VIDA

2014

ANNUAL REPORT AND ACCOUNTS

VIDA

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ANNUAL REPORT AND ACCOUNTS 2014

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GOVERNING BODIES

VIDA

01. GOVERNING BODIES

General Meeting
Chair
Gustavo Alexandre Pontes Teixeira de Mesquita Guimarães
Secretary
Augusto Tomé Pires Fernandes Pedroso

Board of Directors
Chair
Nuno Miguel Pombeiro Gomes Diniz Clemente
Members
Alexander Wallace Humphreys
Alexandre Miguel Varela Simões Lopes
Emmanuel Hervé Pascal Joel Lesueur
João Carlos Dores Candeias Barata

Board of Auditors
Chair
Luís Maria Viana Palha da Silva
Full Members
Manuel Maria de Paula Reis Boto
Pedro Manuel Aleixo Dias
Alternate Member
Sandra Maria Simões Filipe de Ávila Valério

Official Auditor
Ana Cristina Soares Valente Dourado on behalf of KPMG e Associados
Alternate
Fernando Gustavo Duarte Antunes

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DIRECTORS' REPORT

VIDA

02. DIRECTORS' REPORT

To the Members of T-VIDA, Companhia de Seguros, SA,

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, SA (hereinafter T-Vida or Company), in respect of 2014.

2.1 Macroeconomic Framework

Despite the consolidation of the economic recovery in the US, 2014 is marked by considerable uncertainty as to global economic growth, the slowdown of the Chinese economy, the concern about deflationary pressures in the Euro zone, the potential impacts of the fall of oil price in some economies (Venezuela, Russia) and y the reappearance of concerns about political stability in Greece.

2.1.1 International Economic Situation

In the US, after the weak economic growth seen in early 2014, the data revealed in the last quarter suggest an acceleration of GDP growth and moderate economic expansion supported by domestic demand, especially private consumption, which increased by 2.5%, and by the gross formation of fixed capital (GFCF) which recorded a growth of 5.5%. It is estimated that the North American economy grew by more than 2.0% in 2014.

The levels of indebtedness of households and of the private sector continued to fall and the savings rate remained above historic lows. Several indicators suggest a normalisation of the property and credit markets, in particular a reduction in the rate of mortgage foreclosures, reduction of the rate of non-performing loans and, above all, the reduction of the jobless rate.

The Federal Reserve (Fed) kept interest rates unchanged in the range of 0-0.25%. The attention of the markets and investors is now focused on anticipation of the increase of interest rates, which could begin during 2015.

In the Euro area, 2014 was marked by weak economic growth, less than 1% despite the favourable expectations for 2015. The improvements in the labour market were modest, in line with the economic growth, insufficiently robust to enable job creation.

In 2014, the main economic indicators in the Euro area improved compared with the previous year, particularly:

- The unemployment rate stood at 11.6% in 2014 (11.9% in 2013);
- Year-on-year inflation stood at 0.4%, below the goal of 2.0%;
- Private consumption is set to have grown by 0.7% (-0.6% in 2013); and
- Investment is set to have grown by 0.6% (-2.4% in 2013).

The ECB kept the refi rates unchanged, close to 0%, and is expected to present additional measures to combat possible deflation scenarios.

Low inflation and geopolitical concerns appear as the main risk factors for growth of the Euro zone in 2015. Emphasis is given to the conflict between Ukraine and Russia, the political situation in Greece, the effects of US monetary policy and the possible effectiveness of the ECB quantitative easing programme.

In 2014 the Euribor rates dropped at every term, with the 3-month Euribor standing at 0.08% (2013: 0.29%) and the 12-month Euribor at 0.33% (2013: 0.56%).

The euro depreciated against the dollar, from EUR/USD 1.37 in December 2013 to 1.21 in December 2014 (down 12.0%) reflecting the perspectives of low economic growth in the Euro zone, the risks of deflation and the political instability in Greece.

The performance of the major equity differed in 2014. In the USA the S&P 500 and NASDAQ indices recorded gains of 11.4% and 13.4%, respectively. In Europe, the EuroStoxx50 appreciated just 1.2% in 2014. The markets were again marked, especially at the end of the year, by a climate of risk aversion associated with the sharp drop in oil prices, the factors of political uncertainty and lack of confidence in economic growth.

Greece, Italy, Spain and Portugal were the European markets most affected, with emphasis on the financial and energy sectors. Emerging markets depreciated following the impact of the fall of the oil prices in exporting countries.

2.1.2 Domestic Economic Situation

According to the latest figures released, the Portuguese economy is expected to grow by 0.9% in 2014, following the 1.4% downturn the previous year. This was underpinned by the recovery of private consumption and public investment. Imports grew at a rate higher than exports, causing caused a deterioration of the trade balance.

After 3 consecutive years of decline, domestic demand increased again in 2014 while still below the levels seen before the international financial crisis. Private consumption grew 2.1% in 2014 (compared to a 1.4% reduction in 2013) and GFCF increased by 5.2% (compared to 6.3% decrease in 2013). In 2014, exports posted a growth of 3.4%, lower than in 2013 (6.4%) and lower than the 6.2% growth of imports (compared to 3.6% in 2013).

The unemployment rate fell from 16.2% to 13.9% in 2014. At the root base of this improvement were methodological changes associated with the inclusion of the data of the "2011 Census", the migratory flow and the implementation of several of labour-recruitment stimulus programmes.

The average inflation rate fell by 0.3% (2013: up 0.3%) largely reflecting the decline of energy prices.

Under the regular monitoring by the Troika and after the end of the Adjustment Programme, the stock of foreign liabilities still exceeds 110% of GDP, one of the highest figures of developed economies.

The need to reduce the debt and the public-administration deficit continues to be essential to ensuring the sustainability of the public finances.

Yields continued to their downward trend throughout 2014, the yield of the 10-year treasury bonds having dropped from 6.0% in December 2013 to 2.7% in December 2014. The backdrop of low interest rates continues to reflect investors demand for this class of assets.

2.1.3 Insurance Market

In 2014 the volume of direct insurance production in Portugal amounted to €14,292 million, an increase of 9.1% compared to 2013 (+€1,187 million). For the second consecutive year, the insurance industry returned growth, recouping part of the production lost in previous years.

Life insurance was once again responsible for the good performance of the market. Premiums amounted to €10,439 million, a growth of 12.9% over the previous year. In an environment greater savings by savers and of instability and uncertainty in the financial markets, the increase in demand for insurers' savings products was decisive to the good performance of the Life segment, reflected in the 4.8% increase of Mathematical provisions to €42,517k.

Emphasis is give to the performance of PPRs (Retirement Savings Plans), up 58.5% (+€905 million euros), raising the volume of contributions to €2,454 million. Capitalisation products posted a more modest increase of 4.3%, while risk products declined by 0.5% comparing to 2013.

The Non-Life segment fell once more in 2014, though less so than in the past 2 years, which seems to announce a reversal of the downward trend of production. The volume of Non-Life premiums amounted to €3,852 million (down 0.2% from the previous year), with emphasis on the recovery of workers' compensation (up 0.9%), premiums of which had not risen for 9 years. Health insurance kept the growth pattern of the past few years (up 3.3%), confirming the growing option for this product. Conversely, the focus is on the fall in production in the Multi-risks (-0.3%), Motor (-2.0%) with further deterioration of the average premium per vehicle, and Transport (-9.0%).

The weight of insurance business as a proportion of the GDP rose from 7.7% in 2013 to 8.3% in 2014. The Life segment accounts for 6.1% of the GDP, with the Non-Life segment accounting for 2.2% (5.4% and 2.3% in 2013, respectively).

2.2 Relevant Facts in 2014

The year under review was one of market growth (up 12.9%) mainly due to the financial products, which grew by 58.5% in the PPRs (to €2,454 million) and by 4.3% in the Capitalisation products (€7,067 million). Traditional products declined by just 0.5% (to €900 million), though of these the Risk and Mixed grew by 0.7%. T-Vida's total production fell by 21.0% (to €88 million), with an increase of +9.2% in Risk products (to €17 million).

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. For the second consecutive year, T-Vida is the fastest-growing company by absolute value in Life Risk products within the non-bancassurance companies market. 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 of its processes, particularly through the consolidation of the Tele-interviews for the clinical assessment of applicants. It also introduced several improvements to the IT platforms, both ventral and those used by the business partners anf by customers.

2.3 Key Variables and Business Indicators

(thousand euros)

	2014	2013	Change 14/13 %
Balance Sheet			
Investments	576,594	661,612	-12.9
Net assets	800,619	852,573	-6.1
Equity	75,658	67,581	12.0
Mathematical provisions and investment contract liabilities	693,179	762,467	-9.1
Gains & Losses			
Total production	88,280	111,708	-21.0
Premiums earned, net of reinsurance	34,413	48,554	-29.1
Costs of claims, net of reinsurance	63,694	56,512	12.7
Mathematical provision, net of reinsurance	30,570	7,974	283.4
Share of profit, net of reinsurance	3,055	2,182	40.0
Operating costs	6,417	6,133	4.6
Financial result	-46,725	17,811	362.3
Technical balance net of reinsurance	6,084	7,442	-18.2
Overall balance (1)	10,991	11,865	-7.4
Net income	4,294	4,296	0.0
Indicators (%)			
Technical balance/ Total production	6.9	6.7	+0.2 p.p.
Operating costs/ Total production	7.3	5.5	+1.8 p.p.
Operating costs/ Mathematical provisions and Investment contract liabilities	0.9	0.8	+0.1 p.p.
Solvency margin cover rate	195.9	149.0	+46.9 p.p.
Claims/ Premiums (IFRS 4)	170.5	112.2	+58.3 p.p.
Benefits paid/ Deposits received (IAS 39)	60.4	39.0	+21.4 p.p.
Acquisition costs/ (premiums + deposits received)	7.7	5.4	+2.3 p.p.
Administrative costs/ (premiums + deposits received)	3.8	3.0	+0.8 p.p.
Other Indicators			
Nº Employees (2)	19	22	-13.6
Nº Policies	123,368	130,017	-5.1

(1) Technical balance + Balance of financial activity.
(2) Employees belonging to the permanent staff.

2.4 T-Vida's Business in 2014

2.4.1 Total Production

In 2014, the Insurer's production performed worse than the previous year. This context is directly linked to the slump in the assurfinance channel, and also the growth difficulties of the national economy and customer willingness, already seen in 2013.

Production totalled €88,280k, a decrease of 21.0% (-€23,428k), from last time. This change was driven by the significant increase of production in financial insurance, in the Guaranteed Capitalisation in particular, which fell by 61.5% (-€24,903k).

The PPRs made a positive contribution through an increase of 1.5% (€642k) compared to last time.

The Life Risk business line grew by 9.2% (+€1,413k), gaining ground in production, with a weight of 18.9% of total production in 2014 (compared with 13.7% in 2013. This growth is particularly important given the high technical margins that this type of product provides, making a significant contribution to the Company's profit.

Annuities fell by 39.2% (-€3,861k), and Mixed products also decreased by 8.0% (-€168k), since this is a type of product little sold and of long maturity.

(thousand euros)

Total Production	2014	2013	Change 14/13 (%)
Total Production	**88,280**	**111,708**	**-21.0**
Insurance Contracts	**37,712**	**50,593**	**-25.5**
- Annuities	6,000	9,861	-39.2
- Other risk & mixed products	18,627	17,382	7.2
- Capitalisation products	2,606	2,816	-7.5
- PPR	10,479	20,534	-49.0
Investment Contracts	**50,568**	**61,115**	**-17.3**
- Capitalisation products	17,468	38,713	-54.9
- PPR	33,100	22,402	47.8

2.4.2 Costs of Claims and Benefits Paid

Total costs incurred with indemnities and benefits paid amounted to €94,891k, an increase of 17.7% compared to 2013. This change was caused by the impact of the significant increase in redemptions in Guaranteed PPRs.

The weight of the indemnities in the light of the mathematical provisions at the beginning of the period was 13.7% (compared to 10.6% the previous year), and 2014 was a year of a large amount of redemptions (€60,967k, up 43.1% over last time) and a lesser volume of maturities (€14.421k, down 36.5%).

In PPRs, the cost of claims and benefits paid amounted to €57,554k (up 25.5%), primarily the result of the increase of redemptions, which account for 41.5% of total cost of claims, compared to 31.3% in 2013.

Capitalisation product claims increased by €1,896k (up 10.2%), the result of the increase of redemptions of Financial products in the sum of €3,685k (up +24.1%).

In Traditional products indemnity costs increased by 4.5%, standing at the year-end at €16,859k, mainly due to large claims under Annuities (up 9.1%) and Mixed products. Underscored is the decrease of claims in Risk products, down 3.1%.

(thousand euros)

Costs of Claims & Benefits Paid	2014	2013	Change 14/13 %
Costs of Claims & Benefits Paid	**94,891**	**80,587**	**17.7**
Insurance Contracts	**64,305**	**56,754**	**13.3**
- Annuities	7,026	6,442	9.1
- Other risk & mixed products	9,833	9,695	1.4
- Capitalisation products	6,510	4,816	35.2
- PPR	40,936	35,801	14.3
Benefits Paid on Investment Contracts	**30,586**	**23,834**	**28.3**
- Capitalisation products	13,968	13,766	1.5
- PPR	16,618	10,068	65.1

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, 2014, the mathematical provisions and liabilities of investment contracts decrease 9.1% (-€68,288k), the poor performance mainly the result of the reduction of mathematical provisions of the Financial Liabilities, particularly Capitalisation products, which fell by €69,911k. The financial liabilities of the Capitalisation products and PPRs increased by €7,708k and €1,762k respectively.

Mathematical provisions for Capitalisation products declined by 7.4% (down €2,803k), while for PPRs they fell by 4.4% (down €7,360k). The sale of contracts with lower technical rates gave rise to a reduction of the average guaranteed minimum rates of the PPRs, down from 3.26% in 2013 to 3.02%. In Capitalisation products, there was a change from 3.12% in 2013 to 3.04% in 2014 due to new products with lower 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 55.6% (56.5% in 2013) of the total of the mathematical provisions and insurance and investment contract liabilities in 2014, allowed the Company to maintain its leadership of the segment of Insurers that do not operate the banking channel.

(thousand euros)

Mathematical Provisions and Investment Contract Liabilities	2014	2013	Change 14/13 %
Mathematical Provisions and Investment Contract Liabilities	**693,179**	**762,467**	**-9.1**
Mathematical Provisions	**278,831**	**290,678**	**-4.1**
- Annuities	54,844	53,865	1.8
- Other risk & mixed products	28,744	31,407	-8.5
- Capitalisation products	34,905	37,708	-7.4
- PPR	160,338	167,698	-4.4
Financial Liabilities	**414,348**	**471,789**	**-12.2**
- Capitalisation products	95,495	87,717	8.9
- PPR	107,265	105,573	1.6
- Capitalisation operations	211,588	278,499	-24.0

2.4.4 Technical Balance

There was a decrease of the technical balance of reinsurance from €7,442, in 2013 to €6,084k in 2014. Compared to the previous year, this is a decrease of €1,358k (down 18.2%), essentially the result of the reduction of production (down 21.0%).

Also of importance in the net technical balance of reinsurance in 2014, is the negative impact of the increase of claims in the Financial products (20.1%), particularly in the Guaranteed PPRs, and the negative impact of deterioration of the technical balance of the Mixed products caused by the increase of the rate-commitment provision and the reduction of production.

The balance of the financial activity (1) increased by €484k (+10.9%), the result of the good performance of the earnings allocated. In the Unit Linked income, the focus is in the depreciation of the Capitalisation operation in the sum of -€66.1 million.

The overall balance (2) was lower than in the previous year, standing at €10,991k, compared with €11,865k in 2013.

(thousand euros)

Total Technical Balance	2014	2013	Change 14/13 %
Technical Balance Net of Reinsurance	**6,084**	**7,442**	**-18.2**
- PPR	353	184	91.8
- Capitalisation	178	-40	545.0
- Traditional	5,553	7,298	-23.9
Financial Activity Balance (1)	**4,907**	**4,423**	**10.9**
- PPR	1,262	3,508	-64.0
- Capitalisation	1,157	873	32.5
- Traditional	2,184	-306	813.7
- Capitalisation operations	304	348	-12.6
Overall Balance (2)	**10,991**	**11,865**	**-7.4**

(1) Income from financial activity including profit-sharing and technical interest.
(2) Technical balance net of reinsurance + Balance of financial activity.

2.4.5 Operating Costs

Operating costs increased 4.6% (€284k), y-o-y, mainly due to the substantial increase of staff costs.

Staff costs increased by 16.1% over the previous year, standing at €2,008k. This change reflects staff restructuring costs incurred in the last quarter of 2014, contrary to what was seen in 2013, as well as increased costs under the heading of post-employment benefits.

Third-party supplies & services were in line with the previous year, standing at €1,464k. Taxes and levies decreased 20.4%, the result of the reduction of production in 2014.

Depreciation fell by 2.0% over the previous year, due to the -9.3% reduction of amortisation of intangible assets related rate of amortisation of the goodwill of the portfolio (Value in Force), despite 99.3% increase of research & development costs caused by new projects developed during 2014.

Commissions on the investment portfolio rose by 23.9% as a result of the higher costs of GNB - Gestão de Ativos, due to the increase in the portfolio under management and of commissions compared to 2013.

(thousand euros)

Operating Costs	2014	2013	Change 14/13 %
Staff costs	2,008	1,729	16.1
Third-party supplies & services	1,464	1,463	0.1
Taxes and charges	43	54	-20.4
Depreciation charges for the period	2,549	2,602	-2.0
Commissions	353	285	23.9
Total	**6,417**	**6,133**	**4.6**

2.4.6 Investments

In 2014, the world economy showed signs of recovery with rising levels investor confidence in the US and in most emerging markets with the exception of the Mercosur economies.

Europe continued to evolve below its potential and at a slower pace than initially set out, due to the debt accumulated in the period before the crisis and to the regularisation of the macroeconomic imbalances that ensued.

Despite the volatility seen at the year-end, the financial markets appreciated sustainably in most asset classes, supported by expectations of economic recovery and by the liquidity levels generated by the monetary policy implemented by the various central banks.

In May 2014, Portugal completed the Economic and Financial Adjustment Programme agreed with the international institutions, regaining the confidence of national and international investors. Throughout the year, Portugal continued access to financial markets, with several medium- -and long-term debt issues that had strong demand and progressively lower interest rates.

The atmosphere of confidence in the Portuguese economy was temporarily penalised by the turmoil that affected the Portuguese financial system caused by the failure of some companies of the Espírito Santo Group, which culminated in the bankruptcy of Portugal's largest private financial group. T-Vida was not entirely immune to the process that affected its shareholder at the top of the ESFG financial group, and felt the direct consequences of its collapse through the losses generated by its holdings of bonds issued by this entity.

In its financial activity there were two distinct periods of T-Vida's investment policy during 2014.

The beginning of the year was marked by strong growth in bond markets with narrowing spreads in most issuer markets, particularly by issuers peripheral to the European core.

During this period T-Vida increased its exposure to sovereign debt of the peripheral countries, particularly Portugal, which allowed it to benefit from the appreciation of its bond portfolio. In this period too, T-Vida increased its short-term investments in money market instruments, offset by the reduction of investment in real-estate funds and variable- -rate bonds.

At the end of the first half, it was decided to reclassify all the positions in bonds "held to maturity" to "available for sale", a decision that allowed the appropriation of the potential gains in these assets to be recorded in the accounts. As a result of this decision, in keeping with IAS 39, and up to the end of 2016, T-Vida cannot have assets classified in this category.

The start of the second half of 2014 was marked by increased risk aversion induced by the release of less favourable economic indicators in Europe and, in Portugal, with the risk of contagion to the real economy of the dismemberment of the GES group.

This scenario led investors to search for assets of greater "quality", entailing a reduction of exposure to equity markets and yields correcting from the highs observed since the beginning of the year. In a corrective manner, the ECB cut the key benchmark interest rates and announced a comprehensive set of measures to revive economic growth.

With the reduction of the remuneration of short-term investments, T-Vida opted for a gradual reduction of these investments, offset by investment in fixed-rate bonds, and it continued its strategy implemented during the first half, participating in primary market issues.

In terms of results by asset class, we highlight the net gains of €10,142k (54% of the result of the financial activity excluding Unit--Linked), obtained through net gains on the debt market, the result of the narrowing spreads and reduction of the yields. In its investment in corporate debt, T-Vida opted for issuers with solid fundamentals and higher seniority, while maintaining an adequate spread of the risk per issuer, sector and country.

At the year-end, T-Vida's bond portfolio (excluding Unit-Linked) amounted to €353,783k, with an average rating of investment grade, with exposured to sovereign debt of €149,468 (42.2% of the total bond portfolio) of which €48,285k of exposure to Portuguese public debt.

On the equity market, the major equity indices performed differently during 2014, the US heading the positive performances, followed by Asia and Latin America. European markets also returned positive though more modest performances.

T-Vida, as in previous years, continues its conservative strategy with exposure to equity markets of less than 4.0%, mainly through ETFs and a special focus on the US market.

Euribor rates recorded historic lows across all maturities, reflecting expectations of falling interest rates. Foreseeing this scenario, T-Vida continued to reduce its exposure to variable-rate bonds, with a decrease of 32.3% in this class of bonds (down €10,915k).

In compliance with the limits defined in the investment policy, no transaction was carried out involving hedge funds or products of similar characteristics, and investments in derivatives instruments were used solely for currency hedging.

The whole of the exposure to real estate, through investment funds, was disposed of in its entirety to the not Unit Linked assets under management.

(thousand euros)

Assets Under Management [1]	2014	2013	Change 14/13 %
Bonds	**353,783**	**245,091**	**44.3**
Fixed-rate	330,902	211,294	56.6
Floating-rate	22,881	33,797	-32.3
Equities & Investment Funds	**8,204**	**59,388**	**-86.2**
Equities	0	0	-
Investment Funds	8,204	59,388	-86.2
Liquidity	**13,554**	**77,535**	**-82.5**
Unit Linked [2]	**216,293**	**283,395**	**-23.7**
TOTAL	**591,834**	**665,409**	**-11.1**
TOTAL without Unit Linked	**375,541**	**382,014**	**-1.7**
Held-to-maturity assets	0	70,564	-100.0

(1) Amounts determined from a management standpoint.
(2) Primarily in investment funds.

At the year-end the total investment portfolio amounted to €591,834k (down 11.1%), the result of the change of investment in Unit Linked (down €73,560k). In the portfolio of assets without Unit Linked the figure is similar to the previous year, at €375,541k (down 1.7%), of which 94.2% is investment in bonds.

Of import also is the reclassification of all "held to maturity" positions to "available for sale", measured at €70,564k at the end of 2013, with implied gains of €6,749k.

(thousand euros)

Financial Results [1]	2014	2013	Change 14/13 %
Income	9,098	12,530	-27.4
Gains & losses	10,618	5,115	107.6
Impairments/ written back	-418	-813	-48.6
Gains/ losses unit linked	-66,024	978	-6 850.9
TOTAL	**-46,726**	**17,810**	**-362.4**
TOTAL without Unit Linked	**19,298**	**16,832**	**14.7**

1) Amounts determined from a management standpoint.

Reviewing the financial results without Unit Linked, 2014 returned a y-o-y growth of €2.466k (up 14,7%). With regard to the Unit Linked, the result was negative in the sum of €66,024k, compared to €978k the previous year, a performance explained by the devaluation of the real estate investment fund that is one its products.

In terms of gains and losses, there was a y-o-y gain of €5,503k (up 107.6%), the result of active management in the bond market, which drove the increase of the gains. On the other hand, yields decreased 27.7%, following the reduction of interest rates.

The return on average assets (excluding the Unit Linked effect) stood at 5.1% (2013: 4.5%). Considering the change in the Fair Value Reserve, the return was 8.7% (2013: 5.2%).

2.4.7 Equity and Solvency Margin

In 2014 equity increased to €75,658k, €8,077k more than the previous year. This growth is the result of increase of the revaluation reserves by €10,167k, to stand at 5,352k, because of the for the impact of the performance of the credit market. Net income had a neutral effect on the change in equity, remaining virtually unchanged from the previous year.

The estimated solvency ratio in December 2014 (excluding the effect of dividend distribution) stood at 195.9%, compared with 149.0% in 2013. The reduction of the required solvency margin, due to the reduction of insurance not linked to investment funds (excluding supplementary insurance), contributed to this good performance.

(thousand euros)

Equity	2014	2013	Change 14/13 %
Share capital	65,000	65,000	-
Other capital instruments	0	0	-
Revaluation reserves	5,352	-4,815	211.2
Other reserves	842	2,996	-71.9
Retained earnings	170	104	63.5
Net income	4,294	4,296	0.0
Total	**75,658**	**67,581**	**12.0**

2.4.8 Risk Management, Internal Control System and Compliance

Within the scope of Directive 2009/138/EC of the European Parliament and the Council of November 25 concerning insurance and reinsurance business (Solvency II), T-Vida continued, during 2014, the work of adapting to the new Solvency II mechanism, which will require substantial changes in the insurance business.

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, Delegated Regulation 2015/35 of the Commission of October 10, 2014, which completes Directive 2009/138/EC, has been published. After reviewing this regulation, T-Vidawill update its plan of action to allow compliance and a more gradual transition to the new mechanism.

Several measures were implemented during 2014, of which the following are highlighted:

- Active involvement in the work groups of the portuguese insurers association about matters relating to the evolution of the solvency ii project;
- Release of the 2nd gap analysis within the scope of the eiopa guidelines on the governance system;
- Implementation and documentation of the orsa in progress;
- Publication of the second version of the qrts by the global risk management committee and meetings with the various areas of the company;
- Definition and formalisation of sundry policies within the scope of monitoring the solvency ii programme;
- Participation in the qis-2014 study;
- Definition of risk appetite.

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

2.5 Proposal for the Appropriation of Profit

The Board of Directors of T-Vida, Companhia de Seguros, SA proposes, pursuant to and for the purposes of article 376 (b) of the Companies Code, that the net profit for the 2014 financial year in the sum of €4,294,265.06 be appropriated as follows:

a) 10% of the Net profit for the year in the sum of €429,426.51 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 2015

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:

- Individual:
  - Welfare;
  - Mortgage Loan Protection;
- Companies:
  - Protection of “Key men” at SMEs;
  - Protection of expat professionals (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 Business partners 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 in the medium-or long-term Savings and Investment products, the historically-low interest rates and the Solvency II framework should lead to an overhaul of the offering in new contracts, asserting itself mainly in the Unit Linked area.

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 T-Vida’s business partners (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 assurfinance distribution model, drawing on the experience gained by this network in the area of advisory services for its customers and close relations with the Novo Banco 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 2015 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 shareholder Companhia de Seguros Tranquilidade, SA,and also for the indispensable co--operation provided by GNB – Companhia de Seguros de Vida, SA, as well as to the Company's employees for their contribution to the development of T-Vida.

We are also pleased to note the appointment of the new Board of Auditors Chartered Accountant, both of which contributed to the Company's presentation, today, of financial information that complies with best international industry practices.

T-Vida also recognises the contribution that the Portuguese Insurers Association has provided to the Company in various areas within its field of competence and in ensuring the defence of the sector's interests.

A last word of thanks for the support of the Insurance and Pension Funds Supervisory Authority, which also made a decisive contribution in enabling the Tranquilidade Group, of which T-Vida forms part, to successfully overcome one of the most challenging years of its history.

Lisbon, 31 March 2015

THE BOARD OF DIRECTORS

Nuno Miguel Pombeiro Gomes Diniz Clemente
(Member)

Alexander Wallace Humphreys
(Member)

Alexandre Miguel Varela Simões Lopes
(Member)

Emmanuel Hervé Pascal Joel Lesueur
(Member)

João Carlos Dores Candeias Barata
(Member)

03

FINANCIAL STATEMENTS

VIDA

03. FINANCIAL STATEMENTS

Balance Sheet (Assets) as at December 31, 2014 & 2013

(thousand euros)

ASSETS	Notes to the Accounts	December 31, 2014			December 31, 2013
		Gross Value	Impairment, Depreciation/ Amortisation or Adjustments	Net Value	
Cash & cash equivalents and sight deposits	8	16,993		16,993	7,529
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	211,239		211,239	277,687
Hedge derivatives					
Available-for-sale assets	6	360,093	538	359,555	231,638
Loans & Receivables		**5,800**		**5,800**	**81,723**
Deposits at cedent companies					
Other deposits	6	5,800		5,800	81,723
Loans granted					
Receivables					
Other					
Investments held to maturity	6				70,564
Land & Buildings					
Land & buildings held for own use					
Land & buildings held for income					
Other tangible assets					
Inventories					
Goodwill					
Other intangible assets	12	51,910	19,894	32,016	34,249
Technical Provisions for Reinsurance Ceded		**1,495**		**1,495**	**1,640**
Provisions for unearned premiums					
Mathematical provision for life business	4	646		646	506
Provisions for claims	4	48		48	222
Provision for profit-sharing	4	801		801	912
Provision for rate commitments					
Portfolio stabilisation provision					
Other technical provisions					
Assets for post-employment benefits & other long-term benefits					
Other Debtors for Insurance & Other Operations		**2,606**	**252**	**2,354**	**3,806**
Receivables for direct insurance operations	13	2,236	252	1,984	1,400
Accounts receivable for other reinsurance operations	13	111		111	9
Accounts receivable for other operations	13	259		259	2,397
Tax Assets		**34**		**34**	**1,086**
Current tax assets	24	34		34	970
Deferred tax assets	24				116
Accruals & deferrals	13	544		544	2,937
Other items of assets	13	170,589		170,589	139,714
Available-for-sale non-current assets and discontinued operating units					
Total Assets		**821,303**	**20,684**	**800,619**	**852,573**

THE ACCOUNTANT
Rui Manuel Paulo Dias

THE ACCOUNTS MANAGER
Pedro Manuel Borges Medalhas da Silva

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Alexandre Miguel Varela Simões Lopes

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Balance Sheet (Assets) as at December 31, 2014 & 2013

(thousand euros)

LIABILITIES & EQUITY	Notes to the Accounts	December 31 2014	December 31 2013
Liabilities			
Technical Provisions		**299,767**	**305,478**
Provisions for unearned premiums	4	1,780	1,509
Mathematical provision for life business	4	278,831	290,678
Provisions for Claims			
for life insurance	4	9,973	10,625
Provision for profit-sharing	4	7,158	2,666
Provision for rate commitments	4	2,025	
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	414,348	471,789
Other Financial Liabilities			**291**
Hedge derivatives			
Subordinated debt			
Deposits received from reinsurers			
Other	5		291
Liabilities for post-employment benefits & other long-term benefits	23	329	147
Other Creditors for Insurance & Other Operations		**3,446**	**3,748**
Payables for direct insurance operations	13	1,644	2,240
Payables for other reinsurance operations	13	473	444
Payables for other operations	13	1,329	1,064
Tax Liabilities		**3,777**	**338**
Current tax liabilities	24	3,586	338
Deferred tax liabilities	24	191	
Accruals & deferrals	13	3,294	3,201
Other Provisions			
Other Liabilities			
Liabilities of a group for sale classified as available-for-sale			
Total Liabilities		**724,961**	**784,992**
Equity			
Equity capital	25	65,000	65,000
(Treasury shares)			
Other capital instruments			
Revaluation Reserves		**5,352**	**-4,815**
For adjustment of the fair value of financial assets	26	5,352	-4,851
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
For adjustments to the fair value of net investment hedges in foreign currency			
For currency translation differences			
Deferred and current tax reserve	26	-1,555	894
Other reserves	26	2,397	2,102
Retained earnings		170	104
Net income for the period		4,294	4,296
Total Equity		**75,658**	**67,581**
Total Liabilities & Equity		**800,619**	**852,573**

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Balance Sheet (Assets) as at December 31, 2014 & 2013

(thousand euros)

PROFIT & LOSS ACCOUNT	Notes to the Accounts	December 31, 2014			December 31 2013
		Technical Life	Non Technical	Total	
Premiums Earned Net of Reinsurance		**34,413**		**34,413**	**48,554**
Gross premiums written	14	37,712		37,712	50,593
Ceded reinsurance premiums	14	-3,028		-3,028	-2,041
Provisions for unearned premiums (change)	4 and 14	-271		-271	2
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	1,046		1,046	956
Costs of Claims, Net of Reinsurance	**4**	**63,694**		**63,694**	**56,512**
Amounts paid		64,116		64,116	53,721
Gross amounts		64,901		64,901	53,993
Reinsurers' part		-785		-785	-272
Provision for claims (change)		-422		-422	2,791
Gross amount		-596		-596	2,761
Reinsurers' part		174		174	30
Other technical provisions, net of reinsurance	4	2,025		2,025	
Mathematical Provision of the Life Line, Net of Reinsurance	**4**	**-30,570**		**-30,570**	**-7,974**
Gross amount		-30,430		-30,430	-7,973
Reinsurers' part		-140		-140	-1
Share of profits/(losses), net of reinsurance	4	3,055		3,055	2,182
Net Operating Costs & Expenses	**21**	**9,250**		**9,250**	**8,342**
Acquisition costs		6,785		6,785	6,034
Deferred acquisition costs (change)	4	11		11	15
Administrative costs		3,386		3,386	3,357
Reinsurance commissions and profit sharing		-932		-932	-1,064
Income	**16**	**8,631**	**556**	**9,187**	**13,055**
On interest on financial assets not carried at fair value through profit or loss		8,449	556	9,005	12,830
On interest on financial liabilities not carried at fair value through profit or loss					
Other		182		182	225
Financial Costs	**16**	**457**	**1**	**458**	**725**
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		457	1	458	725
Net Gains on Financial Assets & Liabilities not Carried at Fair Value Through Profit or Loss		**8,087**	**1,298**	**9,385**	**3,057**
On available-for-sale assets	17	8,720	1,298	10,018	4,245
On loans & accounts receivable					
On investments held to maturity	17	394		394	
On financial liabilities carried at amortised cost	5 and 17	-1,063		-1,063	-1,420
Others'	17	36		36	232
Net Gains on Financial Assets & Liabilities Carried at Fair Value Through Profit or Loss		**713**		**713**	**993**
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	713		713	993
Currency translation differences	19	13		13	228
Net gains on the sale of non-financial assets not classified as available-for-sale non-current assets and discontinued operating units					
Impairment Losses (Net of Reversal)		**418**	**174**	**592**	**746**
On available-for-sale assets	6	418		418	813
On loans and receivables carried at amortised cost					
On investments held to maturity					
Other	13		174	174	-67
Other technical income/ costs, net of reinsurance	20	-7		-7	-13
Other provisions (change)					
Other income/ expenses	20		518	518	416
Negative goodwill recognised immediately in profit or 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					
Net Income Before Tax		**4,567**	**2,197**	**6,764**	**6,713**
Corporation tax for the period - Current tax	24		-2,470	-2,470	-2,417
Corporation tax for the period - Deferred tax	24				
Net Income For The Period		**4,567**	**-273**	**4,294**	**4,296**
Earnings per share (in euros)	27			0.07	0.07

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04

STATEMENT OF COMPREHENSIVE INCOME

VIDA

04. STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income as at December 31, 2014 & 2013

(thousand euros)

	2014	2013
Items That May be Reclassified to the Income Statement	**7,718**	**2,396**
Variation of the fair value of financial assets and hedging instruments on cash-flow hedging	10,167	2,671
Change in current & deferred taxes	-2,449	-275
Items That Will Not be Reclassified to the Income Statement	**-135**	**-235**
Change of actuarial deviations recognised in reserves	-135	-235
Change in current & deferred taxes	-	-
Other Comprehensive Income for the Period After Taxes	**7,583**	**2,161**
Net Income for the Period	**4,294**	**4,296**
Total Comprehensive Income for the Period	**11,877**	**6,457**

05

STATEMENT OF CHANGES IN EQUITY

VIDA

05. STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity as at December 31, 2014 & 2013

(thousand euros)

	Share Capital	Revaluations Reserves		Deferred and Current Tax Reserve	Other Reserves		Retained Earnings	Net Income for the Period	Total
		For Adjustments to the Fair Value of Available-For-Sale Financial Assets	For Hedges in Cash-Flow Hedging		Legal Reserve	Other Reserves			
Balance Sheet as at December 31, 2012	**65,000**	**-7,754**	**268**	**1,169**	**1,884**	**0**	**77**	**4,530**	**65,174**
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
Total Changes in Equity	**0**	**2,903**	**-232**	**-275**	**453**	**-235**	**27**	**-4,530**	**-1,889**
Net income for the period								4,296	4,296
Balance Sheet as at 31 December 2013	**65,000**	**-4,851**	**36**	**894**	**2,337**	**-235**	**104**	**4,296**	**67,581**
Net gains for adjustment to fair value of available-for sale financial assets		10,203							10,203
Net gains for adjustment of hedges in cash-flow hedging			-36						-36
Adjustments for recognition of deferred and current taxes				-2,449					-2,449
Actuarial differences recognised in reserves						-135			-135
Increases of reserves for appropriation of profits					430		-430		0
Distribution of profits							-3,800		-3,800
Transfers between equity headings not included in other lines							4,296	-4,296	0
Total Changes in Equity	**0**	**10,203**	**-36**	**-2,449**	**430**	**-135**	**66**	**-4,296**	**3,783**
Net income for the period								4,294	4,294
Balance Sheet as at 31 December 2014	**65,000**	**5,352**	**0**	**-1,555**	**2,767**	**-370**	**170**	**4,294**	**75,658**

06

STATEMENT OF CASH FLOWS

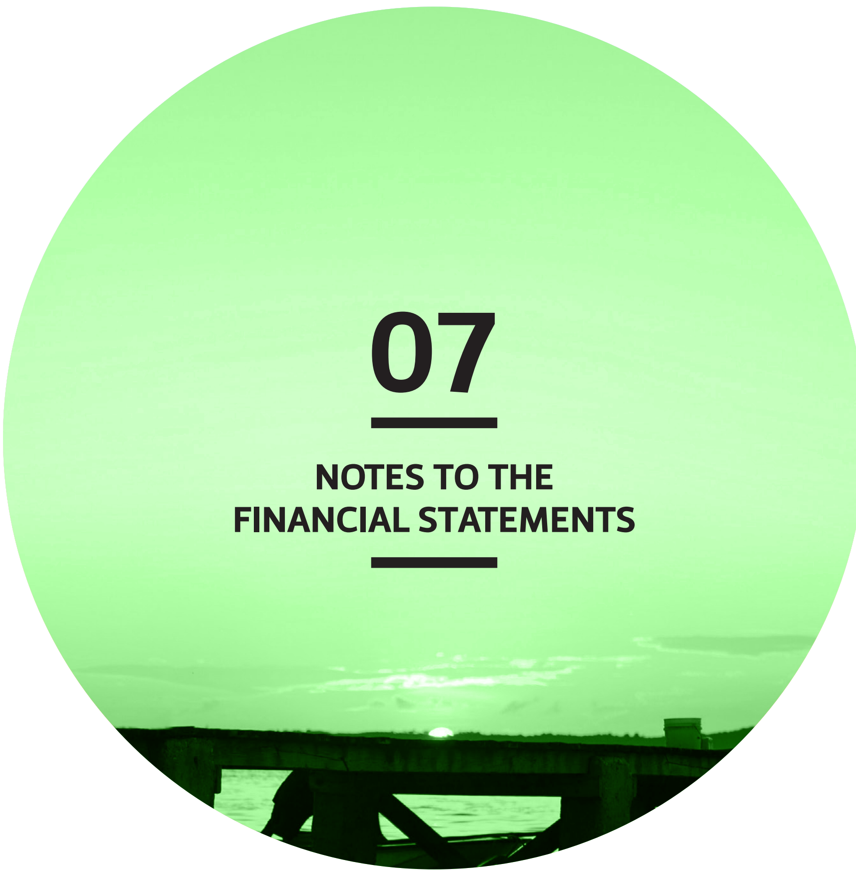
VIDA

06. STATEMENT OF CASH FLOWS

Statement of Cash Flows as at December 31, 2014 & 2013

(thousand euros)

	2014	2013
Cash Flow from Operating Activities	**-37,341**	**-54,681**
Net income for the period	4,294	4,296
Depreciation & amortisation charges for the period	2,549	2,602
Change in technical provisions for direct insurance	-7,336	7,258
Change in technical provisions for reinsurance ceded	-816	-1,017
Variation of liabilities for investment contracts	-57,441	32,041
Change in other provisions	-	-1
Change in debtors for direct insurance, reinsurance & other operations	1,278	-246
Change in other tax assets & liabilities	4,491	-1,761
Change in other assets & liabilities	-2,569	-34,151
Change in debtors for direct insurance, reinsurance & other operations	-302	1,819
Impairment of available-for-sale assets	418	813
Impairment of other assets	174	-67
Income and gains on financial assets	46,308	-18,963
Change in accruals and deferrals	2,486	-1,319
Change in other assets	-30,875	-45,985
Cash Flow from Investing Activities	**50,605**	**60,404**
Change in investments	41,594	47,010
Dividends received	17	-
Interest	9,310	14,009
Acquisitions of tangible & intangible assets	-316	-615
Cash Flow from Financing Activities	**-3,800**	**-4,050**
Dividend distribution	-3,800	-4,050
Subscription of share capital/Ancillary capital contributions	-	-
Net Change in Cash & Cash Equivalents & Sight Deposits	**9,464**	**1,673**
Cash & cash equivalents at the start of the period	7,529	5,856
Cash & cash equivalents at the end of the period	16,993	7,529



07

NOTES TO THE FINANCIAL STATEMENTS

VIDA

07. NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements as at December 31, 2014 & 2013

Note 1 - General Information

T-Vida, Companhia de Seguros, SA (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, SA.

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

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 AND Pension Funds Supervisory Authority (ASF) under authorisation nº 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 ASF 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 9.2%), 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, 2014 & 2013, is as follows:

(thousand euros)

2014	Total Life	Traditional	With-Profits Capitalisation	Without-Profits Capitalisation
Profit & Loss Headings				
Gross premiums written	37,712	24,627	13,085	-
Commissions on investment contracts	1,046	-	-	1,046
Gross premiums earned	37,441	24,356	13,085	-
Returns on investments	16,569	6,411	12,224	-2,066
Gross cost of claims	64,305	16,859	47,446	-
Change in mathematical provision	-30,430	-2,025	-28,405	-
Change in provision for rate commitments	2,025	1,699	326	-
Profit-sharing	3,055	1,553	1,502	-
Gross operating costs	10,182	5,321	1,932	2,929
Balance of reinsurance	-1,345	-1,345	-	-
Technical result	4,567	6,007	2,508	-3,948
Balance Sheet Headings				
Assets allocated to representa tion of technical provisions and financial liabilities on investment contracts	723,031	93,530	212,607	416,894
Technical provisions	299,767	90,772	208,995	-
Financial liabilities on investment contracts	414,348	-	-	414,348

(thousand euros)

2013	Total Life	Traditional	With-Profits Capitalisation	Without-Profits Capitalisation
Profit & Loss Headings				
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
Balance Sheet Headings				
Assets allocated to representa--tion 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

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, 2014, and have been prepared in accordance with the Insurance Companies Accounting Plan ("PCES 07") issued by the ASF 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 ASF.

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.

In 2014, T-Vida adopted the IFRS and the mandatory-application interpretations for years as from January 1, 2014. 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.

The financial statements now presented are consolidated in the consolidated financial statements of Companhia de Seguros Tranquilidade, SA, sole shareholder of T-Vida.

These financial statements were approved at a meeting of the Board of Directors held on March 31, 2015.

Main Accounting Principles And Valuation Criteria Adopted

Investments in subsidiaries

Subsidiaries

Entities (including investment funds and securitisation vehicles) controlled by the Company are classified as subsidiaries. The Company controls an entity when it is exposed to or has rights to the variability of the returns generated by its involvement with that entity and may take possession thereof them through its power over that entity (*de facto* control).

On December 31, 2014 the Company controls the real estate investment fund FUNDES - Special Closed-end Real Estate Investment Fund, which is consolidated in the financial statements of the parent company, Companhia de Seguros Tranquilidade, SA.

Investments in subsidiaries are carried at cost less impairment losses.

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. During 2014, the Company sold assets of this category without not complying with the requirements of IAS 39 ("tainting"). On this basis, and up to the end of 2016, T-Vida cannot have assets classified 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 though 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 in certain specific circumstances.

In 2011 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.

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. The Company derecognises financial liabilities when they are cancelled or extinguished.

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.

The recoverable amount is determined based on the greater of the value in use of the assets and the market value less selling costs, and is calculated with recourse to valuation methodologies supported by discounted cash-flow techniques, considering market conditions, time value and business risks.

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, 2014, 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 ASF.

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 tax legislation in force, the Tax Authorities are entitled to review the calculation of the taxable income made by the Company, during a period of four years or longer period if deduction of tax losses is involved, in which case a period identical to the time limit for their deduction applies.

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 an 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 Lnked 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 ASF Standards 19/94-R and 3/96-R, the Company has calculated this provision contract by contract, receipt by receipt, through 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 ASF rules and regulations, as follows:

	Mortality Table	Technical Rate
Retirement Savings Plans and Capitalisation Products (*)		
Up to December 1997	GKM 80	4%
January 1998 to June 1999	GKM 80	3.25%
After July 1, 1999	GKM 80	3% and 2.5%
After March 2003	GKM 80	2.75%
After January 1, 2004 (**)	GKM 80	0.56% and 2.75%
Insurance in Case of Life (*)		
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% and 2.25%
Other insurance in case of Life	TV 73/77	4%
Insurance in Case of Death (*)		
Up to December 2004	GKM 80	4%
After January 1, 2005	GKM 80	4%
After January 1, 2008	GKM 80 and GKM 95	4%
After October 1, 2013	PASEM 2010	0%
Mixed Insurance (*)		
Up to September 1998	GKM 80	4%
After October 1, 1998	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 2014.

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 The assessment of the adequacy of the liabilities is performed on the basis of the projection of the future cash flows associated with each contract, discounted at the interest rate of the return on the assets to be covered by technical provisions. In the event of a shortfall, it is recorded in profit or loss through the provision for rate commitments.

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	
	2014	2013	2014	2013
Traditional	1,780	1,509	-271	2
With-profits capitalisation	-	-	-	-
Total	**1,780**	**1,509**	**-271**	**2**

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	
	2014	2013	2014	2013
Traditional	3,806	4,151	-345	706
With-profits capitalisation	6,167	6,474	-251	2,055
Total	**9,973**	**10,625**	**-596**	**2,761**

The balance of the provision for claims includes an estimated provision in the amount of €869k (2013: €342k) relating to claims incurred prior to December 31, 2014 and not yet reported (IBNR).

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

(thousand euros)

Businesses/ Groups of Businesses	Provision for Claims* as at 31.12.2013 (1)	Claims* Paid in 2014 (2)	Provision for Claims* as at 31.12.2014 (3)	Readjustments (3) + (2) - (1)
Risk products	3,513	3,033	1,744	1,264
Other traditional products **	638	707	375	444
Total	**4,151**	**3,740**	**2,119**	**1,708**

* Claims incurred in 2013 and earlier
** Includes salaries, incomes and redemptions

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 ceded-reinsurance provision reflected under assets and of the respective annual change in profit or loss is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2014	2013	2014	2013
Traditional	48	222	174	30
With-profits capitalisation	-	-	-	-
Total	**48**	**222**	**174**	**30**

The evolution of the provision for profit-sharing carried under liabilities was as follows in 2014 & 2013:

(thousand euros)

	2014	2013
Balance as at January 1	**2,666**	**2,442**
Change of profit-sharing attributed	3,055	2,182
Payments	-1,625	-1,451
Incorporation into mathematical provision	-429	-507
Change in the share to be allocated (shadow accounting)	3,491	-
Balance as at December 31	**7,158**	**2,666**

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 2014 & 2013:

(thousand euros)

	2014	2013
Balance as at January 1	**912**	**742**
Change of profit-sharing attributed	850	1,047
Receipts	-961	-877
Balance as at December 31	**801**	**912**

The breakdown of the mathematical provision and the respective annual change in the profit & loss account in 2014 & 2013 is as follows:

(thousand euros)

	2014	2013
Balance as at January 1	**290,678**	**285,039**
Change for the year	-30,430	-7,973
Incorporation of profit-sharing in results	429	507
Other movements	18,154	13,105
Balance as at December 31	**278,831**	**290,678**

The amounts under Other movements in 2013 and 2014 refer to reclassifications of products that came to have a provision for discretionary profit sharing.

The breakdown of the ceded-reinsurance mathematical provision reflected under assets and of the respective annual change in profit or loss is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2014	2013	2014	2013
Traditional	646	506	-140	-1
With-profits capitalisation	-	-	-	-
Total	**646**	**506**	**-140**	**-1**

The breakdown of the rate commitment provision reflected under assets and of the respective annual change in profit or loss is as follows:

(thousand euros)

Products	Balance Sheet Balance		Change in Gains & Losses	
	2014	2013	2014	2013
Traditional	1,699	-	1,699	-
With-profits capitalisation	326	-	326	-
Total	**2,025**	**-**	**2,025**	**-**

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.

The reinsurance program for 2014 consists of proportional and non-proportional treaties, as per the following table:

Business Line	Type of Reinsurance
Life Mortgage Loan	Surplus
Life Group	Surplus
Life Individual Credit	Surplus
Life VTCC2.0	Surplus
Life Health Professionals	Surplus
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	
		2014	2013
Expenses	10% increase of operating costs, net of reinsurance	-925	-834
Mortality	10% decrease of the mortality of the insured	-1,744	-3,096

Nature and Extent of the Market Risk, Credit Risk, Liquidity Risk and Operational 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.

The sensitivity analysis is as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Pre-Tax Income	
		2014	2013
Currency	10% depreciation of the value of all foreign currencies against the euro	-1	-

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	
		2014	2013
Equities	10% decrease of stock-market values	-600	-1 069

(thousand euros)

Area of Analysis	Scenarios	Impact on Pre-Tax Income	
		2014	2013
Equities	10% decrease of stock-market values	-220	-

Real-estate risk

The real-estate risk is caused by the volatility of real-estate market prices. The exposure to this risk in 2013 stemmed solely from real-estate investment funds. Does not include valuation of autonomous funds constituting investment contract liabilities where the risk is for the policyholder, which in December 31, 2014, entailed around €204 million.

The sensitivity analysis is as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Reserves at Fair Value Before Tax	
		2014	2013
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	
		2014	2013
Interest rate	100 b.p.decrease of the interest-rate curve - effect on assets	15,654	6,655
	100 b.p.increase of the interest-rate curve - effect on assets	-14,582	-6,082

(thousand euros)

Area of Analysis	Scenarios	Impact on Pre-Tax Income	
		2014	2013
Interest rate	10 b.p.decrease of the interest-rate curve - effect on liabilities	-1,146	-
	10 b.p. increase of the interest-rate curve - effect on liabilities	1,128	-

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.

(thousand euros)

Rating	2014		2013	
	%	Value	%	Value
AAA	10%	33,757	7%	16,142
AA	22%	53,060	4%	10,204
A	24%	58,630	5%	11,385
BBB	47%	114,282	18%	43,359
BB	33%	81,873	61%	150,544
B	2%	4,261	2%	4,155
CCC	0%	-	0%	-
Unrated	3%	7,920	3%	9,302
Total	**100%**	**353,783**	**100%**	**245,091**

These figures do not include the deposits and assets of the Unit Linked portfolios 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. Their breakdown by sectors of activity is as follows:

(thousand euros)

Sector of Activity	2014			2013		
	%	Gross Amount	Impair-ment	%	Gross Amount	Impair-ment
Basic resources	6%	19,956	-	1%	2,137	-
Communications	3%	12,643	-	12%	29,833	-
Consumables (cyclic)	7%	24,505	-	2%	5,068	-
Consumables (non-cyclic)	8%	29,126	-	1%	2,010	-
Energy	2%	7,225	-	3%	8,153	-
Financial	19%	68,058	-	21%	54,086	-
Funds	2%	8,743	-538	4%	11,174	-482
Public Debt	41%	149,468	-	37%	93,967	-331
Industrial	4%	13,686	-	4%	10,291	-
Technology	2%	5,490	-	0%	-	-
Public/ collective services	6%	21,868	-	12%	30,968	-
Other	0%	1,759	-	3%	8,909	-
Total	**100%**	**362,527**	**-538**	**100%**	**256,596**	**-813**

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. Real-estate investment funds are excluded for reasons of consistency with the non-inclusion in this breakdown of investments in Land & buildings.

These figures do not include the deposits and assets of the Unit Linked portfolios 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 maturity and estimated flows of financial assets and liabilities, for 2014 and 2013, and of the mathematical reserve for 2014 is as follows:

(thousand euros)

2014	< 1 Month	1-3 Months	3-12 Months	1-5 Years	> 5 Years	Without Maturity	Total
Financial assets	27,396	3,473	22,696	433,556	267,773	11,636	766,530
Financial liabilities and mathematical provision	3,333	5,966	20,937	350,208	309,681	6,500	696,625
Net	**24,063**	**-2,493**	**1,759**	**83,348**	**-41,908**	**5,136**	**69,905**

(thousand euros)

2013	< 1 Month	1-3 Months	3-12 Months	1-5 Years	> 5 Years	Without Maturity	Total
Financial assets	47,269	38,443	67,161	441,340	146,750	71,698	812,661
Financial liabilities	2,379	5,494	12,194	359,932	95,829	-	475,828
Net	**44,890**	**32,949**	**54,967**	**81,408**	**50,921**	**71,698**	**336,833**

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. The ratings of the reinsurers are as follows:

Reinsurer	Rating
Munich Re	AA-
Scor Global Life	A+
RGA Re	AA-
Nacional Reaseguros	A-
Swiss Reinsurance	AA-
Europ Assistance	n.a
Tranquilidade	n.a
GE Financial Insurance	n.a

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;
- Implementation and documentation of a disaster recovery plan and performance of periodic tests and simulation in respect of the plan;
- Implementation and documentation of a business continuity plan, as well as procedures allowing the recuperation of critical business activities and functions, including those performed by subcontracted entities.

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 SAF 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 ASF Regulatory Standard 6/2007-R of April 27. Calculation of the respective estimated margin involves the following components:

(%)

	2014	2013
Items Constituting the Guarantee Fund	**39,842**	**29,532**
Solvency Margin to be Set Aside	**20,342**	**19,823**
Insurance not linked to investment funds (excluding complementary insurance)	19,311	18,864
Insurance & operations related to investment funds	441	470
Complementary insurance (including complementary insurance of insurance linked to investment funds)	590	489
Legal minimum Guarantee Funds	3,700	3,700
Excess/Insufficiency of the Solvency Margin	**19,500**	**9,709**
Solvency Margin Cover Rate	**195.9%**	**149.0%**

Business ratios

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

(%)

	2014	2013
Claims/ premiums (IFRS 4)	170.5%	110.5%
Benefits paid/ deposits received (IAS 39)	60.4%	40.4%
Acquisition costs/ (premiums + deposits received)	7.7%	5.4%
Administrative costs/ (premiums + deposits received)	3.8%	3.0%

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 Linked	PPR Unit Linked	OCAs Unit Link	Total
Balances as at 1 January 2013	**108,744**	**7,299**	**45,153**	**278,552**	**439,748**
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
Balances as at 31 December 2013	**145,468**	**7,588**	**40,234**	**278,499**	**471,789**
Additional liabilities of the period, net of commissions	45,721	4,644	330	-	50,695
Amounts paid	-22,232	-3,517	-5,677	-	-31,426
Technical interest	6,040	744	1,571	-66,911	-58,556
Other movements	-18,154	-	-	-	-18,154
Balances as at 31 December 2014	**156,843**	**9,459**	**36,458**	**211,588**	**414,348**

The amounts under Other movements in 2013 and 2014 refer to reclassifications of products that came to have a provision for discretionary profit sharing.

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

(thousand euros)

	2014			2013		
	Gain	Loss	Balance	Gain	Loss	Balance
Carried at Fair Value Through Profit or Loss	**70,592**	**-5,996**	**64,596**	**4,542**	**-6,424**	**-1,882**
Capitalisation	67,882	-3,784	64,098	1,685	-2,116	-431
PPR	2,710	-2,212	498	2,857	-4,308	-1,451
Carried at Amortised Cost	**136**	**-6,176**	**-6,040**	**124**	**-6,116**	**-5,992**
Capitalisation	-	-3,890	-3,890	-	-4,011	-4,011
PPR	136	-2,286	-2,150	124	-2,105	-1,981
Total	**70,728**	**-12,172**	**58,556**	**4,666**	**-12,540**	**-7,874**

The amounts carried in the financial statements also include the amounts of Notes 17 and 18, and therefore the analysis msst be performed in conjunction with these notes.

The breakdown of the value of the financial instruments stratified by the measurement method used, in accordance with the levels prescribed by IFRS 3, is as follows:

(thousand euros)

	2014			
	Level 1	Level 2	Level 3	Total
Unit-linked product liabilities	-	257,505	-	257,505
Derivatives	-	-	-	-
Total Financial Liabilities	**-**	**257,505**	**-**	**257,505**

(thousand euros)

	2013			
	Level 1	Level 2	Level 3	Total
Unit-linked product liabilities	-	326,321	-	326,321
Derivatives	-	-	-	-
Total Financial Liabilities	**-**	**326,321**	**-**	**326,321**

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.

The breakdown of Other financial liabilities is as follows:

(thousand euros)

	2014	2013
Other financial liabilities		
Repurchase agreements - Amounts payable	-	-
Other	-	291
Book Value	**-**	**291**

As at December 31, 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)

	2014	2013
Available-for-sale financial assets	359,555	231,638
Term deposits	5,800	81,723
Financial assets at fair value through profit or loss	211,239	277,687
Held-to-maturity financial assets	-	70,564
Total Holdings and Financial Instruments	**576,594**	**661,612**

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)

	2014	2013
Bonds & other fixed-income securities		
Public issuers'	281	777
Other issuers'	3,366	3,027
Equities	-	-
Other floating-rate securities	207,592	273,883
Book Value	**211,239**	**277,687**
Acquisition cost	306,294	306,796

In 2014 and 2013, the Company held, of this type, compound financial instruments with embedded derivatives, in fixed-income securities, as follows:

(thousand euros)

Type of Risk	2014	2013
Structured credit	2,433	2,277
Credit derivative	-	-
Total	**2,433**	**2,277**

Available-for-sale financial assets

The breakdown of this type of asset is as follows:

(thousand euros)

	2014	2013
Bonds & other fixed-income securities		
Public issuers'	149,468	39,692
Other issuers'	201,882	132,558
Equities	-	-
Other floating-rate securities	8,205	59,388
Book Value	**359,555**	**231,638**

The breakdown of the final balance sheet figures as at December 31, 2014 & 2013, is as follows:

(thousand euros)

	Amortised or Acquisition Cost	Accrued Interest	Fair-Value Reserve	Impair-ment	Book Value
Bonds & other fixed-income securities					
Public issuers'	39,440	193	59	-	39,692
Other issuers'	133,759	1,827	-2,697	-331	132,558
Equities	-	-	-	-	-
Other floating-rate securities	59,630	-	240	-482	59,388
Balance as at December 31, 2013	**232,829**	**2,020**	**-2,398**	**-813**	**231,638**
Bonds & other fixed-income securities					
Public issuers'	146,978	1,520	970	-	149,468
Other issuers'	192,608	1,643	7,631	-	201,882
Equities	-	-	-	-	-
Other floating-rate securities	8,501	-	242	-538	**8,205**
Balance as at December 31, 2014	**348,087**	**3,163**	**8,843**	**-538**	**359,555**

Movements under impairment losses are as follows:

(thousand euros)

	2014	2013
Balance as at January 1	**813**	**-**
Allocations for the period	418	813
Cancellations for the period for sale of assets	-693	-
Written back during the period	-	-
Balance as at December 31	**538**	**813**

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

(thousand euros)

	2014	2013
Bonds & other fixed-income securities	-	331
Equities & other floating-rate securities	418	482
Total	**418**	**813**

Held-to-maturity investments

The breakdown of this type of asset is as follows:

(thousand euros)

	2014	2013
Bonds & other fixed-income securities	-	
Public issuers'	-	53,943
Other issuers'	-	16,621
Book Value	**-**	**70,564**
Book value (without accrued interest)	-	69,347
Acquisition cost	-	67,610
Market value	-	74,183

The breakdown of the final balance sheet figures as at December 31, 2014 & 2013, is as follows:

(thousand euros)

	Amortised or Acquisition Cost	Impairment	Book Value
Bonds & other fixed-income securities			
Public issuers'	53,943	-	53,943
Other issuers'	16,621	-	16,621
Balance as at December 31, 2013	**70,564**	**-**	**70,564**
Bonds & other fixed-income securities			
Public issuers'	-	-	-
Other issuers'	-	-	-
Balance as at December 31, 2014	**-**	**-**	**-**

During 2014, the Company sold assets of this category without not complying with the requirements of IAS 39 (“tainting”). On this basis, and up to the end of 2016, T-Vida cannot have assets classified in this category.

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)

	Acquisition Cost	On Transfer Date: Book Value	Fair-Value Reserve: Positive	Fair-Value Reserve: Negative	Value of Future Cash Flows (A)	Effective Rate (B)	Market Value with Accrued Interest (year-end) 2013	Market Value with Accrued Interest (year-end) 2014	Accumulated Amortised Fair Value Reserve (year-end) 2013	Accumulated Amortised Fair Value Reserve (year-end) 2014
Of available-for-sale financial assets	98,387	93,400	-	-6,096	119,639	7.0%	67,803	-	-3,643	-6,096

(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) The effective rate was calculated based on the forward rates stemming from the yield curve as of the transfer date; the maturity considered is the minimum between the call date, where applicable, and the asset's maturity date.

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

(thousand euros)

	2014	2013
Available-for-sale financial assets		
Impact on equity		
- For adjustment of the fair value of financial assets	-	3,321
- Deferred tax reserve	-	-963
	-	**2,358**

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 2014 & 2013 under Equity originated directly by the hedge derivatives were as follows:

(thousand euros)

	2014	2013
Gains & losses	36	232
Revaluation reserve	-36	-232
Total recognised Under Equity	**-**	**-**
Notional value	-	-

The amounts carried under Net gains were recorded under Net gains on financial assets and liabilities not carried at fair value through profit or loss – Other.

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 the prospective derecognition, in keeping with the requirements of IAS 39, ended in 2014.

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:

(thousand euros)

	2014		2013	
	Fair Value	Book Value	Fair Value	Book Value
Cash & cash equivalents and sight deposits	16,993	16,993	7,529	7,529
Loans & receivables	5,800	5,800	81,723	81,723
Held-to-maturity investments	-	-	74,183	70,564
Other debtors for insurance & other operations	2,354	2,354	3,806	3,806
Financial Assets at Amortised Cost	**25,147**	**25,147**	**167,241**	**163,622**
Financial liabilities on investment contracts	152,935	156,843	132,464	145,468
Other financial liabilities	-	-	291	291
Other creditors for insurance & other operations	3,446	3,446	3,748	3,748
Financial Liabilities at Amortised Cost	**156,381**	**160,289**	**136,503**	**149,507**

Additionally, it should be noted that, in 2014, the fair value of the Mathematical state in the financial statements (€278,831k) is €297,183k.

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.

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.

With regard to the valuation method used, according to the levels prescribed in IFRS 13, all financial instruments carried at amortised cost are Level 3, except Cash and cash equivalents and sight deposits, and investments held to maturity are Level 1.

Valuation methods

The breakdown of the value of the financial assets stratified by the measurement method used, in accordance with the levels prescribed by IFRS 13, is as follows:

(thousand euros)

	2014			Total
	Level 1	Level 2	Level 3	
Available-For-Sale Financial Assets	**357,358**	**-**	**2,197**	**359,555**
Securities & equity paper	6,008	-	2,197	8,205
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	149,468	-	-	149,468
Other issuers'	201,882	-	-	201,882
Derivatives	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	**7,078**	**-**	**204,161**	**211,239**
Securities & equity paper	3,431	-	204,161	207,592
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	281	-		281
Other issuers'	3,366	-		3,366
Derivatives	-	-	-	-
Total Financial Assets	**364,436**	**-**	**206,358**	**570,794**

(thousand euros)

	2013			Total
	Level 1	Level 2	Level 3	
Available-For-Sale Financial Assets	**223,653**	**-**	**7,985**	**231,638**
Securities & equity paper	54,399	-	4,989	59,388
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	39,692	-	-	39,692
Other issuers'	129,562	-	2,996	132,558
Derivatives	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	**7,070**	**-**	**270,617**	**277,687**
Securities & equity paper	3,266	-	270,617	273,883
Equities & other floating-rate securities	-	-	-	-
Bonds & other fixed-income securities				
Public issuers'	777	-	-	777
Other issuers'	3,027	-	-	3,027
Derivatives	-	-	-	-
Held-To-Maturity Investments (at Market Prices)	**74,183**	**-**	**-**	**74,183**
Bonds & other fixed-income securities				
Public issuers'	56,404	-	-	56,404
Other issuers'	17,779	-	-	17,779
Total Financial Assets	**304,906**	**-**	**278,602**	**583,508**

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.

The reconciliation of Level 3 assets is as follows:

(thousand euros)

	December 31, 2013	Potential Gains	Purchases	Sales	Reimburse-ments	Impairments	Gains Realised	December 31, 2014
Available-For-Sale Financial Assets	**7,985**	**-**	**5,471**	**-10,255**	**-**	**-418**	**-586**	**2,197**
Securities & equity paper	4,989	-	5,471	-7,365	-	-418	-480	2,197
Bonds & other fixed-income securities								
Public issuers'	-	-	-	-	-	-	-	-
Other issuers'	2,996	-	-	-2,890	-	-	-106	-
Financial Assets at Fair Value Through Profit or Loss	**270,617**	**-66,456**	**-**	**-**	**-**	**-**	**-**	**204,161**
Securities & equity paper	270,617	-66,456	-	-	-	-	-	204,161
Bonds & other fixed-income securities								
Public issuers'	-	-	-	-	-	-	-	-
Other issuers'	-	-	-	-	-	-	-	-

Of the assets included in the level, €204,161k correspond to units in closed-end investment funds and €2,1974k to private equity funds, whose fair value resulted from the publication of the Total Net Value of the Fund (TNVF) determined by the management company.

The assets of these funds results consist of a diverse set of assets and liabilities carried in the respective accounts at fair value, using the internal methodologies of the management company. Since it is feasible to present a of sensitivity analysis of the carious components of the respective assumptions used by the entities, the impact of a +/-10% change to the TNVF is detailed as follows:

(thousand euros)

Area of Analysis	Scenarios	Impact on Profit or Loss For the Period	Impact on the Fair-Value Reserve
		2014	2014
Investment funds	10% rise in the values of private equity funds	-	220
Investment funds	10% decrease in the values of private equity funds	-220	-

Not included od the impact assessment for the cases of the autonomous funds representing liabilities of investment contracts where the risk is the policyholder's.

Exposure to Sovereign Debt

As at December 31, 2013, 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
Portugal						
Available-for-sale financial assets	343	1	0,5%	1	1	
Financial assets at fair value through profit or loss	777	-	3,3%	2	1	
Investments held to maturity	48,910	-1,620	4,1%	3	1	
Total	**48,018**	**50,030**	**-1,620**			

As at December 31, 2014, the Company holds Portuguese sovereign debt securities, bet they no longer fall within the scope of this analysis because the country exited the programme in question in 2014.

Note 8 - Cash, Cash Equivalents & Sight Deposits

The balance of this heading is as follows:

(thousand euros)

	2014	2013
Cash	-	1
Deposits at credit institutions	16,993	7,528
Total	**16,993**	**7,529**

Note 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 ASF.

The indication of which assets are and are not allocated to the insurance portfolios managed by the Company as at December 31, 2014 & 2013, is as follows:

(thousand euros)

	2014				
	With-Profits Life Insurance	Without-Profits Life Insurance	Life Insurance and Transactions Classified as Investment Contracts	Not Allocated	Total
Cash & cash equivalents	5,213	323	8,057	3,400	16,993
Land & buildings	-	-	-	-	-
Investments in affiliates, associates and joint ventures	-	-	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets classified in the initial recognition at	2,433	-	208,806	-	211,239
fair value through profit & loss	-	-	-	-	-
Hedge derivatives	295,634	28,781	-	35,140	359,555
Available-for-sale financial assets	5,000	800	-	-	5,800
Loans and receivables	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-
Other tangible assets	-	129,180	41,409	36,443	207,032
Other assets	**308,280**	**159,084**	**258,272**	**74,983**	**800,619**

(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	-	-	-	-	-
Available-for-sale financial assets	203,831	6,992	1,879	18,936	231,638
Loans and receivables	66,842	3,750	8,439	2,692	81,723
Held-to-maturity investments	68,829	-	507	1,228	70,564
Other tangible assets	-	-	-	-	-
Other assets	-	91,965	48,163	43,304	183,432
	346,081	**102,718**	**334,671**	**69,103**	**852,573**

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 (ViF) 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.

As stated in accounting policies, T-Vida performed a review of the recoverable value of the ViF, concluding that there was no impairment loss to be recognised. The test was performed based on an assessment made by the Company, considering market conditions and a discount rate of 10%.

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

(thousand euros)

	2014	2013
Other Intangibles	**51,910**	**51,594**
Value in force	50,000	50,000
Software	1,685	817
in progress	225	777
Accumulated Depreciation	**-19,894**	**-17,345**
Impairments	**-**	**-**
Total	**32,016**	**34,249**

Movements in both years is as follows:

(thousand euros)

	Value in Force	Software	Other	Total
Balance as at January 1, 2013	**35,366**	**430**	**440**	**36,236**
Additions	-	33	582	615
Depreciation charges for the period	-2,427	-175	-	-2,602
Impairments	-	-	-	-
Transfers	-	242	-242	-
Balance as at December 31, 2013	**32,939**	**530**	**780**	**34,249**
Additions	-	-	316	316
Depreciation charges for the period	-2,201	-348	-	-2,549
Impairments	-	-	-	-
Transfers	-	869	-869	-
Balance as at December 31, 2014	**30,738**	**1,051**	**227**	**32,016**

The remaining balance of the Values in Forces will be written down follows:

(thousand euros)

	2015	2016	2017	2018	2019	After
Estimated amortisation	2,217	2,074	2,129	2,022	1,791	20,505

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

(thousand euros)

	2014	2013
Total Amortisation For The Year	**2,549**	**2,602**
Costs of Claims, Net of Reinsurance		
Amounts paid - Gross amounts	127	130
Net Operating Costs & Expenses		
Acquisition costs	382	390
Administrative costs	2,040	2,082
Financial Costs		
Other	-	-

Note 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)

	2014	2013
Gross Assets	**2,236**	**1,478**
Policyholders (receipts pending collection)	2,012	1,176
Insurance brokers	17	2
Co-insurers	207	300
Adjustments	**-252**	**-78**
Receipts pending collection	-252	-78
Doubtful debt	-	-
Net Assets	**1,984**	**1,400**

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

(thousand euros)

	2014	2013
Gross Assets	**111**	**9**
Reinsurers	47	9
Reinsured	64	-
Adjustments	**-**	**-**
Doubtful debt	-	-
Net Assets	**111**	**9**

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

(thousand euros)

	2014	2013
Gross Assets	**259**	**2,397**
Related entities	203	1,537
Staff	13	12
Other receivables	43	848
Adjustments	**-**	**-**
Doubtful debt	-	-
Net Assets	**259**	**2,397**

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)

	2014	2013
Adjustment of Receipts Pending Collection		
Balance as at January 1	**78**	**145**
Appropriations for the period	174	-
Use for the year	-	-67
Balance as at December 31	**252**	**78**

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

(thousand euros)

	2014	2013
Accrued Income	**412**	**2,773**
Financial income on reinsurance ceded	412	2,773
Deferred Costs	**132**	**164**
Acquisition costs	132	164
Total	**544**	**2,937**

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

(thousand euros)

	2014	2013
Balance as at January 1	**139,714**	**93,730**
Deposits received	48,875	47,942
Benefits paid	-25,050	-8,253
Technical interest for the period	7,050	6,295
Balance as at December 31	**170,589**	**139,714**

Liabilities and provisions

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

(thousand euros)

	2014	2013
Policyholders		
- Reversals payable	705	318
- Premiums received in advance	-	752
Insurance brokers		
- Commissions payable	66	27
- Current accounts	848	1,058
Co-insurers	25	85
Total	**1,644**	**2,240**

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

(thousand euros)

	2014	2013
Reinsurers	473	444
Reinsured	-	-
Total	**473**	**444**

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

(thousand euros)

	2014	2013
Related entities	764	80
Other suppliers of goods & services	90	120
Staff	13	6
Other payables	462	858
Total	**1,329**	**1,064**

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

(thousand euros)

	2014	2013
Deferred Income	**-**	**-**
Accrued Costs	**3,294**	**3,201**
- Staff costs (subsidies & charges)	457	203
- Acquisition costs (incentives & commissions)	1,092	966
- Third-party supplies & services	281	439
- Services rendered to related companies	10	158
- Banking channel commissions	1,454	1,435
Total	3,294	3,201

Note 14 - Insurance Contract Premiums

The breakdown of direct insurance contracts and accepted reinsurance premiums is as follows:

(thousand euros)

Businesses/ Groups of Businesses	Gross Premiums Written		UPR Variation		Premiums Earned	
	2014	2013	2014	2013	2014	2013
Life						
Traditional	24,627	27,243	-271	2	24,356	27,245
PPRs & With-profits capitalisation	13,085	23,350	-	-	13,085	23,350
Total	**37,712**	**50,593**	**-271**	**2**	**37,441**	**50,595**

The breakdown of ceded reinsurance contract premiums is as follows:

(thousand euros)

Businesses/ Groups of Businesses	Reinsurance Premiums Written		UPR Variation		Reinsurance Premiums Earned	
	2014	2013	2014	2013	2014	2013
Life						
Traditional	3,028	2,041	-	-	3,028	2,041
PPRs & With-profits capitalisation	-	-	-	-	-	-
Total	**3,028**	**2,041**	**-**	**-**	**3,028**	**2,041**

Some amounts of the Life business line are as follows:

(thousand euros)

	2014	2013
Gross Direct Insurance Premiums Written & Reinsurance Accepted	**37,712**	**50,593**
In respect of personal contracts	24,724	39,569
In respect of group contracts	12,988	11,024
	37,712	**50,593**
Periodic	27,821	24,078
Non-periodic	9,891	26,515
	37,712	**50,593**
On without-profits contracts	19,287	21,777
On with-profits contracts	18,425	28,816
	37,712	**50,593**
Balance of Reinsurance	**-1,345**	**-734**

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, management and redemption commissions are recorded as 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)

	2014	2013
Interest	**9,170**	**13,055**
Available-for-sale financial assets	6,772	5,547
Financial assets at fair value through profit or loss	165	225
Held-to-maturity financial assets	1,390	4,649
Deposits, loans & other assets	843	2,634
Dividends	**17**	**-**
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	17	-
Derivatives	**-**	**-**
Total	**9,187**	**13,055**

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

(thousand euros)

	2014	2013
Bonds & other fixed-income securities		
Public issuers'	3,118	4,559
Other issuers'	5,209	5,862
Equities	-	-
Other floating-rate securities	17	-
Derivatives	-	-
Deposits	843	2,539
Loans & other assets	-	95
Total	**9,187**	**13,055**

The breakdown of Financial costs is as follows:

(thousand euros)

	2014	2013
Costs imputed to the investments function	458	386
Interest on repurchase agreements	-	339
Total	**458**	**725**

Note 17 - Gains & Losses Realised on Investments

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

(thousand euros)

	2014			2013		
	Gain	Loss	Balance	Gain	Loss	Balance
Financial - Not at Fair Value Through Profit or Loss	**25,817**	**-10,392**	**15,425**	**13,377**	**-4,328**	**9,049**
Available-for-sale financial assets	20,410	-10,392	10,018	8,573	-4,328	4,245
Held-to-maturity investments	394	-	394	-	-	-
Hedge derivatives	36	-	36	232	-	232
Financial assets managed by third parties	4,977	-	4,977	4,572	-	4,572
Financial - at Fair Value Through Profit or Loss	**71**	**-93**	**-22**	**305**	**-31**	**274**
Financial assets at fair value through profit or loss	71	-93	-22	305	-31	274
Financial assets held for trading	-	-	-	-	-	-
Total	**25,888**	**-10,485**	**15,403**	**13,682**	**-4,359**	**9,323**

The amount of financial assets managed by third parties relate to the return generated by the assets that are operationally managed by GNB-Seguros Vida, SA, relating to the Unit Linked investment contracts marketed by T-Vida.

In addition to the amounts of gains and losses on investments, the amounts presented in the financial statements include the technical interest of financial liabilities measured at amortised cost in the sum of -€6,040k (2013: -€5 992k), as shown in Note 5.

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)

	2014			2013		
	Gain	Loss	Balance	Gain	Loss	Balance
Financial assets at fair value through profit or loss	525	-66,459	-65,934	1,221	-293	928
Financial assets held for trading	-	-	-	-	-	-
Financial assets managed by third parties	2,073	-	2,073	1,673	-	1,673
Total	**2,598**	**-66,459**	**-63,861**	**2,894**	**-293**	**2,601**

The amount of financial assets managed by third parties relate to the return generated by the assets that are operationally managed by GNB-Seguros Vida, SA, relating to the Unit Linked investment contracts marketed by T-Vida.

In addition to the amounts of gains and losses of fair value adjustments to investments, the amounts presented in the financial statements include the technical interest of financial liabilities at fair value through profit or loss in the sum of €64,596k (2013: €1,882k), as shown in Note 5.

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)

	2014			2013		
	Gain	Loss	Balance	Gain	Loss	Balance
Available-for-sale financial assets	18	-5	13	274	-35	239
Financial assets held for trading	-	-	-	30	-41	-11
Total	**18**	**-5**	**13**	**304**	**-76**	**228**

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)

	2014	2013
Other Technical Income	**3**	**-**
Co-insurance management commissions	3	-
Other Technical Expense	**10**	**13**
Co-insurance management commissions	10	13
Value of Gains & Losses	**-7**	**-13**

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

(thousand euros)

	2014	2013
Other Non-Technical Income	**962**	**576**
Corrections & adjustments	910	511
Other gains	52	65
Other Non-Technical Expense	**444**	**160**
Penalties	1	1
Sponsorship	67	-
Gifts for customers	3	3
Sundry Subscriptions	-	2
Adjustment of debtor balances	117	34
Corrections & adjustments	152	54
Banking services & default interest	44	35
Other expenses	60	31
Value of Gains & Losses	**518**	**416**

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 - Gross amounts paid;
- 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, 2014 & 2013, is as follows:

(thousand euros) (%)

2014	Cost of Claims		Acquisition Costs		Administrative Costs		Cost of Investments		Total	
Staff costs	181	9%	964	48%	803	40%	60	3%	2,008	100%
Third-party supplies & services	88	6%	871	59%	476	33%	29	2%	1,464	100%
Taxes	-	0%	27	63%	-	0%	16	37%	43	100%
Depreciation	127	5%	382	15%	2,040	80%	-	0%	2,549	100%
Provisions for contingencies & liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Other costs	-	0%	-	0%	-	0%	353	100%	353	100%
Total	**396**	**6%**	**2,244**	**35%**	**3,319**	**52%**	**458**	**7%**	**6,417**	**100%**

(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 w& liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Other costs	-	0%	-	0%	-	0%	285	100%	285	100%
Total	**374**	**6%**	**2,124**	**35%**	**3,249**	**53%**	**386**	**6%**	**6,133**	**100%**

Staff costs are detailed in Note 22.

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

(thousand euros)

	2014	2013
Fuel	21	26
Office material, stationery, etc.	1	2
Gift articles	-	7
Office equipment & property maintenance	-	3
Hardware maintenance	48	59
Operational rental of vehicles & other rentals	54	68
Travel & entertainment costs	77	72
Post	103	95
Insurance	-	-
Retainers & fees	17	17
Advertising & marketing	194	324
Outsourcing, consultancy & specialised work	355	221
Software services & development	286	221
Subscriptions to APS	11	11
Premium collection	72	100
Temporary work	23	5
Provision of operational services	136	158
Other sundry supplies & services	66	74
Total	**1,464**	**1,463**

The breakdown of Taxes and levies is as follows:

(thousand euros)

	2014	2013
ASF levy	43	54
Total	**43**	**54**

The breakdown of Depreciation charges is as follows:

(thousand euros)

	2014	2013
Research & development costs	348	175
Intangible - Value in force	2,201	2,427
Total	**2,549**	**2,602**

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

(thousand euros)

	2014	2013
Securities' custody & management and other commissions	353	285
Total	**353**	**285**

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

(thousand euros)

	2014	2013
Acquisition costs		
Brokerage remuneration	2,151	1,666
Costs imputed	2,244	2,124
Other acquisition costs	2,390	2,244
Deferred acquisition costs (change)	11	15
Administrative costs		
Brokerage remuneration	67	108
Costs imputed	3,319	3,249
Reinsurance commissions & profit-sharing	-932	-1,064
Total	**9,250**	**8,342**

Note 22 - Staff Costs

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

	2014	2013
Senior managers	1	1
Managers	3	2
Co-ordinators	1	1
Technicians	13	15
Operations specialist	4	3
Total	**22**	**22**

Staff costs are detailed as follows:

(thousand euros)

	2014	2013
Remuneration - Corporate officers	386	441
Remuneration - Personnel	1,026	948
Charges on remuneration - Corporate officers	72	79
Charges on remuneration - Personnel	204	193
Post-employment benefits - Defined-benefit pension plans	147	-4
Mandatory insurance	34	14
Social welfare costs	36	38
Other staff costs	103	20
Total	**2,008**	**1,729**

As at December 31, 2014 & 2013, 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.

Fees billed during 2014 by the outgoing Statutory Auditor within the scope of the legal audit of the accounts amounted to €4.5k.

The fees billed during 2014 by KPMG, the new statutory auditor for 2014, within the scope of audit services and tax consultancy, amount to €62k and €4k respectively.

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 (CBA) 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 ha 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, 2014.

The main assumptions used in the actuarial studies as at December 31, 2014 & 2013, to determine the updated value of the employees' pensions are as follows:

	2014	2013
Financial Assumptions		
Wage growth rates	0.5% - 1% (*)	1% - 2.5% (*)
Pension growth rate	0.5% - 1% (*)	0% - 2.5% (*)
Rates of return of the fund	2.25%	3.75%
Early-retirement pension growth rate	0.5% - 1% (*)	1% - 2.5% (*)
Discount rate	2.25%	3.75%
Demographic Assumptions and Valuation Methods		
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 2014 & 2013, the number of participants covered by the benefits plan was as follows:

	2014	2013
In service	4	5
Pensioners	-	-
Total	**4**	**5**

As at December 31, 2014 & 2013, the breakdown of amounts recognised in the balance sheet is as follows:

(thousand euros)

	2014	2013
Net Assets/ (Liabilities) Recognised in the Balance Sheet		
Liabilities as at December 31	-511	-217
Balance of the fund as at December 31	182	70
Net Assets/ (Liabilities) in the Balance Sheet as at December 31	**-329**	**-147**

The breakdown of liabilities for retirement pensions is as follows:

(thousand euros)

	2014	2013
Liabilities as at January 1	**217**	**-**
Alteration of the plan	-	-
Interest cost	74	-
Actuarial (gains) and losses on liabilities	144	217
Curtailment	76	-
Liabilities as at December 31	**511**	**217**

The evolution of the value of the pension fund in 2014 & 2013 is as follows:

(thousand euros)

	2014	2013
Balance of the Fund as at January 1	**70**	**84**
Alteration of the plan	-	-
Real return of the fund		
Expected return of the fund	3	4
Actuarial gains & losses	9	-18
Transfers from other funds	100	-
Balance of the Fund as at December 31	**182**	**70**

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

(thousand euros)

	2014	2013
Deviations Recognised in Reserves as at January 1	**235**	**-**
Actuarial (gains) & losses		
- on liabilities	144	217
- nos ativos do plano	-9	18
Deviations Recognised in Reserves as at December 31	**370**	**235**

The evolution of assets receivable/ liabilities deliverable in 2014 and 2013 is as follows:

(thousand euros)

	2014	2013
(Assets)/ Liabilities Receivable or Payable as at January 1	**147**	**-84**
Alteration of the plan	-	-
Actuarial gains & losses on liabilities	144	217
Actuarial gains & losses of the funds	-9	18
Charges for the year:		
- Net interest cost of the balance of the cover of liabilities	71	-4
Transfers from other funds	-100	-
Curtailment	76	
(Assets)/ Liabilities Receivable or Payable as at December 31	**329**	**147**

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

(thousand euros)

	2014	2013
Net interest cost of the balance of the cover of liabilities	**71**	**-4**
Curtailment	76	-
Alteration of the Plan	-	-
Costs for the Period	**147**	**-4**

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

(thousand euros)

	2014	2013
Equities & other floating-rate securities	4,876	4,414
Fixed-income securities	34,457	31,990
Real estate	8,276	8,286
Liquidity	2,968	1,074
Other assets	1,516	4,315
Total	**52,094**	**50,079**

The values of assets disclosed above are entirely related to the Pension Fund of the Tranquilidade Group and GNB Seguros Vida, of which associate T-Vida accounts for about 0.35% (2013: 0.14%) 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)

	2014		2013	
	+25 p.p.	-25 p.p.	+25 p.p.	-25 p.p.
Change of the discount rate of the liabilities	-17	18	-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 2014 and 2013 was performed on the basis of the nominal tax rates plus the municipal surcharge, totalling 29.50% and 29.00%, the nominal rates approved as of the reporting date.

The Company has been subject to annual inspections by the Tax Authority, whose latest report refers to 2008 and contains no significant adjustments to the tax returns submitted till then. Subsequent years are subject to inspection and possible adjustment by the Tax Authority during a period of four years or longer period if deduction of tax losses is involved, in which case a period identical to the time limit for their deduction applies.

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 the end of that year.

The breakdown of current tax assets and liabilities reported in 2014 and 2013 is as follows:

(thousand euros)

	2014		2013	
	Current Tax Assets	Current Tax Liabilities	Current Tax Assets	Current Tax Liabilities
Corporation tax	-	3,386	934	-
Tax with held at source	1	138	-	188
Value added tax	-	3	-	-
Other taxes & levies	-	54	-	139
Social security contributions	33	5	36	11
Total	**34**	**3,586**	**970**	**338**

The breakdown of current tax assets and liabilities reported in 2014 and 2013 is as follows:

(thousand euros)

Headings	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Investments	0	116	191	-	191	116
Total	**0**	**116**	**191**	**-**	**191**	**116**

As at December 31, 2014, and in the light of legislative changes enacted at the year-end in the matter the corporation tax rates in force after January 1, 2015, the Company changed the rate (basic rate and surcharges) used in the calculation of deferred taxes, from 27.5% to 25.5%, associated with temporary differences (reduction of approximately €15k)

Current and deferred taxes in 2014 were recognised as follows:

(thousand euros)

2014	Fair-Value Reserve	Gains & Losses	Total
Current Tax	**-2,142**	**-2,470**	**-4,612**
Corporation tax estimate	-2,142	-2,419	-4,561
Autonomous tax	-	-51	-51
Deferred Tax	**-307**	**-**	**-307**
Investments	-307	-	-307
Tax losses	-	-	-
Total	**-2,449**	**-2,470**	**-4,919**

Reconciliation of the tax rate is as follows:

(thousand euros)

	2014	2013
Pre-tax income	6,765	6,713
Tax rate	29.50%	29.00%
Tax Determined on The Basis of the Official Rate	**-1,996**	**-1,947**
Tax benefits	6	2
Other income & costs excluded from taxation	-429	-438
Autonomous tax	-51	-34
Current + Deferred Tax	**-2,470**	**-2,417**

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 loses 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 and current 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, 2014 & 2013, is as follows:

(thousand euros)

	2014	2013
Fair-Value of Financial Assets and Hedges Reserve	**5,352**	**-4,815**
Deferred and Current Tax Reserve	**-1,555**	**894**
Other Reserves	**2,397**	**2,102**
- Legal reserve	2,767	2,337
- Actuarial deviations reserve	-370	-235
- Free reserves	-	-
Reserves	**6,194**	**-1,819**

As at December 31, 2014, and in the light of legislative changes enacted at the year-end in the matter the corporation tax rates in force after January 1, 2015, the Company changed the rate (basic rate and surcharges) used in the calculation of deferred taxes, from 27.5% to 25.5%, associated with temporary differences (reduction of approximately €15k).

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)

	2014	2013
Floating-rate securities	242	240
Fixed-income securities	8,601	-5,091
Hedge derivatives	-	36
Shadow accounting	-3,491	-
Fair-Value Reserves	**5,352**	**-4,815**

The breakdown of the net fair value reserve as at December 31, 2014 & 2013, is as follows:

(thousand euros)

	2014	2013
Cash-flow hedge derivatives reserve	-	-
Amortised cost of available-for-sale investments (without accrued interest)	348,087	232,829
	348,087	232,829
Impairment	-538	-813
Amortised/acquisition cost net of impairment	347,549	232,016
Fair value of hedges	-	-
Fair value of available-for-sale investments (without accrued interest)	356,392	229,618
	356,392	229,618
Gross revaluation reserve (Fair value - cost)	8,843	-2,398
Cash-flow hedge derivatives reserve	-	36
Revaluation reserve for securities transferred to Held-to-maturity investments	-	-2,453
Shadow accounting	-3,491	-
Deferred & current taxes	-1,555	894
Revaluation Reserve Net of Taxes	**3,797**	**-3,921**

Movement under the net fair value reserve as at December 31, 2014 & 2013, is as follows:

(thousand euros)

	2014	2013
Balance as at January 1	**-3,921**	**-6,317**
Changes in fair value, including variations on disposal	14,076	3,484
Impairment recognised during the year	-418	-813
Change of shadow accounting	-3,491	-
Change of deferred taxes and current recognised during the year	-2,449	-275
Balance as at December 31	**3,797**	**-3,921**

Note 27 - Earnings per Share

Earnings per share for the years ended December 31, 2014 & 2013, are as follows:

	2014	2013
Net income for the period (in thousands of euros)	4,294	4,296
Number of shares (year-end)	65,000,000	65,000,000
Earnings per Share (in euros)	**0,07**	**0,07**

Note 28 - Dividend per Share

The Company's sole shareholder is Companhia de Seguros Tranquilidade, SA, to which, in 2014 and 2013, the following dividends were attributed and paid, resulting in the following dividends per share:

	2014	2013
Dividend (in euro '000s)	3,800	4,050
Number of shares (beginning of the period)	65,000,000	65,000,000
Dividend per Share (in euros)	**0,06**	**0,06**

Note 29 -Transactions Between Related Parties

T-Vida's share capital is wholly owned by Companhia de Seguros Tranquilidade, SA. The accounts of both entities were included, as at December 31, 2014, 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, 2014 & 2013, 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)

	2014				2013			
	Assets	Liabilities	Costs	Income	Assets	Liabilities	Costs	Income
BAC	96	-	-	-	80	-	-	-
NOVO BANCO	17,425	1,226	1,354	911	31,391	1,932	1,850	2,185
GNB VIDA	171,002	10	136	635	143,802	158	158	902
BESI	185	-	-	-	3	-	-	-
BEST	156	12	-	-	208	16	-	-
E.S. FINANTIAL PORTUGAL	-	-	-	-	4,708	-	-	265
E.S. CONTACT CENTER	-	8	182	-	-	-	16	-
ESAF	-	185	181	-	-	-	166	-
ESFG	15	-	17	-	15	-	17	-
ESUMÉDICA	-	-	-	-	1	6	25	-
LOGO	4	-	-	-	-	3	-	-
TRQ ANGOLA	-	43	-	-	31	-	-	-
TRQ MOÇAMBIQUE VIDA	-	21	-	-	6	-	-	-
ESFIL	-	-	-	-	11,200	-	-	524
ADVANCECARE	-	15	189	-	-	5	49	-
ES- SERVIÇOS, 2, ACE	-	4	42	-	-	4	42	-
MULTIPESSOAL	-	-	5	-	-	5	5	-
TOP ATLANTICO	-	1	163	-	-	3	146	-
E.S. INNOVATION	-	-	-	-	-	1	-	-
TRANQUILIDADE	197	638	-	1,113	179	59	-	-
	189,079	**2,163**	**2,268**	**2,659**	**191,624**	**2,192**	**2,474**	**3,876**

On July 18, 2014, ESFG's short-term debt instruments held by T-Vida were acquired at their par value by Tranquilidade, sole shareholder of T-Vida.

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 to 5 Years
Operating lease contracts	11	25	53

Note 36 - Events After the Balance Sheet Date Other than those Described in the Previous Points

On January 15, 2015, Apollo, via the firm Calm Eagle Holdings, S.à r.l. acquired the whole of the share capital of Companhia de Seguros Tranquilidade, SA, sole shareholder of T-Vida. This acquisition was approved by the ASF.

The amount carried in T´Vida's financial statements at December 31, 2014, recognised a capitalisation operation concluded with n BES, SA, in 2008 in the sum of €204.2 million, considering the measurement of the underlying assets, that is, of the Fundes (Special Closed-end Real Estate Investment Fund) based on the information value of the units published by the Portuguese Securities Market Commission taking into account the recognition and measurement criteria established by this body.

On March 30, 2015, at the express request of Novo Banco, SA, and in the context of the resolution of BES, SA, the redemption of this capitalisation operation was proposed, entailing repayment in kind of its assets, which comprised the assets of a real estate fund amounting to €156.8 million and by the financial settlement of the remainder to Novo Banco, SA.

The amount proposed by Novo Banco , SA, stems from the procedures adopted in the context of the resolution of BES, SA.

This capitalisation operation, is a Unit-Linked product, in which the investment risk is borne by the policyholder (Novo Banco, SA), so any appreciation or depreciation of the fair value of the underlying assets is assumed by the policyholder. On that basis, the difference found between the measurement previously considered and the redemption amount (no matter what) does not have any impact on the equity and share capital of T-Vida.

On March 31, 2015, T-Vida subscribed to a bond issue of €20 million by the firm Calm Eagle Holdings, S.à r.l.. This investment was made using solely the free assets of T-Vida, this intra-group transaction having been first submitted to the ASF.

Nota 37 - Other Information

Recently-Issued Accounting 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 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 had no impact from the application of this amendment on 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 suffered no impact from this amendment.

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 suffered no impact from this amendment.

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 suffered no impact from this amendment.

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 reviewed the impact of full implementation of IFRS 12 in line with the adoption of IFRS 10 and IFRS 11, which had no impact on its financial statements.

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 comes into force. This standard was adopted by European Commission Regulation 1174/2013 of November 20.

The Company suffered no impact from 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.

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 suffered no impact from the adoption of this amendment, taking into account that the accounting policy adopted is in line with the guidance issued.

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 interpretation was adopted by European Commission Regulation nº 634/2014 of June 13 (setting the entry into force at the latest as from the start date of the first financial period on or after June 17, 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.

The company is assessing the impacts on the financial statements arising out of this interpretation.

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

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.

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. These amendments were adopted by European Commission Regulation nº 28/2015 of December 17, 2014 (setting the entry into force at the latest as from the start date of the first financial period on or after February 1, 2015).

- **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 e IAS 38 – 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. These amendments were adopted by European Commission Regulation nº 1361/2014 of December 18 (setting the entry into force at the latest as from the start date of the first financial period on or after January 1, 2015).

- **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 of application 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.

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

IFRS 9 - Financial instruments (issued in 2009 and amended in 2010 and 2014)

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. IFRS 9 (2014) introduced amendments limited 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 constitute a significant change from the current requirements of IAS 39 in respect of financial assets. The standard contains three categories of measurement of financial assets: amortised cost, fair value with a contra-entry in other comprehensive income (OCI), and fair value with a contra-entry in profit or loss. 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. If the debt instrument is held within a business model that both captures the contractual cash flows of the instrument and also captures them for sales, the measurement will be at fair value with a contra-entry in other comprehensive income (OCI), interest income continuing to affect results.

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 through 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.

The remaining situations, both in cases in which the financial assets are held within a trading business model and in other instruments whose sole purpose to receive interest and amortisation of capital, are measured at fair value with a contra-entry in profit or loss. This situation also includes investments in equity instruments, which the entity fails present the alterations of the fair value through OCI, which are therefore measured at fair value with the alterations 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, and, if there are embedded derivatives, they will have to be measures at fair value through profit of loss. The standard eliminates the existing categories currently in IAS 39, “held to maturity”, “available for sale” and “accounts receivable and payable”.

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 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.

IFRS 9 (2014) establishes a new model for impairment based on “expected losses” that will replace the current model based on “losses incurred” laid down in IAS 39.

Thus, the loss event no longer needs to exist before an impairment is constituted. This new model is intended to accelerate the recognition of losses through impairment applicable to debt instruments held, whose measurement is at amortised cost or at fair value, with a contra-entry in OCI.

In the event that the credit risk of a financial asset has not increased significantly since its initial recognition, financial assets will generate a cumulative impairment equal to the expectation of the loss that can be expected over the next 12 months.

In the event that the credit risk has increased significantly, the financial asset will generate a cumulative impairment equal to the loss can be expected up to maturity, thereby increasing the amount of impairment recognised.

Once the loss event occurs (today known as “objective evidence of impairment”), the accumulated impairment is directly allocated to the instrument in question, its accounting being similar to that laid down in IAS 39, including the treatment of respective interest.

IFRS 9 must be applied for periods beginning on or after January 1, 2018. The Company has started a process of assessment of the potential effects of this standard but, 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.

IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB issued standard IFRS 15 Revenue from Contracts with Customers of mandatory application in periods beginning on or after January 1, 2017. Its early adoption is permitted. This standard repealed standards IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programmes IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue: Barter transactions involving. advertising services.

IFRS 15 determines a model based on 5 steps of analysis in order to determine when the revenue must be recognised and for what amount. The model specifies that the revenue must be recognised when an entity transfers goods or services to the customer, measured as the amount wo which the entity expects to be entitled. Depending on the fulfilment of certain criteria, revenue is recognised either at the precise moment when control of the goods or services is transferred to the customer or throughout the period, to the extent that it portrays the performance of the entity.

The Company does not expect any impacts to arise from the adoption of this standard.

Improvements to the IFRS (2012-2014)

The 2012-2014 cycle of annual improvements issued by the IASB on September 25, 2014, introduced alterations, with effective date of application for periods beginning on or after July 1, 2016, to IFRS 5, IFRS 7, IFRS 19 and IAS 34.

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

IAS 27: Equity Method in Separate Financial Statements

On August 12, 2014, the IASB issued amendments to IAS 27, with effective date of application for periods beginning on or after, January 1, 2016, aiming to introduce an option for the measurement of subsidiaries, associates or joint ventures using the equity method in the separate financial statements.

The Company’s financial statements will not suffer any impact.

Appendix 1 – Inventory of Holdings and Financial Instruments

(expressed in euros)

Identification of Securities	Quantity	Par Value	% of Par Nominal	Average Acquisition Cost	Total Acquisition Cost	Carrying Amount (Including Accrued Interest)	
Designation						Unit	Total
1 - AFFILIATES, ASSOCIATES, JOINT VENTURES AND OTHER RELATED COMPANIES							
1.1 - Domestic securities							
1.1.8 - Debt securities of related companies							
NOVO BANCO 5.875% 11/15 FVO		200,000.00	100.85%	102.6%	205,200.00	101.7%	203,363.97
Total		**200,000.00**			**205,200.00**		**203,363.97**
2 - OTHER							
2.1 - Domestic securities							
2.1.1 - Capital instruments and unit trusts							
2.1.1.3 - Investment fund units							
ES LIQUIDEZ - FEI ABERTO FVO	3,583			5.44	19,507.56	5.57	19,954.01
ES TESOURARIA ACTIVA FVO	1,578			7.62	12,022.65	7.64	12,054.85
ES TRADING FUND	10,000			104.80	1,048,000.00	122.05	1,220,500.00
Subtotal	**15,161**	**0.00**			**1,079,530.21**		**1,252,508.85**
2.1.2 - Debt securities							
2.1.2.1 - Public debt							
BT 0% 01/23/15		4,000,000.00	99.99%	99.9%	3,996,128.04	100.0%	3,999,400.00
BT 0% 07/17/15		12,350,000.00	99.86%	99.7%	12,307,944.40	99.9%	12,332,710.00
PORT OT 4.75% 06/14/19		5,000,000.00	114.07%	113.2%	5,659,500.00	116.7%	5,833,636.98
PT OT 4.8% 06/15/20		15,300,000.00	115.99%	115.9%	17,725,050.00	118.6%	18,146,103.91
PT OT 5.65% 02/15/24		6,200,000.00	123.67%	121.2%	7,517,160.00	128.6%	7,973,382.60
PT OT 6.4% 02/15/16 FVO		250,000.00	106.62%	83.7%	209,250.00	112.2%	280,521.06
Subtotal		**43,100,000.00**			**47,415,032.44**		**48,565,754.55**
2.1.2.3 - Other issuers'							
BCP 3.75% 10/16		1,000,000.00	104.74%	91.4%	914,256.48	105.6%	1,056,030.14
BRISA 4.5% 12/16		6,000,000.00	106.79%	102.5%	6,151,200.00	107.1%	6,426,332.88
CELULOSE BEIRA FLOAT 03/19		2,000,000.00	100.00%	99.5%	1,990,894.00	101.1%	2,021,529.84
CXGD 3% 01/15/19		2,000,000.00	109.11%	99.5%	1,989,040.00	112.0%	2,239,634.25
EDP FINANCE 2.625% 04/19		2,500,000.00	103.42%	99.3%	2,481,800.00	105.3%	2,632,121.58
EDP FINANCE 4.625% 06/16		3,000,000.00	104.70%	102.7%	3,081,700.00	107.2%	3,217,407.54
EDP FINANCE 5.875% 02/16 FVO		100,000.00	105.01%	98.9%	98,900.00	110.4%	110,366.93
GALP ENERGIA SGPS FLOAT 18		3,500,000.00	102.75%	100.0%	3,500,700.00	103.0%	3,605,154.19
PORTUCEL SA 5.375% 20-19		2,000,000.00	107.11%	101.9%	2,038,600.00	107.8%	2,155,697.50
PORTUGAL TELECOM 5.625% 02/16 FVO		100,000.00	103.47%	97.2%	97,200.00	108.5%	108,495.97
VERSE 1 SNR 4.172% 16/02/17		1,218,544.99	102.58%	100.0%	1,218,544.99	102.7%	1,251,960.47
Term Dep. EUR BES					800,000.00		800,006.67
Term Dep. EUR CXGERALDEP					5,000,000.00		5,000,187.50
Subtotal		**23,418,544.99**			**29,362,835.47**		**30,624,925.46**
Subtotal		**66,518,544.99**			**76,777,867.91**		**79,190,680.01**
Total	**15,161**	**66 518 544.99**			**77 857 398.12**		**80 443 188.86**
2.2 - Foreign securities							
2.2.1 - Capital instruments and unit trusts							
2.2.1.3 - Investment fund units							
DBX S&P 500 EUR HEDGED ETF	70,000			31.68	2,217,697.46	31.85	2,229,500.00
EUROFIN SICAV SIF	2,735			1,000.01	2,735,317.23	803.07	2,196,632.80
FIDELITY TARGET 2015 ACÇÕES	69,119			10.54	728,607.94	13.26	916,522.18
FIDELITY TARGET 2020 ACÇÕES	52,259			10.47	547,179.73	13.13	686,163.30
FIDELITY TARGET 2025 ACÇÕES	60,730			9.38	569,817.43	12.93	785,243.94
FIDELITY TARGET 2030 ACÇÕES	30,740			10.02	308,011.54	13.21	406,079.23
FIDELITY TARGET 2035 ACÇÕES	9,212			20.52	189,027.47	27.85	256,567.85
FIDELITY TARGET 2040 ACÇÕES	12,520			19.48	243,911.25	27.84	348,569.61
FUNDO ESP INV IMOB FECHADO	300,000			1,000.00	300,000,000.00	680.54	204,161,130.00
INCOMETRIC FUND	435,724			5.74	2,500,012.50	5.87	2,557,697.78
Subtotal	**1,043,041**				**310,039,582.55**		**214,544,106.68**

(expressed in euros)

Identification of Securities / Designation	Quantity	Par Value	% of Par Nominal	Average Acquisition Cost	Total Acquisition Cost	Carrying Amount (Including Accrued Interest) Unit	Carrying Amount (Including Accrued Interest) Total
2.2.2 - Debt securities							
2.2.2.1 - Public debt							
BTPS 1.15% 05/17		12,500,000.00	100.95%	101.1%	12,633,713.90	101.1%	12,636,866.44
BUNDES OBG 0.25% 04/13/2018		10,000,000.00	100.86%	100.4%	10,041,425.00	101.0%	10,103,945.20
BUNDES OBL 2.25% 04/10/2015		1,000,000.00	100.59%	100.3%	1,002,934.33	102.2%	1,022,185.62
BUNDES OBLG 0.5% 04/12/19		15,000,000.00	102.27%	101.1%	15,158,895.48	102.6%	15,393,791.10
FRANCE GOVT 1% 11/25/18		12,000,000.00	103.28%	102.8%	12,335,120.00	103.4%	12,404,835.62
NETHERLANDS GOV 0.5% 04/17		7,500,000.00	101.14%	101.1%	7,582,050.00	101.6%	7,620,878.42
NETHERLANDS GOVT 2.5% 01/17		1,250,000.00	105.10%	99.6%	1,244,870.64	107.5%	1,343,715.75
NETHERLANDS GOVT 3.25% 07/15		1,250,000.00	101.73%	101.1%	1,264,220.47	103.2%	1,290,434.94
REPUBLIC OF ICELAND 2.5% 07/20		1,300,000.00	101.00%	99.7%	1,295,996.00	102.2%	1,328,047.95
SPANISH GOVT 2.1% 04/30/17		10,750,000.00	103.34%	103.8%	11,161,712.50	104.7%	11,260,580.82
SPANISH GOVT 3.25% 04/16		9,000,000.00	103.35%	105.1%	9,456,275.00	105.5%	9,497,835.61
SWEDEN KINGDOM 0.875% 01/18		7,000,000.00	102.59%	102.3%	7,160,500.00	103.4%	7,237,487.95
Subtotal		**88,550,000.00**			**90,337,713.32**		**91,140,605.42**
2.2.2.2 - Other public issuers'							
CASSA DEPOSITI PRESTITI 1% 01/26/18		500,000.00	100.08%	100.0%	499,935.00	100.2%	500,874.45
COMMUNITY MADRID 2,875% 04/2019		2,000,000.00	107.21%	100.6%	2,011,000.00	109.8%	2,195,811.23
CORES 2.5% 10/24		600,000.00	105.23%	99.5%	597,120.00	105.8%	634,515.29
EUROPEAN FIN STAB FACILITY 1.125% 11/17		6,500,000.00	103.16%	102.9%	6,689,750.00	103.3%	6,711,285.62
Subtotal		**9,600,000.00**			**9,797,805.00**		**10,042,486.59**
2.2.2.3 - Other issuers'							
2I RETE GAS SPA 1.125% 01/20		2,500,000.00	100.00%	99.5%	2,488,100.00	100.1%	2,502,109.59
A2A SPA 4.5% 11/19		2,000,000.00	115.40%	106.9%	2,138,000.00	115.8%	2,316,116.98
ADIDAS AG 1.25% 10/21		750,000.00	99.95%	99.1%	743,587.50	100.2%	751,767.53
AIR FRANCE - KLM 3.875% 06/21		1,000,000.00	100.00%	99.3%	992,500.00	102.1%	1,020,808.22
AIR LIQUIDE 1.875% 06/24		3,500,000.00	107.66%	98.4%	3,444,805.00	108.7%	3,805,817.05
AKZO NOBEL 1.75% 11/24 FVO		100,000.00	102.78%	99.5%	99,519.00	103.0%	103,041.90
ALFA LAVAL TREASURY FLOAT 19		1,000,000.00	100.40%	100.0%	1,000,000.00	100.4%	1,004,314.08
AMERICA MOVIL 1% 06/04/18		3,000,000.00	101.42%	99.7%	2,990,310.00	102.0%	3,059,980.26
ANGLO AMERICAN CAP 3.25% 04/23		4,750,000.00	108.12%	99.8%	4,741,945.00	110.5%	5,250,788.60
APPLE INC 1% 11/10/22		3,000,000.00	101.24%	99.5%	2,985,750.00	101.4%	3,041,511.78
ARCELORMITTAL 2.875% 07/20		3,000,000.00	101.16%	99.2%	2,975,460.00	102.6%	3,077,244.24
ASTRAZENECA PLC 0.875% 11/24/21		1,000,000.00	100.54%	99.1%	991,190.00	100.6%	1,006,276.99
AT&T 1.45% 06/01/22		1,500,000.00	102.11%	99.7%	1,495,710.00	102.2%	1,533,438.08
AT&T 1.45% 06/01/22 FVO		100,000.00	102.11%	99.7%	99,714.00	102.2%	102,229.21
AUST & NZ BANKING GROUP FLOAT 10/28/19		3,400,000.00	99.87%	100.0%	3,400,000.00	100.0%	3,398,545.55
AUSTRALIA PACIFIC AIRPORTS 1.75% 10/24		500,000.00	102.60%	99.0%	494,935.00	103.0%	514,860.89
AUTOROUTES PARIS 1.875% 01/25		500,000.00	102.26%	99.5%	497,495.00	102.5%	512,415.14
AUTOROUTES PARIS 1.875% 01/25 FVO		100,000.00	102.26%	99.5%	99,499.00	102.5%	102,483.03
BABCOCK INTL GROUP 1.75% 10/22		500,000.00	102.91%	99.5%	497,710.00	103.3%	516,596.64
BANCO POPULAR 2.125% 10/19		3,000,000.00	106.35%	99.5%	2,985,570.00	106.8%	3,205,231.23
BANCO SABADELL 2.5% 12/16		700,000.00	102.75%	99.8%	698,425.00	102.9%	720,517.58
BANCO SANTANDER TOTTA 1.625% 06/19		6,000,000.00	104.13%	99.6%	5,975,460.00	105.0%	6,302,206.02
BANK OF AMERICA 1.375% 09/10/21		2,000,000.00	101.83%	99.4%	1,988,240.00	102.2%	2,044,978.36
BANKINTER 1.75% 06/19		3,300,000.00	103.27%	99.6%	3,286,404.00	104.2%	3,440,186.71
BBVA 2.25% 06/24		3,500,000.00	110.55%	99.4%	3,477,425.00	111.8%	3,912,762.19
BBVA SENIOR FINANCE 2.375% 01/19		500,000.00	106.51%	99.7%	498,745.00	108.7%	543,709.25
BHARTI AIRTEL INTERNAT 3,375% 05/2021		750,000.00	105.89%	99.2%	744,360.00	108.0%	809,778.60
BP CAPITAL 1.526% 09/22		1,500,000.00	102.63%	100.0%	1,500,000.00	103.0%	1,545,593.10
BPE FINANCIACIONES 2.5% 02/17		1,500,000.00	102.14%	99.7%	1,495,335.00	104.5%	1,567,251.99
BRITISH TELECOM 1.125% 06/19		3,000,000.00	101.60%	99.5%	2,985,240.00	102.2%	3,066,713.01
CARLSBERG BREWERIES 2,5% 05/2024		3,000,000.00	103.20%	99.0%	2,969,730.00	104.7%	3,140,469.04
CARREFOUR 1.75% 07/22		500,000.00	104.80%	99.3%	496,460.00	105.6%	528,066.37
CASINO GUICHARD PERRACHO 2.33% 25-24		3,000,000.00	101.92%	100.0%	3,000,000.00	102.1%	3,061,884.66
CITIGROUP 1.375% 10/27/21		3,200,000.00	101.77%	99.4%	3,180,960.00	102.0%	3,264,411.62
CITIGROUP 1.375% 10/27/21 FVO		100,000.00	101.77%	99.4%	99,405.00	102.0%	102,012.86
CNH INDUSTRIAL 2.75% 03/18/19		3,000,000.00	101.01%	99.5%	2,984,130.00	103.2%	3,095,365.90
CNH INDUSTRIAL FIN 2.875% 09/27/21		500,000.00	101.46%	99.2%	496,100.00	102.2%	511,105.21
COCA-COLA 1.125% 09/22/22		1,000,000.00	102.48%	99.1%	991,440.00	102.8%	1,027,912.19
CREDIT SUISSE 1,375% 11/2019		2,500,000.00	103.32%	99.9%	2,496,375.00	103.4%	2,586,113.70
CREDIT SUISSE LONDON 1.375% 01/31/22		500,000.00	102.77%	99.7%	498,625.00	103.1%	515,582.88

(expressed in euros)

Identification of Securities	Quantity	Par Value	% of Par Nominal	Average Acquisition Cost	Total Acquisition Cost	Carrying Amount (Including Accrued Interest)	
Designation						Unit	Total
CRH FINANCE GERMANY 1.75% 07/21		2,000,000.00	103.49%	99.8%	1,996,480.00	104.3%	2,085,829.58
DAIMLER AG 1.875% 07/24		2,000,000.00	107.31%	99.1%	1,981,300.00	108.2%	2,164,362.20
DANSKE BANK 1.25% 06/21		5,000,000.00	104.57%	99.8%	4,992,350.00	105.3%	5,263,210.27
DEUTSCHE ANN FIN 2.125% 07/22		1,000,000.00	105.71%	99.4%	994,120.00	106.7%	1,067,238.36
DEUTSCHE LUFTHANSA 1.125% 09/19		2,500,000.00	99.83%	99.6%	2,490,500.00	100.2%	2,504,151.02
DIAGEO 1.125% 05/19		2,000,000.00	102.87%	101.7%	2,034,305.38	103.6%	2,071,209.86
EADS FINANCE 2.375% 04/24		1,000,000.00	110.73%	100.6%	1,005,720.00	112.5%	1,125,093.70
ESSILOR INTERNATIONAL 1.75% 04/21		1,400,000.00	105.79%	99.4%	1,391,516.00	107.1%	1,498,928.79
FCE BANK 1.875% 06/24/21		750,000.00	103.72%	99.9%	749,220.00	104.7%	785,220.21
FERROVIAL SA 2.5% 07/24		1,000,000.00	106.41%	99.5%	994,590.00	107.6%	1,075,715.34
FGA CAPITAL 2.625% 04/19		1,000,000.00	103.44%	99.5%	995,020.00	105.3%	1,052,954.79
GAS NATURAL FENOSA 2.875% 03/24		2,200,000.00	112.33%	99.7%	2,194,148.00	114.7%	2,522,423.86
GDF SUEZ 1.375% 05/20		1,500,000.00	104.37%	99.3%	1,490,175.00	105.2%	1,578,350.55
GENERAL MOTORS FINANCIAL 1.875% 10/15/19		500,000.00	101.55%	99.9%	499,410.00	101.9%	509,742.74
GLENCORE FINANCE EUROPE 1.625% 01/22		1,000,000.00	100.18%	99.2%	992,380.00	100.7%	1,006,519.18
GOLDMAN SACHS 2.125% 09/30/24		500,000.00	104.32%	99.8%	499,020.00	104.9%	524,263.08
GOLDMAN SACHS FLOAT 10/29/19		3,000,000.00	100.21%	99.9%	2,995,530.00	100.4%	3,010,759.50
HUTCHISON 1.375% 10/21		500,000.00	101.09%	99.7%	498,740.00	101.3%	506,583.97
IBERDROLA 2.5% 10/22		1,800,000.00	109.32%	99.7%	1,794,960.00	109.8%	1,976,161.56
IBM CORP 1.25% 05/26/23		2,000,000.00	101.79%	99.8%	1,995,560.00	101.9%	2,038,117.26
INFRA FOCH SAS 1.25% 10/20		600,000.00	101.15%	99.8%	598,758.00	101.4%	608,461.64
JPMORGAN CHASE 1.375% 09/16/21		1,000,000.00	102.61%	99.8%	998,280.00	103.0%	1,030,133.15
LEASEPLAN CORP FLOAT 04/17		2,000,000.00	99.87%	99.9%	1,997,480.00	100.0%	1,999,283.00
LLOYDS BANK FLOAT 19		300,000.00	99.94%	99.9%	299,550.00	100.0%	299,922.10
LLOYDS BANK PLC 1% 11/19/21		1,000,000.00	101.06%	99.2%	992,030.00	101.2%	1,011,720.68
LLOYDS FLOAT 20 03/12/2020		2,500,000.00	97.17%	102.7%	2,567,696.46	97.3%	2,433,374.79
MACQUARIE BANK 1% 09/16/19		700,000.00	100.76%	100.0%	700,000.00	101.0%	707,331.87
METRO AG 1.375% 10/21		3,500,000.00	100.01%	99.2%	3,473,645.00	100.3%	3,508,928.36
MORGAN STANLEY 2.375% 03/31/21		3,000,000.00	107.40%	99.6%	2,988,540.00	109.2%	3,275,681.52
NESTLE FIN INTL 0.75% 11/21		3,000,000.00	101.50%	99.5%	2,986,120.00	101.6%	3,048,178.77
NOVARTIS 0.75% 11/21		3,000,000.00	100.74%	99.6%	2,988,340.00	100.8%	3,025,498.77
NYKREFIT REALKREDIT FLOAT 09/19		1,000,000.00	100.06%	100.0%	1,000,000.00	100.1%	1,001,008.66
PEPSICO INC 1.75% 04/28/21		750,000.00	106.05%	99.5%	746,332.50	107.2%	804,241.85
PETROBRAS FINANCE 2.75% 01/2018		1,000,000.00	91.75%	93.1%	931,400.00	94.4%	943,925.21
PETROLEOS MEXICANOS 5.5% 01/17		1,000,000.00	107.65%	108.5%	1,085,000.00	113.0%	1,130,123.84
PGE SWEDEN 1.625%		2,100,000.00	102.03%	99.5%	2,088,534.00	102.9%	2,161,733.09
PIRELLI INT 1.75% 11/19 FVO		100,000.00	100.47%	99.5%	99,498.00	100.7%	100,680.16
PROLOGIS LP 1.375% 10/07/20		1,000,000.00	101.23%	99.8%	998,340.00	101.6%	1,015,522.05
RCI BANQUE 1.125% 09/19		500,000.00	101.50%	99.8%	499,180.00	101.8%	508,927.81
REDEXIS GAS FINANCE 2.75% 04/21		3,000,000.00	107.48%	99.4%	2,981,190.00	109.5%	3,284,719.32
RENAULT 3.625% 09/18		2,250,000.00	108.56%	99.6%	2,240,707.50	109.6%	2,465,503.76
RTE RESEAU DE TRANSPORT 1.625% 10/08/24		700,000.00	103.72%	99.0%	692,860.00	104.1%	728,671.81
SANOFI FLOAT 09/18		1,600,000.00	100.27%	100.0%	1,600,000.00	100.3%	1,604,611.20
SAP SE 1.125% 02/20/23		400,000.00	102.53%	99.5%	397,912.00	102.7%	410,617.48
SNAM SPA 1.5% 04/19		690,000.00	102.90%	99.4%	685,528.80	103.9%	717,113.60
SODEXO 1.75% 01/24/2022		700,000.00	105.60%	99.9%	699,629.00	106.5%	745,583.71
SYDNEY AIRPORT 2.75% 04/24		1,300,000.00	109.91%	99.8%	1,297,985.00	111.8%	1,453,486.19
TELEFONICA EMSIONES 2,242% 05/2022		2,000,000.00	106.59%	100.0%	2,000,000.00	107.9%	2,158,521.15
TESCO CORP 1.375% 07/19		1,700,000.00	95.19%	99.7%	1,694,628.00	95.9%	1,629,966.52
THYSSENKRUPP 3.125% 10/19		2,000,000.00	105.29%	99.2%	1,984,020.00	105.9%	2,117,332.60
TORONTO-DOMINION BANK 0.75% 10/29/21		2,400,000.00	100.98%	99.8%	2,394,144.00	101.1%	2,426,698.85
TOYOTA MOTOR CREDIT 1% 09/10/21		3,000,000.00	102.07%	99.9%	2,995,760.00	102.4%	3,071,215.48
UNIBAIL-RODAMCO 1.375% 10/22		700,000.00	102.95%	99.8%	698,474.00	103.2%	722,652.48
UNIONE DI BANCHE ITALIAN 1.25% 02/25		400,000.00	100.09%	99.0%	396,088.00	100.3%	401,103.73
VERBUND AG 1.5% 11/24		1,500,000.00	100.90%	98.4%	1,476,555.00	101.1%	1,516,012.40
VODAFONE GROUP 1% 09/11/20		2,000,000.00	100.43%	99.3%	1,986,960.00	100.7%	2,014,722.19
VOESTALPINE AG 2.25% 10/21		500,000.00	103.75%	99.9%	499,585.00	104.2%	521,129.11
VOLKSWAGEN LEASING 2.125% 04/04/22		3,000,000.00	109.25%	99.8%	2,995,400.00	110.8%	3,324,862.19
VOLVO TREASURY FLOAT 09/17		2,500,000.00	100.08%	100.0%	2,500,750.00	100.1%	2,502,813.88
WELLS FARGO 2.125% 06/04/24		2,000,000.00	107.86%	99.2%	1,983,300.00	109.1%	2,181,592.06
WESFARMERS 1.25% 10/21		1,500,000.00	101.86%	99.8%	1,496,910.00	102.2%	1,532,281.44
Subtotal		**172,790,000.00**			**172,336,303.14**		**180,219,812.79**
Subtotal		**270,940,000.00**			**272,471,821.46**		**281,402,904.80**
Total	**1,043,041**	**270,940,000.00**			**582,511,404.01**		**495,947,011.48**
Total	**1,058,202**	**337,458,544.99**			**660,368,802.13**		**576,390,200.34**
3 - GRAND TOTAL	**1,058,202**	**337,658,544.99**			**660,574,002.13**		**576,593,564.31**

08

DISCLOSURE OF REMUNERATION POLICIES

VIDA

08. DISCLOSURE OF REMUNERATION POLICIES

This disclosure involves the following 3 components:

- The remuneration policy for members of the management and supervisory bodies, including a table of the remuneration paid during 2014;
- Policy governing the remuneration of 'key employees';
- Statement of Compliance, under Article 4(1) of ASF Regulatory Standard 5/2010-R, of April 1.

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

1. Introduction

In keeping with the definition of Law 28/2009 of June 19, public interest entities, as is the case of insurance and reinsurance, which includes T-Vida. Companhia de Seguros, S.A. ("T-Vida"), shall annually submit to approval by the General Meeting a statement on the remuneration policy of the members of the management and supervisory bodies.

As regards the insurance business, this matter is still governed by the provisions of Regulatory Standard nº 5/2010-R and Circular nº 6/2010 of the Insurance and Pension Fund Supervisory Authority (ASF), both of April 1.

It is therefore on the basis of this legal and regulatory framework that this policy of remuneration of the members of the governing bodies of -Vida, Companhia de Seguros, SA, for 2015 is drafted, which clearly enshrine the principles deemed fundamental is this matter, such as:

i) consistency of remuneration practices in respect of the Company's strategies, results and financial capabilities;

ii) alignment of the remuneration practices with the protection of the interests of the shareholder, customers and employees of the company;

iii) alignment of remuneration practices with those of the domestic market.

2. Remuneration Policy Approval Process

The remuneration policy for T-Vida's corporate officers is, under the terms of article 20 of the articles of association approved by the General Meeting.

Services of external consultants are not used in the definition of the said remuneration policy.

3. Remuneration of the Members of the Board of Directors

The remuneration of each member of the Board of Directors shall be fixed directly by the shareholder at the General Meeting.

In 2015, the members of the Board of Directors will earn no remuneration for the performance of their duties.

Notwithstanding the foregoing, the shareholder, bearing in mind the results of the evaluation of individual and overall performance of the Board Directors, the degree of achievement of the main annual objectives of the Company, particularly the Net profit for the previous year, the Return on equity and the Combined ratio, as well as the adequacy both of the Company's share capital to its risk level and also the representation of the technical provisions, may approve at a General Meeting the allocation of a variable remuneration to executive directors.

The variable remuneration, if any, is in respect of the short-term performance and depends on a decision to be taken by the single shareholder at the General Meeting in accordance with the assessment and on the basis of the above criteria.

Considering the current remuneration structure, the maximum amounts considered and risk-tolerance levels defined, it has not yet been considered necessary to defer a part of the variable component of the remuneration. Therefore, if one is assigned, it is paid in full in cash in the month following the approval of the accounts of the period to which it relates.

Without prejudice to the foregoing, the shareholder may, at the General Meeting, establish that the variable component of the remuneration, or a portion thereof, be assigned through stock-option plans involving shares in Tranquilidade or any other company of the Group, under such terms as may come to be defined in due course.

The chair of the Board of Directors, as well as its members having executive duties are also entitled to a retirement pension or retirement pension complement, the terms of which are laid down in the pension fund known as the "Tranquilidade Directors Pension Fund" managed by GNB - Fundos de Pensões, SA.

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 retirement pension or supplement falls sue, in case of old age, on the date on which the Director reaches the normal retirement age for Social Security purposes, 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 T-Vida during the period of pensionable time set for the purpose in the contract constituting the Pension Fund.

Pensions or pension supplements to be granted, from which the annual retirement pension granted by social security and/or any financial company or by an insurer under workmen's compensation will always be deducted, shall never exceed the pensionable salary of the Director in question.

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. In any case this issue is currently under consideration.

Besides the situations described above, there are no other forms of remuneration of the members of the Board of Directors, nor are they granted any pecuniary or non-pecuniary benefits of import.

4. 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.

In 2015, its members of will earn no remuneration for the performance of their duties.

5. Remuneration of the Official Auditor

The statutory auditor shall be remunerated in accordance with the conditions laid down in the applicable legislation. The respective fees are proposed by the Statutory Auditor and are approved by the Board of Directors, following the opinion of the Board of Auditors.

6. 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.

In 2015, its members of will earn no remuneration for the performance of their duties.

Table of Remuneration Paid to the Members of T-Vida's Governing Bodies during 2014

(thousand euros)

	Remuneration		Total
	Fixed	Variable[2]	
Board of Directors			**259.3**
Pedro Guilherme Beauvillain de Brito e Cunha (Chair) [1]	52.5	0.0	52.5
Augusto Tomé Pires Fernandes Pedroso [1]	52.5	0.0	52.5
António Miguel Natário Rio-Tinto [1]	49.3	0.0	49.3
Miguel Maria Pitté Reis da Silveira Moreno [1]	52.5	0.0	52.5
Nuno Miguel Pombeiro Gomes Diniz Clemente	52.5	0.0	52.5
Board of Auditors			**27.6**
José Manuel Macedo Pereira (Chair) [1]	13.5	0.0	13.5
António Ricardo Espírito Santo Bustorff [1,3]	2.1	0.0	2.1
João Faria Rodrigues [1]	6.0	0.0	6.0
Maria Madalena Mantas Moura [1]	6.0	0.0	6.0
Total Remuneration	**286.9**	**0.0**	**286.9**

(1) The members of the corporate bodies listed above no longer hold the positions in question.
(2) Variable remuneration relating to 2013.
(3) Took over the post of chair of the Board of Auditors in March 2014.

The cost for the year with retirement pensions of the members of the governing bodies amounted in 2014 to €63k.

Key Employee Remuneration Policy

1. Scope of Application of the Remuneration Policy

Under ASF Standard 5/2010, this Remuneration Policy applies not only:

a) To those employees who play key roles, understood as being those who perform managerial positions within the scope of the risk management and internal control systems, but also;

b) 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 the circular;

c) 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 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.

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

Nuno Miguel Pombeiro Gomes Diniz Clemente (Chair)
Alexander Wallace Humphreys (Member)
Alexandre Miguel Varela Simões Lopes (Member)
Emmanuel Hervé Pascal Joel Lesueur (Member)
João Carlos Dores Candeias Barata (Member)

d) External Consultants

No services by external consultants are 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. In the determination of these two components, the Board of Directors considers several factors, of which the following are underscored:

- The economic situation and the results obtained by the Company;
- The interests of the Company from a medium- and long-term perspective;
- The specifics of the duties performed;
- Salary practice in the insurance sector;
- Performance evaluation, both at individual and collective level.

The fixed part comprises the basic salary and other regular, periodic payments that are attributed to all Company employees.

b) Limits and balances of the remuneration

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

The variable part, should one be granted, shall not exceed, on average, 15% of the total annual remuneration for all employees of the Company, and the maximum individual value shall not exceed 30% of the total amount of annual remuneration.

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

c) Variable component definition criteria and its time of payment

If granted, the amount of the Annual Variable Remuneration (VAR) has the limits set by the Board of Directors.

The VAR is in respect of short-term performance, and its exact value, each year, is defined in the light of the criteria laid down in subparagraph a).

With regard to the appraisal of the employees covered by this remuneration policy, it is based on the performance evaluation model in force in the various areas of the Tranquilidade Group, in particular:

- Evaluation of Objectives;
- Evaluation of Corporate Competencies;
- Evaluation of Functional Competencies.

Given the characteristics inherent in the remuneration structure in force, the maximum amounts considered and risk-tolerance levels defined, it has not yet been considered necessary to defer a part of the variable component of the remuneration. Thus, if it is granted it will be paid in full in cash.

Without prejudice to the foregoing, the shareholder may, at the General Meeting, establish that the variable component of the remuneration, or a portion thereof, be assigned through stock-option plans involving shares in T-Vida or any other company of the Group, under such terms as may come to be defined in due course.

4. Other Benefits Attributed to "Key Employees"

In addition to the fixed and variable remuneration described in this remuneration policy, "Key Employees " receive the following benefits as defined in the collective bargaining agreement (CAB) applicable to the insurance sector or in the Company's own rules for employees as a whole:

a) Health insurance;
b) Life insurance;
c) Individual retirement plans, in the case of old-age or invalidity pension.

5. Broadening the Scope of this Remuneration Policy.

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

STATEMENT OF COMPLIANCE (ARTICLE 4(1) OF ASF REGULATORY STANDARD 5/2010-R, OF APRIL 1)

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

Recommendation		Degree of Compliance	Comments
I.	**General Principles**		
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.	Complies	
I.2	Appropriateness of the RP in the light of the size, nature and complexity of the business, especially with regard to the risks assumed or to be assumed.	Complies	
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.	Complies	
II.	**Approval of the Remuneration Policy (RP)**		
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;	Complies	
II.2	Approval by the Board of Directors of the RP applicable to the employees;	Complies	
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;	Complies	
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.	Complies	
II.5	Disclosure of the assessment process to the employees prior to the period of time covered by its application.	Complies	
III.	**Remuneration Committee (RC)**		
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.	Not Applicable	
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.	Not Applicable	
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	
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.	Not Applicable	
III.5	The RC shall meet at least once a year and shall write up minutes of every meeting held.	Not Applicable	
IV.	**Management Body – Executive Members**		
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.	Complies	In the event that it is to be allocated, evaluation criteria based on the following management indicators are taken into account: - 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.
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.	Complies	
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	Under the new shareholder structure of the Group of which the Company forms part, this measure will be reviewed during 2015.

Recommendation		Degree of Compliance	Comments
IV.	**Management Body – Executive Members (continuation)**		
IV.4	Deferral of a substantial part of the variable component during a minimum of 3 years, its payment dependent of the institution's good performance;	Does Not Comply	Under the new shareholder structure of the Group of which the Company forms part, this measure will be reviewed during 2015.
IV.5	The variable component subject to deferral shall be determined in the increasing proportion of its weight relative to the fixed component;	Does Not Comply	Not applicable in view of the response to point IV.4.
IV.6	Absence of contracts concluded by members of the management body the effect of which is to mitigate the variability of the established remuneration;	Complies	
IV.7	Retaining, up to the end of the tenure, the value of the shares attributed under the variable component, up to the limit of twice the total annual remuneration, unless required to pay taxes on the benefit generated by the shares in question;	Does Not Comply	Not applicable in view of the response to point IV.3.
IV.8	Where the variable remuneration includes allocation of options, the start of the exercise period shall be deferred during no less than 3 years;	Does Not Comply	Not applicable in view of the response to point IV.3.
IV.9	Following the exercise referred to in the preceding point (IV.8), the executive members of the management body shall retain a certain number of shares up to the end of their tenure, the number to be fixed.	Does Not Comply	Not applicable in view of the response to point IV.3.
IV.	**Management Body – Non-Executive Members**		
IV.10	The remuneration of the non-executive members of the management body shall not include any component whose value depends on the performance or value of the institution.	Complies	
IV.	**Management Body - Indemnities in the event of dismissal**		
IV.11	Definition of adequate legal instruments to ensure that the compensation established for any unfair dismissal of a member of the management body will not be paid if the dismissal or termination by mutual agreement is the result of inadequate performance by the member in question.	Complies	No compensation has been established for any form of unfair dismissal of a member of the management body.
V.	**Employee Remuneration – Relationship between Fixed and Variable Remuneration**		
V.1	If the employees' remuneration includes a variable component it must be adequately in balance with the fixed component, taking into account, in particular, the performance, the responsibilities and the duties of each individual; The fixed remuneration shall account for a sufficiently important part of the total remuneration. The variable component shall be subject to a maximum limit.	Complies	
V.2	Substantial payment of a variable part in financial instruments issued by the institution, the appreciation of which depends on the medium- and long-term performance of the institution, subject to a retention policy aligned with the long-term interests of the Institution.	Does Not Comply	Under the new shareholder structure of the Group of which the Company forms part, this measure will be reviewed during 2015.
V.	**Employee Remuneration – Variable Remuneration Allocation Criteria**		
V3.	Performance assessment must take into account not only individual performance but also the collective performance of the unit of the structure in which the employee is involved and of the institution itself. It must include relevant non-financial criteria, such as regard for the rules and procedures applicable to the business carried on, especially the internal-control rules and those relating to relations with customers.	Complies	
V.4	The criteria governing the award of the variable remuneration in the light of performance must be predetermined and measurable, based on a multi-year framework of three to five years, in order to ensure that the assessment process is based on long-term performance.	Complies Partially	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	The variable remuneration, including the deferred part of this remuneration, shall be paid or shall constitute a vested right if it is sustainable in the light of the financial situation of the institution as a whole and is warranted in the light of the performance of the employee in question and of the structure unit of which he is a part. The whole of the variable remuneration shall, generally speaking, be severely reduced in the event of decrease of the performance or negative performance of the institution.	Complies	
V.	**Key Employee Remuneration – Deferral of Variable Remuneration**		
V.6.	A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall be dependent on future performance criteria, measured on the basis of criteria suited to the risk, which take into account the risks associated with the activity on the basis of which it is awarded.	Does Not Comply	It was considered to date that the little weight of this component in Total Annual Remuneration does not justify its deferral. Under the new shareholder structure of the Group of which the Company forms part, this measure will be reviewed during 2015.
V.7.	The part of the variable remuneration subject to deferral under the terms of the preceding number shall be determined in growing proportion to its relative weight compared to the fixed component of the remuneration. The percentage deferred shall increase significantly in proportion to the seniority or responsibilities of the employee.	Does Not Comply	Not applicable in view of the reply to the preceding point.

Recommendation		Degree of compliance	Comments
V.	**Employees' Remuneration – Key Employees**		
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.	Complies	
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.	Complies Partially	Since the remuneration is appropriate to the function, it is not entirely foreign to its performance
VI.	**Assessment of the Remuneration Policy**		
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.	Complies	
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.	Complies	
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.	Complies	
VII.	**Financial Groups**		
VII.1	The parent company of an insurance group or financial conglomerate subject to supervision by the ASF 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	Not applicable in the specific case of T-Vida Companhia de Seguros, SA. These recommendations are assessed in respect of shareholder Companhia de Seguros Tranquilidade, SA.
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 THE ACCOUNTS AND BOARD OF AUDITORS' REPORT AND OPINION

VIDA

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

Legal Certification of the Accounts

INTRODUCTION

1. 1. We have audited the attached financial statements of T-Vida, Companhia de Seguros, SA ("Company"), which include the Balance Sheet as at December 31, 2014, (showing a total of €800,619k and total equity in the sum of €75,658k, including net income of €4,294k), the Statements of comprehensive income, of changes in equity and of cash flows for the period then ended, and the Notes to the Accounts.

RESPONSIBILITIES

2. The Board of Directors is responsible for the preparation of financial statements in accordance with accounting principles generally accepted in Portugal for the insurance industry, established in Regulatory Order n° 4/2007, of April 27, with the subsequent amendments introduced by Regulatory Order n° 20/2007-R of December 31 and by Regulatory Order n° 22/2010-R of December 16, issued by the Insurance and Pension Funds Supervisory Authority, which present a true and fair view of the financial position of the Company, the result of its operations, comprehensive income, changes in equity and cash flows, as well as the adoption of adequate accounting policies and criteria, and the maintenance of an appropriate internal control system.

3. Our responsibility is to express a professional, independent opinion based on our audit of the said financial statements.

SCOPE

4. Our audit was performed in accordance with the Technical Rules and with the 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; and

5. Our audit also included verification of the consistency of the financial information contained in the management report with the financial statements.

6. We believe that our audit provides an acceptable basis for the expression of our opinion.

OPINION

7. In our opinion, these financial statements present a true and fair view, in all material respects, of the financial position of T- Vida, Companhia de Seguros, SA, as at December 31, 2014, , the result of its operations, comprehensive income, changes in equity and cash flows for the year the ended, in accordance with accounting principles generally accepted in Portugal for the insurance industry, established in Regulatory Order n° 4/2007, of April 27, with the subsequent amendments introduced by Regulatory Order n° 20/2007-R of December 31 and by Regulatory Order n° 22/2010-R of December 16, issued by the Insurance and Pension Funds Supervisory Authority.

EMPHASES

8. Without affecting the opinion expressed in the foregoing paragraph, we would call attention to the following:

8.1 The Company's financial statements as at December 31, 2013, presented for comparative purposes, were audited by another firm of auditors that issued the Legal certification of accounts dated March 17, 2014, without reservations and without emphases. Our acceptance as auditors took place on March 27, 2014, to conduct the statutory audit for the year ended December 31, 2014.

8.2 As mentioned in note 36 of the Notes, on March 30, 2015, at the express request of Novo Banco, SA, and in the context of the resolution of BES, SA, a capitalisation operation undertaken with the latter was redeemed for the sum of €164.2 million through repayment in kind of its assets, which comprised the assets of a real estate fund (Fundes - Special Closed-end Real Estate Investment Fund), amounting to €156.8 million and the financial settlement of the remainder to Novo Banco, SA. This capitalization operation, carried in the financial statements of T-Vida, amounted to € 204.2 million as at December 31, 2014.

The amount carried in the financial statements at December 31, 2014, was determined considering the measurement of the underlying assets, that is of the Fundes (Special Closed-end Real Estate Investment Fund) based on the information value of the units published by the Portuguese Securities Market Commission taking into account the recognition and measurement criteria established by this body.

The amount considered by Novo Banco, SA, for redemption in the sum of €164.2 million of this operation was determined based on criteria that were not disclosed.

However, this capitalisation operation, it is a Unit-Linked product , in which the investment risk is borne by the policyholder (Novo Banco, SA) so any appreciation or depreciation of the fair value of the underlying assets are assumed by the policyholder. On that basis, the difference found between the measurement previously considered and the redemption amount (no matter what) does not have any impact on the equity and share capital of T-Vida.

REPORT ON OTHER LEGAL REQUIREMENTS

9. We are also of the opinion that the information contained in the management report is consistent with the financial statements for the period.

Lisbon, April 1, 2015

Signed Ana Cristina Dourado
Sociedade de Revisores Oficiais de Contas, SA (n.° 189)
represented by
Ana Cristina Soares Valente Dourado (ROC n.° 1011)

Board of Auditors' Report and Opinion

To the Members of
T-Vida, Companhia de Seguros, SA,

In accordance with legislation in force and with the mandate that was entrusted to us, we are pleased to submit our report and opinion covering our activity and the accounting documents of T-Vida, Companhia de Seguros, SA, for the year ended December 31, 2014, which are the responsibility of the Board of Directors.

This Board of Auditors was appointed on March 20, 2015, succeeding the previous Board of Auditors that monitored the business of T-Vida, Companhia de Seguros, SA, during 2014, with such frequency and to the extent considered adequate, as per the minutes written up in the respective book, as well as the evolution of the business, the regularity of its accounting records and the compliance with the legal and statutory rules in force.

As from our recent appointment and bearing in mind our legal and statutory obligations, we held meetings both with the Board of Directors and with the various services of T-Vida, Companhia de Seguros, SA, including accounting and financial areas, Internal Audit, Global Risk and Internal Control (including "Compliance"), from which we obtained such the information and clarifications as were requested.

Additionally and in compliance with article 452(1) of the Companies Code, we held meetings with the firm of chartered accountants KPMG & Associados, SROC, which, in the performance of its duties, examined these 2014 financial statements, issuing the Legal Certification of Accounts on April 27, 2015, without reservations but with 2 (two) emphases, with which we agree and are deemed to be fully reproduced here. The information collected in these circumstances was determinant to the issuance of this report and opinion.

Within the scope of our duties, we examined the balance sheet as at December 31, 2014, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements. In our analysis, we found that accounting principles generally accepted in Portugal for the insurance sector had been observed (as established in Regulatory Order n° 4/2007, of April 27, with the subsequent amendments introduced by Regulatory Order n° 20/2007-R of December 31 and by Regulatory Order nº 22/2010-R of December 16, issued by the Insurance and Pension Funds Supervisory Authority). Additionally, we performed an analysis of the Management Report prepared by the Board of Directors and the proposal for the appropriation of results included therein.

Net income of approximately 4.3 million euros was generated during the period. For its relevance, we understand the following points:

- As at December 31, 2014, T-Vida, Companhia de Seguros, SA, has a solvency margin that meets the requirements laid down in the regulations of t he Insurance and Pension Funds Supervisory Authority ("ASF") for it to carry on its business and it believes that its technical provisions are adequate.

- As stated in the Management Report as "Relevant Facts in 2014", despite a decrease of production by about 21% (in 2014 a total of about €88 million compared with €111.7 million in 2013) as a result of a significant decrease in financial products (guaranteed capitalisation), there was an increase of about 9.2% in Risk products, which provide a better margin as a result of a clear strategic option;

- After the end of the year, and as mentioned in Note 36 of the Notes, a capitalisation operation (a unit linked product for the appreciation or depreciation of the fair value of which attaches to the policyholder) undertaken with Novo Banco, SA, was redeemed, at the express request of the latter, for the sum of €164.2 million, the carrying amount of which as at December 31, 2014, was €204.2 million. This amount was supported by the measurement of the underlying assets, namely the Fundes (Special Closed-end Real Estate Investment Fund) based on information disclosed by the CMVM. There are no valuation criteria on the redemption amount, but given the characteristics of the Unit Linked product, the difference determined has no effect on the net income and equity of T-Vida, Companhia de Seguros, SA.

We also believe that it is important to mention that T-Vida, Companhia de Seguros, SA has a calendar currently in course in order to comply with the Solvency II programme, which is expected to be implemented by January 2016, in accordance with the requirements of the law.

In view of the foregoing, we are of the opinion that, taking into consideration the matters referred to in paragraph 8.2 of the Legal Certification of Accounts, the financial statements referred to above and the Management Report and proposal for the appropriation of results set out therein, are in accordance with the applicable accounting and statutory requirements, and may therefore be approved by the General Meeting of T-Vida, Companhia de Seguros, SA.

We also wish also to express to the Board of Directors and services of T-Vida, Companhia de Seguros, SA our appreciation for the co-operation provided.

Lisbon, 29 April 2015

Luís Palha da Silva

Manuel Maria Reis Boto

Pedro Aleixo Dias

VIDA

www.t-vida.pt