REPORT AND CONSOLIDATED ACCOUNTS '13

BANCO INVEST

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GRUPO ALVES RIBEIRO

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1. Governing Bodies

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General Meeting of Shareholders

Charmain

Francisco Xavier Ferreira da Silva

Secretaries

Teresa Penaguião Silva Alves Ribeiro Pereira de Sousa
Joana Rita da Silva Ribeiro Costa Morais Villas Boas

Board of Directors

Charmain

Afonso Ribeiro Pereira de Sousa

Deputy Charmain

António Miguel Rendeiro Ramalho Branco Amaral

Members

Manuel João de Matos Silva Alves Ribeiro
João Carlos Ribeiro Pereira de Sousa
José João Silva Ribeiro da Costa Morais
Francisco Manuel Ribeiro
Luís Miguel da Rocha Barradas Ferreira

Audit Board

Charmain

Artur Carmo Barreto

Members

Rosendo José
Victor Hugo Moreira Ferreira Lemos Sousa

Alternate Member

Francisco Dias Martins

Statutory Auditor

João Carlos Henriques Gomes Ferreira

2. Company Highlights

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February – 97	Incorporation of the Bank, with a share capital of 20 million euros
April – 97	Start of business in Lisbon and Porto
December – 97	The Bank's assets stand at 27 million euros
February – 98	Incorporation of Alrimo, the Bank's fund manager
May – 98	Incorporation of Probolsa, the Bank's broker
September – 98	Probolsa becomes a Trading and Settlement Member of BVLP (Lisbon and Porto Stock Exchange)
November – 98	Inauguration of the Lisbon Brokerage Shop
December – 98	The Bank's consolidated assets stand at 48 million euros
January – 99	Share capital increase to 25 million euros
April – 99	Launch of the Alves Ribeiro – Medium-Sized Companies (Portugal) Fund
June – 99	Inauguration of the Leiria Brokerage Shop
December – 99	Share capital increase to 35 million euros The Bank's consolidated assets stand at 100 million euros
August – 00	The Bank becomes a Settlement Member of the BVLP
October – 00	Share capital increase to 42.5 million euros
December – 00	Launch of the Alves Ribeiro – European Equities Fund. The Bank's consolidated assets stand at 150 million euros
October – 01	Share capital increase to 47.5 million euros
November – 01	Launch of the Alves Ribeiro PPR (Retirement) Fund. Launch of the brokerage service for foreign markets
December – 01	The Bank's consolidated assets stand at 200 million euros
January – 02	The Alves Ribeiro – Medium-sized Companies Fund is considered the most profitable domestic equity fund in Portugal in 2001
December – 02	Inauguration of the Porto Brokerage Shop
September – 03	Launch of the derivatives brokerage service for foreign markets
October – 03	The Bank becomes a Clearnet Global Clearing Member
December – 03	Securitisation of 100 million euros of contracts of the Bank's loan portfolio: First property leasing contract securitisation operation in Portugal First involvement of a European investment fund in an issue sourced by a Portuguese bank First credit securitisation operation in Europe with the guarantee of the European Investment Fund included in the structure of the issued bonds The Bank's consolidated assets stand at 300 million euros
January – 04	The Bank becomes a Euronext Lisbon Trading Member Firm The brokerage business carried on by Probolsa is transferred to the Bank by means of a merger by incorporation transaction
March – 04	The Alves Ribeiro PPR Fund is considered the most profitable in its category in Portugal in 2003
December – 04	Securitisation of 42 million euros of contracts of the Bank's loan portfolio The Bank's consolidated assets stand at 350 million euros
June – 05	The Bank's consolidated assets stand at 400 million euros
October – 05	Banco Alves Ribeiro changes its name to Banco Invest
October – 05	Launch of the Banco Invest website
December – 05	Issue of bond loan for 50 million euros "Banco Invest 08 – Euribor + 0,425%"
December – 05	The Bank's assets stand at 451 million euros
October – 06	Development and implementation of a model for calculation of expected default and loss probability from the loan business
December – 06	The Bank's assets stand at 545 million euros
January – 07	The Alves Ribeiro PPR (Retirement) Fund is considered the most profitable in its category in Portugal in 2006
December – 07	The Bank's assets stand at 627 million euros
March – 08	Launch of a Programme for the securitisation of contracts of the Bank's loan portfolio, in the form of conduit, up to 125 million euros
December – 08	Launch of the derivative product structuring and management business for Corporate and Institutional Customers
June – 09	Inauguration of the new Leiria Investment Centre
December – 09	The Alves Ribeiro PPR (Retirement) Fund ends 2009 with a 30.8% increase in value, the best among all comparable products available in the market
January - 10	First place in the international "Structured Retail Products" league table of structured products issued, managed and placed in Portugal
March - 10	Obtainment of Euronext membership for the Amsterdam, Paris and Brussels markets
December - 10	The Bank's consolidated solvency ratio came to 13.3%
February – 11	Launch of a Multibanco Card
April - 11	Inauguration of an Investment Centre in Lisbon, at Rua Barata Salgueiro
May - 11	Launch of a transactional website (www.bancoinvest.pt)
June - 11	Launch of a professional online trading platform – Invest Trader
October - 11	Opening of the tenth Specialised Credit agency
November – 11	Most Profitable Bank in Portugal award attributed by the magazine Exame, in the Small and Medium-Sized Bank category
February – 12	Inauguration of an Investment Centre in Porto, at Rua Júlio Diniz
October – 12	Euromoney magazine's award of Best Distributor for Performance of the Structured Products, distinguishing the products issued by Banco Invest as the most profitable for the final customer
October – 12	Opening of the eleventh Specialised Credit agency
January – 13	The AR - PPR Fund, managed by Invest – Gestão de Activos, is the national asset allocation fund (hybrid fund) with the highest return in 2012 (48.9%)
January – 13	Opening of the twelfth Specialised Credit agency
February – 13	Among the three mutual funds with the highest return over the last twelve months in Portugal, two are managed by Invest – Gestão de Activos: the most profitable is the AR – PPR fund, and the third most profitable is the AR – Médias Empresas
December – 13	The offer of foreign investment funds reaches 700 funds, managed by the most prestigious international management companies.
December – 13	The Bank's consolidated solvency ratio exceeds 20%.
January – 14	Invest – Gestão de Activos is considered the national management company with the highest average return, in 2013: 26.3%. The funds AR – Médias Empresas Portugal and AR – PPR registered a 32.8% and 19.8% increase in value in 2013, respectively.
January – 14	The AR – PPR fund has registered the third highest annualised return, since the start of 2004, among all the national investment funds.
February – 14	Among all of the national investment funds, the AR – PPR fund has registered the third highest annualised return in the last three years.

3. Board of Director's Report

3. Relatório do Conselho de Administração

Macroeconomic Background

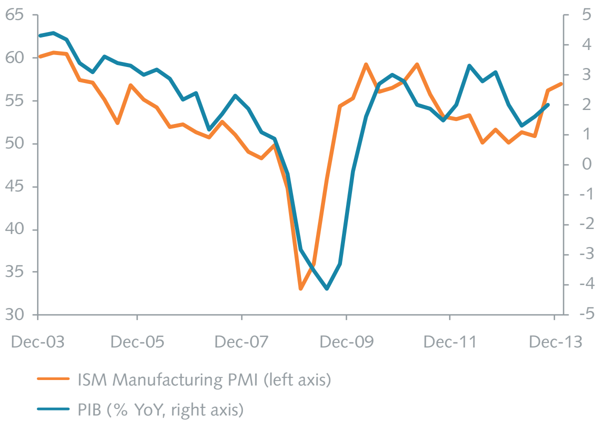
International Economy

The world economy maintained a recovery trend in 2013, which is expected to continue in 2014. In effect, according to the latest estimates from the International Monetary Fund, the world economy is expected to grow 3.0% and 3.7%, in 2013 and 2014, respectively. However, considerable risks remain as regards this outlook, with emphasis on the reaction of the markets to the end of the North American Federal Reserve's purchase programme for Treasury securities. For the first time in many years, the contribution of the United States to world economic growth is expected to exceed China's contribution in 2014.

United States

The North American economy grew 3.2% (annualised) in the fourth quarter of this year. The year-on-year growth rate came to 2.7%, 0.7 percentage points above that which was registered in the second quarter. The evolution of the ISM Manufacturing leading indicator, which reached 57.0 points in December, the highest value since the first quarter of 2011, confirmed the positive performance of the United States economy.

USA: Economic Activity



Source: Bloomberg

The unemployment rate and the real estate market also maintained their upward trend. The former ended the year at 6.7%, which had not been registered since the end of 2008. During 2013, the unemployment rate fell 1.2 percentage points. With regards to the real estate market, house prices in the main North American cities registered a year-on-year increase of 13.7% in November, and home sales grew 4.9% in December, relative to the same period of 2012.

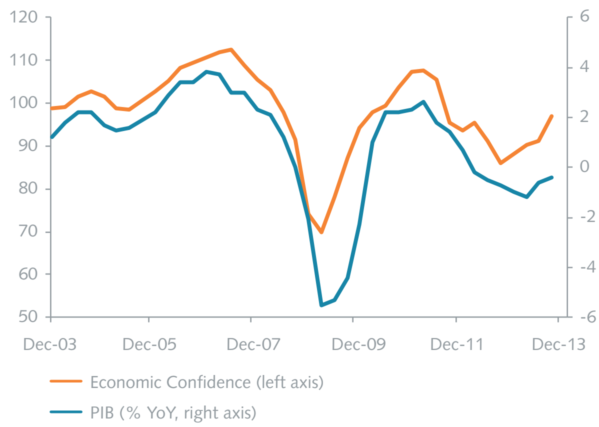
Consumer confidence remained robust during the last quarter of the year, although slightly below that which was recorded in the third quarter, reflecting the favourable performance of the labour and real estate markets, among other factors. In turn, the inflation rate maintained its recent downward trend, settling at 1.5% in December. Excluding food and beverage costs, however, the inflation rate remained stable at 1.7%.

To sum up, the North American economy is in good shape, with ISM indices pointing to above-average growth, supported by accommodating monetary conditions, which should be maintained until mid-2015. According to the latest estimates of the IMF, published last January, the United States is expected to grow 1.9% this year, and 2.8% and 3.0% in 2014 and 2015, respectively.

Eurozone

In the Eurozone, economic recovery has been slower and with a high dispersion among member countries. The end of the recession was confirmed in the third quarter, with growth of 0.1% below that of the previous quarter (0.3%). The countries that registered the best performance were Estonia and Finland, both of which grew 0.4%. On the contrary, Cyprus and Italy registered the only negative performances on the Eurozone (-0.8% and -0.1%, respectively). In spite of the slowdown registered in both cases, both economies contracted significantly less than in the 2nd quarter of the year.

Eurozone Economic Activity



Source: Bloomberg

The unemployment rate fell slightly in December to 12.0%, although still close to its maximum historical value, being particularly high among young people. As such, consumer confidence, although in recovery, is still far from the maximums reached in mid-2011. In December this indicator came to -13.5 points.

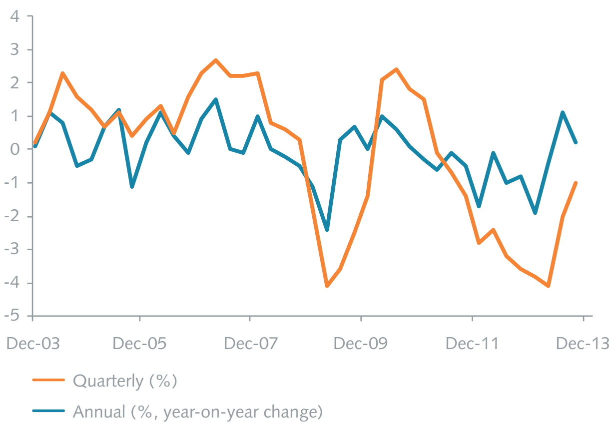
The austerity and the adjustment processes of the external accounts, in addition to the high unemployment rates in the majority of member countries, have maintained the average inflation rate at historically low values. In December, the inflation rate stood at 0.8%, 1.4 percentage points below that registered at the end of 2012. Excluding energy and food costs, this value also stood at 0.8%. Both values are thus far below the 2.0% threshold defined by the European Central Bank as the limit for inflation in the Eurozone.

The low inflation and interest rates should boost private consumption, as well as a decrease of the tax burden in many countries, such as France, Spain and Italy. According to the latest estimates of the IMF, the Eurozone is expected to contract 0.4% in 2013 and resume growth in 2014 (1.0%) and 2015 (1.4%). In essence, the economic recovery of the Eurozone is still weak, but is expected to accelerate in 2014 and 2015.

Portuguese Economy

In 2013, the Portuguese economy finally started showing positive signs. In the second quarter, Gross Domestic Product registered the greatest increase among the Euro countries, with a quarterly growth of 1.1%. In the third quarter, the increase was less (0.2%), but nonetheless above the average of the 17 member countries. For the full year of 2013, according to the latest forecasts of the Bank of Portugal, national GDP is expected to contract 1.5%, which compares favourably with the previous estimates, which pointed to a fall of 2.0%.

Evolution of National GDP

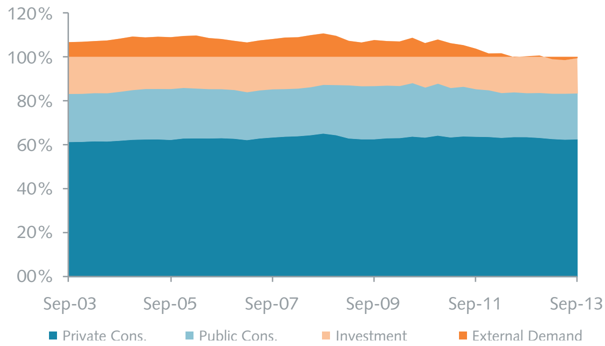


Source: Bloomberg

In Moreover, according to the Bank of Portugal, the recovery of economic activity over the next two years will be moderate, with growth rates of 0.8% and 1.3%, in 2014 and 2015, respectively. If this reversal of trend is confirmed, 2013 may signal the end of a contraction which, since 2011, reached 6.0% of GDP, in accumulated terms.

Current projections include the progressive recovery of private consumption, which is expected to grow 0.3% and 0.7%, in 2014 2015, and Investment, which is expected to increase by 1.0% and 3.7%, respectively. Public consumption is expected, on the other hand, to continue falling (-2.3% and -0.5%), thus dampening internal demand, which is expected to grow at a mere 0.1% and 0.9% in the following year and the next.

Composition of GDP



Source: INE

Exports are expected to maintain strong growth over the next two years (5.5% and 5.4%, respectively), underpinned by the recovery of external demand, although at a slower pace than in 2013 (5.9%). It is important to point out the crucial role that exports have played in the adjustment process of the Portuguese economy, in a context of limited growth of world economic activity, and of traditional trading partners in particular. In the projections of the Bank of Portugal, external demand is expected to grow 3.9% and 5.0%, in 2014 and 2015. As a result, the goods and services account is projected to achieve a balance of 2.7% and 3.5% of GDP. The Current and Capital Accounts are projected to achieve a balance of 3.8% and 4.7% of GDP.

The unemployment rate in the last quarter fell to 15.3% (below the maximum level of 17.7% registered in March). It is, however, expected to remain high, according to the forecasts of the Government set out in the State Budget for 2014.

In relation to the inflation rate, the Bank of Portugal expects the evolution of prices to remain under control. The Harmonised Index of Consumer Prices (HICP) is expected to increase by 0.8% and 1.2%, in 2014 and 2015. In 2013, estimates point to an increase of only 0.5%.

Projections for the Portuguese economy: 2013-2015

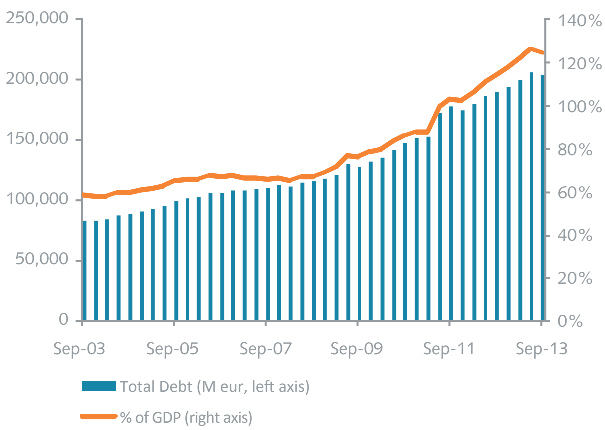
	Weights 2012 (% GDP)	2013	2014	2015
Gross Domestic Product	100%	-1.5%	0.8%	1.3%
Private Consumption	65.7%	-2%	0.3%	0.7%
Government Consumption	18.2%	-1.5%	-2.3%	-0.5%
Gross Fixed Capital Formation	16%	-8.4%	1%	3.7%
Internal Demand	100.6%	-2.7%	0.1%	0.9%
Exports	38.7%	5.9%	5.5%	5.4%
Imports	39,3%	2.7%	3.9%	4.5%
Current and Capital Accounts (% of GDP)		2.5%	3.8%	4.7%
Goods and Services Account (% of GDP)		1.7%	2.7%	3.5%

Source: Bank of Portugal, 2013 Winter Report

Lastly, a word on the fiscal adjustment of the State that is underway. According to the Ministry of Finance, the overall balance of the public accounts is expected to reach -5.9% of GDP in 2013, and -4.0% of GDP in 2014. The primary balance, in turn, is expected to stand at -1.6% and +0.3% of GDP, this year and the next, respectively.

Government Debt, as a percentage of GDP, and in accordance with the forecasts of the Ministry of Finance, set out in the State Budget for 2014, is projected to reach 127.8% and 126.6%, in 2013 and 2014.

Portuguese Government Debt



Source: INE, IGCP

Economic Indicators

	2013	2014	2015
Change in GDP			
World Economy	3.0%	3.7%	3.9%
USA	1.9%	2.8%	3.0%
Japan	1.7%	1.7%	1.0%
Eurozone	-0.4%	1.0%	1.4%
Portugal	-1.5%	0.8%	1.3%
Unemployment rate			
USA	7.5%	6.9%	6.3%
Japan	4.0%	3.9%	3.8%
Eurozone	12.0%	12.1%	11.8%
Portugal	16.7%	16.1%	15.8%
Investment			
USA	3.0%	7.7%	9.3%
Japan	3.5%	1.4%	0.2%
Eurozone	-3.5%	1.5%	3.2%
Portugal	-8.4%	1.0%	3.7%
Inflation (CPI var. relative to the previous year)			
USA	1.5%	1.8%	1.9%
Japan	0.2%	2.3%	1.8%
Eurozone	1.4%	1.2%	1.2%
Portugal	0.5%	0.6%	0.4%
Private Consumption			
USA	1.9%	2.3%	2.9%
Japan	1.8%	1.0%	1.3%
Eurozone	-0.6%	0.6%	1.2%
Portugal	-2.0%	0.3%	0.7%
Government Consumption			
USA	-1.7%	-0.5%	-0.6%
Japan	1.4%	0.2%	-0.9%
Eurozone	0.2%	0.3%	0.3%
Portugal	-1.5%	-2.3%	-0.5%

Source: IMF (Jan-14), OECD (Nov-13), Bank of Portugal (Dec-13)

Markets

The classes of assets with risk registered significant gains in 2013, with emphasis on Equities, which appreciated 24.1%, as measured by the MSCI World index; and on High Yield Private Debt, which appreciated 7.3%, as measured by the Barclays Global High Yield index. The accommodating monetary policies in the main developed economies and the prospects of an acceleration in economic growth in 2014 were the main factors underlying these increases.

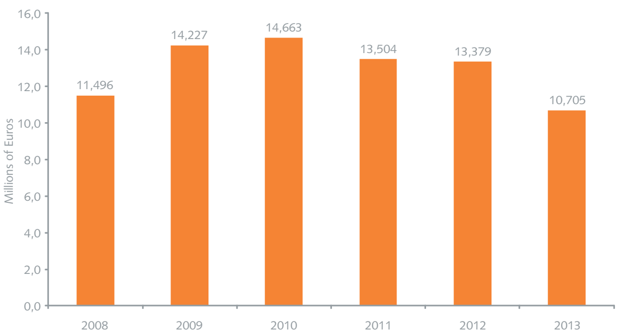
Equity Markets

The North American S&P-500 index registered the highest annual appreciation of the last ten years, with an increase of 29.6% in 2013. Equally strong was the performance of the Nasdaq-100 technology index, which registered an appreciation of 35.0% since the beginning of the year. Gains were, as a result, significant and boosted by the growth of results in line with analysts' expectations, maintenance of the monetary policy - low interest rates and monthly securities purchase programme – by the FED and prospects of acceleration of economic growth in 2014. Reflecting the positive sentiment evidenced over the course of the year, the VIX volatility index – important barometer of investors' risk aversion – remained quite low throughout the year, with an average value of 14.3 points (the average of the last 20 years is approximately 20 points).

In Europe, the STOXX Europe 600 and EuroStoxx 50 reference indices increased in value by 17.4% and 17.9%, respectively, since the start of the year. The best performance was that registered by the German market, with an increase of 25.5%. In the periphery, gains were also noteworthy: the Italian FTSEMIB index rose 16.6%, the Spanish IBEX climbed 21.4%; and the national PSI-20 went up by 16.0%. As in the United States, market volatility, as measured by the VStoxx index, ended 2013 close to the minimums of the last ten years.

The year was, however, more difficult for emerging equity markets, penalised by the prospects of the end of the FED's security purchasing programme (tapering), consequent depreciation of their currencies and repatriation of capital to the advanced economies. The general MSCI Emerging Markets index lost 5.0%, since the start of the year, with losses being led by the Brazilian (-15.5%) and Turkish (-13.3%) markets, among others. On the positive side, emphasis is on the excellent performance of the African markets, with an increase of 25.9%.

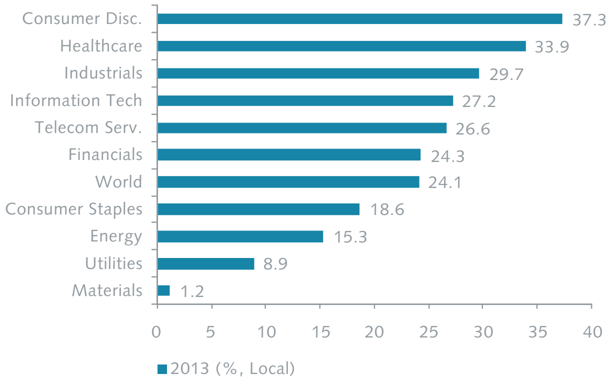
Leading Stock Market Indices



Source: Bloomberg

The sectors that registered the biggest rises in 2013 were Discretionary Consumption (+37.3%), Pharmaceutical (+33.9%) and Industrial (+29.7%). In turn, the worst performances were those obtained by Materials (+1.2%), Utilities (+8.9%) and Energy (+15.3%), measured by the MSCI global indices, in dollars.

World Sectorial Indices



Source: Bloomberg. MSCI Indices

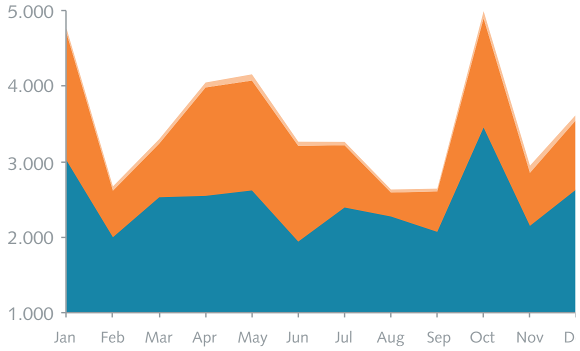
As previously mentioned, the national market, measured the PSI-20 index, went up by 16.0% in 2013. The biggest increases were achieved by the shares of Mota Engil (+175.9%), BCP (+121.8%), Zon Optimus (+81.8%) and Sonaecom SGPS (+73.5%). In contrast, the shares of Cofina (-14.9%), Portugal Telecom (-15.7%) and Banif SGPS (-92.8%), registered the worst performances, among the constituents of the national reference index.

PSI-20 Index

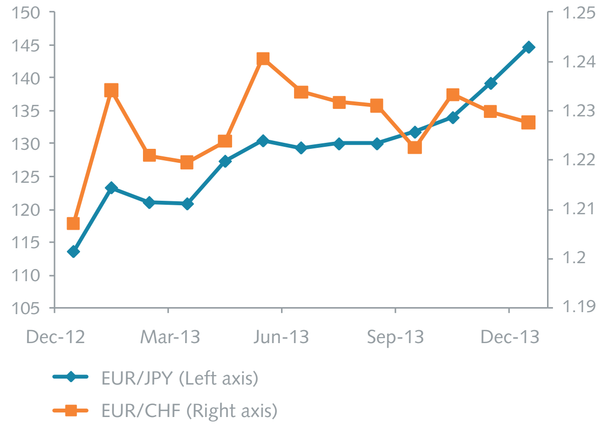
Source: Bloomberg

In 2013, the total volume of transactions on Euronext Lisbon came to 40.6 billion euros, which represents an increase of 22.8% relative to 2012. Regulated markets continue to be responsible for the main volume of transactions, with a value of 39.8 billion, up 22% on 2012. In the multilateral trading systems the volume of transactions came to 778 million euros, 93.8% more than that registered in the previous year. The total market capitalisation of Euronext Lisbon reached 229,284.8 million euros, 264.3 million less (0.1%) than the previous month and 8.9% more than at the end of 2012.

Volume of Transactions in the Secondary Market of Euronext Lisbon



Unit: Million euros. Source: CMVM



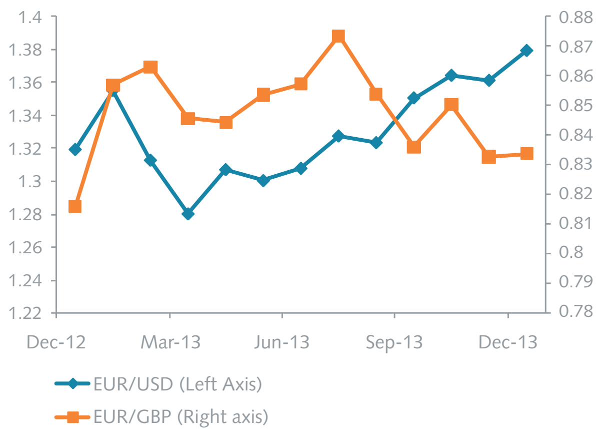
Source: Bloomberg

Foreign Exchange Market

One of the surprises of the year was the somewhat synchronised acceleration of activity in the main advanced economies, with emphasis on the European economies. In effect, the PMI indices in Europe surprised on the upside, indicating a stronger recovery than had initially been expected and reducing the urgency of new measures by the ECB to inject liquidity into the economies of the Euro Zone. These factors, combined with the postponement of the end of the FED's security purchasing programme (tapering) and the ultra-expansionary policy of the Bank of Japan, resulted in the strong appreciation of the Euro against the North American dollar (USD), from 1.2800, in mid-July, to 1.3791 on 31 December, and against the Japanese yen (more than 15%, since mid-June).

The depreciation of the USD was however offset by strong gains against the currencies of emerging countries and correlated with the evolution of raw materials, penalised by the tapering of the North American central bank's security purchasing programme and the increase in United States yields, and consequent repatriation of capital. The strong declines of the Brazilian real (-13.2%), the Turkish lira (-17.0%) and the Australian dollar (-14.2%) against the USD are cases in point.

Exchange Rates



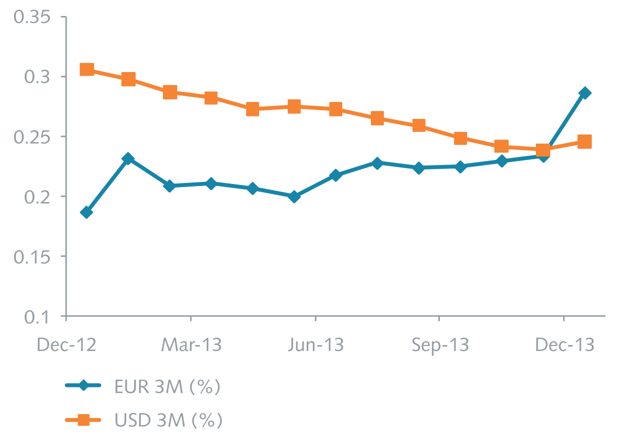
Interest Rates

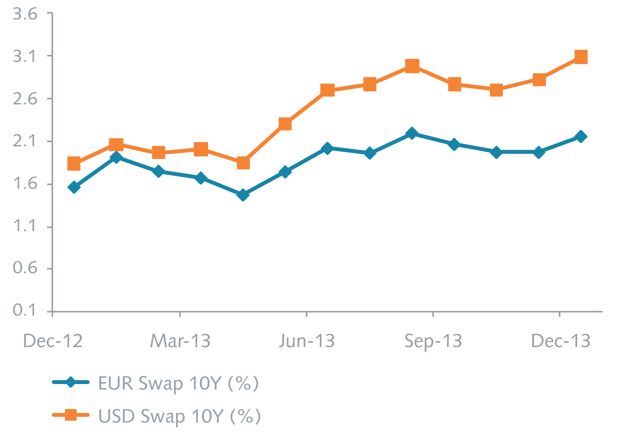
The year of 2013 may represent the start of the normalisation of interest rates in monetary markets. In spite of the postponement of the tapering, initially planned for September, yield curves, particularly in the United States, began to discount a progressive normalisation of interest rates, with the increase in the steepness of the curves, i.e., with the increase in the differential between long term and short term interest rates.

In the United States, 5 and 10-year swap rates ended the year at 1.79% and 3.07%, respectively. These values represent, relative to the start of the year, hikes of 114 and 125 bps. And, considering that 3-month interest rates remained almost unchanged, the steepness of the respective yield curve registered an increase of 131 bps, discounting, therefore, not only the end of the FED's current monetary stimulus programme, but also the acceleration of the pace of activity growth estimated for the following year.

In the Euro Zone, the movement was identical, although with lesser amplitude, reflecting the lower economic growth. Last November, in a surprise move, the ECB cut interest rates once again to 0.25%. In the longer term, the 5-year and 10-year swap rates ended the year at 1.26% and 2.15%, an increase of 50 and 59 bps relative to the end of 2012, respectively. In turn, the steepness of the yield curve increased by 115 bps.

Short-Term and Long-Term Interest Rates





Source: Bloomberg

Bond Markets

Public Debt

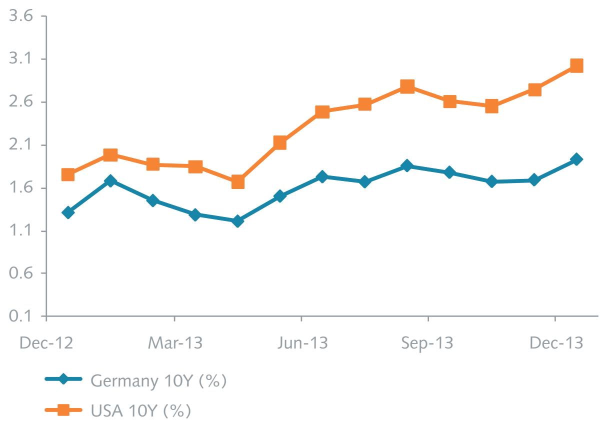
As expected, the normalisation of interest rates also had an impact on government bonds.

In the United States, after the 'shock' of May and June, when the FED signaled the possibility of tapering, or even ending, the monthly securities purchase programme (which includes 45 billion USD of Treasuries), yields stabilised in the second half of the year, ending the year close to the peak values recorded thus far. The 5-year and 10-year yields closed at 1.74% (+102 bps, since the start of the year) and at 3.03% (+127 bps), respectively.

In the Euro Zone, the increase was of a lesser extent as a result of the different position in the economic cycle. The 5-year and 10-year Bund yields closed at 0.92% (+63 bps, since the start of the year) and at 1.93% (+61 bps), respectively.

In both the United States and the Euro Zone, the real yields, discounting the inflation rate, of the respective 10-year benchmarks, reentered positive territory over the course of 2013, ending the year at 2.01% and 1.02%, respectively. Such values had not been observed since the end of 2010.

10-year yields: Germany and the USA



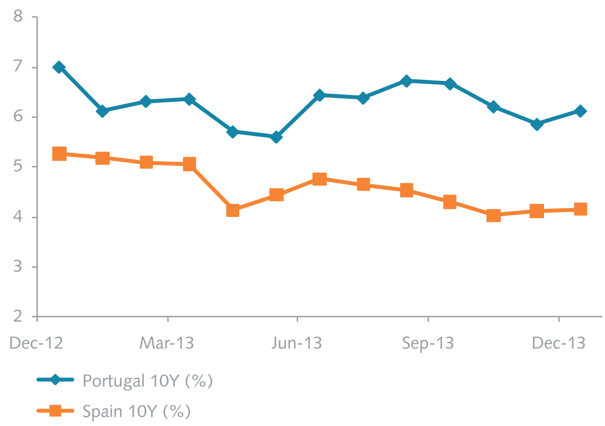
Source: Bloomberg

The public debt of the countries of the Euro Zone periphery also merits analysis. In Spain and Italy, the 5-year public debt yields both ended the year at 2.73%. The spreads vis-à-vis German public debt narrowed by 197 and 52 bps, in 2013, respectively, reflecting the decreasing risk aversion of investors and the prospects of economic recovery in the following year.

In Ireland, which made a "clean exit" from its financial assistance programme, returning to market funding should not be too problematical, considering the adequate coverage of its financing needs for 2014 and the positive investor sentiment that it benefits from, reflected in the current spread (125 bps) vis-à-vis 5-year German Bunds.

In turn, 5-year and 10-year national sovereign yields closed the year at 5.04% and 6.13%, respectively. The State rehearsed its return to the markets, planned for mid-2014, on two occasions: the first occasion involved a 10-year debt issue in May; and the second occasion involved exchanging and extending maturities, at the start of December, thus taking advantage of the spreads vis-à-vis German debt over the course of the year (82 and 149 bps, to 412 and 420 bps, in 2013, at 5 and 10 years).

10-year yields: Portugal and Spain



Source: Bloomberg

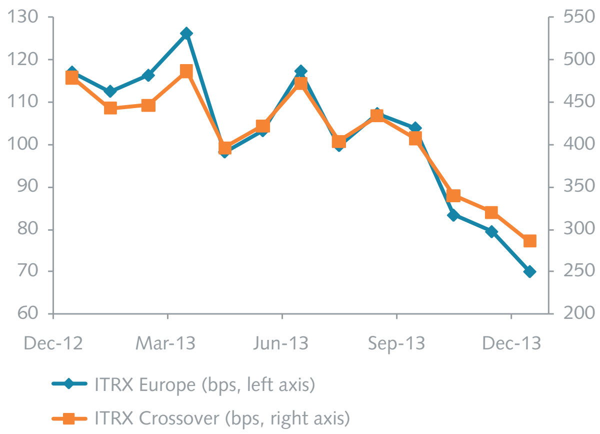
Private Debt

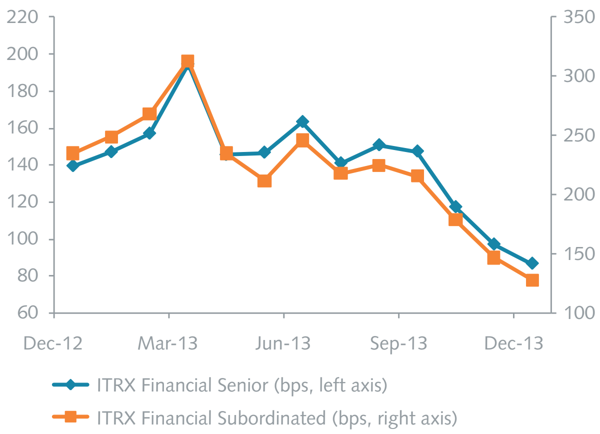
In line with equity markets, the year was also positive for Private Debt, namely for the High Yield segment.

In Europe, credit spreads slipped back to 2009 levels, discounting the gradual and moderate recovery of the economy for the next few years, in a scenario of historically high interest and default rates. At the end of the year, Investment Grade bond spreads stood at 70 bps, 47 bps less than at the start of the year. In turn, High Yield bond spreads fell 193 bps to 286 bps.

In the United States, the scenario was identical. Investment Grade spreads fell 32 bps to 62 bps; and in the High Yield segment, spreads narrowed 181 bps to 306 bps.

Credit Spreads (Europe)





Source: Bloomberg

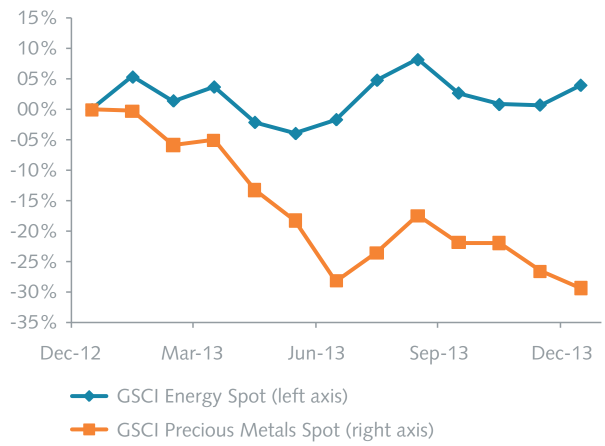
Commodities

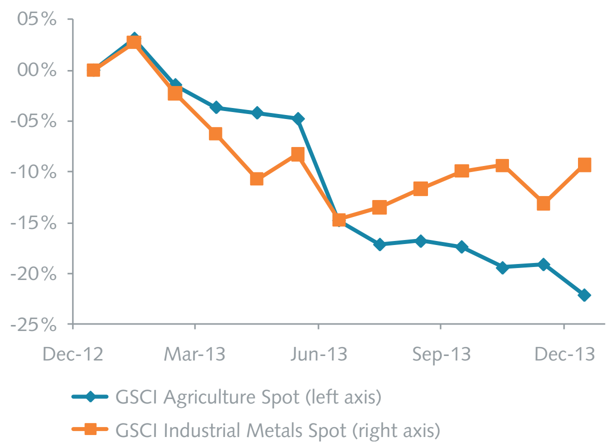
The year of 2013 was a negative year for commodities, penalised by the slowdown in the pace of growth of the emerging economies and, above all, by the prospects of a tapering of the securities purchase programme in the United States.

The most affected groups were Precious Metals, with emphasis on Gold, which lost 26% since the start of the year, and Agricultural Products with an average loss of 22.1% over the same period. The prices of Industrial Metals dropped less sharply, due to the negative impact of lower demand from emerging countries being offset by the best prospects for advanced economies, with a fall of 9.3%.

The only group that registered gains was, therefore, Energy, with an increase of only 4.0% since the start of the year.

Commodities





Source: Bloomberg

Summary of the business

Consolidated Highlights

Consolidated Highlights (euros)	2011	2012	2013
Net interest income	13,503,528	13,379,215	10,704,623
Net income from financial operations	-3,774,262	6,152,895	5,122,478
Net commissions	1,675,254	1,304,210	1,633,127
Other net operating income	-102,596	151,970	33,765,198
Net operating revenue	**11,301,924**	**20,988,290**	**51,225,426**
Personnel costs	-4,802,194	-4,896,550	-4,882,233
Other administrative costs	-3,606,725	-3,770,569	-4,201,582
Overheads	**-8,408,919**	**-8,667,119**	**-9,083,815**
Depreciation	-642,021	-858,018	-853,662
Net provisions and impairments	-6,961,793	-6,860,479	-19,380,933
Income before taxes	**-4,710,809**	**4,602,674**	**21,907,016**
Provision for taxes	1,185,200	-1,588,158	2,725,009
Net results	-3,537,882	3,022,241	24,631,263
Net credit extended	215,023,847	190,717,167	167,365,693
Funds attracted	477,378,510	553,685,128	493,211,158
Shareholders' equity	**50,830,060**	**65,393,377**	**92,777,806**
Net assets	**536,756,330**	**628,231,910**	**595,172,391**

In 2013, the significant decrease of risk premiums in world financial markets and the improvement of growth prospects for the main developed economies contributed to the progressive stabilisation of the European financial sector. Nonetheless, the banking systems of the Southern European countries continued to be penalised by the high levels of indebtedness, both public and private, and by the persistent financial fragmentation in the Euro Zone, one of the main obstacles to growth and the flow of credit, which are fundamental for the recovery of these economies.

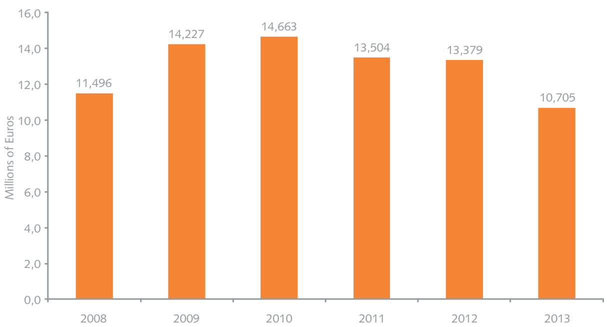
In Portugal, in spite of the improvement of the economic indicators recorded over the course of the year and the strong decrease in the risk premium of the Republic, the results of the largest national banks remained pressured by the generalised worsening of their credit portfolios and the consequent increase of impairments and provisions. In addition to this reality, there was the general trend of a contraction in credit portfolios, which contributed to the decrease in the net interest income of the sector in general.

In this difficult context, however, the business of Banco Invest achieved a very positive result, with a consolidated net income of 24.6 million euros.

The growth of 144% in net operating revenue to 51.2 million euros, in turn driven by the extremely positive performance of the securities portfolio, in particular the bond portfolio, and by the repurchase of the notes in circulation of the Invest Finance 1 securitisation operation, contributed substantially to this result.

Net interest income fell 20% to 10.7 million euros, penalised by the combined effect of the reduction of the credit portfolio and the significant increase of the amount of customer deposits attracted.

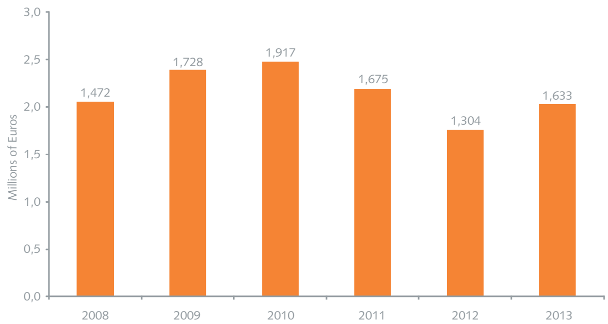
Net Interest Income



Source: Banco Invest

Net commissions increased by 25%, reaching 1.6 million euros. The rise in financial markets and the lower risk aversion of investors resulted in the recovery of brokerage income and the increase in demand for investment alternatives with higher capital risk and added value, such as for example investment funds. On the other hand, the greater preference for these products was boosted by the very significant increase in the number of Bank customers, confirming the growth trend of the last few years.

Net Commissions



Source: Banco Invest

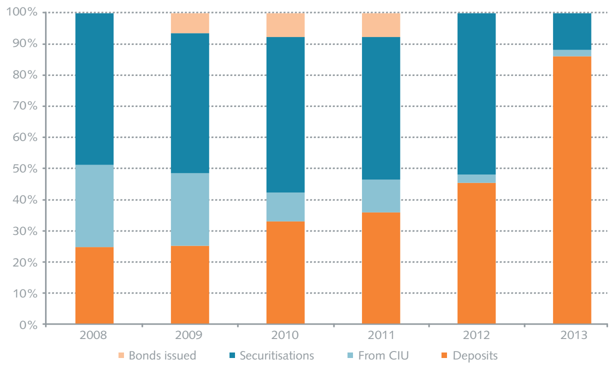
Net Assets decreased by 5.3%, due to the contraction of the credit concession activity and reduction of the exposure to market risks, following the strong appreciation of the Bank's securities portfolio, with emphasis on Portuguese and Spanish public debt. At the end of 2013, total Net Assets came to 595.2 million euros.

Customer deposits grew 27.9% to 234 million euros. This significant growth reflects the confidence of Customers in the solidity of the Bank, as well as the efforts of the Bank in achieving greater proximity and improved quality of service, with attractive proposals, for both private and institutional customers.

As a result of the strong increase in the amount of deposits captured, the transformation ratio of deposits into loans (non-securitised) remained stable at around 23.5%, offsetting the growth of non-securitised credit. This ratio continues to be one of the best of the national banking sector, and mirrors the maintenance of a robust financial structure, based on the attraction of stable resources.

In turn, the resources obtained from the European Central Bank stood at 221.6 million euros at the end of the year, 3% less than that recorded at the end of 2012. The Bank only resorts to this institution to finance part of its bond portfolio. This financing can be repaid at any time, through the sale of securities in the market.

Structure of Resources (excluding ECB)



Source: Banco Invest

At the end of 2013, the solvency ratio of Banco Invest, calculated in accordance with the Bank of Portugal's rules, reached 21.3%. The Core Tier I and Tier I ratios both stood at 21.6%. Banco Invest continues to be one of the most solid institutions in the national financial sector.

Business

Corporate Customers

The specialisation in services and products for medium-sized domestic companies seeks to add value to the Customer through non-standard solutions.

Through multidisciplinary teams, the Bank offers solid technical solutions, suited to the needs of each Customer. The high degree of qualifications and experience of its staff and the swift decision-making processes ensure the quality of the services provided.

Being part of the Alves Ribeiro Group, a group with more than 80 years of experience in the Portuguese market, gives the Bank an in-depth vision of the Portuguese economic fabric and access to a number of qualified experts, which have added value to various operations.

Corporate Finance

The financial advisory area and Corporate Finance remain focused on the provision of services to small and medium-sized national companies, namely financial restructuring and assessment of companies.

The Bank maintained its collaboration with IAPMEI to make available the PME Invest / Invest QREN lines to customers.

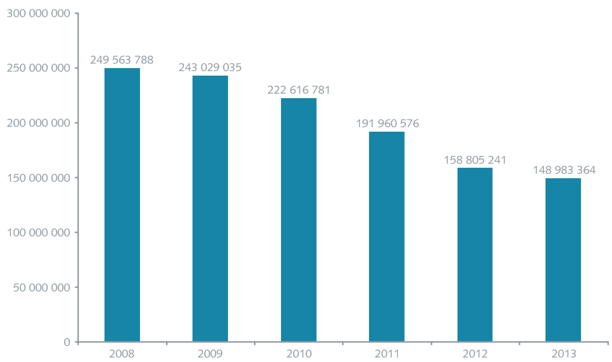
Risk Management

The activity of derivative financial products for Companies, in 2013, in line with the previous year, remained focused on the exchange rates and commodities segments. The volume transacted of risk coverage products remained less significant, reflecting the current economic climate and outlook on the maintenance of interest rates at historically low levels, over the next few years.

Specialised Credit

In 2013, the Bank maintained a restrictive policy regarding medium to long-term loan concessions to companies. As in the previous year, only a small number of one-off loan operations, mainly to Bank customers with a low risk profile, were undertaken.

Performing Loans Corporate Business



Source: Banco Invest

The loan portfolio presents a high dispersion, with an average value of 175.481 euros per operation, essentially composed of contracts validated by a notary and, in the majority of cases, subject to registration in the land register. At the end of 2013, the degree of coverage of the loan portfolio by real guarantees came to 89.5%. In loans backed up by real guarantees, the outstanding principal came to 52.1% of the market value of all the associated total guarantees (loan-to-value).

In addition, the Bank holds, in most operations, personal guarantees from debtors or guarantors.

Real estate guarantees are subject to periodic reassessments by certified and independent Technical Appraisers, in accordance with prudent standards that reflect the evolution of the corresponding regional real estate markets, nature of properties, use and liquidity potential. Other guarantees are composed of pledges on financial application portfolios.

Guarantees on Performing Loans for Corporate Activity

Loans for corporate activity - 2013

	Capital	Type of guarantee			
		Mortgage	Other	Pledges	Total
Guarantee					
Loans	52,011,220	59,992,848	1,677,532	37,467,919	99,138,299
Property leasing	76,962,774	152,979,311	229,127	589,697	153,798,135
Equipment leasing	594,923	0	0	0	0
Current accounts	3,905,067	1,527,156	22,446	1,565,982	3,115,584
No guarantee (1)	15,509,380	0	0	0	0
Total	**148,983,364**	**214,499,315**	**1,929,105**	**39,623,598**	**256,052,018**

Private Customers

Specialised in financial services that go beyond the usual day-to-day banking relationship, Banco Invest offers a set of diversified, flexible and technologically advanced solutions to its Private Customers, something which traditional banking, with its standardised offer, is unable to provide.

Private Banking

The service offered by the Bank in this area allows Customers to choose from a number of private banking alternatives, according to the customer's investment amount, financial knowledge and the available time span for managing their savings.

During 2013, the Bank considerably extended the number of investment funds on offer, with the conclusion of various new distribution agreements with the most prestigious international management companies, such as for example Goldman Sachs Funds, Fidelity, Schroders and UBS, among others. The total offer now encompasses about 700 investment funds, contemplating all classes of assets and geographical markets.

In addition, the Bank maintained a varied and comprehensive offer of Exchange Traded Funds and, for more conservative customers, of Indexed Deposits, with guaranteed capital and yield indexed to shares. In 2013, the most used structure was the Call Spread on baskets of shares, aimed at benefiting from the positive trend of equity markets.

Asset Management

The Bank offers its Private Customers a broad range of products, covering different categories of risk, liquidity and investment horizon. This includes Discretionary Management, direct investment in products traded on the stock market, structured products and own and foreign investment funds. For those Customers that wish greater intervention in the management of their savings, alongside professional advice, the Bank also offers an Advisory service. This product allows access to the composition of the portfolios managed by the Bank and to the changes carried out periodically, leaving the decision of their implementation up to the Customer.

In 2013, the products managed and set up by the Bank achieved exceptional returns, both in absolute and relative terms, boosted by the robustness of the asset allocation and risk management processes implemented.

Among these products, the following are noteworthy:

- The Alves Ribeiro PPR (Retirement) Fund, whose return, in 2013, reached 19.9%, once again the best in its category (Hybrid Defensive Funds EUR). The stable nature of the Fund and its capitalisation outlook contributed to this performance, enabling the implementation of a management strategy concerned with long term trends and opportunities rather than short term variations. Since the launch of the Fund, the annual average return comes to 6.7%, which is also the best in its category.

- The Alves Ribeiro - Medium-sized Companies (Portugal) Fund, which is also managed by Invest Gestão de Activos, obtained a return of 32.8% in 2013, compared to the 16.0% registered by the PSI-20 index over the same period. The recovery of the national market, in the second half of the year, was driven by the correct positioning of the fund's portfolio, made up of companies of a high quality and with exposure to external markets. In 2013, the fund registered the highest return among directly comparable funds.

- The Discretionary Management of portfolios service, with returns between 9.2% (Moderate Profile) and 17.9% (Dynamic Profile), net of management commissions.

- In the portfolios offered under the Advisory service, the returns were also very positive, between 6.3% (Conservative Profile) and 14.2% (Dynamic Profile).

- The product "Invest Chemicals (Ser. 1/12)", a deposit with guaranteed capital and yield indexed to five global companies of the chemical sector. The product, with a maximum maturity of 12 months, was repaid early, at the end of the first quarter with a return of 8.44% (AGNR).

- The product "Invest Global Sponsors (Ser. 2/12)", a deposit with guaranteed capital and yield indexed to the share prices of five companies that sponsor the European football championship of 2012. This product was repaid in July with a return of 9.89% (AGNR).

- The product "Invest Selecção AAA (Ser. 2/12)", a deposit with guaranteed capital and yield indexed to three share indices of countries with a maximum credit rating. With a maximum maturity of 12 months, the product was repaid early, in accordance with the respective conditions, at the end of the third quarter with a return of 7.85% (AGNR).

- The product "Invest Global (Ser. 1/12)", a deposit with guaranteed capital and yield indexed to world stock markets, with a return of 9.86% (AGNR), at maturity.

During 2013, the Bank issued 53 new structured products, in the form of deposits, notes and swaps.

Brokerage

Banco Invest is present in the Prime Brokerage segment and in online brokerage.

In the Prime Brokerage segment, with a view to guaranteeing the quality of the service provided, the Bank focuses on the direct relationship of Customers with traders, dynamic investment advice based on fundamentals and technical information, order management, trend analysis, and entry and exit levels of securities. On the other hand, the management of the risks involved in the various strategies followed by investors is becoming increasingly important.

In the online brokerage segment, Banco Invest customers can give orders through the site – desktop and mobile – or through the "Invest Trader" trading platform. In this area, it is worth highlighting the total integration of orders by telephone, site and trading platform, which makes the Bank stand out from the majority of its competitors.

Over the course of 2013, the main European and North American stock markets increased in value, creating a more favourable environment in the market, which contributed to the slight increase in the value of orders in the equity segment. In 2013, Banco Invest achieved an increase in turnover of 19%, increasing its market share.

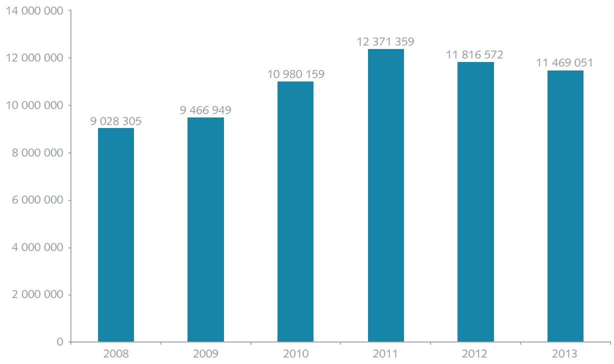
Finally, it is worth mentioning that the online activity has gained relative weight in total turnover. At the end of 2013, the online channel supported 25% of the equity segment, and 44% of the derivatives segment.

Specialised Credit

Although the Bank has no intervention in so-called consumer loans, it developed and has under current management two specific products directed at Private Customers: margin accounts and loans with precious metals as collateral. Directed at investors in the securities market, margin accounts allow Customers to leverage their own funds under the pledge of their respective portfolios, regarding which securities with liquidity and listed on official markets are exclusively chosen.

Loan concession with precious metals as collateral is essentially directed at Customers with a significant part of their savings invested in precious metals, and which intend to resort to this reserve value to obtain funding.

Performing Loans Private Customers



values in euros. Source: Banco Invest

Institutional Customers

The year of 2013 was another year of growth and reinforcement of the services offered to Institutional Customers.

The Bank continues to focus on service quality and a high degree of specialisation and experience of its staff, an organisational structure with few hierarchical levels and an Administration closely involved in the day-to-day management of the business.

In this area Banco Invest offers basic brokerage services, structured products, risk hedging and management and custody of investment funds for medium-sized independent operators.

Brokerage

Structured to respond to very active investors who are extremely demanding, the brokerage service offered by Banco Invest has gained increasing market share among Institutional Customers.
The Bank combines a proactive attitude in the search for solid business opportunities that it proposes to its customers, as much on the sell as on the buy side, with the availability of a platform of execution and quick and efficient transmission of information.

Structured Products

The Bank positions itself as a partner of several Institutional Customers in the structuring of efficient and innovative investment solutions. This offer encompasses a range of products, including equities and equity indices, interest rates and exchange rates, as well as exchange traded funds and commodities. Over the course of the year, several structured products were set up, most of which included individual shares. Due to the market environment – high volatility in equity markets – the structure that generated greatest interest was, once again, the Reverse Convertible, a product with a high fixed coupon, sensitive to changes in the volatility of the index benchmark, but with the risk of capital loss.

During 2013, this business area registered significant growth, both in terms of the amounts placed (+34%, relative to the previous year), and new national and foreign customers, as a result of the diversification and internationalisation efforts, in a scenario of strong competition.

Risk Management

Due to the increasing complexity and volatility of financial products and markets, the issue of risk management for Institutional customers is becoming increasingly important. The Bank's offer in this area seeks to meet these challenges with individualised and innovative products, under competitive conditions. The offer of products ranges from price determination to more complex products, with optionality and conditional profitability, in order to benefit from Customers' market expectations to obtain a better level of coverage.

Custody

Banco Invest continued to reinforce its role as a reference custodian bank for the independent (mutual, real estate and risk capital) fund management companies operating in the domestic market.

Within the scope of the real estate fund custody services, Banco Invest provides its Customers with the vast real estate know-how of the Alves Ribeiro Group, namely support in the structuring and setting up of funds, with the aim of offering the most adequate solution in accordance with the specifics of each operation.

At the end of the year, Banco Invest held about 50 funds in custody, corresponding to assets of approximately 700 million euros, representing a significant increase relative to 2012.

Own Portfolio Activity

Market Risk Management

The Bank proactively manages its exposure to the various market risks: equities, bonds, funds, foreign exchange and their derivatives.

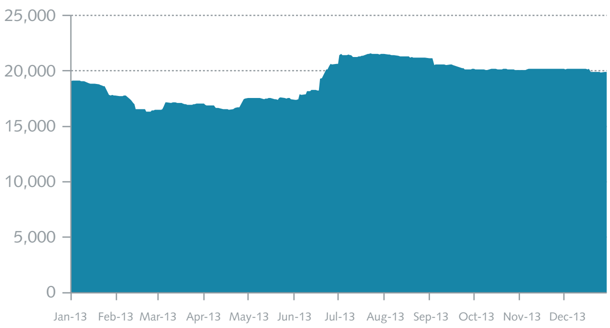
The essential purpose of this business is to take advantage of opportunities that arise, in both domestic and international financial markets. The Market Room does not necessarily have to be present with market positions on a continuous basis.

The Bank's Investment Committee, comprising the heads of the various areas involved, regularly determines overall guidelines governing the Bank's position in the domestic and international plan. It is then up to the Market Room to manage the Bank's exposure to each market segment within the defined risk limits.

Overall and partial risk limits are based on Value at Risk (VaR) methodologies, credit risk analysis - rating, basis point value, stress tests and concentration limits per asset, per sector and per country.

The various strategies employed, and management of risk limits, take into account the correlations between various asset classes and trading styles, so as to reduce the volatility of this activity's global result. The weight of each strategy in the overall portfolio is managed on a dynamic basis, according to the differing market conditions.

VaR 99,5% Total



Values in thousand euros. Source: Banco Invest

In 2013, the total average monthly VaR of the Market Room was 19.2 million euros. At the end of the year it registered the value of 19.9 million euros. VaR presented historically high values as a direct result of the investment made in medium and long term debt securities, especially in Spain and Portugal, as the recovery of the economies picked up. In Spain, investments were made in public debt and in Portugal in corporate debt.

Equity-Risk Management

The Bank intervenes in the equity market through the Investment Portfolio (Financial Assets Available for Sale Portfolio) and the Trading Portfolio.

The operations undertaken within the scope of the Investment Portfolio management are defined and approved by the Bank's investment Committee and are based on the combination of macroeconomic analysis, in overall terms and by region, with a fundamental analysis of sectors and companies. In addition to a battery of macroeconomic and sectorial indicators, share evaluation models are used, together with a comparison of expected returns on equities and bonds.

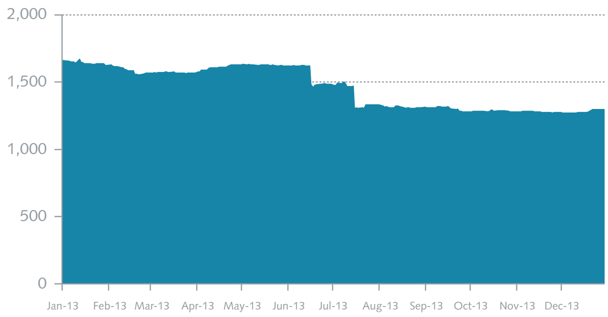
The strategies, risk limits and the trading portfolio budget are approved before the year commences by the Bank's Investment Committee, and the manager may intervene in the market, throughout the year, within the parameters previously defined.

In terms of securities, the aim is to have a long portfolio, which, in less favourable circumstances, may not exist. In terms of futures, the Bank may hold long or short positions, in keeping with expected market conditions.

Several strategies can be used, such as Technical Analysis and Systematic Trading – use of systematic models for the identification of trading opportunities – as well as the identification of recurring behavioural patterns, as well as indicators that determine significant market movements.

Durante 2013, the bank maintained the trading activity of shares at reduced levels.

VaR 99,5% Equities



Values in thousand euros. Source: Banco Invest

The average annual VaR of the Bank's equity portfolio stood at 1.4 million euros. The decrease in VaR over the course of the year resulted from the reduction in market volatility.

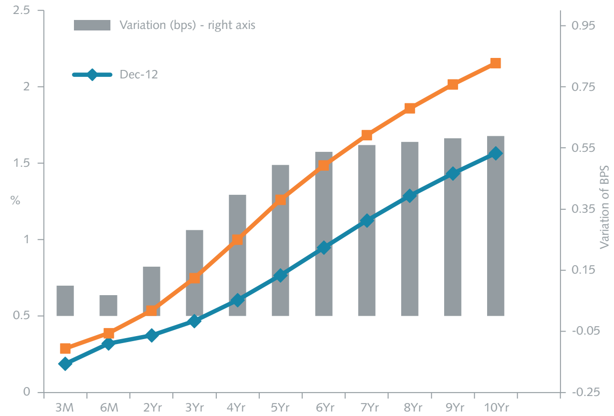
Interest-Rate Risk Management

Over the course of 2013, the Bank held a corporate bond portfolio whose value fluctuated between 230 and 270 million euros.

During 2013, medium and long term interest rates declined until May and increased from that month onwards. This behaviour was triggered by the prospects of recovery of the main world economies, with the macroeconomic data confirming the improvement of the international economic activity in the 2nd half of the year, Portugal included.

Varied behaviour in short term interest rates was observed, with almost no significant annual variation registered. In fact, the successive decreases of the ECB reference rate for monetary policy operations, to 0.5% in May and to 0.25% in November, enabled rates to be maintained at historical minimums.

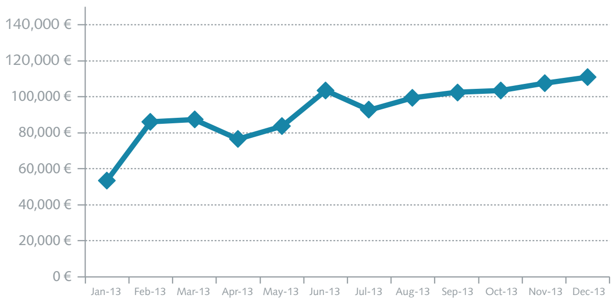
Euro interest rates in 2013 relative to 2012



Values in %. Source: Bloomberg

Over the course of the year, the Bank increased its exposure to interest rate risk to the same extent as its investments in securities for the portfolio, namely of medium and long term public debt in Portugal, Italy and Spain, with a particular focus on the latter.

Interest Rate Risk



Values in BPV.

Bond Risk Management

At the end of 2013, the portfolio presented an average rating of BBB:

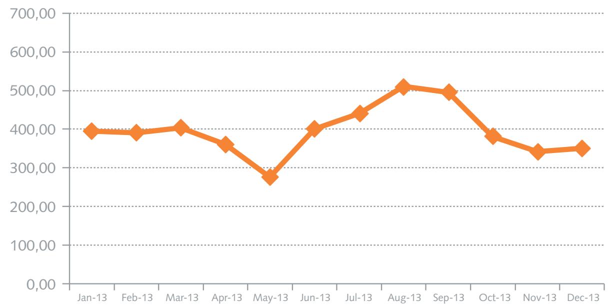
Rating	% of the Portfolio	% Accumulated
AAA	1%	1%
AA	2%	2.9%
A	20.4%	23.3%
BBB	43.2%	66.5%
BB	29.1%	95.6%
B	1.9%	97.5%
<B	2.5%	100%

During 2013, the ratings of countries and of the respective financial institutions of the Euro Zone were reviewed by the main agencies with a view to reducing the credit quality attributed. This process was in many respects global, and not even the securities issued by the European Union escaped. The process was more marked in the periphery economies, namely at the start of the year.

Positive news in this area only emerged in the second half of the year, with agencies announcing a trend towards stabilisation of the ratings at current levels. It seems, however, consensual that the process of gradual improvement of ratings is still a little distant and dependent on the growth of economic activity following the reduction of monetary and budgetary stimuli.

Of course, the average rating of the Bank's portfolio fell from A to BBB, in line with the investments undertaken over the course of the year with the generalised decline in the intervening period. It should be noted that, in spite of the decline in the rating, the portfolio presents an average investment grade rating that is significantly better than that of the Republic which currently stands at BB.

Portugal Risk (CDS)

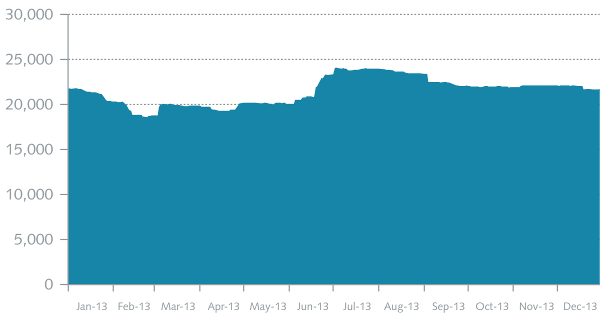


Values in BPS. Source: Bloomberg

In Portugal, the Bank made investments in the debt of reference companies, namely REN, EDP, Galp, Portucel and Portugal Telecom, given the dissociation between the probabilities of default/restructuring of the companies and the Republic. In fact, at the end of the year, we can affirm that the main Portuguese companies are already benefiting from an access to the market that is much less conditioned than that of the Republic.

In 2013, the average annual VaR of the Bank's bond portfolio stood at 21.5 million euros. At the end of the financial year, the market value of the portfolio came to 263.3 million euros.

VaR 99,5% Bonds



Values in thousand euros. Source: Banco Invest

Foreign Exchange Risk Management

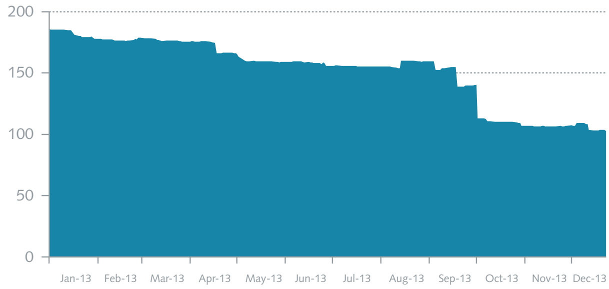
Foreign exchange management is essentially centred on hedging the positions in dollars. In terms of balance sheet exposure, the Bank's foreign exchange activity remained low-level. In summary, the Bank is not exposed to foreign exchange risk.

Volatility Risk Management

The Bank carries out options and other derivatives management activity, aimed at covering the risk of Structured Products commercialised to its Customers. Since it is a hedging activity, the VaR of the positions held does not tend to oscillate significantly.

At the end of 2013, the overall amount of the risks managed in this activity came to 24 million euros. The average monthly VaR, with a 99.5% confidence interval, of the Derivatives Portfolio, came to 153 thousand euros.

VaR 99,5% Derivatives



Values in thousand euros. Source: Banco Invest

Risk Control

Risk control is assumed at the highest levels at Banco Invest, with all risk limits – market, credit, liquidity and operational – defined and approved by the Bank's Board of Directors. Furthermore, there are four functional bodies - the Investment Committee, the Credit Division, the Accounting and Control Division and the Internal Audit Division - that work together to control approval processes, procedures and information circuits established in advance, ensuring compliance with the limits set by the Board of Directors.

There is also the risk control function which, operating more autonomously, reports directly to the Board of Directors, focusing its activity on the elaboration of audits regarding the compliance of the risk models used by the Bank in different business areas and the verification of the adequacy of the same models in the valuation and mitigation of risks.

The risk control system implemented at the Banks allows monitoring and continually assessing the risk of each functional area through risk matrices that ensure the timely prevention of unwanted situations and the adoption of corrective measures. The existing risk management and monitoring procedures at the Institution are described in the Risk Management Manual.

Market Risk

Market risk control is designed to assess and monitor the potential devaluation of the Bank's assets, and the consequent reduction of profits, caused by an adverse movement of the market values of financial instruments, interest rates and/or exchange rates.

The Bank's securities portfolios are segmented according to investment objectives and their accounting treatment. The Bank calculates and monitors the market risk of all the portfolios it holds, defining risk limits per portfolio, considering the potential impacts of each one, both on results and on shareholders' equity.

Overall trading risks are kept in check using diversification strategies by asset class, bearing in mind the correlation between several markets and assets.

Management rules subject each portfolio to restrictions in terms of dimension, composition, assets and risk levels. Risk limits are defined for credit exposure - concentration by country, activity segment and rating - as well as in terms of market and liquidity

For assessment and quantification of market risk the bank uses the following indicators:

– Value-at-Risk, estimating for each portfolio, with a confidence interval of 99%, the daily maximum potential loss stemming from adverse variations to the underlying assets. Value-at-Risk takes into account not only the volatility of financial assets but also the correlation between them and the distribution of return rates of each one. The risk assumed by each trader, by type of financial asset and by the Bank's global portfolio is calculated daily;

- Present Value of Basis Point (PVBP) calculation, which determines potential losses in the Bank's results caused by a one-basis point change in interest rates.

Monthly VaR limits and concentration limits by market, by asset, by sector and by rating notation, proposed by the Investment Committee and approved by the Board of Directors, are monitored daily by the Accounting and Control Division. The Investment Committee also monitors each portfolio's mark to market and its Value-at-Risk on a daily basis.

In addition, the Bank resorts to the periodic undertaking of stress tests, which involve the simulation of adverse historical and/or hypothetical scenarios for each portfolio and a sensitivity analysis based on changes in various factors, to measure the impact on assets, results and solvency. The stress tests are also an integral part of the annual assessment of the Internal Capital Adequacy Assessment Process (ICAAP), with a view to assessing the suitability of the same to the development of economic activity.

Credit Risk

Credit risk control involves assessing the degree of uncertainty and monitoring the possibility of a loss caused by the customer/counterparty's breach of its contractual obligations towards the Bank. Credit risk assumes a special purpose in banking activity, not only due to its materiality but because of its connection with other risks as well.

In the loan concession activity, aimed at guaranteeing the correct determination of the risk profile of operations, the analysis and decision process passes through the autonomous opinions of the risk analysis area, the Credit Division and the Bank´s Board of Directors, being supported by a battery of external and internal information elements considered relevant to the substantiated decision of any loan proposal.

The consistency of the collateral is determined by systematic assessments conducted by duly certified external technicians, subject to regular periodic reassessments. The integrity of the said collateral is safeguarded by insurance policies, covering common risks, whose sufficiency in terms of capital and validity is permanently monitored by the Bank.

The impairments of the loan portfolio are calculated monthly, based on a collective analysis of the loan portfolio, and on the individual analysis of the larger loans and those that are in default. The impairment in the loans subject to collective analysis is calculated based on a proprietary model, duly validated by the external auditors, which estimates the probabilities of default and the amount of expected losses, based on information relative to the portfolio's past behaviour.

Effort tests, in accordance with the Bank of Portugal's rules, are also conducted periodically on the loan portfolio, with the aim of analysing the impact on the Bank's accounts of the adverse movement of some variables considered as sensitive, namely the default rate, interest rate and real estate market prices.

The credit risk of the securities portfolio is calculated and monitored based on the Credit Value-at-Risk methodology. Through this model, the maximum expected loss is calculated, with a specific level of confidence, resulting from the occurrence of defaults in the portfolio. The maximum loss is calculated based on the historical probabilities of default and recovery rate (loss given default) obtained from the main rating agencies in securities with a similar credit risk rating to those securities held in portfolio.

Within the scope of the concentration of credit risk, overall analyses of the portfolio (securitised credit and non-securitised credit) are undertaken, measuring exposure by sector of activity and the greatest individual exposures

Liquidity Risk

Liquidity risk control is designed to evaluate and monitor the possibility of a loss stemming from the Bank's inability, at a given time, to finance its assets in order to meet its financial commitments on the scheduled dates.

Liquidity risk is evaluated on the basis of the assets and liability tables that allow the Bank's cash flow to be monitored and its cash requirements over a forecasting period of five years to be determined. Mismatch analyses and stress tests are undertaken to determine safe liquidity levels to cope with unexpected events.

To finance its short-term business and to ensure liquidity management with adequate safety margins, the Bank has interbank money market lines and securities contango lines negotiated with several banks, in addition to its growing customer fund attraction capacity.

Operating Risk

The aim of controlling operating risk is to prevent possible failures in the Bank's internal control system that may give rise to fraud or unauthorised transactions, as well as avoid the possibility of the results of the Bank being negatively affected by the occurrence of an event that is not inherent to its activity.

Banco Invest's business is subject to several prevention and control mechanisms to mitigate the risk of the occurrence of losses of an operational nature, among which the following are worthy of mention:

- Code of Conduct and Internal Regulations of the Bank;
- Procedures Manuals;
- Physical and logical access control;
- Reports of exceptions;
- Contingency planning.

The Bank has internal procedures that define the scope of responsibility of each area involved in the daily operation of the institution, the circuits of information and deadlines to be met, mitigating the possibility of the occurrence of operating losses.

Internal audits are carried out periodically to evaluate the control systems implemented, so as to guarantee compliance with the Procedures Manuals and reduce the likelihood of mistakes in recording and accounting the various transactions.

On a daily basis, the Planning and Control Division assesses the liabilities of each functional area towards its counterparties, compliance with established limits and the levels of authorisation employed in approving transactions.

Acknowledgments

The Board of Directors would like to take this opportunity to extend its appreciation and gratitude:

– To all our Customers for their preferences and trust, which constitute the greatest encouragement in confronting the challenges it faces;

– To the Bank of Portugal and the Securities Market Commission for their attention given to the Bank;

– To the Board of the General Meeting, and its Chairman in particular, for the willingness shown in the performance of such important duties;

– To the Audit Board and the Firm of Statutory Auditors, for their cooperation and support in the management of the Bank's business;

– To those employees who, with a sense of responsibility and a spirit of dedication, have worked hard to achieve the established goals with full regard for the ethical, human and corporate values assumed and shared within the company.

Lisbon, 24 March 2014

The Board of Directors

4. Financial Statements

Consolidated balance sheets as at 31 december 2013 and 2012

(Amounts in euros)

		2013			2012				
ASSETS	Notes	Gross assets	Impairment, depr, and amort,	Net assets	Net assets	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2013	2012
Cash and deposits at Central Banks	5	6,171,582	-	6,171,582	4,834,746	Resources from central banks	17	221,630,278	228,442,066
Amounts owed by other credit institutions	6	5,756,803	-	5,756,803	11,292,812	Financial liabilities held for trading	18	385,853	56,977
Financial assets held for trading	7	54,865,367	-	54,865,367	73,168,206	Resources from other credit institutions	19	5,389,248	7,255,214
Financial assets available for sale	8	239,672,432	(3,564,875)	236,107,557	200,653,682	Resources from customers and other loans	20	233,850,358	182,835,822
Loans and advances to customers	9	206,181,855	(31,070,327)	175,111,528	199,678,844	Liabilities represented by securities	21	31,955,421	135,095,049
Investments held to maturity	10	63,787,169	-	63,787,169	88,073,643	Provisions	22	600,000	500,000
Non-current assets held for sale	11	39,970,320	(7,986,075)	31,984,245	29,922,016	Current tax liabilities	15	68,187	2,416,785
Investment properties	12	5,234,446	(1,227,049)	4,007,397	4,617,098	Deferred tax liabilities	15	827,965	99,415
Other tangible assets	13	6,060,721	(3,683,096)	2,377,625	2,828,213	Other liabilities	23	7,687,275	6,137,205
Intangible assets	14	1,891,187	(1,620,997)	270,190	567,407	**Total Liabilities**		**502,394,585**	**562,838,533**
Current tax assets	15	1,065,160	-	1,065,160	-				
Deferred tax assets	15	7,851,658	-	7,851,658	4,931,079	Share capital	25	59,500,000	59,500,000
Other assets	16	5,816,110	-	5,816,110	7,664,164	Revaluation reserves	26	2,938,936	154,229
						Other reserves and retained earnings	26	4,664,535	1,642,294
						Net income attributable to the Bank's shareholders	26	24,631,263	3,022,241
						Minority interests	27	1,043,072	1,074,613
						Total Shareholders' Equity		**92,777,806**	**65,393,377**
Total Assets		**644,324,810**	**(49,152,419)**	**595,172,391**	**628,231,910**	**Total Liabilities and Shareholders' Equity**		**595,172,391**	**628,231,910**

The Notes are an integral part of these balance sheets.

Consolidated profit and loss statements for the years ended 31 december 2013 and 2012

(Amounts in euros)

	Notes	2013	2012
Interest and similar earnings	28	21,063,703	23,293,314
Interest and similar charges	29	(10,359,080)	(9,914,099)
NET INTEREST INCOME		**10,704,623**	**13,379,215**
Income from equity instruments	30	22,793	12,783
Income from services and commissions	31	2,099,111	1,801,111
Fees and commission expenses	32	(465,984)	(496,901)
Result of assets and liabilities assessed at fair value through profit and loss	33	1,990,826	6,941,451
Result of financial assets available for sale	34	2,823,979	(927,618)
Income from exchange revaluation	35	284,880	126,279
Income from sale of other assets	36	(451,563)	(37,643)
Other operating income	37	34,216,761	189,613
NET OPERATING INCOME		**51,225,426**	**20,988,290**
Personnal costs	38	(4,882,233)	(4,896,550)
General administrative costs	39	(4,201,582)	(3,770,569)
Depreciation and amortisation for the year	13 e 14	(853,662)	(858,018)
Provisions net of restitutions and write-offs	22	(100,000)	-
Loan impairment, net of reversals and recoveries	22	(15,412,576)	(5,589,151)
Impairment of other financial assets, net of reversals and recoveries	22	366,575	869,231
Impairment of other assets, net of reversals and recoveries	22	(4,234,932)	(2,140,559)
INCOME BEFORE TAXES		**21,907,016**	**4,602,674**
Taxes			
Current	15	(421,290)	(2,551,606)
Deferred	15	3,146,299	963,448
		2,725,009	**(1,588,158)**
INCOME BEFORE TAXES AND MINORITY INTERESTS		**24,632,025**	**3,014,516**
Income attributable to minority interests	26 e 27	(762)	7,725
CONSOLIDATED NET INCOME FOR THE YEAR		**24,631,263**	**3,022,241**

The Notes are an integral part of these statements.

Consolidated statements of comprehensive income for The years ended 31 december 2013 and 2012

(Amounts in euros)

	2013	2012
Consolidated income before minority interests	**24,632,025**	**3,014,516**
Rubricas que poderão ser reclassificadas para a demonstração de resultados		
Revaluation reserves of financial assets available for sale:		
Revaluation of financial assets available for sale	6,937,493	15,700,378
Tax effect	(1,807,728)	(4,166,143)
Transfer to income resulting from impairment	(366,576)	(869,231)
Tax effect	97,143	252,077
Transfer to income resulting from sales	(2,823,979)	927,618
Tax effect	748,354	(269,009)
Income not recognised in the profit and loss statement	**2,784,707**	**11,575,690**
Consolidated comprehensive income before minority interests	**27,416,732**	**14,590,206**
Minority interests	(762)	(7,725)
Consolidated comprehensive income	**27,415,970**	**14,582,481**

The Notes are an integral part of these statements.

Consolidated statement of changes in equity for the years ended 31 december 2013 and 2012

(Amounts in euros)

		Revaluations reservs			Other reserves and retained earnings							
	Capital	Fair value reserves	Deferred taxes	Total	Legal reserve	Free reserve	Merger reserve	Retained earnings	Total	Net income for the year	Minority interests	Total
Balances as at 31 December 2011	**59,500,000**	**(15,539,396)**	**4,117,935**	**(11,421,461)**	**1,102,078**	**9,012,951**	**574,221**	**(5,481,892)**	**5,207,358**	**(3,537,882)**	**1,082,045**	**50,830,060**
Allocation of 2011 profit												
Transfer to retained earnings	-	-	-	-	623,435	-	-	(4,161,317)	(3,537,882)	3,537,882	-	-
Comprehensive income for 2012	-	15,758,765	(4,183,075)	11,575,690	-	-	-	-	-	3,022,241	(7,725)	14,590,206
Change in % held by minority interests	-	-	-	-	-	-	-	-	-	-	293	293
Other changes	-	-	-	-	-	-	-	(27,182)	(27,182)	-	-	(27,182)
Balances as at 31 December 2012	**59,500,000**	**219,369**	**(65,140)**	**154,229**	**1,725,513**	**9,012,951**	**574,221**	**(9,670,391)**	**1,642,294**	**3,022,241**	**1,074,613**	**65,393,377**
Allocation of 2012 profit												
Transfer to retained earnings	-	-	-	-	14,650	-	-	3,007,591	3,022,241	(3,022,241)	-	-
Comprehensive income for 2013	-	3,746,938	(962,231)	2,784,707	-	-	-	-	-	24,631,263	-	27,415,970
Change in % held by minority interests	-	-	-	-	-	-	-	-	-	-	(31,541)	(31,541)
Balances as at 31 December 2013	**59,500,000**	**3,966,307**	**(1,027,371)**	**2,938,936**	**1,740,163**	**9,012,951**	**574,221**	**(6,662,800)**	**4,664,535**	**24,631,263**	**1,043,072**	**92,777,806**

The Notes are an integral part of this statement.

Consolidated cash flow statetments for the years ended 31 december 2013 and 2012

(Amounts in euros)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interest and commissions	21,465,599	25,020,435
Payments of interest and commissions	(10,102,359)	(7,946,951)
Payments to personnel and suppliers	(9,009,677)	(8,368,629)
IRC payment/receipt	(1,841,102)	288,007
Other payments related to operating activity	(1,712,477)	834,605
Operating income before changes in operating assets	**(1,200,016)**	**9,827,467**
Increases / reductions in operating assets:		
Financial assets held for trading	20,679,518	(30,935,591)
Financial assets available for sale	(27,113,220)	(111,537,394)
Loans and advances to customers	8,845,647	28,745,392
Investments held to maturity	24,286,474	24,330,976
Non-current assets held for sale	(5,630,752)	(1,284,476)
Other assets	1,822,978	1,730,239
	22,890,645	**(88,950,854)**
Increases / (reductions) in operating liabilities:		
Resources of central banks	(7,500,000)	80,000,000
Resources of other credit institutions	(1,865,945)	(27,481,796)
Customers' resources	51,051,038	61,209,576
Liabilities represented by securities	(68,703,843)	(41,997,074)
Other liabilities	1,239,248	286,031
	(25,779,502)	**72,016,727**
Net cash from operating activities	**(4,088,873)**	**(7,106,650)**
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Acquisitions and disposals of tangible and intangible assets	(110,300)	(594,005)
Net cash from investment	**(110,300)**	**(594,005)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share capital increase	-	-
Net cash from financing activities	-	-
Net Increase / (reduction) in cash and equivalents	(4,199,173)	(7,700 ,655)
Cash and equivalents at the start of the period	16,127,558	23,828,213
Cash and equivalents at the end of the period	11,928,385	16,127,558
	(4,199,173)	**(7,700,655)**

The Notes are an integral part of these statements.

5. Notes to the Financial Statements

1. INTRODUCTORY NOTE

Banco Invest, S.A. (Bank or Banco Invest) is a limited liability company with its registered office in Lisbon. The Bank was incorporated on 14 February 1997 under the name Banco Alves Ribeiro, SA, and started trading on 11 March 1997. The incorporation of the Bank was authorised by the Bank of Portugal on 4 December 1996. The Bank changed its name to the present one on 16 September 2005.

The corporate object of the Bank is to undertake financial transactions and to provide related services with such latitude as the law allows. It is basically involved in the asset management, capital markets, and loan and development capital business.

The Bank has five branches, located in Lisbon, Oporto, Braga and Leiria.

The Bank holds all the share capital of Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (Invest Gestão de Activos). This company was incorporated on 11 February 1998 and its corporate object is the management of mutual funds on behalf of the participants.

At present, the Bank has two credit securitisation operations underway:

- AR Finance 1 - undertaken in 2003, under which the Fundo de Titularização de Créditos AR Finance 1 (AR Finance FTC) and the AR Finance 1, plc, were set up, the latter a limited liability company headquartered in the Republic of Ireland;

- Invest Finance 1 – undertaken in 2008, under which the Fundo de Titularização de Créditos Invest Finance 1 Portugal (Invest Finance FTC) and the Invest Finance 1 Portugal B.V. were set up, the latter a limited liability company headquartered in Holland.

In 2008, the Fundo Especial de Investimento Imobiliário Fechado Tejo (Fundo Tejo) was set up, managed by Invest Gestão de Activos, whose core business is the purchase of real estate for subsequent sale or rental.

In the financial year of 2013, Sociedade Saldanha Holdings Limited was acquired, being fully owned by the Bank. This Company, with registered office in Malta, was acquired to carry out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 B.V., within the scope of the Invest Finance 1 credit securitisation operation. The acquisition of the VFN was made through Sociedade Saldanha Finance, also headquartered in Malta, and 99.9% owned by Saldanha Holdings Limited. The remaining share capital of Saldanha Finance (0.1%) is held directly by the Bank.

The consolidated financial statements as at 31 December 2013 were approved by the Board of Directors on 24 March 2014.

The financial statements of Banco Invest and the organisations included in its consolidation perimeter as at 31 December 2013, are awaiting approval by their governing bodies. Banco Invest's Board of Directors believes, however, that the financial statements used in the preparation of the consolidated accounts will be approved without any significant changes.

2. ACCOUNTING POLICIES

2.1. Presentation bases

The consolidated financial statements as at 31 December 2013 have been prepared based on the International Financial Reporting Standards (IFRS) as adopted in the European Union, under Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July, transposed into Portuguese law by Decree-Law no. 35/2005 of 17 February.

2.2. Consolidation principles

The consolidated financial statements include the Banco Invest accounts and the organisations it directly or indirectly controls (Note 3), including special purpose entities.

Subsidiary companies are those over whose current management Banco Invest has effective control in order to derive economic benefits from their operations. Control usually means a shareholding of more than 50% of the capital or voting rights. The Bank further includes in its consolidation such special purpose entities set up under the securitisation operation mentioned above, since it exercises effective financial and operational control over them, and the Bank holds a majority of the risks and benefits associated with their operations.

The consolidation of the accounts of subsidiaries employed the full integration method, with significant transactions and balances between the companies in the consolidation being eliminated. In addition, consolidation adjustments have been made where applicable to ensure the consistent application of the Group's accounting criteria.

Third party shareholdings in subsidiaries are recorded in the "Minority interests" item of shareholders' equity.

The consolidated profit is the aggregation of the net income of Banco Invest and its subsidiaries, in proportion to the effective shareholding, after consolidation adjustments, that is, the elimination of dividends received and gains or losses arising from transactions between companies included in the consolidation.

2.3. Conversion of foreign currency balances and transactions

The Group's accounts are prepared in accordance with the currency used in the economic sphere of operation (termed "operating currency"), that is, the euro.

Transactions in foreign currency are recorded based on exchange rates on the date of the transaction. Assets and liabilities expressed in foreign currency are converted into euros at the exchange rate displayed in each balance sheet date.

Exchange rate differences arising from currency conversion are shown in the profit/loss for the year, except where they arise from non-monetary financial instruments, such as equities, classified as available for sale, which are recorded under shareholders' equity until they are sold.

2.4. Financial instruments

a) Financial Assets

Financial assets are recorded on the date of acquisition at their fair value, plus costs directly attributable to the transaction. On first entry, these assets are classified in one of the following categories, established in IAS 39 - Financial instruments: recognition and measurement.

i) Financial assets at fair value through profit and loss

This category includes financial assets held for trading, which basically include securities acquired in order to make a profit from short term price fluctuations. This category also includes derivatives, excluding those which meet the hedge accounting requirements.

Financial assets in this category are recorded at fair value, and gains and losses arising from their subsequent valuation are shown in profit and loss for the year in the items of "Result of assets and liabilities assessed at fair value through profit and loss". Interest is shown in the appropriate items of "Interest and similar earnings".

ii) Loans and receivables

These are financial assets with fixed or determinable payments, not quoted on an asset market and not included in any other financial asset category. This category includes loans to Group customers, receivables from other credit institutions and receivables through provision of services or sale of goods, which are recorded in "Other assets".

In addition, this item includes securities from the items "Financial assets held for trading" and "Financial assets available for sale" that were reclassified in 2008, following the application of the Amendment to IAS 39 (Note 42). These assets were transferred by their fair value, calculated with reference to 1 July 2008.

When first recognised, these assets are recorded at fair value, less any commissions included in the effective rate, and plus all incremental costs directly attributable to the transaction. These assets are subsequently recognised on the balance sheet at amortised cost, less any impairment losses.

Recognition of interest

Interest is recognised based on the effective rate method which allows the calculation of the amortised cost and spreading the interest over the operating period. The effective rate is that which, when used to discount estimated future cash flows associated with the financial instrument, allows its actual value to be matched to the value of the financial instrument on the date of its first recognition.

iii) Financial assets available for sale

This category includes variable and fixed yield securities not classified as assets at fair value through profit and loss, including stable financial shareholdings, as well as other financial instruments recorded here in the first recognition and which are not accommodated in the other categories established in IAS Standard 39, described above.

Financial assets available for sale are measured at fair value, apart from equity instruments not quoted on an asset market, whose fair value cannot be measured reliably, which remain carried at cost. Gains or losses from revaluation are recorded directly in shareholders' equity, under "Fair value reserve". Once sold, or if impairment is found, the accumulated changes in fair value are transferred to income or cost for the year.

Dividends from equity instruments classified in this category are carried as income in the profit and loss account when the Bank's right of receipt has been established.

iv) Investments held to maturity

Investments held to maturity are fixed yield investments whose interest rate is known when it is issued and whose repayment date is established, with the Bank being able and intending to keep them until reimbursement.

When first recognised, these assets are carried at acquisition cost, less any commissions included in the effective rate, and plus all incremental costs directly attributable to the transaction. These assets are subsequently recognised on the balance sheet at amortised cost, less any impairment losses.

This category includes a set of financial assets from the items "Financial assets held for trading" and "Financial assets available for sale" that were reclassified following the application of the Amendment to IAS 39 (Note 42). These assets were recorded at fair value with reference to 1 July 2008 and, subsequently, are valued at amortised cost, minus possible impairment losses.

Fair Value

As mentioned above, financial assets in the categories of Financial assets at fair value through profit and loss and Financial assets available for sale are carried at fair value.

The fair value of a financial instrument corresponds to the amount by which a financial asset or liability can be sold or settled between independent, informed parties interested in concluding the transaction under normal market conditions.

The fair value of financial instruments is determined according to the following criteria:

- Closing price on the balance sheet date, for instruments transacted on asset markets;
- Prices supplied by independent entities (bid prices), divulged through the financial information media, viz. Bloomberg, including market prices available in recent transactions and the Bloomberg Generic index;
- Prices generated by internal valuation methods, which take market information that would be used to set a price for the financial instrument into account, reflecting market interest rates and volatility, as well as the liquidity and credit risk associated with the instrument.

Reclassification of financial assets

After the entry into force of the amendment to IAS 39 on 13 October 2008, it became possible for the Bank to reclassify some financial assets classified as Financial assets held for trading or available for sale into other categories of financial assets. This reclassification may only be carried out under exceptional situations, of which the situation at the end of 2008, where the markets were characterised by a significant lack of liquidity, was an example.

The reclassification into the investments held to maturity and loans and receivables categories is only possible if the Bank has the ability and intent to hold the assets to their maturity or in the foreseeable future, respectively. The transfer into the loans and receivables category is only allowed if the asset has fulfilled the requirements for classification in this category at initial recognition (among others, that it not be traded in an active market).

In the reclassification of assets classified as Financial assets held for trading into another category, the respective gains and losses of the assets previously recorded in profit and loss are not changed. The fair value at the reclassification date becomes the deemed cost of the financial asset.

Following the reclassification of assets classified as Financial assets held for trading into the categories of held to maturity and loans and receivables, the same are now measured at amortised cost. Their fair value at the reclassification date becomes their new amortised cost.

With the amendment to IAS 39, it is also possible for financial assets classified as available for sale to be reclassified into the investments held to maturity and loans and receivables categories. In these cases, the previous accumulated gains and losses of the reclassified assets are maintained in the fair value reserve, being reclassified for profit and loss: (i) according to the effective rate method, in the case of financial assets with a set maturity, or (ii) at the moment the assets are sold or when an impairment loss associated with those assets is recorded. The fair value at the reclassification date becomes the new amortised cost of the assets.

b) Financial liabilities

Financial liabilities are recorded on the date of acquisition at their fair value, less costs directly attributable to the transaction. Liabilities are classified in the following categories:

i) Financial liabilities held for trading

Financial liabilities held for trading are those derivatives with negative revaluation, which are shown at fair value.

ii) Other financial liabilities

This category includes central bank resources, those of other credit institutions and of customers, liabilities represented by securities and liabilities incurred to pay for services rendered.

These financial liabilities are valued at amortised cost.

c) Derivatives

The Bank carries out derivative transactions as part of its business with a view to satisfying the needs of its customers and to reduce its exposure to prices, foreign exchange and interest rate fluctuations.

Derivatives are recorded at fair value on the date of acquisition. Furthermore, they are shown in off-balance sheet items for their notional value.

They are measured at their fair value. Fair value is calculated:

- Based on prices in asset markets (e.g. relating to the futures traded on organised markets);

- Based on models that incorporate valuation techniques accepted on the market, including discounted cash flows and option valuation models.

Embedded derivatives

Derivatives embedded in other financial instruments are separated from the basic contract and treated as autonomous derivatives under IAS Standard 39, whenever:

- The economic characteristics and risks of the embedded derivative are not closely related to the underlying contract, as defined in IAS Standard 39; and
- The combined financial instrument as a whole is not carried at fair value, with changes in the fair value shown in the profit and loss..

Trading derivatives

Derivatives for trading are those derivatives that are not associated with effective hedge relations, under IAS Standard 39, including:

- Derivatives acquired to hedge risk in assets or liabilities recorded at fair value through profit and loss, rendering the use of hedge accounting unnecessary;
- Derivatives acquired to hedge risk that are not effective hedges under IAS Standard 39;
- Derivatives acquired for trading purposes.

Trading derivatives are recorded at fair value, and gains and losses calculated daily are recognised in profit and loss for the year in the items of "Income from assets and liabilities assessed at fair value through profit and loss". Upward and downward revaluations are recorded under the items "Financial assets at fair value through profit and loss" and "Financial liabilities at fair value through profit and loss", respectively.

d) Impairment of financial assets

The Group carries out periodic impairment analyses of its financial assets carried at amortised cost, namely investments in credit institutions, loans and advances to customers, investments held to maturity and assets recorded at fair value, namely financial assets available for sale.

Identifying signs of impairment is done on an individual basis, according to the nature of the assets:

Loans and advances to customers

Identifying signs of impairment is done on an individual basis for the financial assets where there is a significant amount of exposure and on a collective basis where similar assets whose debit balances are not individually relevant.

Under IAS Standard 39, the following events are regarded as being signs of impairment in financial assets carried at amortised cost::

- Non-fulfilment of contract, such as arrears in payment of interest or capital;
- Occurrence of default in the financial system;
- Existence of current operations arising from loan restructuring or ongoing negotiations for loan restructuring;
- Difficulties at the level of shareholders and management capacity, especially in relation to the exit of reference shareholders or top management and shareholder disagreement;
- Significant financial difficulties of the debtor or debt issuer;
- Debtor or debt issuer highly likely to declare bankruptcy;
- Debtor's loss of competitive position;
- Historic behaviour of collections suggesting that the nominal value will not be fully recoverable..

Whenever signs of impairment are identified in assets analysed individually, any loss through impairment corresponds to the difference between the current value of expected receivable future cash flows (recoverable amount), discounted based on the original effective interest rate of the asset, and the amount entered on the balance sheet at the time of the analysis.

Assets that do not undergo a specific analysis are included in a collective impairment analysis, and are thus classified in homogeneous groups with similar risk characteristics (that is, based on the characteristics of the counterparties and the type of credit). Future cash flows are calculated based on historic information relating to default and recovery of assets with similar characteristics.

In addition, assets assessed individually, for which no objective signs of impairment are found, are also subject to collective impairment assessment, under the terms described in the preceding paragraph.

Impairment losses calculated in a collective analysis incorporate the temporal effect of the discount of the estimated receivable cash flows in each operation for the balance sheet date.

The amount calculated for impairment is recognised in costs, in the item "Loan impairment, net of reversals and recoveries", and is shown on the balance sheet separately as a deduction from the amount of the credit to which it relates.

Debt instruments

With reference to debt instruments, the Bank defined the following events as possible impairment signs:

- Price (or valuation through internal models) less than 70% of the nominal value;
- Rating below BBB-, in other words, Non-investment grade;
- Significant deterioration of the underlying assets in issues of Asset-backed Securities (ABS) without rating whenever they are valued through internal models, namely:
    - Increase in delinquencies;
    - Reduction of expected recover value;
    - Decrease in credit enhancement by more than 5 percentage points.

Impairment must be recorded whenever at least one of the following situations occurs:

- Evident financial difficulty of the issuer when one of the following events takes place:
- Rating notation equal to or below CC at S&P and Fitch and Ca at Moody's;

- Due to their particular nature, subordinated debt securities, preferential shares, or others, in which the suspension of interest or payments occurs, according to the terms and conditions of the issue, are excluded:
    - Debt restructuring or novation;
    - Non-fulfilment of any obligation contractually defined in the loan contract;
    - Reduction of the credit enhancement by more than 50 percentage points, of the tranche held in ABS issues, when it comes to the second last tranche.

The Bank may also determine the existence of impairment in other situations, in the case of obtaining strong impairment signs from the issuer, and provided they are duly documented.

Equity instruments

There is impairment in equity instruments when some of the following events occur:

- Price (or valuation through internal models) less than 50% of the purchase value;
- Situations in which the fair value of the equity instrument remains below the respective acquisition cost over a period of more than 24 months;
- Nationalisation of the company;
- Bankruptcy process.

For equity instruments the following criteria for identification of securities with impairment signs were also defined:

- Fair value of less than 60% of the purchase value;
- Existence of a public takeover bid at less than the purchase price;
- Suspension of redemption of investment units;
- Existence of accounting fraud;
- Share capital decrease.

For securities with impairment signs, the Bank constitutes impairment when the Bank's Investment Committee (CIB), after analysing the securities with impairment signs, concludes that its recording is necessary..

Financial assets at amortised cost

Whenever impairment signs are identified in assets analysed individually, the possible impairment loss corresponds to the difference between the value recorded on the balance sheet at the moment of analysis and the present value of the expected future cash flows (recoverable value), discounted based on the original effective interest rate of the asset.

Financial assets available for sale

As mentioned in Note 2.4. a), financial assets available for sale are recorded at fair value, with changes in fair value recognised directly under shareholders' equity, in the item "Fair value reserve".

Whenever there is objective evidence of impairment, the accumulated losses that have been recognised in Fair value reserve are transferred to costs in the year as impairment losses.

Impairment losses in equity instruments cannot be reversed, and so any potential gains arising after the recognition of impairment losses are shown under Fair value reserve until the asset is sold.

With respect to financial assets recorded at cost, that is, non-listed equity instruments, whose fair value cannot be reliably measured, the Group also conducts periodic impairment analyses. In this case, the recoverable amount corresponds to the best estimate of the asset's future receivable flows, discounted at a rate that adequately reflects the risk associated to holding it.

The amount of the impairment loss calculated is recognised directly in profit and loss for the year. Impairment losses in these assets cannot be reversed.

2.5. Non-current assets held for sale

Non-current assets, or groups of assets and liabilities to be sold, are classified as held for sale whenever it is likely that their balance sheet value may be recovered by selling rather than by their continued use. The following requirements must be met so that an asset (or group of assets and liabilities) can be classified under this item:

- High probability of sale;
- The asset is available for immediate sale in its current state at a reasonable price relative to its current fair value;
- The sale is expected to take place within one year of classifying the asset in this item.

In those cases in which the asset is not sold within a year, the Bank assesses if the requisites continue to be fulfilled, namely the sale did not occur for reasons unconnected with the Bank, which undertook all the actions necessary for the sale to take place and that the asset continues to be actively publicised and at reasonable sales prices according to market circumstances.

Assets recorded under this item are valued at acquisition cost or fair value, whichever is lower, less the costs incurred by the sale. The fair value of these assets is calculated based on assessment by independent experts, and the assets are not amortised.

2.6. Investment Properties

Correspond to real estate held with the objective of obtaining income through rental and/or its increase in value.

Investment properties are recorded at acquisition cost, less accumulated amortisation and impairment losses.

2.7. Other tangible assets

These are recorded at acquisition cost, less accumulated amortisation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognised as costs in the year, in the item “General administrative costs”.

Amortisation is calculated according to the straight-line method and recorded in costs in the year on a systematic basis over the estimated useful life of the asset, which corresponds to the period during which the asset is expected to be available for use, which is:

	Years of useful life
Premises	50
Leasehold expenses	10
Furniture and materials	8 - 10
Machines and tools	5 - 8
IT equipment	3
Fixtures and fittings	5 - 10
Vehicles	4
Safety equipment	8 - 10

Land is not amortised.

Whenever the net accounting amount of tangible assets is greater than its recoverable value, under the terms of IAS 36 – "Impairment of assets", it is recognised as an impairment loss with effect on the profit and loss for the year. Impairment losses can be reversed, also with effect on the profit and loss for the period, if there is an increase in the recoverable amount of the asset in subsequent periods.

2.8. Financial leasing

Financial leasing operations are recorded as follows:

As lessor

Assets under finance leases are carried in the balance sheet as loans and advances to customers, and are repayable through amortisation of the capital as established in the financial plan of the contracts. The interest included in the instalments is recorded as financial gains.

As lessee

The Bank did not carry out any financial leasing transactions as a lessee.

2.9. Intangible assets

This item essentially includes costs incurred with the acquisition, development or preparation for use of software used in the Bank's business operations. Intangible assets are recorded at acquisition cost, less accumulated amortisation and impairment losses.

Amortisation is recorded as costs in the year on a systematic basis over the estimated useful life of the asset, which corresponds to a period of 3 years.

Software maintenance costs are accounted as a cost in the year in which they are incurred.

2.10. Income taxes

Alves Ribeiro – Investimentos Financeiros, SGPS, S.A., holds 99.13% of the Bank's share capital, and the latter is subject to corporate income tax (IRC) under the Special Taxation of Groups of Companies Scheme, as provided for in Articles 63 et seq. of the respective tax code. The perimeter of the group covered by the said tax scheme includes the following companies:

- Alves Ribeiro – Investimentos Financeiros, SGPS, S.A.;
- Banco Invest, S.A.;
- Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.;
- Motor - Park - Comércio de Veículos Automóveis, S.A.; e
- US - Gestar – Gestão de Imóveis, S.A..

The taxable income of the Group of which Alves Ribeiro – Investimentos Financeiros, SGPS, S.A. is the controlling company is calculated on the basis of the algebraic sum of the taxable profits and of the tax losses determined individually, taxed at a 25% rate. According to Article 14 of the Local Finances Law, the municipalities may deliberate an annual Municipal Surcharge, up to a maximum rate of 1.5% of taxable income subject and not exempt from corporate income tax (IRC).

In addition, taxable profits are subject to a state surcharge as follows:

- 3% for taxable profits between 1,500,000 and 7,500,000 euros;
- 5% for taxable profits of more than 7,500,000 euros.

For the financial year of 2014 the Group will be subject to corporate tax (IRC) at a rate of 23% on the taxable amount (except the first 15,000 euros of the taxable amount, regarding which a rate of 17% is applied), and the referred taxable profits are subject to a state surcharge as follows:

- 3% for taxable profits between 1,500,000 and 7,500,000 euros;
- 5% for taxable profits between 7,500,000 and 35,000,000 euros;
- 7% for taxable profits of more than 35,000,000 euros.

The capital gains and losses earned by the Bank through the transfer of participations held in the share capital of companies held for a period of no less than a year, as well as the financial costs supported with their acquisition, do not count towards taxable profits, i.e. they are not taxed, in the former case, and they are not deductible, in the latter case. This regime is not applicable to capital gains earned and financial costs incurred when the participations held in the share capital of companies were acquired from entities with which there are special relationships and which were held by the seller for a period of less than three years.

Total taxes on the profits recorded include current and deferred taxes.

Current tax corresponds to the value payable based on the taxable profits for the year. Taxable profits differ from the accounting result, since it excludes various costs and income that will only be deductible or taxable in subsequent financial years, as well as costs and income that will never be deductible or taxable according to the tax laws in force.

Deferred tax is related to the temporary differences between the amounts of the assets and liabilities for accounting reporting purposes and the respective amounts for taxation purposes, as well as results from tax benefits obtained and from differences between the taxable and the accounting result.

Deferred tax liabilities are generally recognised for all temporary taxable differences in the future.

As set out in the accounting standards, deferred tax assets are recognised for deductible temporary differences, conditioned by the existence of reasonable expectations of sufficient future taxable profits for those deferred tax assets to be used. At each reporting date, those deferred tax assets are reviewed and adjusted in accordance with the expectations relative to their future use.

The main situations for the Bank that give rise to temporary differences are impairments and provisions not accepted for tax purposes and increases in value of financial assets available for sale.

Deferred tax assets and liabilities are measured by using the tax rates that are expected to be in force at the date of the reversion of the corresponding temporary differences, based on the tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date. As at 31 December 2013 and 2012, the Bank used a rate of 26.5% and 29%, respectively, to calculate the deferred taxes.

Corporate income tax (current or deferred) is shown in the profit and loss for the year, except where the transactions giving rise to it have been carried in other shareholders' equity items (in the case of revaluation of financial assets available for sale, for example). Here, the corresponding tax is also carried against shareholders' equity, and does not affect net income for the year.

2.11. Provisions and contingent liabilities

A provision is set up when there is a legal or constructive obligation, resulting from past events where it is likely that resources will be disbursed in the future, and this can be reliably established. The amount of the provision should match the best estimate of the amount to be disbursed to settle the liability on the balance sheet date.

If no future disbursement of resources is likely, then it is a contingent liability. Contingent liabilities are disclosed, unless the possibility of their occurrence is remote.

Provisions for other risks and liabilities are intended to cope with tax, legal and other contingencies.

2.12. Employees' benefits

Liabilities with employees' benefits are recognised in accordance with the principles established by IAS 19 - Employee Benefits.

The Bank has not subscribed to the Collective Bargaining Agreement in effect for the banking industry since its staff is covered by the General Social Security Scheme. For this reason, the Bank had no liabilities for pensions or retirement pension supplements or other long-term benefits in respect of its employees as at 31 December 2013 and 2012.

Short-term benefits, including productivity bonuses paid to staff for their performance, are recorded in "Personnel costs" in the year to which they relate, in accordance with the accruals principle.

2.13. Commissions

Commissions received for credit operations and other financial instruments, especially commissions on the origination of transactions, are recognised as earnings over the transaction period.

Commissions for services provided are usually recognised as earnings over the period the service is provided or on a one-off basis, if they arise from single acts.

2.14. Amounts deposited

Amounts deposited, namely customers' securities, are recorded at fair value in off-balance sheet items.

2.15. Cash and equivalents

For the preparation of the cash flow statements, the Bank considers all the items of "Cash and balances at central banks" and "Balances in other credit institutions" as "Cash and equivalents".

2.16. Critical accounting estimates and issues of judgment most relevant to the application of the accounting policies

The Bank and its subsidiaries' Boards of Directors have had to provide some estimates in the application of the accounting criteria described above. The estimates with the biggest impact on the Bank's consolidated financial statements are listed below.

VALUATION OF FINANCIAL INSTRUMENTS NOT TRADED ON ASSET MARKETS

Under IAS 39, the Bank values all the financial instruments at fair value, apart from those carried at amortised cost. The valuation models and techniques described in Note 2.4 are used in the valuation of financial instruments not traded on liquid markets. The valuations obtained correspond to the best fair value estimate of these instruments on the balance sheet date. As mentioned in Note 2.4., the valuation of these financial instruments is determined by means of the quotations supplied by independent bodies and prices obtained through in-house valuation models.

CALCULATION OF INCOME TAX

Current and deferred taxes are determined by the Bank using the rules established by the tax regulations in force. In certain situations the tax law may not be sufficiently clear and objective and more than one interpretation may arise. In such situations, the amounts recorded are the outcome of the best judgment of the Bank's administrative bodies regarding the correct context for its operations, which may be questioned by the tax authorities.

CALCULATION OF IMPAIRMENT LOSSES IN FINANCIAL ASSETS

Impairment losses in loans granted are calculated in accordance with the method defined in Note 2.4. d). The calculation of impairment in individually analysed assets results from a specific assessment carried out by Banco Invest, using its knowledge of customers' circumstances and the guarantees associated with the operations in question.

Impairment by collective analysis is calculated using historic parameters found for comparable operations, taking into account default of deposit and recovery.

Banco Invest believes that impairment calculated based on this method is a prudent and adequate reflection of the risk associated with its portfolio of credit extended, bearing in mind the rules established by IAS 39.

The Bank carries out periodic impairment analyses of the securities recorded in the items "Loans and advances to customers", "Investments held to maturity" and "Financial assets available for sale". The impairment analysis is carried out on an individual basis, through the identification of events that constitute impairment signs and, when applicable, the calculation of impairment to be recorded (Note 2.4 d)).

2.17. Adoption of new Standards (IAS/IFRS) or review of Standards already issued

In 2013 the Bank adopted in the preparation of its financial statements the standards, interpretations, amendments and reviews issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), respectively, provided they have been endorsed by the European Union, applicable to financial years beginning on or after 1 January 2013. The most significant amendments were the following:

Standard / Interpretation	Applicable in the financial years beginning on or after	
Amendment to IFRS 7 - Financial Instruments: disclosures (Offsetting financial assets and financial liabilities)	01-Jan-13	This amendment requires additional disclosures relative to financial instruments, specifically related to offsetting financial assets and financial liabilities..
Amendment to IAS 1 - Presentation of Financial Statements (Other comprehensive income)	01-Jan-13	This amendment refers to the following changes: (i) the items included in Other Comprehensive Income and which in future will be recognised in the statement of profit or loss must be presented separately, and (ii) the Statement of Comprehensive Income shall also be renamed Statement of Profit or Loss and Other Comprehensive Income.
IFRS 13 - Fair Value measurement (new standard)	01-Jan-13	This standard replaces the existing guidelines in the various IFRS standards relative to fair value measurement. This standard is applicable when another IFRS standard requires or permits fair value measurements or disclosures.
Improvements to the international financial reporting standards (2009-2011 cycle)	01-Jan-13	These improvements involve the review of several standards, namely IFRS 1 (repeated application of the standard), IAS 1 (comparative information), IAS 16 (servicing equipment), IAS 32 (tax effect of the distribution of equity instruments) and IAS 34 (segment information).

There were no significant impacts on the consolidated financial statements of the Bank for the financial year ended on 31 December 2013, arising from the adoption of the standards, interpretations, amendments and reviews mentioned above.

As at 31 December 2013, the following standards (new and revised) and interpretations issued by the IASB and IFRIC, respectively, already endorsed by the European Union, were available for early adoption:

Standard / Interpretation	Applicable in the financial years beginning on or after	
IFRS 10 - Consolidated Financial Statements	01-Jan-14	This standard establishes the requirements relative to the presentation of consolidated financial statements of the parent company, substituting, in respect of these matters, IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation - Special Purpose Entities. This standard also introduces new rules regarding the definition of control and determination of the consolidation perimeter.
IFRS 11 - Joint Arrangements	01-Jan-14	This standard substitutes IAS 31 - Joint Ventures and SIC 13 - Jointly Controlled Entities - Non Monetary Contributions by Developers, and eliminates the possibility of using the proportional consolidation method for recording interests in joint ventures.
IFRS 12 - Disclosures of Interests in Other Entities	01-Jan-14	This standard establishes a new set of disclosures relating to participations in subsidiaries, joint agreements, associates and non-consolidated entities.
IAS 27 - Separate Financial Statements (2011)	01-Jan-14	This amendment restricts the scope of application of IAS 27 to separate financial statements.
IAS 28 - Investments in Associates and Jointly Controlled Entities (2011)	01-Jan-14	This amendment ensures consistency between IAS 28 - Investments in Associates and the new standards adopted, in particular IFRS 11 - Joint Agreements.
Amendment to the standards: - IFRS 10 - Consolidated Financial Statements; - IFRS 12 - Disclosures of Interests in other Entities (Investment Entities)	01-Jan-14	This amendment introduces an exemption from consolidation for certain entities that qualify for the definition of investment entities. It also establishes rules for measuring investments held by these investment entities.
Amendment to IAS 32 - Offsetting financial assets and liabilities	01-Jan-14	This amendment clarifies certain aspects of the standard relating to the application of the requirements for offsetting financial assets and liabilities.
Amendment to IAS 36 - Impairment (Disclosures on the recoverable amount of non-financial assets)	01-Jan-14	This amendment eliminates the disclosure requirements of the recoverable amount of a cash generating unit with goodwill or intangibles of indefinite useful life allocated to periods in which no impairment loss or impairment recovery is recognised. It introduces additional disclosure requirements for assets for which an impairment loss or reversal of impairment is recognised and their recoverable amount has been determined based on fair value less costs to sell. .
Amendment to IAS 39 - Financial Instruments: Recognition and Measurement (Reformulation of derivatives and continuation of hedge accounting)	01-Jan-14	This amendment permits, under certain circumstances, the continued use of hedge accounting when a derivative designated as a hedging instrument is reformulated.

These standards, in spite of approved ("endorsed") by the European Union, were not adopted by the Bank in the financial year ended on 31 December 2013, since their application is not yet mandatory. No significant impacts on the financial statements are expected as a result of their adoption.

The following standards, interpretations, amendments and reviews, of mandatory application in future financial years, have not, up to the date of approval of these financial statements, been adopted ("endorsed") by the European Union:

Standard / Interpretation	
IFRS 9 - Financial Instruments (2009) and subsequent amendments	"This standard is part of the review of IAS 39 and establishes the requirements for the classification and measurement of financial assets. "
Amendments to standards: - IFRS 9 - Financial Instrument (2013); - IFRS 7 - Financial Instruments and Disclosures	"The amendment to IFRS 9 is part of the review of IAS 39 and establishes the requirements for application of the hedge accounting rules. IFRS 7 was also reviewed as a result of this amendment."
Improvements to international financial reporting standards (2010-2012 cycle)	These improvements involve the review of several standards.
Improvements to international financial reporting standards (2011-2013 cycle)	These improvements involve the review of several standards.
IFRIC 21 - Levies	This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange. .

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Bank in the financial year ended on 31 December 2013.

3. GROUP COMPANIES

The main information on the business of the Bank's subsidiaries, as well as the consolidation method employed, may be summed up as follows:

Company	Business office	Registered (%)	Shareholding method	Consolidation
Banco Invest, S.A.	Bank Lisbon	n.a.	n.a.	
Invest Gestão de Activos - SGFIM, S.A.	Management of Inv. Funds	Lisbon	100%	Full
Fundo de Titularização de Créditos AR Finance 1 Fundo	Credit securitisation fund	Lisbon	n.a.	Full
AR Finance 1, plc	Debt issue Ireland	n.a.	Full	
Fundo de Titularização de Créditos Invest Finance 1 Portugal Fundo	Credit securitisation fund	Lisbon	n.a.	Full
Invest Finance BVDebt issue	Holland n.a.	Full		
Fundo Tejo	Purchase and sale of real estate	Lisbon	86,5%	Full
Saldanha Holdings	Financial company	Malta	100%	Full
Saldanha Finance	Financial company	Malta	100%	Full

As at 31 December 2013 and 2012, the more significant financial highlights of the respective individual financial statements can be summed up as follows:

Company	2013 Net assets	2013 Net equity	2013 Net income	2012 Net assets	2012 Net equity	2012 Net income
Banco Invest, S.A.	657,179,974	51,368,462	(4,955,394)	628,070,582	54,297,759	146,500
Invest Gestão de Activos - SGFIM, S.A.	1,781,727	1,768,738	103,313	1,698,190	1,665,425	86,171
Fundo de Titularização de Créditos AR Finance 1 Fundo	34,100,533	27,713,617	(247,432)	38,839,779	32,683,626	(2,053,549)
AR Finance 1, plc	34,267,945	(4,070,355)	(473,438)	43,157,376	(5,221,095)	(1,896,131)
Fundo de Titularização de Créditos Invest Finance 1 Portugal Fundo	99,974,439	93,682,378	(502,276)	105,685,962	99,901,961	(3,035,039)
Invest Finance BV	94,453,861	18,000	17,200	103,246,522	18,000	17,200
Fundo Tejo	8,106,257	7,785,897	3,986	7,958,670	7,781,911	224,775
Saldanha Holdings	52,752,630	2,629	1,130	-	-	-
Saldanha Finance	52,941,490	163,719	162,219	-	-	-

In the financial year of 2013, Sociedade Saldanha Holdings Limited was acquired, being fully owned by the Bank. This Company was acquired to carry out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 B.V., within the scope of the Invest Finance 1 credit securitisation operation. The acquisition of the VFN was made through Sociedade Saldanha Finance, also headquartered in Malta, being 99.9% owned by Saldanha Holdings Limited. The remaining share capital of Saldanha Finance (0.1%) is held directly by the Bank.

In November 2013, the Bank granted a loan to Saldanha Holdings in the amount of 54,100,000 euros, having this entity then granted a loan to its subsidiary Saldanha Finance for the same amount for the acquisition of the VFN. The acquisition price of the VFN was 54,041,214 euros, corresponding to 61% of the nominal value of the VFN that stood at 88,460,993 euros on that date.

4. REPORT BY BUSINESS SEGMENT

Banco Invest adopted the following business segments:

- Commercial - Loans and advances to customers
- Markets - Other business areas, which include the areas of:
- Financial markets, brokerage, discretionary customers' portfolio management and custody of securities.

In 2013 and 2012, the distribution of the income and the main balance sheet items by business is as follows:

	2013		
	Commercial	Markets	Total
Net interest income	8,563,698	2,140,925	10,704,623
Return on equity instruments	-	22,793	22,793
Income from services and commissions	1,633,127	-	1,633,127
Result of assets and liabilities assessed at fair value through profit and loss	-	1,990,826	1,990,826
Result of financial assets available for sale	-	2,823,979	2,823,979
Other operating income and other	(451,563)	34,501,641	34,050,078
Net operating income	**9,745,262**	**41,480,164**	**51,225,426**
Personnel costs and general administrative costs (1)	(6,822,334)	(2,261,481)	(9,083,815)
Amortisation in the year (1)	(640,245)	(213,417)	(853,662)
Provisions and impairment	(19,083,526)	(297,407)	(19,380,933)
Income before taxes	**(16,800,843)**	**38,707,859**	**21,907,016**
Taxes	3,146,299	(421,290)	2,725,009
Net income after taxes and before minority interests	**(13,654,544)**	**38,286,569**	**24,632,025**
Income attributable to minority interests	-	(762)	(762)
Net income for the year	**(13,654,544)**	**38,285,807**	**24,631,263**
Financial assets held for trading	-	54,865,367	54,865,367
Financial assets available for sale	-	236,107,555	236,107,555
Loans and advances to customers	167,437,244	7,674,284	175,111,528
Investments held to maturity	-	63,787,169	63,787,169
Resources from central banks	-	221,630,278	221,630,278
Resources from other credit institutions	-	5,389,248	5,389,248
Resources from customers and other loans	-	233,850,358	233,850,358
Liabilities represented by securities	31,955,421	-	31,955,421

(1) These items are allocated to each segment according to the cost accounting information available at the Bank.

	2012		
	Commercial	Markets	Total
Net interest income	10,747,243	2,631,972	13,379,215
Return on equity instruments	-	12,783	12,783
Income from services and commissions	1,304,210	-	1,304,210
Result of assets and liabilities assessed at fair value through profit and loss	-	6,941,451	6,941,451
Result of financial assets available for sale	-	(927,618)	(927,618)
Other operating income and other	151,970	126,279	278,249
Net operating income	**12,203,423**	**8,784,867**	**20,988,290**
Personnel costs and general administrative costs (1)	(6,509,377)	(2,157,742)	(8,667,119)
Amortisation in the year (1)	(643,512)	(214,506)	(858,018)
Provisions and impairment	(7,484,925)	624,446	(6,860,479)
Income before taxes	**(2,434,391)**	**7,037,065**	**4,602,674**
Taxes	235,639	(1,823,797)	(1,588,158)
Net income after taxes and before minority interests	**(2,198,752)**	**5,213,268**	**3,014,516**
Income attributable to minority interests	-	7,725	7,725
Net income for the year	**(2,198,752)**	**5,220,993**	**3,022,241**
Financial assets held for trading	-	73,168,206	73,168,206
Financial assets available for sale	-	200,653,682	200,653,682
Loans and advances to customers	190,685,886	8,992,958	199,678,844
Investments held to maturity	-	88,073,643	88,073,643
Resources from central banks	-	228,442,066	228,442,066
Resources from other credit institutions	-	7,255,214	7,255,214
Resources from customers and other loans	-	182,835,822	182,835,822
Liabilities represented by securities	135,095,049	-	135,095,049

(1) These items are allocated to each segment according to the cost accounting information available at the Bank.

All the operations of Banco Invest are carried out in Portugal.

5. CASH AND BALANCES AT CENTRAL BANKS

This item was made up as follows:

	2013	2012
Cash in hand	552,582	314,972
Sight Deposits at the Bank of Portugal	5,619,000	4,519,774
	6,171,582	**4,834,746**

Sight deposits at the Bank of Portugal aim to comply with the minimum cash reserve requirements of the European System of Central Banks (ESCB). These deposits bear interest and correspond to 2% of Customers' deposits and debt securities maturing in up to 2 years, excluding deposits and debt securities of entities subject to the ECBS minimum cash reserves regime.

6. AMOUNTS OWED BY CREDIT INSTITUTIONS

This item was made up as follows:

	2013	2012
Sight deposits		
- In Portugal	1,770,088	3,162,403
- Abroad	3,986,715	8,130,409
	5,756,803	**11,292,812**

As at 31 December 2013 and 2012, placements with credit institutions abroad include 864,226 and 5,700,919 euros, respectively, in respect of the balance of the Cash reserve account kept by AR Finance 1, plc, with the Bank of New York Mellon, to secure payment of the principal and interest of the Class A & B Floating Rate Notes issued within the scope of the credit securitisation operation undertaken by the Bank (Notes 9 and 21).

7. FINANCIAL ASSETS HELD FOR TRADING

This item was made up as follows:

	2013	2012
Debt instruments		
Portuguese government debt	36,551	-
Other residents		
- Other national public issuers	50,845	1,975,000
- Credit institutions	359,716	1,678,124
- Companies	10,429,595	25,224,110
Non-residents		
- Foreign public issuers	4,366,654	1,035,960
- Credit institutions	28,711,486	27,075,627
- Companies	5,474,264	12,977,194
	49,429,111	**69,966,015**
Interest receivable	454,986	854,799
	49,884,097	**70,820,814**
Equity instruments		
Residents		
- Shares	1,008,974	333,437
Non-residents		
- Shares	2,088,030	283,039
- Fund units	143,516	158,306
	3,240,520	**774,782**
Derivatives		
Swaps		
- Foreign currency	398,600	799,173
- Interest rate	-	50,537
- Credit events	1,094,326	573,520
Options	247,824	149,380
	1,740,750	**1,572,610**
	54,865,367	**73,168,206**

As at 31 December 2013 and 2012, the nominal value of the debt instruments is as follows:

	2013	2012
Portuguese government debt	43,000	-
Other residents		
- Other public issuers	51,000	2,000,000
- Credit institutions	350,000	1,670,000
- Commercial paper	10,500,000	25,420,802
Non-residents		
, Foreign public issuers	4,290,000	1,000,000
, Credit institutions	29,455,029	27,594,723
, Companies	5,630,982	13,500,000
	50,320,011	**71,185,525**

As at 31 December 2013 and 2012, the transactions with derivatives were valued in accordance with the criteria in Note 2.4. On these dates, the breakdown of the notional amount and book value was as follows:

	2013			
	Notional amount	Accounting value		
	Trading derivatives	Assets held for trading	Liabilities held for trading	Total
			(Note 18)	
Derivatives				
Over the counter (OTC)				
- Swaps				
Interest rate	56,257,019	398,600	-	398,600
Others	5,878,247	1,094,326	(17,375)	1,076,951
- Options embedded				
in structured deposits	10,711,626	247,824	(367,804)	(119,980)
- Options				
Equities	66,710	-	(674)	(674)
	72,913,602	**1,740,750**	**(383,853)**	**1,354,897**
Traded on the stock exchange				
- Futures				
Interest rate	8,969,975	-	-	-
Equities	1,960,252	-	-	-
Foreign exchange	4,686,222	-	-	-
	15,616,449	**-**	**-**	**-**
	88,530,051	**1,740,750**	**(385,853)**	**1,354,897**

	2012			
	Notional amount	Accounting value		
	Trading derivatives	Assets held for trading	Liabilities held for trading	Total
			(Note 18)	
Derivatives				
Over the counter (OTC)				
- Swaps				
Interest rate	206,236,922	799,173	(32,342)	766,831
Credit events	15,000,000	50,537	(690)	49,847
Other	3,945,247	573,520	-	573,520
- Options embedded in structured deposits	4,651,473	149,380	(23,945)	125,435
	229,833,642	**1 ,572,610**	**(56,977)**	**1,515,633**
Traded on the stock exchange				
- Futures				
Interest rate	20,371,445	-	-	-
Equities	1,529,135	-	-	-
Foreign exchange	2,903,060	-	-	-
	24,803,640	**-**	**-**	**-**
	254,637,282	**1,572,610**	**(56,977)**	**1,515,633**

As at 31 December 2013 and 2012, the notional amount of interest rate swaps relative to transactions within the scope of the credit securitisations set up by the Bank, came to 43,379,100 and 191,196,364 euros, respectively (Note 9).

The distribution of derivative transactions as at 31 December 2013 and 2012, by times to maturity, was as follows (by notional amount):

	2013					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Interest rate	3,250,000	2,350,000	3,462,919	3,815,000	43,379,100	56,257,019
Credit events	-	-	-	5,878,247	-	5,878,247
	3,250,000	**2,350,000**	**3,462,919**	**9,693,247**	**43,379,100**	**62,135,266**
- Options embedded in structured deposits	3,673,246	2,077,829	4,331,551	629,000	-	10,711,626
- Options Equities and foreign exchange	-	-	66,710	-	-	66,710
Traded on the stock exchange						
- Futures						
Interest rate	3,739,500	1,994,200	1,993,475	1,242,800	-	8,969,975
Equities	1,960,252	-	-	-	-	1,960,252
Foreign exchange	4,686,222	-	-	-	-	4,686,222
	10,385,974	**1,994,200**	**1,993,475**	**1,242,800**	**-**	**15,616,449**
	17,309,220	**6,422,029**	**9,854,655**	**11,565,047**	**43,379,100**	**88,530,051**

	2012					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1 year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Foreign exchange	-	1,000,000	-	153,101,006	52,135,916	206,236,922
Interest rate	10,000,000	5,000,000	-	-	-	15,000,000
Credit events	-	-	-	3,945,247	-	3,945,247
	10,000,000	**6,000,000**	**-**	**157,046,253**	**52,135,916**	**225,182,169**
- Options embedded in structured deposits	2,028,719	981,979	1,157,869	482,906	-	4,651,473
Traded on the stock exchange						
- Futures						
Interest rate	18,875,370	-	249,425	1,246,650	-	20,371,445
Equities	1,529,135	-	-	-	-	1,529,135
Foreign exchange	2,903,060	-	-	-	-	2,903,060
	23,307,565	**-**	**249,425**	**1,246,650**	**-**	**24,803,640**
	35,336,284	**6,981,979**	**1,407,294**	**158,775,809**	**52,135,916**	**254,637,282**

The distribution of derivative transactions as at 31 December 2013 and 2012, by type of counterparty, was as follows:

	2013	2012
Over the counter (OTC)		
Swaps		
Interest rate		
- Financial institutions	43,379,100	191,196,364
- Customers	12,877,919	15,040,558
On credit events		
- Financial institutions	-	15,000,000
Other		
- Customers	5,878,247	3,945,247
Options embedded in structured deposits		
- Customers	10,711,626	4,651,473
Options		
- Equities	66,710	-
	72,913,602	**229,833,642**
Traded in the stock exchange		
Futures		
- Interest rate	8,969,975	20,371,445
- Equities	1,960,252	1,529,135
- Foreign exchange	4,686,222	2,903,060
	15,616,449	**24,803,640**
	88,530,051	**254,637,282**

8. FINANCIAL ASSETS AVAILABLE FOR SALE

This item was made up as follows:

	2013	2012
Debt instruments		
Portuguese government debt	18,598,740	15,038,745
Other residents		
- National public issuers	1,993,460	1,809,680
- Credit institutions	19,447,089	10,627,113
Non-residents		
- Foreign public issuers	90,255,701	91,225,950
- Other bonds	96,204,765	78,078,382
	226,499,755	**196,779,870**
Interest receivable	3,312,241	1,456,982
	229,811,996	**198,236,852**
Equity instruments		
Issued by residents		
- Valued at fair value	7,984,635	5,393,042
Issued by non-residents		
- Valued at fair value	1,875,799	1,465,370
	9,860,434	**6,858,412**
	239,672,432	**205,095,264**
Impairment (Note 22):	(3,564,875)	(4,441,582)
	236,107,555	**200,653,682**

The movement under impairment in 2013 and 2012 is given in Note 22.

As at 31 December 2013 and 2012, the “Equity instruments – Issued by residents” item includes the shareholding in the Fundo Especial de Investimento Imobiliário Fechado - Inspirar, in the amount of 5,233,000 euros and 3,426,367 euros, respectively. Relative to this shareholding, the Bank signed a fixed-term sales contract, for a value exceeding the acquisition cost.

As at 31 December 2013 and 2012, the nominal value of the debt instruments is as follows:

	2013	2012
Debt instruments		
Portuguese government debt	20,100,000	15,100,000
Other residents		
- National public issuers	2,000,000	2,000,000
- Credit institutions	2,500,000	10,500,000
- Other bonds	16,100,000	-
Non-residents		
- Foreign public issuers	90,500,100	93,000,100
- Other bonds	93,708,996	78,323,651
	224,909,096	**198,923,751**

As at 31 December 2013 and 2012, the unrealised gains and losses in debt instruments were as follows:

	2013	2012
Debt instruments		
Portuguese government debt	(277,441)	26,482
Other residents		
- National public issuers	(9,902)	(196,472)
- Other bonds	718,728	145,226
- Credit institutions	32,793	20,142
Non-residents		
- Foreign public issuers	1,658,043	686,167
- Other bonds	1,258,359	(300,416)
	3,380,580	**381,129**
Equity instruments	392,447	11,107
Potential gains in securities transferred to the loan portfolios and accounts receivable and investments held to maturity	(26,088)	(172,867)
Net potential gains (Note 26)	**3,746,939**	**219,369**

9. LOANS AND ADVANCES TO CUSTOMERS

This item was made up as follows:

	2013	2012
Securitised domestic loans:		
- Real estate leasing	62,334,070	73,715,521
- Medium and long-term loans	43,234,903	54,375,066
	105,568,973	**128,090,587**
Non-securitised domestic loans:		
- Real estate leasing	14,628,704	11,440,130
- Medium and long-term loans	11,541,726	9,617,891
- Current account loans	19,078,649	12,143,720
- Real estate leasing	594,924	329,971
- Current account overdrafts	3,121,177	1,529,174
- Other loans	5,582,465	7,071,521
	54,547,645	**42,132,408**
Foreign loans:		
Medium and long-term loans	532,897	-
Current account overdrafts	335,798	398,817
	160,985,313	**170,621,812**
Interest receivable	442,285	522,077
Other loans and receivables – debt securities:		
Other residents		
- Companies	2,530,575	-
Non-residents		
- Credit institutions	1,000,000	1,101,140
- Companies	5,900,077	8,867,184
- Interest receivable	30,303	44,491
	9,460,955	**10,012,815**
Commissions associated to amortisation cost:		
- Deferred charges	204,615	291,637
- Deferred income	(87,076)	(103,744)
	117,539	**187,893**
Past due principal and interest	35,175,763	34,141,074
	206,181,855	**215,485,672**
Impairment (Note 22):		
- Loans granted	(29,355,207)	(14,755,690)
- For loans and advances to customers - debt securities	(1,715,120)	(1,051,138)
	175,111,528	**199,678,844**

The movement under impairment in 2013 and 2012 is given in Note 22.

As at 31 December 2013 and 2012 the "Securitised domestic loans" item refers to securitisation operations undertaken by the Bank and whose loan portfolio details are as follows:

	2013	2012
Securitisation operations:		
- AR Finance	25.622.227	31.767.303
- Invest Finance - Conduit	79.946.746	96.323.284
	105.568.973	**128.090.587**

The securitisation operations undertaken by the Bank have the following characteristics::

- AR Finance:

On 19 December 2003 the Bank undertook a credit securitisation operation under which it sold a loan portfolio comprising property leasing transactions, mortgage loans and credits associated with these transactions through "cross default" clauses, for the sum of 100,007,912 euros. In December 2004, the Bank sold additional loans in the sum of 42,000,017 euros in accordance with the terms of the initial operation.

These credits were sold for their book value to the AR 1 Credit Securitisation Fund (AR Finance FTC), managed by Navegator, Sociedade Gestora de Fundos de Titularização de Créditos, S.A.

The management of the credits assigned continues to be assured by the Bank under the terms of a credit management agreement signed on 19 December 2003. All sums received under the credit contracts are handed over to AR Finance 1 FTC, and the Bank's services are remunerated via a commission calculated quarterly on the overall value of the credits forming the Fund on the basis of an annual rate of 0.35%.

The funding of AR Finance 1 FTC was provided by the issue of two fungible series of credit securitisation units totalling 100,000,000 euros and 42,000,000 euros respectively, fully subscribed by AR Finance 1 plc, which is headquartered in the Republic of Ireland.

The income arising from the assigned credits is distributed in full by AR Finance 1 FTC to AR Finance 1 plc, after deduction of the commissions, costs and charges provided for in the Fund management regulations. In this way, the credit risk inherent in the possession of the credits is reflected at AR Finance 1 plc, in its standing as the holder of all the securitised units issued by AR Finance 1 FTC.

The funding of AR Finance 1 plc was provided by the issue of bonds with differing levels of subordination, rating and, consequently, remuneration. As at 31 December 2013 and 2012, the characteristics of the debt issued by this entity are as follows:

	Amount issued	Amount in circulation		Reimbursement date	Step up date	Reimbursement	
		2013	2012			Up to step up date	After step up date
Class A	106,500,000	-	2,665,080	September 2036	September 2008	Euribor 3 m + 0,32%	Euribor 3 m + 0,64%
Class B	35,500,000	29,068,820	35,500,000	September 2036	September 2008	Euribor 3 m + 0,09%	Euribor 3 m + 0,18%
Class C	11,360,000	7,850,158	7,850,158	September 2036	-	Fixed rate of 19%	Fixed rate of 19%
Residual certificates	1,200,000	1,200,000	1,200,000	September 2036	-	Residual return from securitised portfolio, net of the other classes of bonds	
	154,560,000	**38,118,978**	**47,215,238**				

The Class A and C bonds issued in 2004 were placed with premiums in relation to their par values, in the sums of 81,046 euros and 218,452 euros, respectively.

The Class A and C bonds earn quarterly interest on 20 March, June, September and December each year.

As foreseen in the securitisation operation contract, the spreads on the Class A and B bonds increase as from September 2008, giving rise to an increase of the financing costs as from that date.

As at 31 December 2012, Class A bonds have an A- rating granted by Standard & Poor's and Moody's. Over the course of 2013, Class A bonds were repaid. As at 31 December 2013 and 2012, Class B bonds both have an AAA rating granted by Standard & Poor's and Moody's. In addition, repayment of the principal debt and interest on the Class B bonds are guaranteed by the European Investment Fund.

AR Finance 1, plc, has a call option on the Class A and B bonds on any interest-payment date as from September 2006. In this case the credit portfolio would also be repurchased ahead of schedule. In addition, the Bank also has a call option on the loan portfolio as from the time that the value of the outstanding principal is equal to or less than 10% of the value of the initial operation.

Class C bonds, which have not been granted a rating, and the residual certificates, were acquired in full by the Bank. The payment of the Class C bonds is dependent on the change in the loan portfolio, with payment occurring as the loan portfolio decreases, provided the ratio between the amount of the bonds to be paid and the amount of the loan portfolio does not fall below 12% The subscription value of the Class C bonds was designed to set up a Cash reserve account, the purpose of which is to compensate any shortfall in the amounts received by AR Finance 1, plc to meet the payments owed to the holders of Class A and B bonds.

As at 31 December 2013, the outstanding principal and past due debt resulting from assigned credits amounted to 25,622,227 euros and 7,135,528 euros, respectively (as at 31 December 2012, the amounts came to 31,767,303 euros and 6,079,651 euros, respectively).

- Invest Finance - Conduit

On 13 March 2008 the Bank undertook a credit securitisation operation under which it sold a loan portfolio comprising property leasing transactions, mortgage loans and credits associated with these transactions through "cross default" clauses, for the sum of 100,009,526 euros. In 2009 the Bank reinforced its securitised loan portfolio, which came to 79,946,746 euros and 96,323,284 euros as at 31 December 2013 and 2012, respectively.

These credits were sold for their book value to the Invest Finance 1 Portugal Credit Securitisation Fund (Invest Finance 1 FTC), managed by Navegator, Sociedade Gestora de Fundos de Titularização de Créditos, S.A.

The management of the credits assigned continues to be assured by the Bank under the terms of a credit management agreement signed on 13.03.2008. All sums received under the credit contracts are handed over to Invest Finance 1 FTC, and the Bank's services are remunerated via a commission calculated quarterly on the overall value of the credits forming the Fund on the basis of an annual rate of 0.35%. In addition, the Bank receives a custodian's commission from Invest Finance 1 FTC which corresponds to an annual rate of 1%.

The funding of Invest Finance 1 FTC was provided by the issue of commercial paper by Invest Finance 1 Portugal B.V., headquartered in Holland, in the initial amount of 93,008,859 euros, subsequently increased by 26,573,854 euros. As at 31 December 2013 and 2012 the value of the commercial paper issued came to 87,204,148 euros and 93,812,361 euros. The commercial paper issue has a maximum value of 125,000,000 euros.

The income arising from the assigned credits is distributed in full by Invest Finance 1 FTC to Invest Finance 1 Portugal B.V. (Invest Finance B.V.), after deduction of the commissions, costs and charges provided for in the Fund management regulations. In this way, the credit risk inherent in the possession of the credits is reflected at Invest Finance, in its standing as the holder of all the securitised units issued by Invest Finance 1 FTC.

Within the scope of this operation, the Bank made a subordinate investment in Invest Finance 1 Portugal B.V., which corresponds to a Cash reserve account, the purpose of which is to compensate any shortfall in the amounts received by Invest Finance BV to meet the payments owed to the holders of the commercial paper. The investment must correspond to at least 7% of the value of the loan portfolio assigned. This investment is remunerated monthly, which essentially corresponds to the values of the income of Invest Finance BV after deducting all the expenses stemming from the company's operations. As at 31 December 2013 and 2012, the balance of this investment came to 10,565,552 euros.

In November 2013, Sociedade Saldanha Holdings Limited was acquired to carry out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 B.V., within the scope of the Invest Finance 1 credit securitisation operation. Subsequently, the Bank granted a loan to Sociedade Saldanha Finance in the amount of 54,100,000 euros, having this entity then granted a loan to its subsidiary Saldanha Finance for the same amount for the acquisition of the VFN. In this way, as at 31 December 2013 the commercial paper is fully owned by Sociedade Saldanha Holdings Limited, with the Group having registered a gain with the repurchase in the amount of 34,419,779 euros (Note 37).

As the structure of the securitisation operations undertaken implies that the Bank retains most of the risk associated with the loan portfolio and the income it generates, the loans granted have not been derecognised. The financial liability arising from the funds received within the scope of these operations is recorded in liabilities, under "Financial liabilities associated to transferred assets" (Note 21).

The movement under provisions and impairment in 2013 and 2012 is given in Note 22.

As at 31 December 2013 and 2012, the breakdown of times to maturity of loans and advances to customers, including securitisation and excluding past due loans, is as follows:

	2013	2012
Up to three months	16,492,688	9,683,888
Three months to one year	6,306,478	8,039,296
From one to five years	18,651,416	18,527,382
More than five years	119,534,731	134,371,246
	160,985,313	**170,621,812**

As at 31 December 2013 and 2012, the breakdown of past due loans by age are as follows:

	2013	2012
Up to three months	318,376	542,182
Three months to one year	2,466,203	7,398,026
More than one year	32,391,184	26,200,866
	35,175,763	**34,141,074**

As at 31 December 2013 and 2012, performing loans associated with past due loans (more than 3 months) amounted to 53,343,845 euros and 38,565,715 euros, respectively.

As at 31 December 2013 and 2012, the breakdown of past due loans by type of guarantee was as follows:

	2013	2012
Mortgage guarantee or financial leasing (property)	31,902,908	31,151,101
Other real guarantees	670,844	821,883
Personal guarantee	1,936,086	1,425,674
No guarantee	638,925	742,416
	35,175,763	**34,141,074**

As at 31 December 2013 and 2012, the breakdown of performing loans and past due loans, excluding securitised credit, and the fair value of the underlying guarantees by type of loan was as follows:

	2013			
	Outstanding	Past due	Total	Fair vale of associated guarantees
Loans and advances to customers				
Real estate leasing	76,962,774	4,398,053	81,360,827	153,798,135
Medium and long-term loans	54,209,429	27,299,255	81,508,684	105,625,530
Current account loans	20,178,746	2,644,607	22,823,353	3,115,584
Equipment leasing	594,924	7,917	602,841	-
Other loans	5,582,465	825,931	6,408,396	2,978,095
Other loans and receivables - debt securities	9,460,955	-	9,460,955	-
Current account overdrafts	3,456,975	-	3,456,975	9,830,956
	170,446,268	**35,175,763**	**205,622,031**	**275,348,300**

	2012			
	Outstanding	Past due	Total	Fair vale of associated guarantees
Loans and advances to customers				
Real estate leasing	85,155,652	5,133,263	90,288,915	168,780,233
Medium and long-term loans	62,889,547	25,201,265	88,090,812	131,921,141
Current account loans	13,247,131	2,687,491	15,934,622	5,190,584
Equipment leasing	329,971	9,037	339,008	-
Other loans	7,071,522	1,110,018	8,181,540	9,653,638
Other loans and receivables - debt securities	10,012,815	-	10,012,815	-
Current account overdrafts	1,927,990	-	1,927,990	5,886,527
	180,634 628	**34,141,074**	**214,775,702**	**321,432,123**

The decline in the coverage ratio of performing loans and past due loans by collateral valued at its fair value between the financial years of 2012 and 2013 is essentially explained by the review of the assessment practices and criteria of the same, reflecting in a more prudent manner the behaviour of the real estate market.

The breakdown of the loan portfolio, excluding securitised credit, as at 31 December 2013 and 2012, excluding securitised credit, by sector of activity, was as follows:

	2013		
	Performing loans	Past due loans	Total
Wholesale and retail trade; repair of motor vehicles and motorcycles	45,408,538	6,771,074	52,179,612
Individuals	35,578,269	8,664,768	44,243,037
Real estate activities	16,659,059	7,963,737	24,622,796
Construction	9,431,118	7,766,554	17,197,672
Manufacturing industries	14,790,889	1,479,517	16,270,406
Financial and insurance activities	12,078,609	139,510	12,218,119
Consultancy, scientific, technical and similar activities	7,441,753	212,986	7,654,739
Administrative and support service activities	5,283,280	715,173	5,998,453
Accommodation, food and similar services	3,003,946	220,443	3,224,389
Human health and social support activities	2,880,412	340,004	3,220,416
Other service activities	2,663,534	297,653	2,961,187
Arts, entertainment, sports and recreation	2,003,893	17,264	2,021,157
Agriculture, hunting, forestry and fishing	1,748,220	199,647	1,947,867
Transportation and storage	880,151	122,356	1,002,507
Education	318,490	265,077	583,567
Activities of international organisations and other extra-territorial organisations	509,069	-	509,069
Information and communication activities	306,083	-	306,083
Total Loans	**160,985,313**	**35,175,763**	**196,161,076**

	2012		
	Performing loans	Past due loans	Total
Wholesale and retail trade; repair of motor vehicles and motorcycles	47,742,597	8,491,837	56,234,434
Individuals	37,750,255	8,516,926	46,267,181
Real estate activities	21,493,695	6,519,472	28,013,167
Manufacturing industries	16,877 518	1,527,773	18,405,291
Construction	10,178,968	6,382,533	16,561,501
Financial and insurance activities	10,580,089	105,105	10,685,194
Consultancy, scientific, technical and similar activities	5,747,083	199,266	5,946,349
Administrative and support service activities	3,836,892	690,946	4,527,838
Accommodation, food and similar services	3,669,592	592,566	4,262,158
Other service activities	3,213,611	14,444	3,228,055
Education	2,103,661	272,539	2,376,200
Human health and social support activities	1,981,565	321,634	2,303,199
Arts, entertainment, sports and recreation	2,074,340	7,780	2,082,120
Agriculture, hunting, forestry and fishing	1,749,312	158,450	1,907,762
Transportation and storage	756,131	199,258	955,389
Activities of international organisations and other extra-territorial organisations	541,032	-	541,032
Information and communication activities	325,471	-	325,471
Public administration and defence; compulsory social security	-	140,545	140,545
Total Loans	**170,621,812**	**34,141,074**	**204,762,886**

To comply with the requirements for disclosure of IAS 17 – Leasing's, the Bank prepared for the financial leasing portfolio, with reference to 31 December 2013 and 2012, the reconciliation between the minimum leasing payments and their present value, for each one of the periods defined in the standard, presented in the following table:

	2013	2012
Minimum lease payments		
Up to 1 year	10,270,288	10,839,877
Between 1 and 5 years	35,187,593	39,474,709
Over 5 years	52,639,644	61 182 978
	98,097,525	**111,497,564**
Unearned financial income	(20,159,077)	(26,011,943)
	77,938,448	**85,485,621**
Present value of minimum lease payments		
Up to 1 year	7,356,662	7,191,706
Between 1 and 5 years	26,429,948	28,244,881
Over 5 years	44,151,837	50,049,034
	77,938,447	**85,485,621**
Impairment	(4,244,571)	(3,864,578)
	73,693,876	**81,621,043**

As at 31 December 2013 and 2012 the Bank´s financial leasing portfolio contains no contracts whose residual value is guaranteed by external entities, nor are there any contingent rents.

In 2008, within the scope of the alteration to IAS 39, the Bank reclassified financial assets from the "Financial assets held for trading" and "Financial assets available for sale" items into the "Loans and receivables" item (Note 42).

The breakdown of reclassified securities, recorded in the item "Loans and advances to customers – securities receivables" by type of security/sector of activity, as at 31 December 2013 and 2012, is as follows:

	2013	2012
Sundry (Asset-Backed Securities)	5,916,394	7,930,426
Financial activities	1,000,645	1,173,153
Other	-	909,236
	6,917,039	**10,012,815**

As at 31 December 2013 and 2012, the breakdown of reclassified securities by period to maturity was as follows:

	2013	2012
Up to one year	1,031,941	-
From one to five years	3,009,344	6,116,846
More than five years	2,875,754	3,895,969
	6,917,039	**10,012,815**

10. INVESTIMENTS HELD TO MATURITY

This item was made up as follows:

	2013	2012
Debt instruments		
Residents		
- Portuguese government debt	14,461,469	14,376,560
- Other	7,154,450	12,960,285
Non-residents		
- Public Debt	20,748,448	12,995,989
- Other	19,985,845	45,796,002
	62,350,212	**86,128,836**
Interest receivable	1,436,957	1,944,807
	63,787,169	**88,073,643**

The movement under impairment in 2013 and 2012 is given in Note 22.

As at 31 December 2013 and 2012, the fair value of investments held to maturity, including accrued interest, came to 65,734,968 euros and 88,257,219 euros, respectively (Note 41).

As at 31 December 2013 and 2012, the breakdown of investments held to maturity, by maturity, was as follows:

	2013	2012
Up to one year	13,423,848	34,676,129
From one to five years	20,323,222	33,541,529
More than five years	30,040,099	19,855,985
	63,787,169	**88,073,643**

In 2008, under the alteration to IAS 39 (Note 42), the Bank transferred a set of securities that were recorded in the financial assets available for sale portfolio, as well as financial assets held for trading into the investments held to maturity portfolio. In addition, since 2010 the Bank has been acquiring a series of additional securities, within the scope of the internally defined investment policy.

11. NON-CURRENT ASSETS HELD FOR SALE

This item was made up as follows:

	2013	2012
Non-current assets held for sale:		
- Real estate	39,970,320	34,572,738
- Impairment (Note 22)	(7,986,073)	(4,650,722)
	31,984,247	**29,922,016**

The movement under impairment in 2013 and 2012 is given in Note 22.

Changes in this item in 2013 and 2012 are shown below:

2013									
	31 December 2012						31 December 2013		
	Gross value	Impairment	Acquisitions	Transfers	Disposals	Impairment Reinstatements / (Appropriations)	Gross Value	Impairment	Net value
		(Note 22)				(Note 22)		(Note 22)	
Real Estate	34,572,738	(4,650,722)	9,785,227	(263,312)	(4,387,645)	(3,072,041)	39,707,008	(7,722,763)	31,984,245

2012									
	31 December 2011						31 December 2012		
	Gross value	Impairment	Acquisitions	Transfers	Disposals	Impairment Reinstatements / (Appropriations)	Gross Value	Impairment	Net value
		(Note 22)				(Note 22)		(Note 22)	
Real Estate	33,351,262	(2,837,627)	6,329,202	-	(5,107,726)	(1,813,095)	34,572,738	(4,650,722)	29,922,016

As at 31 December 2013 and 2012, the breakdown of non-current assets held for sale is as follows, according to the Group acquisition date:

	2013			2012		
Year acquired	Gross value	Impairment	Net value	Gross value	Impairment	Net value
before 2005	469,237	(169,237)	300,000	469,237	(184,809)	284,428
2005	344,653	(145,010)	199,643	344,653	(157,653)	187,000
2006	730,041	(43,540)	686,501	730,041	(43,540)	686,501
2007	701,389	(163,924)	537,465	1,038,489	(152,008)	886,481
2008	367,886	(208,590)	159,296	655,953	(117,247)	538,706
2009	3,518,265	(924,988)	2,593,277	3,518,265	(679,988)	2,838,277
2010	4,867,516	(1,383,060)	3,484,456	5,666,565	(855,592)	4,810,973
2011	14,507,025	(3,351,783)	11,155,242	15,933,641	(2,120,551)	13,813,090
2012	5,828,811	(796,079)	5,032,732	6,215,894	(339,334)	5,876,560
2013	8,635,497	(799,862)	7,835 635	-	-	-
	39,970,320	**(7,986,073)**	**31,984,247**	**34,572,738**	**(4,650,722)**	**29,922,016**

The real estate held in portfolio for more than 1 year corresponds to real estate that in spite of the commercial efforts undertaken by the Bank to proceed with its immediate sale, has still not been sold, due mainly to the current climate of the real estate market. The Bank continues to focus its efforts on selling the real estate in the short-term.

During 2013 and 2012, the Group recorded net losses from the sale of real estate received in accord and satisfaction, totalling 94,968 euros and 150,404 euros, respectively (Note 36).

12. INVESTMENT PROPERTIES

As at 31 December 2013, the balance of this item corresponds to real estate that in 2012 was transferred to the "Non-current assets held for sale" item, which has been rented by the Group and for which there are no prospects of selling in the short term. In 2013 and 2012 the Bank recognised an impairment of 1,162,891 euros and 327,464 euros, respectively, arising from the updating of the assessments for these assets (Note 22).

Investment properties are recorded at acquisition cost, less accumulated amortisation and impairment losses, such that its value is similar to its fair value.

13. OTHER TANGIBLE ASSETS

Changes in the "Other tangible assets" items during 2013 and 2012 were as follows:

2013							
	31 December 2012						
Description	Gross value	Accumulated depreciation	depreciation	Transfers	Depreciation for the year	Disposals & write-offs	Net value 31-12-2013
Real estate -							
- Premises	705,226	(176,533)	-	-	(10,302)	-	518,391
- Leasehold expenses	2,342,814	(1,085,171)	-	182,847	(190,046)	-	1,250,444
	3,048,040	**(1,261,704)**	**-**	**182 847**	**(200,348)**	**-**	**1,768,835**
Equipment							
- Furniture and material	406,773	(288,042)	3,039	-	(27,491)	-	94,279
- Machines and tools	107,477	(85,871)	6,304	-	(5,655)	-	22,255
- IT equipment	688,563	(620,067)	35,680	-	(54,538)	-	49,638
- Fixtures and fittings	511,076	(315,968)	1,269	105,409	(60,347)	-	241,439
- Vehicles	973,973	(671,209)	34,900	-	(178,965)	(4,442)	154,257
- Safety equipment	23,759	(16,453)	-	-	(1,748)	-	5,558
	2,711,621	**(1,997,610)**	**81,192**	**105,409**	**(328,744)**	**(4,442)**	**567,426**
Other tangible assets							
- Artistic assets	41,364	-	-	-	-	-	41,364
Tangible assets in progress	286,502	-	1,754	(288,256)	-	-	-
	6,087,527	**(3,259,314)**	**82,946**	**-**	**(529,092)**	**(4,442)**	**2,377,625**

2012							
	31 December 2011						
Description	Gross value	Accumulated depreciation	depreciation	Transfers	Depreciation for the year	Disposals & write-offs	Net value 31-12-2012
Real estate							
- *Premises*	705,226	(166,231)	-	-	(10,302)	-	528,693
- Leasehold expenses	2,064,987	(925,982)	-	277,827	(159,189)	-	1,257,643
	2,770,213	**(1,092,213)**	**-**	**277,827**	**(169,491)**	**-**	**1,786,336**
Equipment							
- Furniture and material	397,408	(260,525)	9,365	-	(27,517)	-	118,731
- Machines and tools	101,694	(80,773)	5,783	-	(5,098)	-	21,606
- IT equipment	662,669	(560,410)	-	25,894	(59,658)	-	68,495
- Fixtures and fittings	486,289	(280,705)	14,341	10,446	(35,262)	-	195,109
- Vehicles	973,973	(473,130)	-	-	(198,079)	-	302,764
- Safety equipment	23,759	(14,705)	-	-	(1,748)	-	7,306
	2,645,792	**(1,670,248)**	**29,489**	**36,340**	**(327,362)**	**-**	**714,011**
Other tangible assets							
- Artistic assets	41,364	-	-	-	-	-	41,364
Tangible assets in progress	102,295	-	498,374	(314,167)	-	-	286,503
	5,559,664	**(2,762,461)**	**527,863**	**-**	**(496,853)**	**-**	**2,828,214**

14. INTANGIBLE ASSETS

Changes in the "Intangible assets" items during 2013 and 2012 were as follows:

2013						
	31 December 12					
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Amortisations for the year	Net value
Intangible assets						
Software	1,889,757	(1,327,379)	885	20,992	(324,570)	259,685
Intangible assets in progress	5,029	-	26,468	(20,992)	-	10,505
	1,894,786	**(1,327,379)**	**27,353**	**-**	**(324,570)**	**270,190**

2012						
	31 December 11					
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Amortisations for the year	Net value
Intangible assets						
Software	1,822,251	(966,214)	43,270	24,236	(361,165)	562,378
Intangible assets in progress	6,393	-	22,872	(24,236)	-	5,029
	1,828,644	**(966,214)**	**66,142**	**-**	**(361,165)**	**567,407**

15. INCOME TAX

The asset and liability balances by income tax as at 31 December 2013 and 2012 were as follows:

	2013	2012
Deferred tax assets		
- By other temporary differences	7,851,658	4,931,079
Deferred tax liabilities		
- By temporary differences	(827,965)	(99,415)
	7,023,693	**4,831,664**
Deferred tax assets / (liabilities)		
- Tax assessed	(321,919)	(1,881,479)
- Payments on account	1,142,990	49,804
- Additional payment on account	198,726	-
- Special payments on account	49,495	-
- Tax withheld at source	32,936	4,016
- State surcharge	-	(351,926)
- Surcharge	(17,373)	(180,310)
- Autonomous taxation	(87,882)	56,890
Income tax (payable) / receivable	**996,973**	**(2,416,785)**

Current tax is calculated based on taxable income for the year, which differs from the accounting result due to adjustments to taxable income arising from costs or earnings not relevant for tax purposes, or which will only be considered in other reporting periods. The main situations that generate such adjustments are related with the variations in fair value of the Assets available for sale recognised in the fair value reserve and the difference between the Provisions set up in the individual accounts of the Bank, relevant for tax purposes and the impairments recorded in the consolidated accounts.

The breakdown of changes in deferred taxes in 2013 and 2012 was as follows:

	2013					
		Chance in Income		Change in Reserve		
	Balance as at 31-12-2012	Rate change	For the year	Rate change	For the year	Balance as at 31-12-2013
Deferred tax assets						
- Differential between impairment and provisions deducted for tax in individual accounts:						
- Provisions for loans and advances	3,878,509	(96,963)	3,291,492	-	-	7,073,038
- Provisions for country risk	81	(2)	(79)	-	-	-
- Valuation of trading derivatives	42,448	(1,061)	(29,852)	-	-	11,535
- Impairment of securities	627,280	(15,682)	294,592	(15,682)	(123,423)	767,085
- By tax losses						
- Impairment of non-current assets held for sale	382,761	(9,569)	(278,226)	(9,569)	(85,397)	-
	4,931,079	**(123,277)**	**3,277,927**	**(25,251)**	**(208,820)**	**7,851,658**
Deferred tax liabilities						
- Assets available for sale	(99,415)	2,485	(10,836)	2,485	(722,684)	(827,965)
	4,831,664	**(120,792)**	**3,267,091**	**(22,766)**	**(931,504)**	**7,023,693**

	2012			
	Balance as at 31-12-2011	Change in income	Change in reserves	Balance as at 31-12-2012
Deferred tax assets				
- Differential between impairment and provisions deducted for tax in individual accounts:				
- Provisions for loans and advances	2,175,071	1,703,438	-	3,878,509
- Provisions for country risk	(123,931)	124,012	-	81
- Valuation of trading derivatives	108,494	(66,046)	-	42,448
- Impairment of securities	358,068	256,839	12,373	627,280
- By tax losses	1,171,473	(1,171,473)	-	-
- Impairment of non-current assets held for sale	-	382,761	-	382,761
	3,689,175	**1,229,531**	**12,373**	**4,931,079**
Deferred tax liabilities				
- Assets available for sale	4,349,743	(266,083)	(4,183,075)	(99,415)
	8,038,918	**963,448**	**(4,170,702)**	**4,831,664**

Tax costs recorded in profit and loss and the tax burden, measured by the relation between allocation for tax and the profit for the year before tax, is as follows:

	2013	2012
Current taxes		
For the year	(421,290)	(2,551,606)
	(421,290)	**(2,551,606)**
Deferred taxes		
Entry and reversal of temporary differences	3,146,299	2,134,921
Tax losses carried forward	-	(1,171,473)
	3,146,299	**963,448**
Total tax recognised in profit and loss	2,725,009	(1,588,158)
Income before taxes and minority interests	21,907,016	4,602,674
Tax burden	12,44%	34,51%

In 2011 the Bank changed the tax recognition policy of unrealised gains and losses recorded in the fair value reserve that it had adopted since 2008. That change was also reflected in the delivery of the Form 22 declaration with reference to the financial year of 2010, which resulted in an increase in income tax payable of 1,148,454 euros. This amount was mostly compensated with the recording of deferred tax assets for the temporary differences that originated from the said change in policy.

Pursuant to current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years, except for financial years in which tax losses are carried forward, in which case the expiration period is extended to six years. In this way, therefore, the tax returns of the Bank and of Invest Gestão de Activos for the years 2010 to 2013 are still subject to review and the taxable amount may be corrected.

However, The Bank's Board of Directors does not think that there will be any correction with a significant impact on the consolidated financial statements as at 31 December 2013.

The reconciliation between the nominal and effective rate of tax in 2013 and 2012 is given below:

	2013		2012	
	Rate	Tax	Rate	Tax
Income before taxes		21,907,016		4,602,674
Tax calculated at nominal rate	26,50%	5,805,359	26,50%	1,219,709
Impairments not accepted for tax purposes	1,10%	240,723	(3,47%)	(159,675)
Effect of change in tax rate	0,55%	120,792	-	-
Costs not accepted for tax purposes				
- Insurance	-	-	0,26%	12,062
- Write-ups	0,02%	4,420	0,11%	4,997
Tax benefits	(0,02%)	(4,399)	(0,08%)	(3,789)
Gains and losses	0,01%	3,199	-	-
Autonomous taxation	0,23%	49,341	1,24%	56,890
State Surcharge	-	-	7,64%	351,504
Contributions on the banking sector	0,15%	33,671	0,75%	34,361
Effect of gain from acquisition of the "Variable *Funding Notes" within the scope of the Invest Finance 1 operation*	(41,44%)	(9,078,253)	-	-
Other	0,46%	100,138	1,57%	72,099
	(12,44%)	**(2,725,009)**	**34,51%**	**1,588,158**

16. OTHER ASSETS

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
Debtors and other financial investments		
Debtors by transactions on futures	1,012,047	680,275
Other sundry debtors	72,160	85,898
	1,084,207	**766,173**
Other assets		
Gold and other Precious Metals	549,116	126,434
Income receivable		
Commissions	342,938	445,102
Deferred charges		
Securitisation operation charges – Conduit	12,355	86,692
Rents	56,086	56,086
Other	133,372	125,600
	201,813	**268,378**
Other accruals and deferrals		
Stock market transactions pending settlement	2,965,624	2,189,042
Non-stock market transactions pending settlement	77,632	3,117,371
Other	594,780	751,664
	3,638,036	**6,058,077**
	5,816,110	**7,664,164**

As at 31 December 2013 and 2012, "Stock market transactions pending settlement" and "Non-stock market transactions pending settlement" reflect transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date.

17. RESOURCES FROM CENTRAL BANKS

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
Resources from Bank of Portugal	220,000,000	227,500,000
Interest payable	1,630,278	942,066
	221,630,278	**228,442,066**

As at 31 December 2013 and 2012, "Resources from Bank of Portugal" corresponds to resources obtained by discounting securities at the European Central Bank.

As at 31 December 2013 and 2012, the times to maturity of resources obtained from the Bank of Portugal are as follows:

	2013	2012
Up to three months	110.000.000	117.500.000
From one to five years	110.000.000	110.000.000
	220.000.000	**227.500.000**

Resources obtained from the Bank of Portugal as at 31 December 2013 and 2012 are secured by a chattel mortgage on the Bank's own securities portfolio (Note 24).

18. FINANCIAL LIABILITIES HELD FOR TRADING

Em 31 de Dezembro de 2013 e 2012, esta rubrica refere-se a derivados registados ao justo valor por contrapartida de resultados e apresenta a seguinte composição:

	2013	2012
Swaps		
- Interest rate	17,375	32,342
- On credit events	-	690
Options	368,478	23,945
	385,853	**56,977**

19. RESOURCES FROM OTHER CREDIT INSTITUTIONS

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
Term deposits and other resources:		
- Credit institutions in Portugal	5,387,085	7,255,194
- Credit institutions abroad	2,163	-
	5,389,248	**7,255,194**
Interest payable:		
- Resources from credit institutions in Portugal	-	20
	-	**20**
	5,389,248	**7,255,214**

As at 31 December 2013 and 2012, the "Resources from other credit institutions" mature in the first quarter of 2014 and 2013, respectively.

20. RESOURCES FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
At sight:		
- Sight deposits	30,409,135	22,332,575
With agreed maturity dates:		
- Term deposits	192,464,691	155,832,507
- Structured deposits	7,868,508	1,522,038
	200,333,199	**157,354,545**
	230,742,334	**179,687,120**
Interest payable:		
- Interest on customers' resources	3,108,024	3,148,702
	233,850,358	**182,835,822**

As at 31 December 2013 and 2012, the times to maturity of customers' resources are as follows:

	2013	2012
Up to three months	58,048,690	40,312,107
Three months to one year	135,462,809	113,494,504
One to five years	6,821,700	3,537,934
More than five years	-	10,000
	200,333,199	**157,354,545**

21. LIABILITIES REPRESENTED BY SECURITIES

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
Customer debt securities	2,843,117	3,129,435
Floating rate notes issued by AR Finance 1, plc (Note 9)		
- Class A	-	2,665,080
- Class B	29,068,820	35,500,000
	29,068,820	**38,165,080**
"Variable funding loan notes" issued by Invest Finance 1 Portugal B,V,	-	93,741,043
Interest payable	43,484	59,491
	31,955,421	**135,095,049**

In November 2013, Sociedade Saldanha Holdings Limited was acquired to carry out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 B.V., within the scope of the Invest Finance 1 credit securitisation operation. Subsequently, the Bank granted a loan to Sociedade Saldanha Finance in the amount of 54,100,000 euros, having this entity then granted a loan to its subsidiary Saldanha Finance for the same amount for the acquisition of the VFN.

22. PROVISIONS AND IMPAIRMENT

Changes in Banco Invest's provisions and impairment during 2013 and 2012 were as follows:

	2013				
	Balances as at 31-12-2012	Net changes	Utilisation	Transfer	Balances as at 31-12-2013
Provisions	500,000	100,000	-	-	600,000
Impairment of loans and advances to customers (Note 9):					
- Loand and advances to customers	14,755,690	14,748,594	(149,077)	-	29,355,207
- Loans and advances to customers - debt securities	1,051,138	663,982	-	-	1,715,120
Impairment of financial assets available for sale (Note 8)	4,441,582	(366,575)	(500,000)	(10,132)	3,564,875
Impairment of other assets:					
- Non-current assets held for sale (Note 11)	4,650,722	3,072,041	-	263,312	7,986,075
- Investment properties (Note 12)	327,464	1,162,891	-	(263,306)	1,227,049
	25,726,596	**19,380,933**	**(649,077)**	**(10,126)**	**44,448,326**

	2012			
	Balances as at 31-12-2011	Net changes	Utilization	Balances as at 31-12-2012
Provisões	500,000	-	-	500,000
Impairment of loans and advances to customers (Note 9):				
- Loand and advances to customers	9,320,015	5,451,073	(15,398)	14,755,690
- Loans and advances to customers - debt securities	913,060	138,078	-	1,051,138
Impairment of financial assets available for sale (Note 8)	5,668,861	(869,231)	(358,048)	4,441,582
Impairment of investments held to maturity (Note 10)	3,263,288	-	(3,263,288)	-
Impairment of other assets:				
- Non-current assets held for sale (Note 11)	2,837,627	1,813,095	-	4,650,722
- Investment properties (Note 12)	-	327,464	-	327,464
	22,502,851	**6,860,479**	**(3,636,734)**	**25,726,596**

During 2013, impairment in the amount of 263,306 euros, associated to the properties of Fundo Tejo which were not rented out during this period, was transferred from "Investment properties" to "Non-current assets held for sale".

23. OTHER LIABILITIES

As at 31 December 2013 and 2012 this item was made up as follows:

	2013	2012
Creditors and other resources		
Creditors by operations on futures	641,606	316,543
Public Administration Sector		
- Tax withheld at source	508,941	407,850
- VAT payable	130,808	205,634
- Social Security contributions	86,185	93,723
Advances on account, third parties	13,115	8,694
Sundry creditors		
- Other creditors	1,587,729	856,657
	2,968,384	**1,889,101**
Charges payable		
By personnel costs		
- Provision for holiday pay and allowance	607,751	598,401
By general administrative costs	38,879	20,693
Other	9,314	8,071
	655,944	**627,165**
Deferred income		
Other	87,076	84,657
Other accruals and deferrals		
Non-stock market transactions pending settlement	77,498	802,987
Stock market transactions pending settlement	3,066,994	545,029
Other transactions pending adjustment	831,379	2,188,266
	3,975,871	**3,536,282**
	7,687,275	**6,137,205**

As at 31 December 2013 and 2012, “Stock market transactions pending settlement” and “Non-stock market transactions pending settlement” reflect transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date.

24. CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2013 and 2012, contingent liabilities and commitments are recorded in off-balance sheet items and are broken down as follows:

	2013	2012
Guarantees provided and other liabilities:		
Guarantees and standby letters of credit	3,539,613	3,234,378
Assets pledged as collateral	273,260,000	266,797,466
	276,799,613	**270,031,844**
Commitments to third parties:		
Liabilities for provision of services		
- Assets assigned in securitisation operations		
Home loans	3,285,425	4,731,726
Mortgages	40,946,415	51,159,190
Property leasing	61,337,133	72,199,671
- Other		
Portfolio management	2,186,949	1,220,484
Customers - Equities	123,137,220	96,099,870
Customers – Sundry bonds	83,393,786	52,437,467
Customers - Others	315,565	331,589
Funds - Alves Ribeiro	28,622,971	24,185,461
	343,225,464	**302,365,458**
	620,025,077	**572,397,302**

The "Assets pledged as collateral" item relates to securities delivered by the Bank as a guarantee of repurchase of funds pledged to Central Banks or other Credit Institutions. As at 31 December 2013 and 2012, the total sum of this item corresponds to securities given as guarantee to the Bank of Portugal (Note17).

25. CAPITAL

As at 31 December 2013 and 2011, the Bank's shareholder structure is as follows:

Entity	Number of shares	Amount	%
Alves Ribeiro - IF, SGPS, S,A, (Ordinary Shares)	9,396,000	46,980,000	78,96%
Alves Ribeiro - IF, SGPS, S,A, (Preferential Shares)	2,400,000	12,000,000	20,17%
Other	104,000	520,000	0,87%
	11,900,000	**59,500,000**	**100%**

As at 2 December 2008 the Bank carried out a share capital increase, through the issue of 2,400,000 redeemable preferential shares at the nominal value of 5 euros each, having been subscribed and fully paid up by the shareholder Alves Ribeiro – Investimentos Financeiros, SGPS, S.A.

The redeemable preferential shares without a set date may pay priority dividends to be deliberated at the General Meeting, which correspond to 7% of their nominal value. This dividend may only be paid if there are distributable funds according to the applicable regulations and if their payment does not imply the Bank's non-fulfilment of capital requirements. The priority dividend shall be paid annually in arrears on 30 June of each year.

In 2011, the minority shareholder of the Bank sold 15,000 shares of a nominal value of 75,000 euros to Alves Ribeiro – IF, SGPS, S.A., which now has a shareholding of 99.13%.

In 2013 and 2012 the Bank did not distribute dividends to the shareholders.

26. RESERVES, RETAINED EARNINGS AND NET INCOME FOR THE YEAR

As at 31 December 2013 and 2012, the breakdown of the reserves and retained earnings items is as follows:

	2013	2012
Revaluation reserves		
- Reserves arising from fair value valuation:		
of financial assets available for sale	3,966,307	219,369
- Reserves for deferred and current taxes		
of financial assets available for sale	(1,027,371)	(65,140)
	2,938,936	**154,229**
Legal reserve	1,740,165	1,725,513
Free reserve	9,012,951	9,012,951
Merger reserve	574,221	574,221
Retained earnings	(6,662,800)	(9,670,391)
	4,664,535	**1,642,294**
Net income for the year	24,631,263	3,022,241
	32,234,734	**4,818,764**

Revaluation reserves

Fair value reserves

The fair value reserve reflects the potential gains and losses in financial assets available for sale, net of the corresponding tax.

As at 31 December 2013 and 2012, the fair value reserves include around 26,000 euros and 173,000 euros, respectively, of losses in securities reclassified from Financial assets available for sale into the categories of Investments held to maturity and Loans and receivables (Notes 8 and 42). This amount is being recognised in profit and loss for the year according to the method of the effective rate until maturity of the securities.

Legal reserve

Under current legislation, the Bank must allocate a sum of not less than 10% of net profits for each year to the constitution of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves and the retained earnings, if greater. The legal reserve cannot be distributed, except in the event that the Bank is wound up, and may only be used to increase share capital or offset losses, once other reserves have been used up.

Merger reserve

The deed of merger by incorporation of Probolsa – Sociedade Corretora S.A. (Probolsa) into the Bank was executed on 22 December 2004. In the wake of this process, the merged company was wound up and all its rights and obligations were transferred to the Bank. For accounting purposes the merger took effect on 1 January 2004, with the Probolsa assets and liabilities having been transferred to the Bank on the basis of their net book value as at that date. The difference between the accounting value of assets and liabilities transferred and the book value of the Bank's shareholding in Probolsa was recorded in the "Merger reserve" item. This reserve cannot be distributed, except in the event that the Bank is wound up, and may only be used to increase share capital or offset losses, once other reserves have been used up.

Net income for the year

In the 2013 and 2012 financial years, the breakdown of the consolidated net income of the Bank was as follows:

	2013	2012
Individual results:		
Banco Invest	(4,955,394)	146,500
Invest Gestão de Activos	103,313	86,171
AR Finance 1, PLC	(473,438)	(1,896,131)
AR Finance 1, FTC	(247,432)	(2,053,549)
Invest Finance FTC	(502,276)	(3,035,039)
Invest Finance BV	17,200	17,200
Fundo Tejo	3,986	224,775
Saldanha Holding	1,130	-
Saldanha Finance	162,219	-
	(7,523,484)	**(6,510,073)**
Adjustments, net of tax:		
Differences between NCA and IAS/IFRS (impairment)	(5,847,030)	2,337,738
Cancellation of changes recorded in the individual accounts:		
Provision for past due loans of AR Finance 1, FTC	247,432	2,053,549
Provision for past due loans of Invest Finance 1, FTC	108,802	3,035,039
Provision for financial assets AR Finance PLC	1,148,231	793,607
Recording of Write-off in AR Finance PLC	-	771,800
Interest earnings received	1,217,073	699,440
Other adjustments:		
Reinforcement of impairment of Fundo Tejo and minority interest	(863,676)	(224,775)
Correction in the consolidation of the amortisation costs incurred in setting up the securitisation operation	92,888	92,888
Gain from acquisition of Variable Funding Notes under the Invest Finance 1 securitisation operation (Note 37)	34,419,779	-
Other	(782)	(34,697)
Net income after taxes and before minority interests	24,632,025	3,014,516
Income attributable to minority interests	(762)	7,725
Consolidated net income for the year	**24,631,263**	**3,022,241**

27. MINORITY INTERESTS

As at 31 December 2013 and 2012, the balance of this item was made up as follows:

	2013	2012
Fundo Especial de Investimento Imobiliário Fechado Tejo	1,025,072	1,056,613
Invest Finance 1 Portugal B,V,	18,000	18,000
	1,043,072	**1,074,613**

Changes in the "Minority Interests" item during 2013 and 2012 were as follows:

	2013			
	Balances as at 31-12-2012	Other changes	Net income	Balances as at 31-12-2013
Fundo Especial de Investimento Imobiliário Fechado Tejo	1,056,613	(32,303)	762	1,025,072
Invest Finance 1 Portugal B,V,	18,000	-	-	18,000
	1,074,613	**(32,303)**	**762**	**1,043,072**

	2012			
	Balances as at 31-12-2011	Other changes	Net income	Balances as at 31-12-2012
Fundo Especial de Investimento Imobiliário Fechado Tejo	1,064,045	293	(7,725)	1,056,613
Invest Finance 1 Portugal B,V,	18,000	-	-	18,000
	1,082,045	**293**	**(7,725)**	**1,074,613**

28. INTEREST AND SIMILAR INCOME

In 2013 and 2012 this item was made up as follows:

	2013	2012
Interest from bank deposits	13,938	17,425
Interest from loans and advances to credit institutions	81,222	2,343
Interest from loans and advances to customers:		
- Domestic loans	2,689,465	3,693,617
- Foreign loans	175,079	13,838
- Other loans and receivables – debt securities	438,947	661,564
- Securitised assets	4,134,283	6,246,859
Interest from past due loans	1,260,421	624,901
Interest from financial assets held for trading:		
- Securities	1,955,290	1,852,435
- Derivative instruments	828,465	1,479,033
Interest from financial assets available for sale:		
- Securities	6,515,819	4,424,136
Interest from investments held to maturity	2,958,258	4,266,995
Interest from debtors and other financial investments	-	1,954
Other interest and similar charges	12,516	8,214
	21,063,703	**23,293,314**

29. INTEREST AND SIMILAR CHARGES

In 2013 and 2012 this item was made up as follows:

	2013	2012
Interest on resources from central banks	1,286,728	1,563,590
Interest on resources from other credit institutions		
- in Portugal	15,589	536,575
- abroad	11,076	14,403
Interest on resources from customers and other loans	7,092,630	6,374,063
Interest on liabilities represented by securities of a non-subordinate nature	1,838,359	1,690,768
Interest on financial liabilities for trading		
- Derivatives	-	(232,088)
Other interest and similar charges	114,698	(33,212)
	10,359,080	**9,914,099**

30. RETURN ON CAPITAL INSTRUMENTS

In 2013 and 2012, this item wholly reflects dividends received from shares recorded in Financial assets available for sale.

31. INCOME FROM SERVICES AND COMMISSIONS

In 2013 and 2012 this item was made up as follows:

	2013	2012
Guarantees provided	47,549	44,517
On services provided	1,333,137	1,129,957
On transactions carried out on behalf of third parties	718,425	536,637
	2,099,111	**1,801,111**

32. FEES AND COMMISSION EXPENSES

In 2013 and 2012 this item was made up as follows:

	2013	2012
For loan operations	93,022	78,394
For banking services provided by third parties	352,730	391,254
Other commissions paid	20,232	27,253
	465,984	**496,901**

33. INCOME FROM ASSETS AND LIABILITIES ASSESSED AT FAIR VALUE THROUGH PROFIT AND LOSS

In 2013 and 2012 this item was made up as follows:

	2013	2012
Securities		
Issued by residents		
- Bonds	164,171	1,702,015
- Shares	86,022	15,606
Issued by non-residents		
- Bonds	1,850,461	5,178,557
- Shares	399,040	471
- Other	(5,298)	25,396
	2,494,396	**6,922,045**
Derivatives		
- Swaps		
Foreign currency	(1,523)	(24,544)
Interest-rate swaps	(233,025)	(714,758)
Loans	(44,837)	540,202
Other	(20,000)	395,247
- Futures		
On equities	307,282	215,277
On interest rates	24,064	(283,400)
Foreign currency	(160,630)	(114,552)
Other	(1,245)	-
- Options		
On equities	(383,656)	63,434
On interest rates	-	(57,500)
	(503,570)	**19,406**
	1,990,826	**6,941,451**

34. INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE

In 2013 and 2012 this item was made up as follows:

	2013	2012
Debt instruments		
Residents		
- Portuguese government debt	52,191	(160,841)
- Other bonds	94,827	65,706
Non-residents		
- Foreign public issuers	1,612,492	(1,013,021)
- Other bonds	1,059,169	212,603
Equity instruments		
Residents		
- Shares	5,305	(38,911)
- Other	(5)	-
Non-residents		
- Shares	-	6,846
	2,823,979	**(927,618)**

35. INCOME FROM EXCHANGE REVALUATION

The balance for this item in 2013 and 2012 wholly corresponded to the income calculated in the revaluation of the forward positions in foreign currency carried by the Bank.

36. INCOME FROM SALE OF OTHER ASSETS

In 2013 and 2012 this item was made up as follows:

	2013	2012
Gold and precious metals	(518,946)	94,651
Non-current assets held for sale (Note 11)	(94,968)	(150,404)
Rents from real estate rented	136,543	18,110
Other	25,808	-
	(451,563)	**(37,643)**

37. OTHER OPERATING INCOME

In 2013 and 2012 this item was made up as follows:

	2013	2012
Other operating income		
Other operating income:		
- Gain from acquisition of Variable Funding Notes under the Invest Finance 1 securitisation operation	34,419,779	-
- Reimbursement of expenses	150,168	79,420
- Income from provision of sundry services	3,843	3,460
- Other	24,473	400,094
	34,598,263	**482,974**
Other operating expenses		
Other taxes:		
- Special contribution on the banking sector	137,432	129,665
- Direct taxes	79,194	105,071
Other operating expenses and losses:		
- Contributions to the Resolution Fund	57,460	-
- Subscriptions and donations	39,704	32,196
- Contributions to the Deposit Guarantee Fund	36,822	24,666
- Other operating expenses and losses	30,890	1,763
	381,502	**293,361**
	34,216,761	**189,613**

During 2013, the Group carried out the acquisition operation of the Variable Funding Notes (VFN), debt issued by Invest Finance 1 B.V., within the scope of the Invest Finance 1 credit securitisation operation. The acquisition of the VFN was made through Sociedade Saldanha Finance, 99.9% owned by Saldanha Holdings Limited which, in turn, is fully owned by Banco Invest (Note 3). The acquisition price of the VFN was 54,041,214 euros, corresponding to 61% of the nominal value of the VFN that stood at 88,460,993 euros on the acquisition date. In this regard, the Group registered a gain of 34,419,779 euros relative to the difference between the nominal value and the value paid for said VFN.

With the publication of Law no. 55 - A/2010, of 31 December, the Bank is subject to the banking sector contribution scheme. The banking sector contribution is levied on:

a) a) Liabilities deducted from tier 1 and tier 2 capital and from the deposits covered by the Deposits Guarantee Fund. The following are deducted from liabilities:
   - Elements that according to the applicable accounting standards are recognised as shareholders' equity;
   - Liabilities associated to defined benefit plans;
   - Provisions;
   - Liabilities resulting from the revaluation of derivative financial instruments;
   - Deferred income, without considering that which results from borrowing operations; and
   - Liabilities resulting from assets not derecognised in securitisation operations.

b) Notional amount of off-balance sheet derivative financial instruments determined by taxpayers, with the exception of hedge derivative financial instruments or with open symmetric risk positions.

The rates applicable to the bases defined by the previous sub-paragraphs a) and b) are 0.05% and 0.00015%, respectively, according to the determined amount.

During 2013, the Bank initiated its contribution to the Resolution Fund, which was created by Decree-Law No. 31-A/2012, of 10 February, and which introduced a resolution regime in the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law No. 289/92, of 31 December.

38. PERSONNEL COSTS

In 2013 and 2012 this item was made up as follows:

	2013	2012
Wages and earnings		
- Governing Bodies	720,543	603,089
- Employees	3,203,470	3,403,248
	3,924,013	**4,006,337**
Social Security charges		
- Charges related to remunerations:		
Social Security	785,582	775,143
- Other compulsory social charges:		
Other	17,849	24,685
	803,431	**799,828**
Other personnel costs:		
- Other	154,789	90,385
	4,882,233	**4,896,550**

As at 31 December 2013 and 2012, the average number of employees in the service of the Bank, broken down by professional category, was as follows:

	2013	2012
Directors	7	6
Executives and managers	15	16
Technical staff	96	96
Administrative staff	5	5
	123	**123**

39. GENERAL ADMINISTRATIVE COSTS

In 2013 and 2012 this item was made up as follows:

	2013	2012
Supplies	229,189	265,043
Services	2,298,797	1,904,428
Specialised services	1,085,049	922,073
Other third-party services	588,547	679,025
	4,201,582	**3,770,569**

40. RELATED ENTITIES

Related entities of Banco Invest are considered to be entities that belong to the Alves Ribeiro Group and employees that belong to the Bank's governing bodies.

Balances with related entities, excluding governing bodies

As at 31 December 2013 and 2012, the main balances with related entities were as follows:

	2013	2012
Financial assets available for sale		
Fundo Inspirar	5,233,000	3,426,367
Loans and advances to customers		
Alves Ribeiro, SGPS	5,810,630	2,717,875
Motor Park - Comércio de Veículos Automóveis, S,A,	2,025,000	2,089,748
Provisão Motor Park - Comércio de Veículos Automóveis, S,A,	(1,750,000)	(1,750,000)
US Gestar	836,000	920,000
Monvest, SGPS, S,A,	585,452	585,452
Alves Ribeiro, S,A,	3,100,000	10,000
Alves Ribeiro Consultoria de Gestão, S,A,	4 900 000	2,900,000
Resources from customers		
Mundicenter, SGPS, S,A,	8,965,044	8,356,523
Fundo Inspirar	635,298	35,388
Alves Ribeiro, S,A,	84,604	50,502
Motor Park - Comércio de Veículos Automóveis, S,A,	13,120	14,014
Alves Ribeiro Consultoria de Gestão, S,A,	6,051	7,145
Mundicenter II - Gestão de Espaços Comerciais, S,A,	1,287	1,136
US Gestar	1,929	12,162

Transactions with related entities, excluding governing bodies

In 2013 and 2012, the main balances on the consolidated profit and loss statements with related entities were as follows:

	2013	2012
Interest and similar income		
Motor Park - Comércio de Veículos Automóveis, S.A.	31,647	46,036
Us Gestar	10,678	17,971
Monvest - SGPS, S.A.	14,393	19,947
Alves Ribeiro, S.A.	89,083	99,028
Alves Ribeiro Consultoria de Gestão, S.A.	199,145	168,692
Interest and similar charges		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	45,666	219,761
Fundo Inspirar	-	706
Income from services and commissions		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	985	1,045
General administrative costs		
Alrisa	270,309	295,813

Transactions with related entities are usually based on market values on the respective dates.

Employees that belong to the Bank's governing bodies

As at 31 December 2013, the amount of loans granted to members of the Board of Directors came to 546,709 euros, with the same conditions having been applied to the other employees.

Remuneration Policy

The Remuneration Commission, made up of three shareholder representatives and elected in General Assembly, determines the remuneration policy of the members of the governing bodies of Banco Invest, as well as the social security schemes and of other supplementary contributions.

The remuneration policy was submitted to the approval of the General Meeting, thus attempting to combine the interests of the members of the governing bodies with those of society, and is summarised as follows:

a) The remuneration of the executive members of the Board of Directors is made up of a fixed component and a possible variable component;

b) The variable component, which may not exceed 5% of profits for the year, is dependent on the obtainment of suitable results, return on shareholders' equity and the effective creation of value, thus ensuring the sustainability of the business model in the medium and long-term;

c) When attributed, the variable component is calculated based on the Bank's financial statements for the previous year;

d) In 2012, there was no share grant scheme or share options scheme in force that included members of the governing bodies;

e) The non-executive members of the Board of Directors and members of the Audit Board do not earn any remuneration, fixed or variable, and as such the previous paragraphs are not applicable.

The annual amount of remuneration earned by the executive members of the Board of Directors was 747,682 euros.

41. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Management policies for financial risks inherent to Banco Invest's business

Authorised risk limits and exposure levels are established and approved by the Board of Directors, bearing in mind the overall strategy of Banco Invest and its market positioning.

he institution's risk management procedure respects the due separation of functions and complementarity of operation of each of the areas involved. Proper cooperation between the Investment Committee, the Credit Division and the Planning and Control Division ensures compliance with the limits set by the Board of Directors.

The disclosures required by IFRS 7 – Financial Instruments: Disclosures are presented below, regarding the main types of risks inherent to the Bank's business.

Credit risk

Credit risk is the possible loss of value of the Bank's assets through the non-fulfilment of a contract, insolvency or the inability of individuals or corporate persons to honour their commitments with Banco Invest.

The identification, assessment, follow-up and permanent control of credit risk leads to prompt monitoring. This permits the anticipation of a potential default, with the risks arising from all the Institution's activities being covered, at both the individual credit level and in terms of the Bank's entire portfolio.

Maximum exposure to credit risk

As at 31 December 2013 and 2012, the maximum exposure to credit risk by type of financial instrument was summarised as follows:

	2013		
	Gross value	Provisions and impairment	Net value
Assets			
Cash and deposits at Central Banks	5,619,000	-	5,619,000
Amounts owed by other credit institutions	5,756,803	-	5,756,803
Financial assets held for trading:			
- Securities	49,884,097	-	49,884,097
- Derivatives	1,740,750	-	1,740,750
Financial assets available for sale	229,811,998	(3,564,877)	226,247,121
Loans and advances to customers:			
- Loans not represented by securities	196,720,900	(29,355,207)	167,365,693
- Other Loans and receivables (securitised)	9,460,955	(1,715,120)	7,745,835
Investments held to maturity	63,787,169	-	63,787,169
Other assets:			
- Debtors and other financial applications	1,084,207	-	1,084,207
	563,865,879	**(34,635,204)**	**529,230,675**
Off-balance shee			
Guarantees provided	3,539,613	-	3,539,613
	567,405,492	**(34,635,204)**	**532,770,288**

	2012		
	Gross value	Provisions and impairment	Net value
Assets			
Cash and deposits at Central Banks	4,519,774	-	4,519,774
Amounts owed by other credit institutions	11,292,812	-	11,292,812
Financial assets held for trading:			
- Securities	70,820,814	-	70,820,814
- Derivatives	1,572,610	-	1,572,610
Financial assets available for sale	198,236,852	(4,441,582)	193,795,270
Loans and advances to customers:			
- Loans not represented by securities	205,472,857	(14,755,690)	190,717,167
- Other Loans and receivables (securitised)	10,012,815	(1,051,138)	8,961,677
Investments held to maturity	88,073,643	-	88,073,643
Other assetS:			
- Debtors and other financial applications	766,173	-	766,173
	590,768,350	**(20,248,410)**	**570,519,940**
Off-balance sheet			
Swaps - credit events (notional amount)	15,000,000	-	15,000,000
Guarantees provided	3,234,378	-	3,234,378
	609,002,728	**(20,248,410)**	**588,754,318**

Credit quality of financial assets without defaults or impairments

It follows on from the previous Notes that the Bank operates in terms of credit, with collateral representative of the market benchmark, as in the case of the real estate market and the pharmacy sector, subject to some imprecision determined by the lack of dynamics of its secondary markets although, in the case of real estate, in a current situation of reduced liquidity.

In this way, and although the number of new credit operations is moderate, the analysis and deliberation criteria are based on principles of measurement of their potential risk, clearly more conservative, and in line with the market.

In effect, the risk analysis and credit concession processes are based on universal principles of prudence, reliability of the information used, alternative and complementary sources of information, vertical deliberation process with universal intervention of the Board of Directors, attempt to adjust the debt service to the current and, foreseeably, future economic and financial situation of the Debtors and, in addition, the consistency and value, in market terms, of the collateral.

The decisions regarding new credit operations are guided, in turn, by a concern regarding the adequacy of the debt service relative to the current and, foreseeably, future economic and financial situation of the Customers and ensuring, as far as possible, the consistency and value, in market terms, of the collateral.

The authorised repayment terms for new credit operations, as well as the applicable financial margins, reflect the evolution of the financing conditions of the activity.

Whenever necessary, the implementation of restructuring measures for credit operations underway, determined by financial difficulties of the Debtors, or the mere preventive adjustment to the market conditions in which they operate, has been guided by the search for solutions of an extra-judicial nature, adjusting the objective knowledge of the economic framework in which the Debtors operate, with the preservation of a risk profile that enables the fulfilment of the credit obligations, under acceptable conditions and without neglecting the integrity and consistency of the associated guarantees.

Although there are no consistent signs, in the near future, allowing one to anticipate that the internal and external macroeconomic framework, in the immediate future, will boost the recovery of economic activity, there is nonetheless the perception that the level of default in the Bank's loan portfolio, is decelerating, and may stabilise in the short term (barring changes in the surrounding circumstances).

Notwithstanding, the Bank will maintain and continue to reinforce the measures required to preserve the quality and integrity of its loan portfolio.

1. *from a prevention perspective, through*

    - the attribution of a risk rating to all Debtors, subject to a dynamic review on a biannual basis;
    - the permanent monitoring of the various signs of risk implicit in the relationship of the Debtors with the banking universe in which they intervene;
    - the daily monitoring of any signs of degradation of their business and financial environment
    - the regular review of the risk profile (via analysis of the economic and financial, banking and corporate indicators) of the universe of Debtors with greatest individual or sectorial exposure;
    - The early identification of situations that justify the reformulation of the repayment conditions of credits, in order to adjust, when possible and duly substantiated, to the economic and financial situation of the Debtor.

2. *and, by intervening at the appropriate time in all situations of default or of complete and timely non-compliance, through*

    - suitable means of monitoring defaults or irregular compliance;
    - an immediate and regular request for payment from all Debtors in an irregular situation;
    - an objective diagnosis of the reasons for non-compliance and of the means to overcome the same;
    - the recording and permanent follow-up of the actions developed and their efficacy;
    - the collegiate intervention of the Credit Recovery Area and of the Board of Directors, in deciding on the judicial or extra-judicial measures to take aimed at the effective recovery of the loans at risk;
    - the control and safeguarding of the integrity of the collateral of credit.

3. *i.e., in the definition of rigorous and transparent principles, for the correct evaluation of the potential impairments of the loan portfolio.*

One of the criteria that the Bank uses for credit risk analysis of its loan portfolio is the distribution of the portfolio according to the number of past due instalments. The risk categories used are as follows:

- [0,1] – Loans with zero or one past due instalment;
- [2,3] – Loans with two or three past due instalments;
- [4,5] – Loans with four or five past due instalments;
- [6,+[– Loans with six or more past due instalments.

As at 31 December 2013 and 2012, the Bank's loan portfolio according to the risk categories identified above is as follows:

	2013				
	Risk category				
Type of contract	[0,1]	[2,3]	[4,5]	[6,+[	Total
Real Estate Leasing	61,824,945	3,858,709	3,195,938	13,462,748	82,342,340
Home Loans	33,932,213	1,590,529	2,161,143	26,669,479	64,353,364
Current Accounts	19,968,556	-	-	2,854,798	22,823,354
Mutual Loans	10,277,832	195,437	1,361,252	4,339,285	16,173,806
Other Loans	1,227,032	1,319,468	1,990,055	1,871,842	6,408,397
Current Account Overdrafts	3,456,975	-	-	-	3,456,975
Equipment Leasing	594,923	-	-	7,917	602,840
	131,282,476	**6,964,143**	**8,708,388**	**49,206,069**	**196,161,076**

	2012				
	Risk category				
Type of contract	[0,1]	[2,3]	[4,5]	[6,+[	Total
Real Estate Leasing	65,975,609	3,816,432	6,218,843	14,278,027	90,288,911
Home Loans	32,304,519	9,075,576	3,205,358	25,371,102	69,956,555
Current Accounts	12,734,678	202,722	-	2,997,224	15,934,624
Mutual Loans	10,393,355	1,209,976	72,399	6,458,529	18,134,259
Other Loans	883,198	1,515,664	1,459,159	4,323,519	8,181,540
Current Account Overdrafts	1,927,991	-	-	-	1,927,991
Equipment Leasing	331,090	-	-	7,917	339,007
	124,550,440	**15,820,370**	**10,955,759**	**53,436,318**	**204,762,887**

Securities recorded in loans and advances to customers, accrued interest and commissions associated with the loan portfolio were not considered in the elaboration of these tables.

The main collaterals received by the Bank relative to the financial assets identified above are as follows:

- In the case of real estate leasing transactions, the effective guarantee is comprised by the legal title of the property.

- In the case of medium and long-term loans, the collateral is generally comprised by a first mortgage of urban real property, a situation that is also common in loans associated with a current account regime.

  In one-off situations, the Bank also obtains commercial liens on financial assets, composed by liquid assets or securities quoted in official markets, as well as net intangible assets subject to current market valuation such as, for example, goodwill rights over pharmacy establishments.

- In general and considering the maturity date of the operations, independently of the form of ownership, the obtainment of personal guarantees (acceptances or sureties) is common practice.

The assets purchased for financial leasing operations, or received as mortgage guarantee, are covered in the event of an accident or act of God, via multi-risk insurance with the corresponding rights in favour of the Bank.

In relation to the credit risk control associated with capital markets, derivative product and exchange rate transactions, the Bank maintains procedures established through the investment approval process, the control of the fulfilment of strategies defined by the Board of Directors and the Investment Committee and the regular follow-up of the composition and evolution of the securities portfolio, which permit the adequate monitoring of the credit risk associated with the securities held in portfolio.

The Bank undertakes a mark-to-market revaluation, at any moment, of its exposure to derivative, exchange rate and capital market products, thus evaluating its potential and global exposure and the fulfilment of the exposure limits defined by sector and by country.

As at 31 December 2013 and 2012, the credit risk associated with the Bank's security portfolio, can be demonstrated via the rating attributed by a company specialised in risk assessment, being presented as follows:

	2013										
	Ratings										
	AAA	AA	A	BBB	BB	B	CCC	CC	C	N.R.	Total
Assets											
Financial assets held for trading	-	2,500,896	13,144,681	21,828,040	1,419,193	161,185	-	-	-	10,830,102	49,884,097
Financial assets available for sale	-	4,889,724	75,009,468	79,994,908	58,750,890	3,026,264	1,610,666	-	-	2,965,201	226,247,121
Investments held to maturity	2,566,049	-	12,494,597	31,905,663	16,820,860	-	-	-	-	-	63,787,169
Other loans and amounts receivable (securitised)	-	2,453,239	1,000,645	256,412	422,516	-	811,015	-	314,310	2,487,698	7,745,835
	2,566,049	**9,843,859**	**101,649,391**	**133,985,023**	**77,413,459**	**3,187,449**	**2,421,681**	**-**	**314 ,310**	**16,283,001**	**347,664,222**

	2012										
	Ratings										
	AAA	AA	A	BBB	BB	B	CCC	CC	C	N.R.	Total
Assets											
Financial assets held for trading	-	462,139	17,743,664	17,703,572	3,634,704	3,566,097	904,926	-	-	26,805,712	70,820,814
Financial assets available for sale	539,349	3,118,986	80,957,292	69,786,643	32,711,579	3,853,150	1,690,410	-	1,292,565	5,379,226	199,329,200
Investments held to maturity	5,114,649	-	36,372,609	28,819,801	17,766,584	-	-	-	-	-	88,073,643
Other loans and amounts receivable (securitised)	-	2,549,380	1,072,002	1,319,929	437,353	1,660,825	1,203,332	-	718,856	-	8 ,961,677
	5,653,998	**6,130,505**	**136,145,567**	**117,629,945**	**54,550,220**	**9,080,072**	**3,798,668**	**-**	**2,011,421**	**32,184,938**	**367,185,334**

N.R. - Not Rated

As at 31 December 2013 and 2012, the exposure by country associated to the Bank's security portfolio, is presented as follows:

	2013				2012			
	Banks	Government Debt	Other	Total	Banks	Government Debt	Other	Total
Spain	34,883,058	92,122,307	6,005,016	133,010,381	28,460,906	81,444,425	3,658,445	113,563,776
Portugal	10,365,017	33,644,493	23,777,968	67,787,478	22,653,599	33,692,483	25,305,371	81,651,453
Holand	2,500,896	-	34,132,970	36,633,866	10,637,821	-	18,002,116	28,639,937
Italy	14,645,441	12,919,022	5,150,848	32,715,311	6,987,515	12,521,723	5,460,955	24,970,193
Ireland	8,153,094	10,587,373	11,431,323	30,171,790	13,610,730	10,321,548	7,281,592	31,213,870
USA	21,082,603	-	-	21,082,603	30,837,912	-	-	30,837,912
France	5,901,141	990,586	1,185,370	8,077,097	17,349,079	539,349	1,526,887	19,415,315
Great Britain	6,359,253	-	1,150,596	7,509,849	16,403,950	-	3,622,619	20,026,569
Germany	3,077,051	-	-	3,077,051	2,992,294	-	909,236	3,901,530
Denmark	1,498,995	-	-	1,498,995	3,695,751	-	-	3,695,751
Other	3,647,661	-	2,452,140	6,099,801	5,147,945	1,041,694	3,079,389	9,269,028
	112,114,210	**150,263,781**	**85,286,231**	**347,664,222**	**158,777,502**	**139,561,222**	**68,846,610**	**367,185,334**

Equity instruments, derivatives and regulatory provisions were not considered in the elaboration of these tables.

Liquidity risk

Liquidity risk is the possibility that an entity may not be able to meet its commitments through an inability to access the market in a sufficient amount and at a reasonable cost.

The risk control policy is subordinate to the overall strategy of the Bank, and aims to adequately finance its assets, increase them and detect any loss of liquidity.

The policies and procedures that control and limit liquidity risk regularly review the limits of the liquidity positions for different time frames, analysing simulations using different scenarios to permit effective liquidity management.

The Financial Department is responsible for the effective implementation of the risk strategy and all the liquidity policies established and approved by the Board.

Times to maturity

As at 31 December 2013 and 2012, the breakdown of the times to maturity of the financial instruments was as follows:

2013								
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	6,171,582	-	-	-	-	-	-	6,171,582
Amounts owed by other credit institutions	5,756,803	-	-	-	-	-	-	5,756,803
Financial assets held for trading	-	10,752,460	1,045,274	24,828,450	14,943,289	3,295,894	-	54,865,367
Financial assets available for sale	-	-	77,307,417	70,192,637	78 471 598	10,135,903	-	236,107,555
Loans and advances to customers:								
- Loans not represented by securities	3,456,975	15,395,225	6,796,441	16,371,673	118,964,999	35,175,763	559,824	196,720,900
- Other Loans and amounts receivable (securitised)	-	-	211,369	4,658,711	2,875,755	-	-	7,745,835
Investments held to maturity	-	12,494,597	929,251	20,323,222	30,040,099	-	-	63,787,169
Debtors and other financial investments	-	-	-	-	38,100	1,046,107	-	1,084,207
	15,385,360	**38,642,282**	**86,289,752**	**136,374,693**	**245,333,840**	**49,653,667**	**559,824**	**572,239,418**
Liabilities								
Resources at central banks	-	110,000,000	-	110,000,000	-	-	1,630,278	221,630,278
Financial liabilities held for trading	-	113,890	264,412	3,601	3,950	-	-	385,853
Resources of other credit institutions	5,389,248	-	-	-	-	-	-	5,389,248
Resources from customers and other loans	30,409,135	58,048,690	135,462,809	6,821,700	-	-	3,108,024	233,850,358
Liabilities represented by securities	-	1,757,035	845,227	7,507,154	21,802,521	-	43,484	31,955,421
	35,798,383	**169,919,615**	**136,572,448**	**124,332,455**	**21,806,471**	**-**	**4,781,786**	**493,211,158**
Liquidity gap	**(20,413,023)**	**(131,277,333)**	**(50,282,696)**	**12,042,238**	**223,527,369**	**49,653,667**	**(4,221,962)**	**79,028,260**

2012								
	At sight	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	4,834,746	-	-	-	-	-	-	4,834,746
Amounts owed by other credit institutions	11,292,812	-	-	-	-	-	-	11,292,812
Financial assets held for trading	-	25,547,324	9,613,308	22,424,027	14,808,765	774,783	-	73,168,206
Financial assets available for sale	-	12,385,033	91,367,354	63,374,038	27,438,525	6,088,732	-	200,653,682
Loans and advances to customers:								
- Loans not represented by securities	1,927,991	10,947,577	9,950,270	16,207,817	131,588,158	34,141,074	709,970	205,472,857
- Other Loans and amounts receivable (securitised)	-	-	-	5,065,708	3,895,969	-	-	8,961,677
Investments held to maturity	-	16,318,726	18,357,403	33,541,529	19,855,985	-	-	88,073,643
Liabilities represented by securities	-	-	-	-	38,100	728,073	-	766,173
	18,055,549	**65,198,660**	**129,288,335**	**140,613,119**	**197,625,502**	**41,732,662**	**709,970**	**593,223,797**
Liabilities								
Resources at central banks	-	117,500,000	-	110,000,000	-	-	942,066	228,442,066
Financial liabilities held for trading	-	690	24,252	32,035	-	-	-	56,977
Resources of other credit institutions	4,255,131	3,000,063	-	-	-	-	20	7,255,214
Resources from customers and other loans	22,332,575	40,312,107	113,494,504	3,537,934	10,000	-	3,148,701	182,835,822
Liabilities represented by securities	-	4,621,081	1,702,316	11,082,204	117,629,801	-	59,647	135,095,049
	26,587,706	**165,433,941**	**115,221,072**	**124,652,173**	**117,639,801**	**-**	**4,150,434**	**553,685,128**
Liquidity gap	**(8,532,157)**	**(100,235,281)**	**14,067,263**	**15,960,946**	**79,985,701**	**41,732,662**	**(3,440,464)**	**39,538,669**

(1) - The Column "Other" includes interest receivable and payable, and deferred sums already received and paid.

The main assumptions used to draw up the tables above are the following:

- the projected contractual cash flows of interest associated with financial assets and liabilities were not considered;
- the column “Other” corresponds to values already received or paid that are being deferred;
- for equity instruments their maturity was considered indeterminate, having been included in the “Indeterminate” column;
- in financial assets held for trading and available for sale it was considered that the instruments were only settled on their maturity date; and
- in loans and advances to customers it was considered that the principal repayment was made in full on the date of the last credit instalment.

The short-term liquidity gap is financed by resorting to the interbank monetary market, where the Bank has access to credit lines that allow it to finance this gap, and through discounts on securities issued by the ECB, which allows it to have access to immediate liquidity.

The deposit renewal rate always has fluctuated around the 90% level, and thus a large proportion of customers’ resources are expected to remain unchanged.

During 2013, a very significant growth of the Bank’s deposit base was recorded, corresponding to an increase of 23% relative to the end of 2012.

The attraction of deposits during 2013 was based on a strong remuneration policy of deposits of a low amount, which reduced the risk of concentration of the latter very significantly. This higher dispersion of deposits enabled their behaviour to be “normalised” in terms of monthly oscillations of the volume of the latter, contributing to greater stability of the bank’s cash flow.

The short-term liquidity gap is associated to the funding of the Bank’s bond portfolio. The total value of the securities portfolio is greater than the short-term gap. The Bank may at any moment reduce it by selling securities in the market. The said gap thus results from a strategic decision of the Bank to finance its securities portfolio in an efficient manner in economic terms and not from a structural deficiency of liquidity. The portfolio has been essentially financed through repurchase operations at the European Central Bank, although Banco Invest has repurchase contracts with different banking institutions.

To meet possible liquidity needs, the Bank also has access to, in addition to the short-term interbank money market lines, a 3-year credit line from a financial institution, with stable pricing conditions throughout the period of the contract.

Market Risk

Banco Invest’s business through financial instruments entails the assumption or transfer of one or several kinds of risk.

Market risks are those which arise from keeping financial instruments whose value can be affected by market fluctuations. Market risks include:

a) Exchange rate risk: this arises from fluctuations in foreign currency exchange rates;
b) Interest-rate risk: this arises from fluctuations in market interest rates;
c) Price risk: this arises from changes in market prices, either due to factors specific to the instrument or to factors that affect all the instruments traded on the market.

The control of market risk aims to assess and monitor the potential losses associated with changes in the price of the Bank’s assets, discretionary portfolio management and the consequent loss of profits from an adverse movement of market prices. This assessment is conducted by defining procedures and limits for global portfolios and product categories. Strategies, positions and limits are assessed daily to generate income through trading and asset and liability management, while simultaneously controlling exposure to market risk.

Exchange risk

Exchange risk is the result of fluctuations in exchange rates, whenever there are "open positions" in these currencies.

The exchange rate activity of Banco Invest is of secondary importance and residual. The daily foreign currency balances and transactions carried out in foreign currency are controlled on a daily basis by the Operations Department and the Market Room.

Only dollar transactions have any relevance, with transactions in other currencies being almost non-existent.

As at 31 December 2013 and 2012, the breakdown of financial instruments by currency was as follows:

	2013 Currency				
	Euros Gross	US Dollars	Pound Sterling	Other	Total
Assets					
Cash and deposits at Central Banks	6,171,582	-	-	-	6,171,582
Amounts owed by other credit institutions	3,632,369	1,560,376	277,761	286,297	5,756,803
Financial assets held for trading	53,545,735	1,239,670	79,962	-	54,865,367
Financial assets available for sale	231,643,951	390,782	4,072,822	-	236,107,555
Loans and advances to customers	206,118,117	63,738	-	-	206,181,855
Investments held to maturity	63,787,169	-	-	-	63,787,169
Debtors and other financial investments	323 479	758,814	-	1,914	1,084,207
	565,222,402	**4,013,380**	**4,430,545**	**288,211**	**573,954,538**
Liabilities					
Resources from Central Banks	221,630,278	-	-	-	221,630,278
Financial liabilities held for trading	384,150	1,703	-	-	385,853
Resources of other credit institutions	5,057,592	331,656	-	-	5,389,248
Resources from customers and other loans	227,252,681	6,242,645	182,871	172,161	233,850,358
Liabilities represented by securities	31,955,421	-	-	-	31,955,421
	486,280,122	**6,576,004**	**182,871**	**172,161**	**493,211,158**
Net exposure (Currency Position)	**78,942,280**	**(2,562,624)**	**4,247,674**	**116,050**	**80,743,380**

	2012 Currency				
	Euros Gross	US Dollars	Pound Sterling	Other	Total
Assets					
Cash and deposits at Central Banks	4,834,746	-	-	-	4,834,746
Amounts owed by other credit institutions	8,602,564	2,333,356	174,514	182,378	11,292,812
Financial assets held for trading	73,097,871	70,335	-	-	73,168,206
Financial assets available for sale	200,183,999	215,031	254,652	-	200,653,682
Loans and advances to customers	215,451,888	33,730	54	-	215,485,672
Investments held to maturity	88,073,643	-	-	-	88,073,643
Debtors and other financial investments	359,153	407,020	-	-	766,173
	590,603,864	**3,059,472**	**429,220**	**182,378**	**594,274,934**
Liabilities					
Resources from Central Banks	228,442,066	-	-	-	228,442,066
Financial liabilities held for trading	56,977	-	-	-	56,977
Resources of other credit institutions	6,960 ,071	295,143	-	-	7,255,214
Resources from customers and other loans	178,097,175	4,726,144	12,503	222,305	182,835,822
Liabilities represented by securities	135,095,049	-	-	-	135,095,049
	548,651,338	**5, 021,287**	**12,503**	**222,305**	**553,685,128**
Net exposure (Currency Position)	**41,952,526**	**(1,961,815)**	**416,717**	**(39,927)**	**40,589,806**

As at 31 December 2013 and 2012, a 5% increase in the market exchange rates of the main currencies that the Bank is exposed to would have a negative impact on the Bank's results in the financial year ended 31 December 2013 of about 18,358 euros and a negative impact on results for the year ended 31 December 2012 of about 79,000 euros.

Interest-rate risk

Interest rate risk relates to the impact that interest rate changes have on income and on the entity's asset value. This risk arises from the varying times to maturity or re-appreciation of assets, liabilities and off-balance sheet positions with respect to the entity, in light of changes in the interest rate curve slope. Interest rate risk therefore corresponds to the risk that the current worth of future cash flows of a financial instrument may fluctuate through changes in market interest rates.

Management of the interest rate risk is subordinate to the overall strategy of the Institution, and aims to reduce the unwanted impact of interest rate changes on the Bank's overall profits.

The short-term interest rate risk basically arises from the mismatch of payments between the institution's liabilities and its loan assets.

As at 31 December 2013 and 2012, the type of exposure to interest rate risk was summarised as follows:

	2013			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	552,582	-	5,619,000	6,171,582
Amounts owed by other credit institutions	1,655,306	-	4,101,497	5,756,803
Financial assets held for trading:				
- Securities	3,240,519	34,575,715	15,308,383	53,124,617
- Derivatives	-	-	1,740,750	1,740,750
Financial assets available for sale	10,135,903	218,436,114	7,535,538	236,107,555
Loans and advances to customers:				
- Loans not represented by securities	-	-	196,720,900	196,720,900
- Other loans and amounts receivable (securitised)	-	2,555,092	5,190,743	7,745,835
Investments held to maturity	-	51,292,572	12,494,597	63,787,169
Debtors and other financial investments	-	-	1,084,207	1,084,207
	15,584,310	**306,859,493**	**249,795,615**	**572,239,418**
Liabilities				
Resources from Central Banks	-	-	221,630,278	221,630,278
Financial liabilities held for trading				
- Derivatives	-	-	385,853	385,853
Resources of other credit institutions	-	-	5,389,248	5,389,248
Resources of customers and other loans	-	6,821,700	227,028,658	233,850,358
Liabilities represented by securities	-	-	31,955,421	31,955,421
	-	**6,821,700**	**486,389,458**	**493,211,158**
	15,584,310	**300,037,793**	**(236,593,843)**	**79,028,260**
Off-balance sheet				
Derivatives (notional amount)				
- Swaps	-	-	56,257,019	56,257,019
- Options	-	-	10,778,336	10,778,336
- Futures	-	-	15,616,449	15,616,449
	-	**-**	**82,651,804**	**82,651,804**

	2012			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	314,972	-	4,519,774	4,834,746
Amounts owed by other credit institutions	826,900	-	10,465,912	11,292,812
Financial assets held for trading:				
- Securities	774,782	64,384,880	6,435,934	71,595,596
- Derivatives	-	50,537	1,522,073	1,572,610
Financial assets available for sale	6,088,732	179,373,296	15 191 654	200,653,682
Loans and advances to customers:				
- Loans not represented by securities	-	-	205,472,857	205,472,857
- Other loans and amounts receivable (securitised)	-	892,462	8,069,215	8,961,677
Investments held to maturity	-	65,727,926	22,345,717	88,073,643
Debtors and other financial investments	-	-	766,173	766,173
	8,005,386	**310,429,101**	**274,789,309**	**593,223,796**
Liabilities				
Resources from Central Banks	-	-	228,442,066	228,442,066
Financial liabilities held for trading				
- Derivatives	-	690	56,287	56,977
Resources of other credit institutions	-	-	7,255,214	7,255,214
Resources of customers and other loans	-	3,315,028	179,520,794	182,835,822
Liabilities represented by securities	-	-	135,095,049	135,095,049
	-	**3,315,718**	**550,369,410**	**553,685,128**
	8,005,386	**307,113,383**	**(275,580,101)**	**39,538,668**
Off-balance sheet				
Derivatives (notional amount)				
- Swaps	-	-	206,236,922	206,236,922
- Options	-	-	4,651,473	4,651,473
- Futures	-	-	24,803,640	24,803,640
	-	**-**	**235,692,035**	**235,692,035**

The variable rate concept includes all transactions with maturity times of less than one year, and all others whose rate can be redefined in terms of market indicators, within that time limit.

As at 31 December 2013 and 2012, the exposure to interest rate risk was broken down into the following periods:

	2013						
	At sight	Up to 3 months	3 months ti 1 year	1 to 5 years	Over 5 years	Other (1)	Total
Assets							
Cash and deposits at Central Banks	6,171,582	-	-	-	-	-	6,171,582
Amounts owed by other credit institutions	5,756,803	-	-	-	-	-	5,756,803
Financial assets held for trading							
- Securities	3,240,519	14,674,936	1,529,479	19,124,425	14,555,258	-	53,124,617
- Derivatives	-	623,608	416,519	700,623	-	-	1,740,750
Financial assets available for sale	10,135,903	7,213,084	77,307,417	64,509,725	76,941,426	-	236,107,555
Loans and advances to customers							
- Loans not represented by securities	3,456,975	142,329,657	15,198,681	-	-	35,735,587	196,720,900
- Other loans and values receivable (securitised)	-	4,190,097	1,011,821	2,543,917	-	-	7,745,835
Investments held to maturity	-	12,494,597	929,251	20,323,222	30,040,099	-	63,787,169
Debtors and other financial investments	-	-	-	-	38,100	1,046,107	1,084,207
	28,761,782	**181,525,979**	**96,393,168**	**107,201,912**	**121,574,883**	**36,781,694**	**572,239,418**
Liabilities							
Resources at Central Banks	-	110,000,000	-	110,000,000	-	1,630,278	221,630,278
Financial liabilities held for trading							
- Derivatives	-	382,632	3,221	-	-	-	385,853
Resources of other credit institutions	5,389,248	-	-	-	-	-	5,389,248
Resources from customers and other loans	30,409,135	63,993,795	129,517,704	6,821,700	-	3,108,024	233,850,358
Liabilities represented by securities	-	29,137,891	2,145,045	629,000	-	43,485	31,955,421
	35,798,383	**203,514,318**	**131,665,970**	**117,450,700**	**-**	**4,781,787**	**493,211,158**
	(7,036,601)	**(21,988,339)**	**(35,272,802)**	**(10,248,788)**	**121,574,883**	**31,999,907**	**79,028,260**

	2012						
	À vista	Até 3 meses	De 3 meses a 1 ano	De 1 a 5 anos	Mais de 5 anos	Outros (1)	Total
Assets							
Cash and deposits at Central Banks	4,834,746	-	-	-	-	-	4,834,746
Amounts owed by other credit institutions	11,292,812	-	-	-	-	-	11,292,812
Financial assets held for trading							
- Securities	774,782	29,303,178	5,969,976	20,934,028	14,613,632	-	71,595,596
- Derivatives	-	1,540,775	31,835	-	-	-	1,572,610
Financial assets available for sale	6,088,732	19,072,998	95,487,309	55,882,746	24,121,897	-	200,653,682
Loans and advances to customers							
- Loans not represented by securities	1,927,991	152,082,159	16,611,663	-	-	34,851,044	205,472,857
- Other loans and values receivable (securitised)	-	6,759,001	1,909,920	292,756	-	-	8,961,677
Investments held to maturity	-	31,672,824	15,371,336	21,173,497	19,855,986	-	88,073,643
Debtors and other financial investments	-	-	-	-	38,100	728,073	766,173
	24,919,063	**240,430,935**	**135,382,039**	**98,283,027**	**58,629,615**	**35,579,117**	**593,223,796**
Liabilities							
Resources at Central Banks	-	117,500,000	-	110,000,000	-	942,066	228,442,066
Financial liabilities held for trading							
- Derivatives	-	52,413	4,564	-	-	-	56,977
Resources of other credit institutions	4,255,131	3,000,063	-	-	-	20	7,255,214
Resources from customers and other loans	22,332,575	40,312,107	113,494,504	3,547,934	-	3,148,702	182,835,822
Liabilities represented by securities	-	123,985,851	10,799,707	250,000	-	59,491	135,095,049
	26,587,706	**284,850,434**	**124,298,775**	**113,797,934**	**-**	**4,150,279**	**553,685,128**
	(1,668,643)	**(44,419,499)**	**11,083,264**	**(15,514,907)**	**58,629,615**	**31,428,838**	**39,538,668**

(1) - The Column “Other” includes interest receivable and payable, and deferred sums already received and paid.

The Bank considers that the impact of a 0.5% increase in market interest rates does not have a significant impact on the financial statements as at 31 December 2013 and 2012.

Fair Value

The Bank calculates the fair value of financial instruments based on market prices. Where there is no market price, fair value is calculated using in-house models based on specific assumptions that vary in accordance with the financial instruments to be valued. Under exceptional circumstances, when it is not possible to reliably determine the fair value, assets are valued at historical cost.

The main considerations in the calculation of the fair value of financial assets and liabilities are:

- “Cash and deposits at Central Banks” and “Amounts owed by other credit institutions”: Given the short-term nature of these assets, the accounting value is considered a reasonable estimate of their fair value;

- “Amounts owed by and resources from other credit institutions” and “Resources from Central Banks”: The calculation of fair value assumes that transactions are settled on the maturity dates and are updated in the “cash flows”, using the rates curve created in the closing days of the year. Bearing in mind the maturity dates of the transactions and type of interest rate, Banco Invest estimates that the difference between the fair value and the accounting value is not significant;

- “Loans and advances to customers”. Almost all loans and advances to customers bear interest at rates linked to the Euribor rate, the majority being re-fixed in the short-term. Regarding the portfolio spreads in force, the Bank considers that the current loan business takes place at a residual pace (and values) relative to the dimension of the portfolio, and that the transactions undertaken, as well as the respective spreads attributed, are affected by the specific characteristics of each transaction, not being representative of the remaining loan portfolio. .

Based on the fact that the current spreads in force exceed the average spread of the loan portfolio, the Bank calculated the fair value of the portfolio considering an additional spread of 1%. Based on this analysis, application of the fair value in the “Loans and advances to customers” item would result in a decline in its value of approximately 7,194,491 euros (7,992,473 euros on 31 December 2012).

It is important to point out that loan operations with pledges on financial assets and loans attributed to employees and Group companies were not included in this analysis.

In addition, debt securities are recorded in the item “Loans and advances to customers”, whose fair value is calculated in accordance with the methodology defined for the “Financial assets and liabilities held for trading” (see below)..

- “Resources from customers and other loans”: For term deposits of less than a year, the accounting value is considered a reasonable estimate of fair value. For other deposits, the contracted spreads do not differ much from those practised in the most recent operations;

- “Financial assets and liabilities held for trading” and “Assets available for sale”: These instruments are already recorded at fair value, calculated according to:
  - Prices in an active market;
  - Indicative prices provided by the financial information media, namely Bloomberg, largely through the Bloomberg Generic index;
  - Valuation methods and techniques, where there is no active market, supported by:
    - mathematical calculations based on recognised financial theories; or,
    - prices calculated based on similar assets or liabilities traded in active markets or based on statistical estimates or other quantitative methods;
  - Indicative prices provided by issuers, essentially for those cases in which, given the specific characteristics of the security, it was not possible to use the valuation methods described above;
  - Acquisition cost when it is considered to be similar to the fair value.

A market is considered active and therefore liquid when transactions take place regularly.

As at 31 December 2013 and 2012, the calculation of the fair value of the financial assets and liabilities of the Bank can be summed up as follows:

2013						
		Financial instruments valued at fair value				
	Assets	Prices in an	Valuation techniques based on:			
	valued at acquisition cost	active market (Level 1)	Market data (Level 2)	Other (Level3)	Total	Book value
Assets						
Financial assets held for trading						
- Securities	10,459,054	3,097,005	39,425,042	143,516	53,124,617	53,124,617
- Derivatives	-	-	-	1,740,750	1,740,750	1,740,750
Financial assets available for sale	-	1,608,754	229,019,410	5,479,391	236,107,555	236,107,555
Investments held to maturity	-	-	65,734,968	-	65,734,968	63,787,169
Loans and advances to customers - debt securities	-	-	-	7,591,479	7,591,479	7,745,835
	10,459,054	**4,705,759**	**334,179,420**	**14,955,136**	**364,299,369**	**362,505,926**
Liabilities						
Financial liabilities held for trading						-
- Derivatives	-	-	-	385,853	385,853	385,853

2012						
		Financial instruments valued at fair value				
	Assets	Prices in an	Valuation techniques based on:			
	valued at acquisition cost	active market (Level 1)	Market data (Level 2)	Other (Level3)	Total	Book value
Assets						
Financial assets held for trading						
- Securities	25,305,371	616,477	45,474,548	199,200	71,595,596	71,595,596
- Derivatives	-	-	-	1,572,610	1,572,610	1,572,610
Financial assets available for sale	-	1,131,410	195,396,299	4,125,973	200,653,682	200,653,682
Investments held to maturity	-	-	88,257,219	-	88,257,219	88,073,643
Loans and advances to customers - debt securities	-	-	-	8,832,677	8,832,677	8,961,677
	25,305,371	**1,747,887**	**329,128,066**	**14,730,460**	**370,911,784**	**370,857,208**
Liabilities						
Financial liabilities held for trading						
- Derivatives	-	-	-	56,977	56,977	56,977

The main assumptions used to draw up the tables above are the following:

- The values relative to prices in an active market correspond to equity instruments listed on a Stock Exchange (Level 1);

- The portfolio securities whose valuation corresponds to indicative bids supplied by contributors external to the Bank or prices divulged through the financial information media, namely Bloomberg, were considered in "Valuation Techniques – Market data" (Level 2);

- The securities valued based on the Bank's internal models are presented in "Valuation techniques - Other" (Level 3). In addition, the financial assets and liabilities are classified at Level 3 if a significant proportion of its balance sheet value results from non-observable market inputs, namely:

  - Unlisted shares, bonds and derivative financial instruments that are valued based on internal models, with there being no general consensus in the market regarding which parameters to use; and
  - Bonds listed though indicative bids disclosed by third parties, based on theoretical models;

- Closed Real Estate Investment Funds valued in accordance with the asset value disclosed by the respective Management Company;
- Derivative financial instruments not valued by the market.

Regarding the securities valued through the internal model, the assumptions used were those that the Bank considered to be adequate to reflect the market value of those financial assets at the balance sheet date, including the market base interest rate, a spread reflecting the risk of each security calculated based on the rating and an expected date of reimbursement.

In the valuation carried out on 31 December 2013, if the risk spread used in the internal model increased 1% the value of the financial assets would remain the same, since only one security is valued through the internal model in the Financial assets available for sale portfolio.

42. RECLASSIFICATION OF FINANCIAL ASSETS

IAS 39 (Amendment) and IFRS 7 (Amendment) – "Reclassification of financial assets" – With this amendment, approved by the IASB on 13 October 2008, it became possible to reclassify some financial assets classified as financial assets held for trading or available for sale into other categories. The reclassification of financial assets made up to 31 October 2008, benefitted from a transitional period, within the scope of which its application was permitted with retroactive effect to 1 July 2008.

As a result of the amendments to IAS 39 described above, Banco Invest reclassified bonds, with reference to 1 July 2008 (reclassification date), from "Financial assets held for trading", "Financial assets available for sale", "Loans and advances to customers" and "Investments held to maturity", as follows:

	Balance sheet value before reclassification	Reclassifications		Balance sheet value after reclassification
		Increases	Decreases	
Financial assets held for trading	106,016,910	-	(75 ,830,272)	30,186,638
Financial assets available for sale	206,991,461	18,822,059	(106,921,892)	118,891,628
Loans and advances to customers - debt securities	-	59,946,307	-	59,946 307
Investments held to maturity	10,278,861	103,983,798	-	114,262,659
	323,287,232	**182,752,164**	**(182,752,164)**	**323,287,232**

As at 31 December 2013 and 2012, the book value and fair value of the reclassified financial assets with reference to 1 July 2008 are as follows:

	2013		
	Balance sheet value at the reclassification date	Balance sheet value as at 31-12-2013	Fair value as at 31-12-2013
Financial assets available for sale	1,840,580	1,540,880	1,540,880
Loans and advances to customers - debt securities	9,361,879	9,460,955	7,591,479
Investments held to maturity	19,858,741	20,217,278	20,471,608
	31,061,200	**31,219,113**	**29,603,967**
Securities sold until 31 December 2008	1,046,135	n.a.	n.a.
Securities sold in 2009	31,918,771	n.a.	n.a.
Securities sold in 2010	53,293,236	n.a.	n.a.
Securities sold in 2011	28,197,278	n.a.	n.a.
Securities sold in 2012	13,574,736	n.a.	n.a.
Securities sold in 2013	23,660,809	n.a.	n.a.
	182,752,165	**31,219,113**	**29,603,967**

	2012		
	Balance sheet value at the reclassification date	Balance sheet value as at 31-12-2012	Fair value as at 31-12-2012
Financial assets available for sale	1,840,580	1,394,410	1,394,410
Loans and advances to customers - debt securities	9,939,468	10,084,133	8,903,995
Investments held to maturity	42,941,960	44,077,863	44,133,394
	54,722,008	**55,556,406**	**54,431,799**
Securities sold until 31 December 2008	1,046,135	n,a,	n,a,
Securities sold in 2009	31,918,771	n,a,	n,a,
Securities sold in 2010	53,293,236	n,a,	n,a,
Securities sold in 2011	28,197,278	n,a,	n,a,
Securities sold in 2012	13,574,736	n,a,	n,a,
	182,752,164	**55,556,406**	**54,431,799**

The fair value was calculated based on the methodologies described in Note 41.

After the reclassification date with reference to 1 July 2008, the accumulated gains / (losses) associated to the change in the fair value not recognised in profit and loss and the other gains / (losses) recognised in reserves and in net income for 2013 and 2012, are as follows:

	2013				
	Gains / (losses) associated to changes in fair value not recognised in:			Other gains / (losses) recognised in:	
	Retained earnings	Net income for the year	Reserves	Reserves	Net income
Financial assets available for sale	(742,757)	146,470	-	(465,390)	95,529
Loans and advances to customers - debt securities	512,461	(522,947)	(1,187,278)	-	98,122
Investments held to maturity	-	-	167,600	-	218,709
	(230,296)	**(376,477)**	**(1,019,678)**	**(465,390)**	**412,360**

	2012				
	Gains / (losses) associated to changes in fair value not recognised in:			Other gains / (losses) recognised in:	
	Retained earnings	Net income for the year	Reserves	Reserves	Net income
Financial assets available for sale	(408.214)	296.587	-	(762.213)	91.534
Loans and advances to customers - debt securities	(918.400)	233.491	(86.115)	-	240.981
Investments held to maturity	1.562.173	195.710	144.134	-	1.378.512
	235.559	**725.788**	**58.019**	**(762.213)**	**1.711.027**

The values relative to gains / (losses) associated to the change in the fair value not recognised in net income for the year or in reserves correspond to gains / (losses) that would affect net income or reserves if the bonds were maintained in the Financial assets held for trading portfolio or Financial assets available for sale portfolio, respectively.

The values presented in Other gains / (losses) recognised in reserves and net income for the year include the amounts relative to interest, premiums / discounts and other expenses. The values presented in other gains / (losses) recognised in reserves refer to the change in the fair value of the financial assets available for sale after the reclassification date..

43. OWN FUNDS

The Bank maintains a conservative policy with respect to own funds management, maintaining a solvency ratio above the minimum levels required by the regulatory authorities. The Bank maintains a capital base composed exclusively by shareholders' equity, in addition to the capacity to issue several debt instruments.

The Bank's own funds are monitored monthly to assess the institution's degree of solvency, with variations in relation to previous periods and the existing margin between real values and minimum capital requirements being analysed.

The procedures adopted to calculate the Bank's prudential ratios and limits are based on the regulations issued by the Bank of Portugal, the same being applicable to all the matters that fall within the scope of the supervisory functions of the banking system. Those standards represent the legal and regulatory framework of the various matters of prudential nature.

According to the calculation method indicated above and considering the net income for the year, as at 31 December 2013 and 2012, the Bank presented a solvency ratio of 21.3% and 12.7%, respectively.

6. Legal Certification of Accounts

6. Legal Certification of Accounts

CONTAS CONSOLIDADAS

(Montantes expressos em Euros)

Introdução

1. Examinámos as demonstrações financeiras consolidadas anexas do Banco Invest, S.A. (Banco) e subsidiárias, as quais compreendem o Balanço consolidado em 31 de Dezembro de 2013 (que evidencia um activo total de 595.172.391 Euros e capital próprio de 92.777.806 Euros, incluindo um resultado líquido do exercício atribuível aos accionistas do Banco de 24.631.263 Euros) as Demonstrações Consolidadas dos Resultados, dos Resultados e Outro Rendimento Integral, de Alterações no Capital Próprio e dos Fluxos de Caixa do exercício findo naquela data e o correspondente Anexo.

Responsabilidades

2. É da responsabilidade do Conselho de Administração do Banco a preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira do conjunto das entidades incluídas na consolidação, o resultado e o rendimento integral consolidados das suas operações, as alterações no seu capital próprio consolidado e os seus fluxos de caixa consolidados, bem como a adopção de políticas e critérios contabilísticos adequados e a manutenção de sistemas de controlo interno apropriados. A nossa responsabilidade consiste em expressar uma opinião profissional e independente, baseada no nosso exame daquelas demonstrações financeiras consolidadas.

Âmbito

3. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que seja planeado e executado com o objectivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras consolidadas estão isentas de distorções materialmente relevantes. Este exame incluiu a verificação, numa base de amostragem, do suporte das quantias e informações divulgadas nas demonstrações financeiras consolidadas e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração do Banco, utilizadas na sua preparação. Este exame incluiu, igualmente, a verificação das operações de consolidação e de terem sido apropriadamente examinadas as demonstrações financeiras das empresas incluídas na consolidação, a apreciação sobre se são adequadas as políticas contabilísticas adoptadas, a sua aplicação uniforme e a sua divulgação, tendo em conta as circunstâncias, a verificação da aplicabilidade do princípio da continuidade das operações e a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras consolidadas. O nosso exame abrangeu também a verificação da concordância da informação financeira constante do Relatório de Gestão consolidado com as demonstrações financeiras consolidadas. Entendemos que o exame efectuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

4. Em nossa opinião, as demonstrações financeiras consolidadas referidas no parágrafo 1 acima, apresentam de forma verdadeira e apropriada, em todos os aspectos materialmente relevantes, a posição financeira consolidada do Banco Invest, S.A. e suas subsidiárias em 31 de Dezembro de 2013, bem como o resultado e o rendimento integral consolidados das suas operações, as alterações no seu capital próprio consolidado e os seus fluxos de caixa consolidados no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como adoptadas pela União Europeia.

Relato sobre outros requisitos legais

5. É também nossa opinião que a informação financeira constante do Relatório de Gestão consolidado é concordante com as demonstrações financeiras consolidadas do exercício de 2013.

Lisboa, 24 de Março de 2014

DELOITTE & ASSOCIADOS, SROC S.A.
Representada por João Carlos Henriques Gomes Ferreira

7. Board of Auditor's Report

7. Board of Auditor's Report

CONTAS CONSOLIDADAS

Aos Accionistas do
Banco Invest, S.A.

Em conformidade com a legislação em vigor e o mandato que nos foi confiado, vimos submeter à Vossa apreciação o nosso Relatório e Parecer, que abrange a actividade por nós desenvolvida e os documentos de prestação de contas consolidadas do Banco Invest, S.A. (Banco), relativos ao exercício findo em 31 de Dezembro de 2013, os quais são da responsabilidade do Conselho de Administração.

Acompanhámos, com a periodicidade e a extensão que consideramos adequada, a evolução da actividade do Banco e das principais empresas englobadas na consolidação, os actos de gestão dos Conselhos de Administração, a regularidade dos seus registos contabilísticos e o cumprimento do normativo legal e estatutário em vigor e das instruções emanadas pelo Banco de Portugal, tendo recebido do Conselho de Administração e dos diversos serviços do Banco as informações e os esclarecimentos solicitados. Apreciámos ainda a eficácia dos sistemas de gestão de risco, de controlo interno e de auditoria interna em vigor.

No âmbito das nossas funções, apreciámos as demonstrações financeiras consolidadas do Banco em 31 de Dezembro de 2013, que incluem o balanço, as demonstrações de resultados consolidados, dos resultados e outro rendimento integral, dos fluxos de caixa consolidados e das alterações no capital próprio consolidado para o exercício findo naquela data e os correspondentes anexos, incluindo as políticas contabilísticas e os critérios valorimétricos adoptados. Adicionalmente, procedemos a uma análise do Relatório de Gestão do exercício de 2013 preparado pelo Conselho de Administração, o qual, no nosso entender, esclarece sobre os principais aspectos da actividade consolidada do Banco no exercício de 2013.

Acompanhámos os trabalhos da Sociedade de Revisores Oficiais de Contas do Banco ao longo do ano e apreciámos igualmente o conteúdo da Certificação Legal das Contas sobre as contas consolidadas, com data de 24 de Março de 2014, a qual não contém reservas e que mereceu o nosso acordo.

Face ao exposto, somos de opinião que as demonstrações financeiras consolidadas supra referidas e o Relatório Consolidado de Gestão, bem como a proposta de aplicação de resultados nele expressa, estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis, pelo que poderão ser aprovados em Assembleia Geral de Accionistas.

Desejamos ainda manifestar ao Conselho de Administração e aos serviços do Banco e das empresas participadas o nosso apreço pela colaboração prestada.

Lisboa, 24 de Março de 2014

O Conselho Fiscal

Artur Carmo Barreto
Presidente

Rosendo José
Vogal

Vítor Hugo Moreira Ferreira Lemos Sousa
Vogal

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