel	193	207
Post-employment benefits - Defined-benefit pension plans	-4	-64
Mandatory insurance	14	17
Social welfare costs	38	23
Other staff costs	20	225
<b>Total</b>	<b>1,729</b>	<b>1,729</b>

As at December 31, 2013 & 2012, the Company had no loans or advances extended to corporate officers.

The remuneration policies in respect of the corporate officers and of key employees are presented under Disclosure of the Remuneration Policies at the end of this Report and Accounts.

The fees billed during 2013 by the Official Auditor within the scope of the legal audit of the accounts amounted to €18k.

## Note 23 / Obligations Involving Employee Benefits

### Retirement pensions

As explained in the accounting policies, the Company assumed the liability of paying its employees old-age and disability pensions and death benefits under the terms established in the Collective Insurance Workers' Collection Bargaining Agreement (CBA). The benefits provided for in the pension plans are those that are covered by the Insurance Business Collective Bargaining Agreement for employees taken on by June 22, 1995.

Additionally, it assumed liability for paying to its Directors old-age and disability retirement pensions and death benefits.

On December 23, 2011, a new Collective Bargaining Agreement for Insurance Workers, that came to alter a previously defined set of benefits. These employees are no longer covered by a defined-benefit plan and now have a defined-contribution plan.

With regard to the amendment of the plan and taking into account that the value of the fully-funded liabilities for past services in respect of old-age pensions payable to current employees will be converted into individual accounts of these employees, forming part of their individual retirement plan, according to IAS 19, the Company settled the liability.

Since the deviations have been recognised in reserves, the Company will have no additional impact on profit or loss and reserves as a result of actual liquidation of the plan.

An actuarial valuation of the retirement benefits and health benefits is performed annually at T-Vida, the most recent one with reference to December 31, 2013.

The main assumptions used in the actuarial studies as at December 31, 2013 & 2012, to determine the updated value of the employees' pensions are as follows:

	2013	2012
<b>Financial Assumptions</b>		
Wage growth rates	1% - 2.5% (*)	0% - 2.5% (*)
Pension growth rate	0% - 2.5% (*)	0% - 2.5% (*)
Rates of return of the fund	3.75%	3.26%-4.25% (*)
Early-retirement pension growth rate	1% - 2.5% (*)	1.00%
Discount rate	3.75%	3.26%-4.25% (*)
<b>Demographic Assumptions and Valuation Methods</b>		
Mortality table	GKF 95	GKF 95
Disability table	Suisse Re 2001	Suisse Re 2001
Actuarial valuation method		Project Unit Credit Method

(\*) In respect of liabilities towards directors.

In accordance with the Accounting Policy described in Note 3, the discount rate used to estimate retirement pension and health benefit liabilities is the market rate on the balance-sheet date associated with high-rating corporate bonds.

As at 31 December 2013 & 2012, the number of participants covered by the benefits plan was as follows:

	2013	2012
In service	5	4
Pensioners	-	-
<b>Total</b>	<b>5</b>	<b>4</b>

As at December 31, 2013 & 2012, the breakdown of amounts recognised in the balance sheet is as follows:

	(thousand euros)	
	2013	2012
<b>Net Assets/ (Liabilities) Recognised in the Balance Sheet</b>		
Liabilities as at December 31	-217	-
Balance of the fund on December 31	70	84
<b>Net Assets/ (Liabilities) in the Balance Sheet as at December 31</b>	<b>-147</b>	<b>84</b>

The breakdown of liabilities for retirement pensions is as follows:

	(thousand euros)	
	2013	2012
<b>Liabilities as at January 1</b>	-	<b>181</b>
Alteration of the plan	-	-181
Cost of current service	-	-
Interest cost	-	-
Actuarial (gains) and losses on liabilities	217	-
<b>Liabilities as at December 31</b>	<b>217</b>	<b>-</b>

The evolution of the value of the pension fund in 2013 & 2012 is as follows:

	(thousand euros)	
	2013	2012
<b>Balance of the Fund on January 1</b>	84	176
Alteration of the plan		-117
Real return of the fund		
Expected return of the fund		-
Actuarial gains & losses		25
<b>Balance of the Fund on December 31</b>	<b>70</b>	<b>84</b>

The evolution of actuarial deviations recognised in the reserve is as follows:

	(thousand euros)	
	2013	2012
<b>Deviations Recognised In Reserves as at 1 January</b>	-	25
Actuarial (gains) & losses		
- on liabilities	217	-
- on the plan's assets	18	-25
<b>Deviations Recognised In Reserves as at 31 December</b>	<b>235</b>	<b>-</b>

The evolution of assets receivable/ liabilities deliverable in 2013 and 2012 is as follows:

	(thousand euros)	
	2013	2012
<b>(Assets)/ Liabilities Receivable or Payable as at January 1</b>	-84	5
Alteration of the plan	-	-64
Actuarial gains & losses on liabilities	217	-
Actuarial gains & losses of the funds	18	-25
Charges for the year:		
- Cost of current service	-	-
- Net interest cost of the balance of the cover of liabilities	-4	-
<b>(Assets)/ Liabilities Receivable or Payable as at December 31</b>	<b>147</b>	<b>-84</b>

The breakdown of the year's costs incurred with retirement pensions is as follows:

	(thousand euros)	
	2013	2012
Cost of current service	-	-
-Net interest cost of the balance of the cover of liabilities	-4	-
Alteration of the plan		-64
<b>Costs for the Period</b>	<b>-4</b>	<b>-64</b>

The breakdown of the assets of the pension fund is as follows:

	(thousand euros)	
	2013	2012
Land & buildings	7,734	7,934
Equities & other floating-rate securities	8,770	12,315
Fixed-income securities	31,429	36,235
Balances with credit institutions	1,776	2,001
Fund debtors & creditors	-191	584
Interest receivable	561	1,033
Amount transferable on cut-off of the plan	-	-5,658
	<b>50,079</b>	<b>54,444</b>

The values of assets disclosed above are entirely related to the Pension Fund of the Tranquilidade and BES-Vida Group, of which associate T-Vida accounts for about 0.14% (2012: 0.15%) of the total of the fund.

The sensitivity analysis and its impacts on the accumulated post-employment benefits liability, taking its main conditioning factors into account, is as follows:

	(thousand euros)			
	2013		2012	
	+25 p.p.	-25 p.p.	+25 p.p.	-25 p.p.
Change of the discount rate of the liabilities	-10	11	-	-

## Note 24 / Corporation Tax

The Company is subject to the tax legislation enacted by the IRC Code (Corporation Tax Code). Additionally, the concept of deferred taxes resulting from temporary differences between book results and results accepted by the authorities for corporation tax purposes is applicable whenever there is a reasonable probability that such taxes will come to be paid or recouped in the future.

Calculation of the current tax for 2013 and 2012 has been made on the basis of a nominal tax rate plus the municipal surcharge, totalling 29.00%, the nominal rate approved on the balance-sheet date. The Company has been subject to annual inspections by the DGCI (Directorate General of Taxation), whose latest report refers to 2008 and contains no significant adjustments to the tax returns submitted till then. Subsequent tax returns are subject to inspection and possible adjustment by the Tax Authorities during a period of four years.

The tax loss reported by the Company in the years 2008, 2010 and 2011 were fully recovered by 2013, there being no determination of a deferred tax asset at year-end.

The breakdown of current tax assets and liabilities reported in 2013 and 2012 is as follows:

(thousand euros)

	2013		2012	
	Current Tax Assets	Current Tax Liabilities	Current Tax Assets	Current Tax Liabilities
Corporation tax	934	-	-	2,150
Tax withheld at source	-	188	-	223
Value added tax	-	-	-	-
Other taxes & levies	-	139	-	124
Social security contributions	36	11	44	44
<b>Total</b>	<b>970</b>	<b>338</b>	<b>44</b>	<b>2,541</b>

The breakdown of deferred tax assets and liabilities recognised in the 2013 and 2012 balance sheets is as follows:

(thousand euros)

Headings	Assets		Liabilities		Liquid	
	2013	2012	2013	2012	2013	2012
	Investments	116	110	-	-	116
Tax losses	-	1,375	-	-	-	1,375
<b>Total</b>	<b>116</b>	<b>1,485</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>1,485</b>

Current and deferred taxes in 2013 were recognised as follows:

(thousand euros)

2013	Fair-Value Reserve	Gains & Losses	Total
<b>Current Tax</b>	<b>-281</b>	<b>-2,417</b>	<b>-2,698</b>
Corporation tax estimate	-281	-2,383	-2,664
Autonomous tax	-	-34	-34
<b>Deferred Tax</b>	<b>6</b>	<b>-</b>	<b>6</b>
Investments	6	-	6
Tax losses	-	-	-
<b>Total</b>	<b>-275</b>	<b>-2,417</b>	<b>-2,692</b>

Reconciliation of the tax rate is as follows:

(thousand euros)

	2013	2012
Pre-tax income	6,713	6,807
Tax rate	29.00%	29.00%
<b>Tax Determined on the Basis of the Official Rate</b>	<b>-1,947</b>	<b>-1,974</b>
Tax benefits	2	4
Other income & costs excluded from taxation	-438	-287
Autonomous tax	-34	-20
<b>Current + Deferred Tax</b>	<b>-2,417</b>	<b>-2,277</b>

## Note 25 / Share Capital

T-Vida's share capital, in the sum of €65 million, represented by 65 million shares each of a par value of €1, is fully subscribed and paid up. The Company's sole shareholder is Companhia de Seguros Tranquilidade, SA, which paid up equity capital in the sum of €20 million in 2006 and of €45 million in 2008.

## Note 26 / Reserves

Under equity there are sundry types of reserves, the nature and purpose of which are as follows:

### Legal reserve

The legal reserve may be used only to cover accumulated losses or to increase equity capital. In accordance with Portuguese legislation, the legal reserve has to be credited each year with at least 10% of the year's net profit until it equals the issued capital.

### Fair-value reserves

Fair-value reserves represent the potential gains and losses in respect of the available-for-sale investments, net of the impairment recognised in profit or loss during the year and/or previous years.

### Deferred tax reserves

Deferred taxes recognised under equity stemming from the revaluation of available-for-sale investments are subsequently recognised in profit or loss at the time the gains & losses that gave rise to them are recognised.

Deferred taxes are calculated, in accordance with the liabilities method based on the balance sheet, on the temporary differences between the book values of the assets and liabilities and their tax basis, using the tax rates approved or substantially approved on the balance sheet date in each jurisdiction that are expected to be applied when the temporary differences are reversed.

### Free reserves

Free reserves stem from the decision adopted by the General Meeting to appropriate profits generated during the year or brought forward.

### Actuarial deviations reserve

According to IAS 19 - Employee Benefits, T-Vida recognises actuarial gains against reserves.

The breakdown of the reserves as at December 31, 2013 & 2012, is as follows:

(thousand euros)		
	2013	2012
Fair-value of financial assets and hedges reserve	-4,815	-7,486
Deferred and current tax reserve	894	1,169
Other reserves	2,102	1,884
- Legal reserve	2,337	1,884
- Actuarial deviations reserve	-235	-
- Free reserves	-	-
<b>Reserves</b>	<b>-1,819</b>	<b>-4,433</b>

The description of the movements of each reserve under equity is stated in the statement of changes in equity, presented at the beginning of the report and accounts in conjunction with the financial statements and the cash-flow statement.

The breakdown of the gross fair value reserve, in keeping with the type of assets, is as follows:

(thousand euros)		
	2013	2012
Floating-rate securities	240	-177
Fixed-income securities	-5,091	-7,577
Hedge derivatives	36	268
<b>Fair-Value Reserves</b>	<b>-4,815</b>	<b>-7,486</b>

The breakdown of the net fair value reserve as at December 31, 2013 & 2012, is as follows:

(thousand euros)		
	2013	2012
Cash-flow hedge derivatives reserve	-	-
Amortised cost of available-for-sale investments	234,849	232,580
<b></b>	<b>234,849</b>	<b>232,580</b>
Impairment	-813	-
Amortised/ acquisition cost net of impairment	234,036	232,580
Fair value of hedges	-	-
Fair value of available-for-sale investments	231,638	228,468
<b></b>	<b>231,638</b>	<b>228,468</b>
Gross revaluation reserve (fair value - cost)	-2,398	-4,112
Cash-flow hedge derivatives reserve	36	268
Revaluation reserve for securities transferred to held-to-maturity investments	-2,453	-3,642
Deferred & current taxes	894	1,169
<b>Revaluation Reserve Net of Taxes</b>	<b>-3,921</b>	<b>-6,317</b>

Movement under the net fair value reserve as at December 31, 2013 & 2012, is as follows:

(thousand euros)		
	2013	2012
<b>Balance as at January 1</b>	<b>-6,317</b>	<b>-19,241</b>
Changes in fair value, including variations on disposal	3,484	18,288
Impairment recognised during the year	-813	-
Changes of deferred taxes and current recognised during the year	-275	-5,364
<b>Balance as at December 31</b>	<b>-3,921</b>	<b>-6,317</b>

## Note 27 / Earnings Per Share

Earnings per share for the years ended December 31, 2013 & 2012, are as follows:

	2013	2012
Net income for the period (in thousands of euros)	4,296	4,530
Number of shares (year-end)	65,000,000	65,000,000
<b>Earnings Per Share (In Euros)</b>	<b>0.07</b>	<b>0.07</b>

## Note 28 / Dividend Per Share

The Company's sole equityholder is Companhia de Seguros Tranquilidade, S.A., to which, in 2013 and 2012, the following dividends were attributed and paid, resulting in the following dividends per share:

	2013	2012
Dividend (in euro '000s)	4,050	2,700
Number of shares (beginning of the period)	65,000,000	65,000,000
<b>Dividend Per Share (In Euros)</b>	<b>0.06</b>	<b>0.04</b>

## Note 29 / Transactions Between Related Parties

The T-Vida equity capital is wholly owned by Companhia de Seguros Tranquilidade, S.A.. The accounts of both entities are included within the consolidation perimeter of ESFG - Espírito Santo Financial Group.

Relations between T-Vida and its parent company, Tranquilidade, or its associates involve several business areas, the more relevant transactions and services involving situations of rentals, marketing of insurance, reinsurance and provision of administrative and technical services.

As at December 31, 2012 & 2012, the overall amount of T-Vida's assets and liabilities that refer to transactions with associate and related companies can be summarised as follows:

(thousand euros)

	2013				2012			
	Assets	Liabilities	Costs	Income	Assets	Liabilities	Costs	Income
BAC	80	-	-	-	63	2	-	-
BANCO ESPÍRITO SANTO	31,391	1,932	1,850	2,185	84,343	57,339	2,622	3,143
BES FINANCE	-	-	-	-	-	-	-	456
BES VIDA	143,802	158	158	902	96,953	228	228	1,311
BESI	3	-	-	-	389	-	-	198
BESLEASING	-	-	-	-	-	-	-	-
BEST	208	16	-	-	160	36	-	-
E.S. CONTACT CENTER	-	-	-	-	-	-	-	-
E.S. FINANCIER	-	-	-	-	6,848	-	-	-
E.S. FINANCIAL PORTUGAL	4,708	-	-	265	3,102	-	-	240
ESCC	-	-	16	-	-	17	25	-
ESAF	-	-	166	-	-	154	153	-
ESFG	15	-	17	-	-	-	-	-
ESUMÉDICA	1	6	25	-	9	6	66	-
LOGO	-	3	-	-	-	2	-	-
TRQ ANGOLA	31	-	-	-	-	-	-	-
TRQ MOÇAMBIQUE VIDA	6	-	-	-	-	-	-	-
ESFIL	11,200	-	-	524	-	-	-	-
ADVANCECARE	-	5	49	-	-	-	-	-
ES- SERVIÇOS, 2, ACE	-	4	42	-	-	-	-	-
MULTIPESSOAL	-	5	5	-	-	-	-	-
TOP ATLANTICO	-	3	146	-	-	-	-	-
E.S. INNOVATION	-	1	-	-	-	-	-	-
TRANQUILIDADE	179	59	-	-	127	117	-	-
	<b>191,624</b>	<b>2,192</b>	<b>2,474</b>	<b>3,876</b>	<b>191,994</b>	<b>57,901</b>	<b>3,094</b>	<b>5,348</b>

## Note 30 / Statement of Cash Flows

The Statement of changes of cash & cash equivalent flows drawn up from an indirect standpoint of the source and application of funds, is presented at the beginning of the report and accounts, together with the financial statements and the statement of changes in equity.

## Note 31 / Commitments

The Company has operational lease contracts in respect of transport material. The maturity of the outstanding instalments is as follows.

(thousand euros)

	Up to 3 Months	4 to 12 Months	+1-5 Years
Operating lease contracts	11	28	48

## Note 37 / Other Information

### Recently-Issued Standards and Interpretations

Recently issued accounting standards and interpretations that have come into force and that the Company has applied in the preparation of its financial statements are as follows:

#### IAS 19 (Amendment) - Employee Benefits

The IASB issued on June 16, 2011, amendments to "IAS 19 - Employee Benefits", with effective application (retrospective) for periods beginning on or after January 1, 2013. These amendments were adopted by European Commission Regulation (EU) 475/2012 of June 5, 2012.

As a result of IAS 19 (2011), the Company altered its accounting policy with respect to the basis of determination of income and expenses related to the defined-benefit plans. Under IAS 19 (2011), the Company determines the expense (income) of the net interest of the defined-benefit liability (asset) for the period, using the same discount rate to measure the defined-benefit liability at the beginning of the annual period, taking into alterations to the liabilities (assets) as a result of contributions and benefits paid.

Consequently, the net interest of the liability (asset) of the defined-benefit plan now comprises: (i) the interest cost of the defined benefit obligation; (ii) the income from the plan's assets; and (iii) the effect of the interest ceiling of the asset.

The changes had no impact on the Company's financial statements.

#### Presentation of items under OCI (other comprehensive income) - Amendment of IAS 1 - Presentation of Financial Statements

The IASB issued on June 16, 2011, amendments to "IAS 1 - Employee Benefits", with effective (retrospective) application date for periods beginning on or after January 1, 2012. This amendment was adopted by European Commission Regulation (EU) 475/2012, of June 5.

As a result of the amendment to IAS 1, the Company modified the presentation of items of Other Comprehensive Income (OCI) in the statement of comprehensive income, in order to present separately items that are to be reclassified in the future to profit or loss and those that will not be reclassified. The comparative information has been restated on the same basis.

### IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offsetting financial assets and liabilities

The IASB issued on December 16, 2011, amendments to "IFRS 7 - Financial Instruments: Disclosures - Offsetting financial assets and liabilities", with effective date of application (retrospective) for periods beginning on or after January 1, 2013. These amendments were adopted by European Commission Regulation 1256/2012 of December 11.

The Company was not affected by the adoption of these changes.

#### Improvements to IFRS (2009-2011)

The 2009-2011 cycle of annual improvements issued by the IASB on May 17, 2012, and adopted by the European Commission Regulation 301/2013 of March 27, introduced alterations, with effective date of application (retrospective) for periods beginning on or after January 1, 2013, to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 and IFRIC 2.

- **IAS 1 - Presentation of Financial Statements**

The improvements clarify the difference between voluntary additional comparative information and the minimum comparative information required. Generally, the minimum comparative information required is that of the previous period.

- **IAS 16 Property, Plant and Equipment**

IAS 16 was amended to clarify the concept of service equipment that may meet the definition of tangible fixed assets and is therefore not accounted for in inventories.

- **IAS 32 Financial Instruments and IFRIC 2**

These standards have been adjusted to clarify that taxes related to the distribution of dividends to equityholders follow the treatment recommended in "IAS 12 - Income Taxes", thus avoiding any interpretation that could mean a different application.

- **IAS 34 - Interim Financial Report**

The amendments to IAS 34 allows an alignment of the disclosure requirements for the total assets of the segments with the total liabilities, in interim periods. These improvements also allow the interim information to be consistent with the annual information regarding the modifications to the designation of the income statement and other comprehensive income.

The Company had no significant impact as a result of the adoption of this amendment.

#### IFRS 13 - Fair value measurement

The IASB issued on June 16, 2011, amendments to "IAS 13 - Employee Benefits", with effective application (retrospective) for periods beginning on or after January 1, 2013. This standard was adopted by European Commission Regulation 1255/2012 of December 11.

In accordance with the transitional provisions of IFRS 13, the Company adopted the new definition of fair value, as described in Note 3, prospectively. The changes had no significant impact on the measurement of the Company's assets and liabilities, but new disclosures were included in the financial statements as required by IFRS 13. For these new disclosures no were comparisons were included, in keeping with the provisions of the standard for the first year of implementation. However, to the exact extent that those disclosures were already required by other standards in force before 13 IFRS, the Company has provided relevant comparative information already disclosed under those standards.

### IFRIC 20 - Stripping costs in the production phase of a surface mine

The International Financial Reporting Interpretations Committee (IFRIC) issued on October 19, 2011, "IFRIC 20 - Stripping costs in the production phase of a surface mine", with an effective date of application (retrospective) for periods beginning on or after January 1, 2013. This interpretation was adopted by European Commission Regulation 1255/2012 of December 11.

Given the nature of the Company' operations, this interpretation had no impact on the financial statements.

The Company decided not to opt for early application of the following standards and/ or interpretations adopted by the European Union:

### IFRS 32 (Amendment) - Financial Instruments: Presentation - offsetting between financial assets and liabilities

The IASB issued on December 16, 2011, amendments to "IAS 32 - Financial instruments: Presentation - Offsetting financial assets and liabilities", with effective date of application (retrospective) for periods beginning on or after January 1, 2014. These amendments were adopted by European Commission Regulation 1256/2012 of December 11.

The changes introduced now add implementation guidelines to resolve inconsistencies in practical application. The new guidelines clarify that the phrase "current legally enforceable right to offset " means that the right to offset may not be contingent, in the light of future events, and must be legally enforceable in the normal course of business, in the event of default and of insolvency or bankruptcy of the entity and all counterparties.

These implementing guidelines also specify the characteristics of the gross settlement systems so as to be equivalent settlement on a net basis.

The Company does not expect any significant impact from the adoption of these amendments, taking into account that the accounting policy adopted is in line with the guidance issued.

### IFRS 27 (Amendment) - Separate Financial Statements

The IASB issued on May 12, 2011, amendments to "IAS 27 - Separate financial statements", with effective application (retrospective) for periods beginning on or after January 1, 2014. These amendments were adopted by European Commission Regulation 1254/2012 of December 11.

Bearing in mind that IFRS 10 addresses the control principles and sets out requirements relating to the preparation of consolidated financial statements, IAS 27 (amendment) comes to regulate solely separate accounts.

The changes aimed, firstly, to clarify the disclosures required by an entity preparing separate financial statements, now required to disclose the main place (and country of its registered office) where the business of the more significant subsidiaries, associates and joint ventures takes place and, if applicable, of the parent company.

The previous version required only disclosure of the country or residence or seat of such entities.

On the other hand, the date of entry into force and the need to adopt all the consolidation rules simultaneously were aligned (IFRS 10, IFRS 11, IFRS 12, IFRS 13 and amendments to IAS 28).

The Company does not expect any significant impact from the application of this amendment to its financial statements.

### IFRS 10 - Consolidated financial statements

The IASB issued on May 12, 2011, amendments to "IFRS 10 - Consolidated financial statements", with effective application (retrospective) for periods beginning on or after January 1, 2013. This standard was adopted by European Commission Regulation 1254/2012 of December 11, stipulating imperative application after January 1, 2014.

IFRS 10 repeals part of IAS 27 and SIC 12, and introduces a single control model that determines whether an investment must be consolidated.

The new control concept involves the evaluation of power, the exposure to variability in returns and the connection between both. An investor controls an investee when it is exposed (or has rights) to the variability in the returns generated by its involvement with the investee and may take possession of them through the power held over the investee (*de facto control*).

The investor considers to what extent it controls the relevant business of the investee, taking into account the new control concept. The evaluation must be made in each reporting period since the relationship between power and exposure to variability in the returns can change over time.

Control is usually assessed on the legal entity, but it can also be evaluated on specific assets and liabilities of an investee (referred to as "silos").

The new standard introduces other changes such as: i) the requirements for subsidiaries within the scope of the consolidated financial statements of transfer from IAS 27 to this standard and ii) increase the disclosures required, including specific disclosures about the structured entities, whether or not consolidated.

The Company is assessing the impact of the introduction of this alteration though it does not expect the impact to be significant.

### IFRS 11 - Joint arrangements

The IASB issued on May 12, 2011, amendments to "IFRS 11 - Joint arrangements", with effective application (retrospective) for periods beginning on or after January 1, 2013. This standard was adopted by European Commission Regulation 1254/2012 of December 11, stipulating imperative application after January 1, 2014.

This new standard, which repeals IAS 31 and SIC 13, defines "joint control", introducing the control model defined in IFRS 10 and requires an entity that is a party to a "joint arrangement" determine the type of joint arrangement in which is involved ("joint operation" or "joint venture"), evaluating its rights and obligations.

IFRS 11 removes the option of proportionate consolidation for jointly-controlled entities. Jointly-controlled entities that meet the criteria of "joint venture" must be accounted for using the equity method (IAS 28).

The Company is assessing the impact of the introduction of this alteration though it does not expect the impact to be significant.

### **IAS 28 (Amendments) - Investments in associates and joint ventures**

The IASB issued on May 12, 2011, amendments to “IAS 28 - Investments in associates and joint ventures”, with effective application (retrospective) for periods beginning on or after January 1, 2013. These amendments were adopted by European Commission Regulation 1254/2012 of December 11, stipulating imperative application after January 1, 2014.

As a result of the new IFRS 11 and IFRS 12, IAS 28 has been amended and is now designated IAS 28 - Investments in associates and joint ventures, and it governs the application of the equity method applicable both to joint ventures and to associates.

The Company does not expect any significant impact from the application of this amendment to its financial statements.

### **IFRS 12 - Disclosure of interests in other entities**

The IASB issued on May 12, 2011, amendments to “IFRS 12 - Disclosure of interests in other entities”, with effective application (retrospective) for periods beginning on or after January 1, 2013. This standard was adopted by European Commission Regulation 1254/2012 of December 11, stipulating imperative application after January 1, 2014.

The objective of the new standard is to require an entity to disclose information helping users of the financial statements to assess: (i) the nature and risks associated with investments in other entities and; (ii) the effects of such investments on the financial position, performance and cash flows.

IFRS 12 includes disclosure requirements for all forms of investment in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

The Company is still assessing the impact of full implementation of IFRS 12 in line with the adoption of IFRS 10 and IFRS 11.

### **Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (issued on October 31, 2012)**

The changes made apply to a particular class of businesses that are qualified as “investment entities”. The IASB defines the term “investment entity” as an entity whose business purpose is to invest funds with the goal of obtaining a capital gain, income or both. An investment entity must also evaluate its performance in the investment at fair value. Such entities may include private equity, venture capital or development capital organisations, pension funds, health funds and other investment funds.

The amendments provide for elimination of the duty of consolidation under IFRS 10, and require such entities to measure the subsidiaries in question at fair value through profit or loss rather than consolidating them. The amendments also define a set of disclosures applicable to such investment entities.

The changes apply to periods beginning on or after January 1, 2014, with voluntary early adoption. This option enables investment entities to apply the new changes when IFRS 10 come into force on January 1, 2013. This standard was adopted by European Commission Regulation 1374/2013 of November 20.

The Company is still assessing the impacts of the implementation of this amendment.

### **IFRS 36 (Amendment) - Impairment of assets: Disclosure of the recoverable amount of non-financial assets**

On May 29, 2013, the IASB issued the above amendment with effective application (retrospective) for periods beginning on or after January 1, 2014. This amendment was adopted by European Commission Regulation 1374/2013 of December 19.

The purpose of the amendments was to clarify the scope of the disclosure of information about the recoverable value of assets, where such amount is based on the net fair value of the selling costs, limited to assets with impairment.

### **IFRS 39 (Amendment) - Financial Instruments: Novation of derivatives and continuation of hedge accounting**

On June 27, 2013, the IASB issued the above amendment with effective application (retrospective) for periods beginning on or after January 1, 2014. This amendment was adopted by European Commission Regulation 1375/2013 of December 19.

The purpose of these amendments was to render more flexible the accounting requirements of a hedging derivative, in which there is a need to alter the clearing counterparty as a result of changes in laws or regulations. Such flexibility means that hedge accounting continues regardless of the alteration of the clearing counterparty (“novation”), without the amendment to the standard, would no longer be allowed.

### **Standards, amendments and interpretations issued but not yet in effect for the Company.**

### **IAS 19 (Amendment) - Defined benefit plans: Employee contributions**

On November 21, 2013, the IASB issued the above amendment with effective application (retrospective) for periods beginning on or after January 1, 2014.

The amendment clarifies guidance where what is at issue are contributions made by employees or by third parties, relating to the services, requiring the entity make such contributions in accordance with paragraph 70 of IAS 19 (2011). Thus, such contributions are allocated using the contribution formula of the plan or on a straight-line basis.

The change reduces the complexity by introducing a simple form that allows an entity to recognise contributions made by employees or by third parties, relating to the service, that are independent of the number of years of service (such as a percentage of the salary), as a reduction of the cost of the services in the period in which the service is rendered.

### **IFRIC 21 - Levies**

On May 20, 2013, the IASB issued this interpretation with effective application (retrospective) for periods beginning on or after January 1, 2014.

This new interpretation defines levies as a disbursement by an entity imposed by the government according to law. It confirms that an entity recognises a liability for the levy when - and only when - the specific event that triggers it, according to the law occurs.

IFRIC 21 is not expected to have impacts on the Company's financial statements.

### Improvements to the IFRS (2010-2012)

The 2010-2012 cycle of annual improvements issued by the IASB on December 12, 2013, introduced alterations, with effective date of application for periods beginning on or after July 1, 2014, to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

- **IFRS 2 - Definition of vesting condition**  
The amendment clarifies the definition of “vesting condition” contained in Appendix A of IFRS 2 - Share-Based Payments, separating the definition of “performance condition” and “service condition” from vesting condition, providing a clearer description of each of the conditions.
- **IFRS 3 - Accounting for contingent consideration in a business combination**  
The purpose of the amendment is to clarify certain aspects of the accounting for contingent consideration in a business combination, including the classification of contingent consideration, taking into account whether such contingent consideration is a financial instrument or a non-financial asset or liability.
- **IFRS 8 - Operating segments aggregation and reconciliation between the total of the reportable segments' assets and the assets of the company**  
The change clarifies the criteria for aggregation and requires an entity to disclose the factors used to identify the reportable segments, when the operating segment has been aggregated. To achieve internal consistency, a reconciliation of the total of the reportable segments' assets to the total assets of an entity needs to be disclosed only when the amounts are regularly provided to the chief operating decision maker.
- **IFRS 13 - Short-term receivables and payables**  
The IASB amended the basis of completion in order to clarify that by eliminating AG 79 of IAS 39 the intention was not intended to eliminate the need to determine the present value of a short-term receivable or payable, the invoice for which was issued without interest, even if the effect is immaterial. It should be noted that paragraph 8 of IAS 8 now allows an entity not to apply accounting policies set out in the IFRS if its impact is immaterial.
- **IAS 16 and IAS 40 - Revaluation Model - Proportional reformulation of accumulated depreciation or amortisation**  
In order to clarify the calculation of accumulated depreciation or amortisation at the date of the revaluation, the IASB amended section 35 of IAS 16 and section 80 of IAS 38 in the sense that: (i) determination of the accumulated depreciation (or amortisation) is not dependent on the selection of valuation technique; and (ii) the accumulated depreciation (or amortisation) is calculated as the difference between the gross amount and the net book value.
- **IAS 24 - Related party transactions - key management personnel services**  
To resolve any concerns about identification of the costs of service of key management personnel (KMP) when these services are provided by an entity (such as an investment fund management entity), the IASB clarified that disclosures of the amounts incurred for KMP services provided by a separate management entity must be disclosed, but it is not necessary to submit the breakdown called for in paragraph 17.

### Improvements to the IFRS (2011-2013)

The 2011-2013 cycle of annual improvements issued by the IASB on December 12, 2013, introduced alterations, with effective date of application for periods beginning on or after July 1, 2014, to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

- **IFRS 1 - Meaning of “effective IFRS”**  
The IASB has clarified that if new IFRS are not yet mandatory but allow early implementation, IFRS 1 allows, but does not require, that they be applied to the first financial statements reported under IFRS.
- **IFRS 3 - Exceptions to the scope for joint ventures**  
The amendments exclude from the scope of IFRS 3, the formation of all types of joint arrangements, as defined in IFRS 11. This exception to the scope applies only to the financial statements of joint ventures or to the joint ventures themselves.
- **IFRS 13 - Scope of paragraph 52 - portfolio exception**  
Paragraph 52 of IFRS 13 includes an exception to measure the fair value of groups of assets or liabilities on a net basis. The purpose of this amendment is to clarify that the exception of portfolios applies to all contracts covered by IAS 39 or IFRS 9 regardless of complying with the definitions of a financial asset or financial liability laid down in IAS 32.
- **IAS 40 - Interrelationship with IFRS 3 when classifying property as investment property or owner-occupied property**  
The objective of this amendment is to clarify that judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3.

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

IFRS 9 (2009) introduced new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduced additional requirements related to financial liabilities. IFRS 9 (2013) introduced the hedge method. IASB currently has a project under way to make limited changes to the classification and measurement contained in IFRS 9 and new requirements for dealing with the impairment of financial assets.

The requirements of IFRS 9 (2009) constitutes a significant change from the current requirements of IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset is measured at amortised cost if it is held within the business model whose objective is to hold the asset in order to receive the contractual cash flows and the terms of its cash flows give rise to collections, on specified dates, related only to the nominal amount and interest in force. All other financial assets are measured at fair value. The standard eliminates the existing categories currently in IAS 39, "held to maturity", "available for sale" and "accounts receivable and payable".

For an investment in equity instruments that is not held for trading, the standard allows an irrevocable designation, on initial recognition, on an instrument-by-instrument basis, of presentation of the fair-value movements in other comprehensive income (OCI). No amount recognised in OCI shall be reclassified to profit or loss at any future date. However, dividends generated by such investments are recognised as income in profit or loss rather than OCI, unless they clearly represent partial recovery of the investment cost.

Investments in equity instruments, the entity which fails to designate the presentation of fair -value movements in OCI shall be measured at fair value with movements recognised in profit or loss.

The standard requires that derivatives embedded in contracts whose master contract is a financial asset within the scope of application of the standard shall not be separated; on the contrary, the hybrid financial instrument is assessed in its entirety in order to determine whether it is measured at amortised cost or at fair value.

IFRS 9 (2010) introduces a new requirement applicable to financial liabilities designated at fair value, by option, and comes to enforce the separation of the change in fair value component attributable to the credit risk of the entity and its presentation in OCI rather than in profit or loss. Except for this change, IFRS 9 (2010) transposes in general the classification and measurement guidelines contained in IAS 39 for financial liabilities, with no substantial changes.

IFRS 9 (2013) introduced new requirements for hedge accounting that it aligns more closely with risk management. The requirements also establish a greater approach of principles to hedge accounting resolving some weaknesses in contained in the hedge model of IAS 39.

The IFRS 9 effective date has not yet been established but will be determined when the phases in progress are finalised.

The Company made a start to a process of assessment of the potential effects of this standard but is awaiting the outcome of the announced changes, before completing the its assessment.

Given the nature of the Company's business it can be expected that this standard will have a material impact on the Company's financial statements.

## Appendix 1 – Inventory of Holdings and Financial Instruments

(expressed in euros)

Identification of the Securities	Quantity	Amount of par Value	% of Value Nominal	Average Acquisition Cost	Total Acquisition Cost	Book Value (Including Accrued Interest)	
						Unit	Total
<b>1 - AFFILIATES, ASSOCIATES, JOINT VENTURES AND OTHER RELATED COMPANIES</b>							
1.1 - Domestic securities							
1.1.1 - Holdings in affiliates							
1.1.8 - Debt securities of related companies							
BES PL 5.875% 11/15		200,000.00	104.37%	102.6%	205,200.00	105.2%	210,411.97
BESPL 5.625% 06/14		6,500,000.00	98.18%	89.3%	5,803,373.69	101.4%	6,591,101.21
ES FINANCIAL 5.125% 05/30/16		4,700,000.00	99.75%	99.7%	4,684,345.00	100.2%	4,708,707.88
ES FINANCIER 5.25% 06/12/15		300,000.00	101.58%	100.4%	301,050.00	105.1%	315,380.25
ES FINANCIER 5.25% 06/12/15		10,360,000.00	101.58%	100.2%	10,383,750.00	105.1%	10,883,577.12
<b>Subtotal</b>	<b>0</b>	<b>22,060,000.00</b>			<b>21,377,718.69</b>		<b>22,709,178.43</b>
<b>Total</b>	<b>0</b>	<b>22,060,000.00</b>			<b>21,377,718.69</b>		<b>22,709,178.43</b>
<b>2 - OTHER</b>							
2.1 - Domestic securities							
2.1.1 - Capital instruments and unit trusts							
2.1.1.3 - Investment fund units							
ES LIQUIDEZ - FEI ABERTO	9,184			5.44	50,000.00	5.48	50,330.61
ES TRADING FUND	10,000			104.80	1,048,000.00	116.05	1,160,500.00
FUNGEPI BES	16,800,232			2.02	33,855,827.53	2.01	33,763,426.25
GESPATRIMÓNIO RENDIMENTO	1,203,528			12.48	15,015,934.14	12.41	14,932,288.96
<b>Subtotal</b>	<b>18,022,943</b>	<b>0.00</b>			<b>49,969,761.67</b>		<b>49,906,545.82</b>
2.1.2 - Debt securities							
2.1.2.1 - Public debt							
BT 0% 08/22/14		300,000.00	99.09%	98.4%	295,223.93	99.1%	297,270.00
BT 0% 08/22/14		250,000.00	99.09%	98.4%	246,019.94	99.1%	247,725.00
PT OT 3.35% 10/15/15		250,000.00	100.04%	98.5%	246,250.00	100.7%	251,854.28
PT OT 3.35% 10/15/15		16,200,000.00	96.05%	94.0%	15,234,116.94	96.8%	15,674,063.78
PT OT 3.6% 10/15/14		45,000.00	100.85%	101.3%	45,594.00	101.6%	45,724.25
PT OT 3.6% 10/15/14		5,000,000.00	98.61%	96.7%	4,835,971.45	99.4%	4,968,551.80
PT OT 4.2% 10/15/16		7,000,000.00	95.51%	94.0%	6,583,414.15	96.4%	6,747,437.37
PT OT 4.35% 10/16/17		5,140,000.00	93.95%	92.5%	4,753,277.92	94.9%	4,875,524.28
PT OT 4.45% 06/15/18		4,000,000.00	92.75%	91.5%	3,660,339.36	95.2%	3,807,149.73
PT OT 4.75% 06/14/19		1,250,000.00	92.09%	90.8%	1,135,340.46	94.7%	1,183,664.49
PT OT 4.8% 06/15/20		7,500,000.00	90.78%	89.6%	6,718,731.34	93.4%	7,004,837.19
PT OT 6.4% 02/15/16		250,000.00	105.28%	83.7%	209,250.00	110.9%	277,171.06
PT OT 6.4% 02/15/16		2,500,000.00	99.87%	99.8%	2,495,379.08	105.5%	2,636,708.57
<b>Subtotal</b>	<b>0</b>	<b>49,685,000.00</b>			<b>46,458,908.57</b>		<b>48,017,681.80</b>
2.1.2.3 - Other issuers'							
BANCO BPI 3.25% 01/15		2,000,000.00	96.36%	92.8%	1,856,700.51	99.5%	1,989,542.07
BCP 04/14 5.625%		1,500,000.00	98.39%	89.7%	1,346,196.61	102.3%	1,534,945.62
BCP 3.75% 10/16		2,000,000.00	90.09%	83.9%	1,678,404.64	91.0%	1,819,249.32
BRISA 4.5% 12/16		6,000,000.00	103.81%	102.5%	6,151,200.00	104.1%	6,247,832.88
CXGD 5.125% 02/14		2,400,000.00	99.80%	102.6%	2,462,737.20	104.2%	2,501,350.68
EDP FINANCE 3.25% 03/15		2,000,000.00	101.44%	101.0%	2,019,200.00	104.0%	2,080,343.84
EDP FINANCE 4.125% 01/21		6,000,000.00	101.09%	99.3%	5,955,180.00	101.6%	6,093,021.36
EDP FINANCE 4.625% 06/16		3,000,000.00	105.21%	102.7%	3,081,700.00	107.8%	3,232,767.54
EDP FINANCE 4.875% 09/20		6,000,000.00	105.44%	101.9%	6,115,200.00	106.9%	6,414,550.68
EDP FINANCE 5.75% 09/17		2,680,000.00	109.69%	106.2%	2,846,964.00	111.3%	2,982,199.37
EDP FINANCE 5.875% 02/16		100,000.00	107.09%	98.9%	98,900.00	112.5%	112,452.93
GALP ENERGIA 4.125% 01/19		3,000,000.00	101.31%	99.4%	2,983,290.00	101.7%	3,051,475.48
GALP ENERGIA SGPS FLOAT 18		3,500,000.00	102.10%	100.0%	3,500,700.00	102.4%	3,582,775.38
PORTUCEL SA 5.375% 20-19		2,000,000.00	106.20%	101.9%	2,038,600.00	106.9%	2,137,477.50
PORTUGAL TELECOM 4.625% 05/20		15,000,000.00	102.13%	100.1%	15,016,250.00	105.1%	15,765,410.97
PORTUGAL TELECOM 5.625% 02/16		100,000.00	106.63%	97.2%	97,200.00	111.7%	111,651.97
PORTUGAL TELECOM 5.875% 04/18		2,000,000.00	109.25%	108.2%	2,163,551.13	113.5%	2,269,188.33
PORTUGAL TELECOM INT FIN 5% 11/04/19		5,000,000.00	92.93%	91.5%	4,576,769.80	93.7%	4,686,296.49
REN FINANCE 4.75%		5,000,000.00	103.60%	99.9%	4,994,400.00	104.6%	5,229,001.37
Dep Prazo EUR BBVA					22,500,000.00		22,544,342.52
Dep Prazo EUR BES					17,334,000.00		17,339,302.45
Dep Prazo EUR CXGERALDEP					20,500,000.00		20,501,366.66
Dep Prazo EUR MG					21,333,450.00		21,338,160.63
<b>Subtotal</b>	<b>0</b>	<b>71,024,920.09</b>			<b>152,395,513.98</b>		<b>155,313,678.61</b>
<b>Subtotal</b>	<b>0</b>	<b>120,709,920.09</b>			<b>198,854,422.55</b>		<b>203,331,360.41</b>
<b>Total</b>	<b>18,022,943</b>	<b>120,709,920.09</b>			<b>248,824,184.22</b>		<b>253,237,906.23</b>

(expressed in euros)

Identification of the Securities	Quantity	Amount of par Value	% of Value Nominal	Average Acquisition Cost	Total Acquisition Cost	Book Value (Including Accrued Interest)	
Designation						Unit	Total
2.2 - Foreign Securities							
2.2.1 - Capital instruments and unit trusts							
2.2.1.3 - Investment fund units							
ES RENDIMIENTO PLUS	500,000			7.48	3,739,000.00	8.08	4,041,900.00
EUROFIN SICAV SIF	5,471			1,000.03	5,470,700.32	911.98	4,989,014.86
FIDELITY TARGET 2015 ACÇÕES	74,799			10.54	788,482.57	12.08	903,575.79
FIDELITY TARGET 2020 ACÇÕES	55,859			10.47	584,873.51	11.51	642,939.39
FIDELITY TARGET 2025 ACÇÕES	65,814			9.36	615,703.49	11.28	742,377.52
FIDELITY TARGET 2030 ACÇÕES	34,203			10.02	342,581.84	11.44	391,287.01
FIDELITY TARGET 2035 ACÇÕES	9,662			20.52	198,260.84	23.97	231,609.89
FIDELITY TARGET 2040 ACÇÕES	12,680			19.29	244,600.29	23.96	303,809.21
FUNDO ESP INV IMOB FECHADO	300,000			1,000.00	300,000,000.00	902.06	270,616,620.00
INCOMETRIC FUND	92,081			5.43	500,012.50	5.44	500,920.81
<b>Subtotal</b>	<b>1,150,569</b>	<b>0.00</b>			<b>312,484,215.36</b>		<b>283,364,054.48</b>
2.2.2 - Debt securities							
2.2.2.1 - Public debt							
BOTS 0% 02/28/14		7,500,000.00	99.92%	99.9%	7,491,669.26	99.9%	7,494,300.00
BUNDES 0% 06/13/14		5,000,000.00	99.95%	99.9%	4,996,300.00	100.0%	4,997,500.00
BUNDES 2.25% 14		5,000,000.00	100.55%	100.7%	5,032,500.00	102.2%	5,108,619.87
BUNDES OBL 2.25% 04/10/2015		1,000,000.00	100.43%	100.8%	1,007,936.64	102.1%	1,020,655.00
IRISH GOVT 4.6% 04/16		1,000,000.00	93.01%	90.6%	905,828.86	96.2%	962,457.34
LETRAS DEL TESORO 0% 02/21/14		7,500,000.00	99.93%	99.9%	7,493,206.16	99.9%	7,494,450.00
NETHERLANDS GOVT 2.5% 01/17		1,250,000.00	99.54%	99.4%	1,242,254.38	101.9%	1,274,174.34
NETHERLANDS GOVT 3.25% 07/15		1,250,000.00	101.54%	102.6%	1,282,571.96	103.0%	1,288,101.39
<b>Subtotal</b>	<b>0</b>	<b>29,500,000.00</b>			<b>29,452,267.26</b>		<b>29,640,257.94</b>
2.2.2.2 - Other public issuers'							
EFSF 1.625% 02/15		5,000,000.00	101.38%	101.6%	5,077,750.00	102.8%	5,142,458.90
EFSF 2.75% 12/16		2,500,000.00	99.79%	99.7%	2,493,079.53	100.0%	2,499,640.95
EUROPEAN INVEST BANK FLOAT 01/09/15		5,000,000.00	100.20%	100.3%	5,013,000.00	100.3%	5,014,749.30
FADE 3.375% 03/19		4,000,000.00	101.61%	99.9%	3,994,480.00	102.4%	4,096,907.95
<b>Subtotal</b>	<b>0</b>	<b>16,500,000.00</b>			<b>16,578,309.53</b>		<b>16,753,757.10</b>
2.2.2.3 - Other issuers'							
A2A SPA 4.5% 11/19		2,000,000.00	107.78%	106.9%	2,138,000.00	108.2%	2,163,676.98
ALSTOM 4.5% 03/20		3,600,000.00	108.75%	115.0%	4,141,402.00	112.3%	4,042,824.65
ATLANTIA 2.875% 02/21		2,000,000.00	99.98%	99.2%	1,983,440.00	100.5%	2,009,564.66
BANCO SABADELL 2.5% 12/16		4,000,000.00	99.92%	99.8%	3,991,000.00	100.1%	4,003,843.28
BBVA CAPITAL UNIPERS 13/10/2020		5,000,000.00	80.03%	99.9%	4,995,137.32	80.1%	4,007,282.36
DOURM 1 A		503,594.61	82.86%	98.6%	496,414.78	82.9%	417,336.34
ELENIA FINANCE 2.875% 12/20		2,800,000.00	98.91%	99.8%	2,795,436.00	99.0%	2,772,595.67
EUTELSAT 2.625% 01/20		3,000,000.00	99.15%	99.3%	2,980,290.00	99.3%	2,978,252.95
FIAT FINANCE 6.75% 10/19		2,500,000.00	107.88%	105.5%	2,637,250.00	109.3%	2,732,936.65
HIPOT 5 A2		225,396.52	80.24%	97.9%	220,663.19	80.3%	180,931.70
KION 2006-1 A		384,502.28	85.22%	98.5%	378,913.68	85.3%	327,982.91
LLOYDS FLOAT 20 03/12/2020		2,500,000.00	90.92%	102.7%	2,567,696.46	91.1%	2,277,358.33
LTR INVEST FLOAT 2016		3,000,000.00	88.94%	100.0%	3,000,075.17	88.9%	2,668,200.00
MAGEL 3 A		451,957.05	76.99%	98.7%	446,101.68	77.0%	348,149.59
NATL CAPITAL INSTRUMENTS PERP		700,000.00	92.40%	100.0%	700,000.00	92.4%	646,848.34
PELIC 2 A		191,038.08	90.43%	99.2%	189,445.59	90.5%	172,795.98
PELICAN 3 A		723,266.24	73.48%	98.3%	710,862.79	73.5%	531,601.49
PETROLEOS MEXICANOS 3.125 11/20		1,500,000.00	100.98%	99.4%	1,490,370.00	101.3%	1,518,991.44
RENAULT 3.625% 09/18		2,250,000.00	102.77%	99.6%	2,240,707.50	103.8%	2,335,318.76
ROYAL BK SCOTLAND 49		10,000,000.00	83.75%	100.8%	10,080,000.00	84.0%	8,395,695.83
SANTANDER ISSUANCES 23/03/2017		5,000,000.00	95.04%	99.9%	4,995,402.43	95.0%	4,752,452.22
TELECOM ITALIA 4% 01/21/20		4,000,000.00	99.24%	100.9%	4,036,840.00	103.3%	4,133,983.56
THEME 4 A		583,242.99	80.96%	97.8%	570,236.68	81.0%	472,477.05
UNICREDIT SPA 2.25% 12/16		2,000,000.00	100.65%	100.0%	1,999,940.00	100.7%	2,014,889.32
<b>Subtotal</b>	<b>0</b>	<b>58,912,997.78</b>			<b>59,785,625.27</b>		<b>55,905,990.06</b>
<b>Subtotal</b>	<b>0</b>	<b>104,912,997.78</b>			<b>105,816,202.06</b>		<b>102,300,005.10</b>
<b>Total</b>	<b>1,150,569</b>	<b>104,912,997.78</b>			<b>418,300,417.42</b>		<b>385,664,059.58</b>
<b>Total</b>	<b>19,173,513</b>	<b>225,622,917.87</b>			<b>667,124,601.64</b>		<b>638,901,965.81</b>
<b>GRAND TOTAL</b>	<b>19,173,513</b>	<b>247,682,917.87</b>			<b>688,502,320.33</b>		<b>661,611,144.24</b>

08

DISCLOSURE OF  
REMUNERATION POLICIES



VIDA

## 08. DISCLOSURE OF REMUNERATION POLICIES

This disclosure involves the following 3 components:

- Policy governing the remuneration of members of the management and supervisory bodies;
- Policy governing the remuneration of ‘key employees’;
- Appendix I – Statement of Compliance, under Article 4(1) of the Insurance Institute of Portugal Regulatory Standard 5/2010-R, of April 1.

### Policy Governing the Remuneration of Members of the Management and Supervisory Bodies

#### 1. Remuneration Policy

##### 1.1. Remuneration Policy Approval Process

###### a) Approval

The remuneration policy for T-Vida’s corporate officers is proposed, under Article 20 of the articles of association, by the Board of Directors and is subject to appraisal by the General Meeting.

###### b) External consultants

No services by external consultants are used in defining the remuneration policy applicable to T-Vida’s corporate officers.

##### 1.2. Remuneration of the Members of the Board of the General Meeting

Under Article 14 of the articles of association, the Board of the General Meeting comprises a chairman and a secretary. Its members are remunerated through payment of a sum fixed by the General Meeting on the day it is held.

##### 1.3. Remuneration of the Members of the Board of Auditors

Under Article 23 of the articles of association, the Board of Auditors comprises three members, of whom one performs the duties of chairman. Its members are remunerated through payment of a fixed monthly sum paid 12 times a year.

##### 1.4. Remuneration of the Official Auditor

The Official Auditor is remunerated in accordance with the conditions legally determined on the basis of Article 59 and 60 of Decree-Law 487/99 of November 16, as amended by Decree-Law 224/2008 of November 20. The fees are proposed by the Official Auditor and are approved by the Board of Directors, with the support of the opinion of the Board of Auditors.

##### 1.5. Remuneration of the Board of Directors

In compliance with Article 22 of the articles of association, the Board of Directors comprises five members, one of whom is designated chairman by the General Meeting.

All members of the Board of Directors perform executive duties.

###### a) Remuneration

Members of the Board of Directors may earn a fixed remuneration paid fourteen times a year, to which may be added a variable remuneration in accordance with the criteria and conditions established in the remuneration policy approved by the General Meeting.

With the exception of that attributed to its chairman, all members of the Board of Directors earn the same fixed remuneration. Only the variable part may differ.

###### b) Remuneration limits

The variable part of the remuneration shall account for at most 55% of the Total Annual Remuneration.

Without prejudice to the foregoing, the amount to be distributed among the members of the Board of Directors, as and when attributed, is subject at all times to the limit stipulated in Article 20.3 of the articles of association, which is 5% of the net profit for the period.

###### c) Balance in the remuneration

The variable part of the remuneration will amount to a maximum of 55% of the total remuneration, its exact amount oscillating, each year, in the light of the degree of fulfilment of the main goals for the year, as set out in the year’s budget, approved as such by the Board of Directors.

###### d) Definition criteria of the variable component, limitation mechanisms and time of payment

The variable remuneration is in respect of short-term performance. The variable remuneration is calculated in the light of compliance with the main goals set out in the previous year’s budget, approved by the Board of Directors, the Net profit for the year, the Return on equity and the Combined ratio.

The amount of the variable remuneration is proportional to the degree of compliance with the management indicators referred to earlier.

The variable remuneration is paid in full, in cash, following the approval of the accounts for the year in question.

Taking into account the characteristics inherent in the remuneration structure in force for the members of the Board of Directors, the maximum amounts considered and the risk-tolerance levels established, no need was seen to defer a part of the variable component of the remuneration. It is paid in full in a lump sum in cash following approval of the accounts for the period in question.

Likewise, taking into account the fact that the Company has a single equityholder and its securities are not listed on regulated markets, the possibility of a part of the variable component comprising a stock option has not been considered in this remuneration policy. Consequently, there are no plans to award T-Vida shares or stock options or those of any other Group company to the members of the Board of Directors.

**e) Performance assessment criteria**

The assessment of the members of the Board of Directors is based on the following management indicators:

- Net Income for the period;
- Return on equity;
- Combined ratio.

Without prejudice to the analysis of the foregoing indicators, the assessment process will always take into account the adequacy both of the Company's equity in the light of its risk, and also of the technical provisions.

**f) System of annual bonuses and of other non-pecuniary benefits**

Other than the fixed and variable remuneration described in this remuneration policy, there are no other forms of remuneration of the members of the members of the Board of Directors of T-Vida.

**g) Remuneration paid in the form of profit sharing and/or payment of bonuses, and the reasons why such bonuses and/or profit sharing were granted**

Other than the fixed and variable remuneration described in this remuneration policy, there are no other forms of remuneration of the members of the members of the Board of Directors of T-Vida.

**h) Indemnities paid or owed to former executive directors in respect of termination of their duties during the period**

No indemnities were paid or are owed to former members of the Board of Directors of T-Vida related with termination of their duties.

**i) Contractual limitations to the compensation payable on unfair dismissal of a director and its relationship with the variable component of the remuneration**

There are no agreements fixing the amounts payable to members of the Board of Directors of T-Vida in the event of unfair dismissal.

**j) Estimated amount of the non-pecuniary benefits considered as remuneration not covered by the preceding situations**

No non-pecuniary benefits of import are attributed to the members of the Board of Directors of T-Vida.

**2. Complementary Pension or Early Retirement Scheme**

The chair of the Board of Directors and Directors with executive duties are entitled to a retirement pension or retirement pension supplement if they hold or have held that position at performed that role at T-Vida, Companhia de Seguros, S.A..

To this end, a pension fund has been set up, called the "Tranquilidade Directors Pension Fund" managed by ESAF - Espírito Santo Fundos de Pensões, S.A., of which all directors with executive functions and the chair of the Board of Directors of T-Vida are participants.

The main characteristics of the pension plan contained in the deed of constitution of the pension fund signed between the Management Entity and the Associates (T-Vida) are as follows:

- a) The right to a pension or retirement supplement matures, in case of old age, on the date on which the Director reaches the normal retirement age for Social Security purposes, currently set at 65, or any younger age that is possible in keeping with Social Security rules, and also in the event of disability;
- b) The right to a retirement pension or pension supplement can be brought forward to the date on which the Directors come to be aged fifty-five, provided they have performed these duties at Tranquilidade during the period of pensionable time set for the purpose in the Charter of the Pension Fund;
- c) The retirement-pension supplement may exist for the purpose of topping up any pensions granted by any other social security scheme.

Pensions or pension supplements to be granted, from which the annual retirement pension granted by social security and/ or any financial company, or under workmen's compensation will always be deducted, shall never exceed the pensionable salary of the Director in question. For the purpose, the pensionable salary is the average gross monthly salary of the last 36 months preceding the date on which the director retires, multiplied by 12.

The regulation governing the directors' right to an old-age or disability pension or pension supplement was subject to review and approval at the General Meeting held on November 1, 2013.

**3. Payments in Respect of Dismissal or Termination by Agreement of the Duties of Directors**

No payments are provided for in the event of dismissal of directors, and any termination by mutual agreement requires, in the matter of the amounts involved, the prior approval of the General Meeting.

#### 4. Table of Remuneration Paid to the Members of T-Vida's Corporate Officers during 2013

(thousand euros)

	Remuneration		Total
	Fixed	Variable	
<b>Board of Directors</b>			<b>262.5</b>
Pedro Guilherme Beauvillain de Brito e Cunha (Chair)	52.5	0.0	52.5
Augusto Tomé Pires Fernandes Pedroso	52.5	0.0	52.5
António Miguel Natário Rio-Tinto	52.5	0.0	52.5
Miguel Maria Pitté Reis da Silveira Moreno	52.5	0.0	52.5
Nuno Miguel Pombeiro Gomes Diniz Clemente	52.5	0.0	52.5
<b>Board of Auditors</b>			<b>17.6</b>
António Ricardo Espírito Santo Bustorff (chair)	5.6	0.0	5.6
João Faria Rodrigues	6.0	0.0	6.0
Maria Madalena França e Silva Quintanilha Mantas Moura	6.0	0.0	6.0
<b>Total Remuneration</b>	<b>280.1</b>	<b>0.0</b>	<b>280.1</b>

### Key Employee Remuneration Policy

#### 1. Scope of Application of the Remuneration Policy

Under Insurance Institute of Portugal Standard 5/2010, this Remuneration Policy applies not only:

- To those employees who perform key functions, understood to be all those who perform management duties within the scope of the risk-management and internal-control systems (Co-ordinator Manager, Assistant Manager, Service Manager or Head of the Overall Risk Management and Internal Control Office, and of the Audit Division), but also;
- To those employees who perform management duties in the actuarial field, as well as to the Chief Actuary, as stated in the recommendation of point V.9 of Insurance Institute of Portugal Circular 6/2010 of April 1;
- To all employees occupying 1st level management posts (Top Managers) and Board of Directors' Advisers, regardless of the area in which they work, because it is understood that – besides the members of the governing bodies – these professionals, in the specific case of T-Vida, employees whose performance has a material impact on the Company's risk profile.

For the purpose of this remuneration policy, the set of employees considered above will be known generically as Key Employees.

#### 2. Remuneration Policy Approval Process

##### a) Approval

The Key Employees' remuneration policy is assessed and approved by the Board of Directors at the proposal of the director responsible for human resources.

In drawing up the proposal for the remuneration policy an active role is played by the general manager and sundry senior staff of the Company's major divisions, the Personnel Division in particular. The proposal is also assessed by the Overall Risk and Internal Control Division with a view to determining its possible impact on risk management and capital required.

Lastly, the Board of Directors approves the final fixing of the remuneration.

##### b) Mandate of the Board of Directors

Under the law and the articles of association, fixing the remuneration of T-Vida's Key Employees is entrusted to the Board of Directors within the scope of the management of its personnel policy and of the incentives policy, with a view to meeting the Company's strategic goals.

##### c) Composition of the Board of Directors

Pedro Guilherme Beauvillain de Brito e Cunha – Chairman  
Augusto Tomé Pires Fernandes Pedroso  
António Miguel Natário Rio Tinto  
Miguel Maria Pitté Reis da Silveira Moreno  
Nuno Miguel Pombeiro Gomes Diniz Clemente

##### d) External Consultants

No services by external consultants were used in defining the remuneration policy applicable to T-Vida's corporate officers.

### 3. Remuneration

#### a) Composition of the remuneration

The remuneration comprises a fixed and a variable part.

The Company's overall remuneration policy is reviewed each year by the Board of Directors by the end of May.

As a result, the fixed remuneration is revised each year in accordance with the company's results and indicators such as the inflation rate and the rate of increase of the collective bargaining agreement (CBA) for insurance business, while a variable component is also defined by the end of May each year, based on the assessment of the previous year's performance.

#### b) Remuneration limits

The fixed part will have the limits fixed by the Board of Directors and, on average, will amount in the Company to approximately 85% of the Total Annual Remuneration.

In individual terms, the weight of the variable remuneration to be considered for each year shall not exceed 30% of the total remuneration.

The fixed part comprises the basic salary and several complements that are attributed to all Company employees, such as length-of-service bonus and other subsidies.

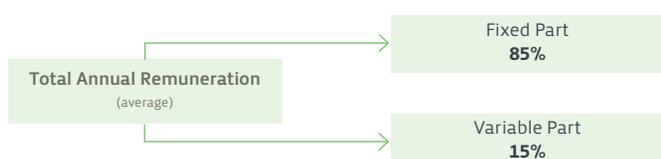
### c) Balance in the remuneration

The fixed part is on average, for all the Company's employees, about 85% of the total remuneration, the remaining 15% awarded as the variable part.

This is in keeping with the recommendations of Insurance Institute of Portugal Circular 6/2010, which encourage a high percentage for the fixed component compared to the variable component of the remuneration.

The exact amount of the variable part will vary, each year, in the light of the degree to which the main goals for the year are met, both the individual goals (quantitative and qualitative) and those of the unit of which the Key Employee forms part, in accordance with T-Vida's performance scoring model as approved by the Board of Directors.

### d) Variable component definition criteria and its time of payment



The Annual Variable Remuneration (AVR) is related to short-term performance and will have, on average, a weight of approximately 15% of the Total Annual Remuneration. The maximum AVR is calculated at the start of each year by the Board of Directors, determined on the basis of the Objectives and Incentives System (OIS) associated with the division/area of which the employee forms part, in the light of the degree of compliance with the main objectives approved by the Board of Directors, as gauged by the Development Assessment;

Bearing in mind the characteristics inherent in the remuneration structure in force, the maximum considered and the established risk-tolerance levels, it was not considered necessary to defer a portion of the AVR, which is paid in full on one occasion in cash after approval of the accounts for the year in question.

Likewise, taking into account the fact that the Company has a single equityholder and its securities are not listed on regulated markets, the possibility of a part of the AVR comprising a stock option in the Company has not been considered in the present remuneration policy. Consequently, there are no plans to award shares or stock options in respect of shares in Tranquilidade or any other Group company.

### e) Performance assessment criteria

Assessment of employees covered by this remuneration policy is based on the variables listed hereunder.

- i. Variables taken into account in the assessment of Key Employees working in the commercial areas:
  - Results-orientation with careful risk management;
  - Team spirit;
  - Strategic vision;
  - Planning, organisation and control;
  - Customer orientation;
  - Negotiating ability;
  - Knowledge of the products and services.

ii. Variables taken into account in the assessment of Key Employees working in the central areas:

- Results-orientation with careful risk management;
- Team spirit;
- Strategic vision;
- Planning, organisation and control.

## 4. Other Benefits Attributed to “Key Employees”

Besides the fixed and variable remuneration described in this remuneration policy, Key Employees earn the following benefits:

- a) Health Insurance, as defined in the CBA for the insurance industry and in the internal regulations;
- b) Life Insurance, as defined in the CBA for the insurance industry;
- c) Establishment of individual supplemental retirement plans as defined by in the CBA for the insurance industry.

## 5. Broadening the Scope of this Remuneration Policy

Save decision to the contrary taken by the Board of Directors, this Remuneration Policy shall also apply to the other Companhia de Seguros T-Vida employees not considered under the criteria defined in point 1 hereunder (Scope of application of the Remuneration Policy).

## Appendix I – Statement Of Compliance (Article 4.1 of Insurance Institute of Portugal Standard 5/2010-R, of April 1)

Detailed description of the recommendations set out in Insurance Institute of Portugal Circular 6/2010 of April 1, adopted and not adopted.

Recommendation	Complies	Does Not Comply	Comments
<b>I. General Principles</b>			
I.1	Adoption of a remuneration policy (RP) consistent with effective risk management and control that will prevent excessive exposure to risk, will prevent potential conflicts of interests and will be coherent with the long-term objectives, values and interests of the Institution, and particularly with the growth and profitability prospects and with customer protection;	✓	
I.2	Appropriateness of the Remuneration Policy (RP) in the light of the size, nature and complexity of the business, especially with regard to the risks assumed or to be assumed;	✓	
I.3	Adoption of a clear, transparent and adequate structure in respect of the definition, implementation and monitoring of the RP that will objectively identify the employees involved in the process as well as their responsibilities and competences.	✓	
<b>II. Approval of the Remuneration Policy (RP)</b>			
II.1	Approval of the RP by a Remuneration Committee or, if its existence is not viable or is not warranted (size, nature or complexity of the Institution), by the General Meeting;	✓	
II.2	Approval by the Board of Directors of the RP applicable to the employees;	✓	
II.3	Involvement in the definition of the RP of persons of functional independence and adequate technical capabilities, in order to avoid conflicts of interest and to allow an independent value judgement to be made;	✓	
II.4	The RP shall be transparent and accessible to all the Institution's employees; The RP shall also be formalised in a separate document, duly updated, stating the changes made and the reasons therefor, and the previous versions shall be kept on file;	✓	
II.5	Disclosure of the assessment process to the employees prior to the period of time covered by its application;	✓	
<b>III. Remuneration Committee (RC)</b>			
III.1	Should one exist, the RC shall review the RP and its implementation each year, so as to allow a reasoned, independent value judgement to be made about the RP in the light of the recommendations (Circular 6/2010), particularly as to its effect on the management of the Institution's risks and capital;		
III.2	The members of the RC shall be independent with regard to the management body and shall meet the requirements of competence and professional qualifications appropriate to the performance of their duties;		
III.3	Should the RC make use of external services (consultants), it shall not hire a natural or corporate person who provides or has provided services, during the previous three years, to any structure dependent on the management body or to the management body itself or has a present relationship with a consultant of the Institution. This recommendation is also applicable to any natural or corporate person related with them by an employment or provision of services contract;		Not applicable to T-Vida
III.4	The RC shall inform the equityholders, each year, as to the performance of its duties and shall be present at the AGM at which the Remuneration Policy is on the agenda;		
III.5	The RC shall meet at least once a year and shall write up minutes of every meeting held.		
<b>IV. Management Body – Executive Members</b>			
IV.1	The remuneration shall include a variable component, its determination dependent on an assessment of performance in keeping with predetermined, measurable criteria, including non-financial criteria, that take into account: individual performance, real growth of the institution, wealth actually created, protection of the customers interests, long-term sustainability, risks assumed and compliance with the rules applicable to the business;	✗	At this stage, the assessment criteria are based solely on the following management indicators: - Net income for the period; - Return on Equity; - Combined ratio, Taking also into account at all times the adequacy of the equity to the level of risk and the technical provisions set aside. No non-financial criteria are used in the assessment of the performance of the Executive Directors.
IV.2	Adequacy of the fixed and variable components, the fixed component to account for a sufficiently high proportion of total remuneration. The variable component shall be subject to a maximum limit.	✓	
IV.3	Payment of a substantial part of the variable component in financial instruments issued by the institution, appreciation of which is dependent on medium- and long-term performance.	✗	Not applicable, on account of the equityholder structure of Companhia de Seguros T-Vida, as well as of the fact that its shares are not listed on regulated markets.

Recommendation	Complies	Does Not Comply	Comments
<b>IV. Management Body – Executive Members (continuation)</b>			
IV.4		✗	Bearing in mind the weight of the maximum amounts considered for the variable remuneration, as well as the defined risk-tolerance levels, deferral of a part of the variable component of the remuneration was not considered necessary.
IV.5		✗	Not applicable in view of the response to point IV.4.
IV.6	✓		
IV.7		✗	Not applicable in view of the response to point IV.3.
IV.8		✗	Not applicable in view of the response to point IV.3.
IV.9		✗	Not applicable in view of the response to point IV.3.
<b>IV. Management Body – Non-Executive Members</b>			
IV.10	✓		All members of the Management Body perform executive duties.
<b>IV. Management Body - Indemnities in the Event of Dismissal</b>			
IV.11	✓		No compensation has been established for any form of unfair dismissal of a member of the management body.
<b>V. Employee Remuneration – Relationship between Fixed and Variable Remuneration</b>			
V.1	✓		
V.2		✗	Not applicable, on account of the equityholder structure of Companhia de Seguros T-Vida, as well as of the fact that its shares are not listed on regulated markets.
<b>V. Employee Remuneration – Variable Remuneration Allocation Criteria</b>			
V.3	✓		
V.4		✗	The criteria used are predetermined and measurable. They are not related to a multi-year framework since the understanding is that this component has little weight in the overall amount and concerns the meeting or otherwise of annual goals.
V.5	✓		
<b>V. Key Employee Remuneration – Deferral of Variable Remuneration</b>			
V.6		✗	The little weight of this component does not warrant its deferral.
V.7		✗	Not applicable in view of the reply to the preceding point.

Recommendation	Complies	Does Not Comply	Comments
<b>V. Employees' Remuneration – Key Employees</b>			
V.8	Employees performing tasks associated with key functions shall be remunerated in the light of the achievement of the objectives associated with their duties, regardless of the performance of the areas under their control, the remuneration to provide a reward adequate to the importance of the exercise of the duties.	✓	
V.9	In particular, actuarial duties and the actuary in charge shall be remunerated in a manner in keeping with their role at the institution and not in respect of its performance.	✓	
<b>VI. Review of the Remuneration Policy</b>			
VI.1	The remuneration policy shall be submitted to independent internal review at least annually, performed by key departments of the institution in articulation with each other.	✓	
VI.2	The assessment called for in the preceding number shall include, in particular, an analysis of the institution's remuneration policy and of its implementation in the light of the recommendations of this Circular, especially in respect of its effect on the management of the risks and of the capital of the institution.	✓	
VI.3	The key departments shall present to the management body and the AGM or, if any, the remuneration committee, a report on the results of the assessment to which number VI.1 refers, detailing in particular the measures required to correct any insufficiencies in the light of these recommendations.	✓	
<b>VII. Financial Groups</b>			
VII.1	The parent company of an insurance group or financial conglomerate subject to supervision by the ISP on the basis of its consolidated situation shall ensure that all its affiliates, including those abroad, implement mutually consistent remuneration policies, based on these recommendations.		Not applicable in the specific case of T-Vida Companhia de Seguros, S.A.. These recommendations are assessed in respect of Companhia de Seguros Tranquilidade, S.A..
VII.2	Adoption of these recommendations shall be ensured in respect of all remuneration paid to each employee by the those institutions that are a part of the same insurance group or financial conglomerate.		
VII.3	The key functions of the parent company shall perform at least once a year, in articulation with each other, an assessment of the remuneration practices of the affiliates abroad, in the light of the recommendations of this Circular, especially in respect of their effect on the management of the institution's risk and capital.		
VII.4	The key functions shall submit to the management body of the parent company and to its general meeting or, should one exist, to the remuneration committee, a report on the results of the assessment to which the preceding number refers, detailing in particular the measures required to correct any insufficiencies in the light of these recommendations.		

09

LEGAL CERTIFICATION OF ACCOUNTS AND  
BOARD OF AUDITORS' REPORT AND OPINION



VIDA

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# 09. LEGAL CERTIFICATION OF ACCOUNTS AND BOARD OF AUDITORS' REPORT AND OPINION

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## LEGAL CERTIFICATION OF ACCOUNTS

### INTRODUCTION

1. I have audited the financial statements of T-VIDA, COMPANHIA DE SEGUROS, S.A., which comprise the Balance Sheet as at December 31, 2013, (which shows a total of €852,573k and total equity in the sum of €67,581k, including a net profit of €4,296k), the Profit & Loss Account, the Statement of Comprehensive Income, the Statement of Cash-Flows and the Statement of Changes in Equity for the year then ended, and the Notes to the Accounts. These financial statements have been prepared in accordance with accounting practices generally accepted for the insurance industry in Portugal.

### RESPONSIBILITIES

2. The Board of Directors is responsible for the preparation of financial statements that truly and fairly reflect the financial situation of the Company and the results of its transactions, as well as for the adoption of adequate accounting criteria and policies and for maintaining appropriate systems of internal control.
3. My responsibility is to express a professional, independent opinion based on my audit of the said financial statements.

### SCOPE

4. My audit was performed in accordance with the Technical Rules and Auditing Directives of the Association of Official Auditors, which require that it be so planned and performed as to obtain an acceptable degree of certainty as to whether the financial statements contain any materially relevant distortions. For the purpose, the said audit includes:
- verification, on a test basis, of the documents underlying the figures and disclosures contained in the financial statements and an evaluation of the estimates, based on judgements and criteria established by the Board of Directors, used in their preparation;
  - an appraisal of the adequacy of the accounting policies employed and of their disclosure, taking the circumstances into account;
  - verification of the applicability of the going concern principle; and
  - an appraisal as to the adequacy, in overall terms, of the presentation of the financial statements.
5. My audit also covered verification that the management report is consistent with the financial statements.
6. I believe that the audit performed provides an acceptable basis for the expression of my opinion.

### OPINION

7. In my opinion, the said financial statements truly and fairly present, in all materially relevant aspects the financial situation of T-VIDA, COMPANHIA DE SEGUROS, SA, as at December 31, 2013, the results of its operations and its cash flows during the year then ended, in accordance with accounting practices generally accepted for the insurance industry in Portugal.

### REPORT ON OTHER LEGAL REQUIREMENTS

8. I am also of the opinion that the management report is consistent with the financial statements.

Lisbon, March 17, 2014

José Manuel Macedo Pereira

## BOARD OF AUDITORS' REPORT AND OPINION

To the Members of  
**T-VIDA, COMPANHIA DE SEGUROS, S.A.,**

Under the law and the articles of association, it is our duty to present to you for appraisal the Report on the supervisory activity undertaken by the Board of Auditors, as well as our Opinion on the Report, the Accounts and the proposal for the appropriation of profit presented by the Board of Directors of **T-VIDA, COMPANHIA DE SEGUROS, S.A.**, in respect of the year ended December 31, 2013, and also our appraisal of the respective Legal Certification of the Accounts issued in due course by the Company's Official Auditor.

The Board of Auditors regularly monitored the Company's business and its management throughout 2013, both through appraisal of the accounting and management information documents with which we were provided on a regular basis, and also by means of the complementary clarification that we requested of the Board and of the Company's services charged with operational responsibility, from which we always received all the co-operation we requested, and also by means of such verification measures as we considered necessary to the fulfilment of our legal and statutory obligations.

In 2013 production grew by 24.7% over the previous year. This change was driven by the significant increase of financial products, in the PPRs in particular, which grew by 152.2%.

The solvency ratio estimated as at December 2013 stood at 159%. compared to 136% for 2012. A contribution to this good performance was made by the increase of the elements constituting the solvency margin, up by about €4,879k.

The Tranquilidade Group, of which T-Vida is a part, continued, during 2013, the work involved in adapting to the new Solvency II mechanism, which will imply substantial alterations in insurance business. In the matter of Solvency II the measures called for in the respective programme's previously-defined implementation plan (Roadmap) were tracked and monitored.

As is our duty, we also monitored (i) the verification of the accounting records and of the respective supporting documents and (ii) the appraisal of the accounting policies and valuation criteria adopted by the Company, duties that were performed in co-operation with José Manuel Macedo Pereira, the Official Auditor appointed by the General Meeting to perform the audit and the legal certification of the Company's accounts.

On termination of 2013 we appraised the respective Annual Report and Accounts drawn up by the Board of Directors and presented to us in due course, having found that they are in keeping with applicable legal and statutory requirements and mention the more relevant aspects that marked the Company's business during the year ended December 31, 2013.

In due course and under Article 452.1 of the Companies Code, the Board of Auditors also appraised the Legal Certification of the 2012 Accounts, dated March 17, 2014, issued with no reserves by the said Official Auditor, with which we are in agreement.

As a result of the monitoring activities undertaken as summarised above and in keeping with the respective conclusions, we are of the opinion that the General Meeting of T-VIDA, Companhia de Seguros, S.A., approve:

- a) the Management Report dated February 25, 2014, and the other accounting documents for the year ended December 31, 2013, presented by the Board of Directors; and
- b) the Board of Directors' proposal for the appropriation of the 2013 net profit in the sum of €4,296,044.58, under the terms set out in point 2.5 of the Management Report referred to above.

Lisbon, March 21, 2014

The Board of Auditors

António Ricardo Espírito Santo Bustorff - Chairman  
João de Faria Rodrigues - Member  
Maria Madalena França e Silva Quintanilha Mantas Moura - Member



[www.t-vida.pt](http://www.t-vida.pt)