

ANNUAL REPORT

2013

Volume 1



ANNUAL REPORT

2013

Volume 1

CONTENTS

01	6	Chairman's Statement
	7	Key Indicators
	8	Shareholders Structure
	9	Our Shareholders
	9	Ageas
	12	Millennium bcp
02	19	Report of the Board of Directors
	20	Macroeconomic Environment
	21	Insurance Sector Environment
	24	Strategic Assessment & Key Events
	31	Mission, Values and Strategy
	33	Organisational Structure
	33	Marketing & Commercial
	37	Financial Review
	47	<i>Embedded Value</i>
	50	Non-Life Actuarial Review
	50	Solvency II
	52	Risk Management
	53	Asset Management
	54	Our Staff
	56	Corporate Governance
	56	Governing Bodies
	68	Outlook for 2014
	69	Proposed Disbursement
03	72	Mandatory Disclosures
	73	Shareholder & Bondholder Stakes of the Governing Bodies
	74	Glossary





01

CHAIRMAN'S STATEMENT
KEY INDICATORS
SHAREHOLDERS STRUCTURE
OUR SHAREHOLDERS

CHAIRMAN'S STATEMENT

The company once more outperformed the market delivering positive results against ambitious targets

As someone already familiar with Millenniumbcp Ageas through my earlier assignment as a Board member, I was delighted and proud to take over the role of Chairman from Bart De Smet. As CEO of Ageas, Bart will of course continue to track the company closely.

I have been strongly impressed with everything I have seen in Millenniumbcp Ageas, in particular the way the company has navigated its way through very difficult economic circumstances. 2013 was certainly not yet the year of economic recovery, but Millenniumbcp Ageas has shown that by making the right choices and doing the right things consistently and pro-actively it is possible to overcome adversity. The performance of Millenniumbcp Ageas in 2013 is proof, if proof were needed, that a company built on strong dynamics, sustainable fundamentals and a strong will to succeed can be successful even in the most difficult and testing of economic times. And that is down to the commitment of the people both to the network and our customers.

In 2013, the company once more outperformed the market delivering positive results against ambitious targets. As Jan de Pooter, CEO of Millenniumbcp Ageas has said on many occasions, the strategic pillars have passed the reality test, and this has allowed the company to emerge from the recessionary cycle stronger and ahead of the economy and the market in general.

But just as important to me is the wider role that Millenniumbcp Ageas plays within the Ageas Group not only in terms of financial contribution, but as the inspiration to so many other operating companies. This company embodies the very essence of knowledge transfer which sits at the heart of Ageas's philosophy: in the past year it has played host to operating companies from across the wider Group. It has shared its special expertise in healthcare through Médis and its experience in bancassurance. It has showcased by example how to leverage the partnership and the alignment with the bank, by combining the respective areas of expertise for the benefit of the customer.

Those who are exposed to the "Portuguese experience" seem to agree on the company's strengths and Unique Selling Propositions. The description certainly aligns with my own experience: a solid and modern organisation; a company that delivers on its promises; staffed by dedicated and knowledgeable people; with an ability to react quickly. That is why Millenniumbcp Ageas is successful and it is also what makes it different to competitors.

Let me take this opportunity to congratulate the management and the whole staff for these results which reflect the hard work, commitment and professionalism of the people at Millenniumbcp Ageas over a long period of time. A big thank you in particular to all of you who refused to be beaten by the challenging conditions, seeing them rather as an opportunity to redesign the strategy, make adjustments and implement the plan superbly. This has been possible because the culture exists here to make things happen today and in the future.

Kurt De Schepper

CHAIRMAN MILLENNIUMBCP AGEAS

KEY INDICATORS

KEY INDICATORS [EURO MILLIONS]	2013	2012	Var. 2013/2012
Income Statement			
Direct Written Premiums (1)	1,725	991	74.0%
– Life	1,486	763	94.8%
– Non-Life	239	228	4.5%
Technical Margin ⁽²⁾	214	226	-5.2%
Technical Margin Net of Operating Costs	110	117	-6.0%
Net Profit	83	94	-11.5%
Net Profit before VOBA (value of business acquired)	103	111	-7.3%
Balance Sheet			
Shareholders Equity	1,443	1,350	6.9%
Total Assets	11,824	12,023	-1.7%
Investments	11,249	11,410	-1.4%
Ratios			
Efficiency			
1 – Gross Claims Ratio (Non-Life)	62.7%	62.2%	0.5 pp
2 – Gross Expense Ratio (Non-Life)	23.5%	24.3%	-0.8 pp
3 – Non-Life Gross Combined Ratio	86.2%	86.5%	-0.3 pp
4 – Life Net Operating Costs/Average of Life investments	0.83%	0.75%	0.08 pp
Profitability			
1 – Technical Margin / Direct Written Premiums ⁽²⁾	12.4%	22.8%	-10.4 pp
2 – Average Return on Investments (book value)	3.2%	3.6%	-0.3 pp
3 – Return on Equity (ROE) ⁽³⁾	8.1%	11.0%	-2.9 pp
Solvency			
1 – Solvency Ratio	317%	273%	43 pp
2 – Shareholders Equity / Total Assets	12.2%	11.2%	1.0 pp
3 – Coverage of Insurance and Investment Contracts Liabilities ⁽⁴⁾	111.5%	109.1%	2.4 pp
Other Indicators			
Market Share	13.2%	9.1%	4.1 pp
– Life	16.1%	11.0%	5.1 pp
– Non-Life	6.2%	5.7%	0.5 pp
Number of Employees	477	475	0.4%

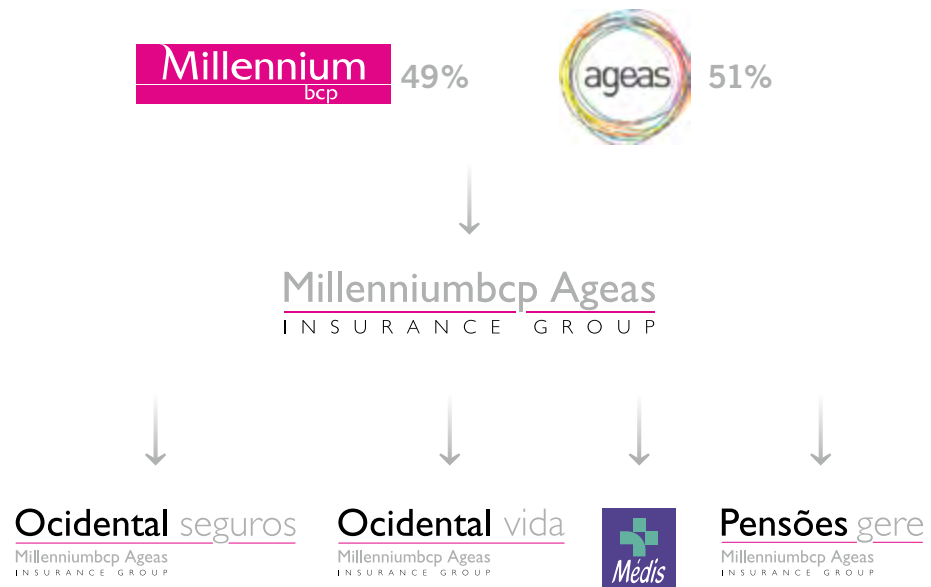
(1) Includes investment contracts, which under IFRS are not accounted as premiums

(2) Before allocation of administrative costs and VOBA

(3) Before VOBA (*value of business acquired*)

(4) Includes investments, liquid assets and interests receivable

SHAREHOLDERS STRUCTURE



OUR SHAREHOLDERS

Ageas



Company profile Ageas

Ageas is an international insurance group with a heritage spanning 190 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia and served through a combination of wholly owned subsidiaries and partnerships with strong financial institutions and key distributors around the world. Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading non-life player through AG Insurance. In the UK, Ageas is the second largest Motor insurer and has a strong presence in the growing over 50's market. Ageas employs more than 13,000 people in the consolidated entities and over 30,000 in the non-consolidated partnerships, and has annual inflows of more than EUR 23 billion.

Ageas in 2013

Solid full year Insurance performance – Fourth quarter impacted by weaker Non-Life results

Ageas's 2013 Insurance performance evolved positively, in terms of both inflows and net result. Total inflows including the non-consolidated partnerships at 100%, amounted to EUR 23.2 billion, 9% up on last year's level with growth especially in the Life activities: Life inflows in Asia and Continental Europe increased by more than 20%. The net Insurance result amounted to EUR 654 million (+5%) despite a lower net result in the fourth quarter of EUR 157 million (vs. EUR 175 million). The net result improved across all segments in 2013, except for the United Kingdom. Life activities reported a net profit of EUR 438 million (+2%) and a fourth quarter net result of EUR 126 million.

Solid Insurance results...

The 2013 net Insurance profit amounted to EUR 654 million (vs. EUR 624 million), including an adverse currency impact of EUR 12 million compared to 2012. The net profit contribution in the fourth quarter amounted to EUR 157 million (vs. EUR 175 million) due to lower results in the UK and in Belgium

01 Our Shareholders

partly offset by a strong performance in Asia. With respect to the full year, the net result of the Life activities remained steady at EUR 438 million (+2%). The operating margins in Life remained satisfactory in all segments. The Non-Life & Other net result amounted to EUR 217 million compared to EUR 194 million in 2012 (+11%), benefiting from an improved operating performance illustrated by a solid overall combined ratio of 98.6%, mainly driven by good results in Household. Results progressed well in all segments except in the UK where results were stable despite the challenging market conditions. Finally, both Life and Non-Life benefited from a higher contribution from the non-consolidated partnerships in Asia and Continental Europe up 23% to EUR 153 million with better results in all countries except in China.

... with consistently growing inflows

Total inflows, including non-consolidated partnerships at 100%, amounted to EUR 23.2 billion (+9%) with the fourth quarter contributing EUR 5.5 billion (-6%). The annual increase in volumes related to both the Asian region, with total inflows amounting to EUR 9.8 billion, up 25% and to Continental Europe with total inflows of EUR 5.2 billion, up 21%. Sales in Asia were boosted by significant volumes in the first half, especially in China driven by very successful sales campaigns and channel development activities. In Continental Europe inflows were marked in particular by substantial growth in Portugal, but also in France and Turkey. In Belgium total inflows declined by 14% to EUR 6.0 billion, due in particular to the lower sales of Life Individual Guaranteed products and only partly offset by higher inflows in Unit-linked funds and in Non-Life. In the UK, inflows amounted to EUR 2.3 billion (+2%) supported by the inflows from Groupama Insurance Company Limited (GICL), acquired at the end of 2012 (EUR 381 million). The latter compensated for the overall lower average premiums in Ageas Insurance Ltd and Tesco Underwriting, especially in Motor although Ageas maintained its underwriting discipline, with its discount below the average discounts across the market. Inflows for Ageas's part, i.e. including all controlling and non-controlling partnerships at their proportional stake, amounted to EUR 11.7 billion, up 4% on last year, as the lower volumes in Life in Belgium weighed proportionally more on this basis and the growing volumes in Asia less.

Net result General Account

The 2013 net result of the General Account amounted to EUR 85 million negative with a net loss of EUR 100 million in the fourth quarter. The full year result included the net impact of all legacies, consisting of EUR 276 million positive related to the transactions with respect to Royal Park Investments, EUR 90 million negative on the call option on the BNP Paribas shares (concluded at the end of April 2013) and an additional charge of EUR 205 million related to the RPN(I) liability. The increase in the value of RPN(I) liability was primarily driven by the increased price of the CASHES, as well as a change in the applied valuation methodology, following the introduction of IFRS 13 as of the third quarter of 2013.

Staff and other operating expenses declined from EUR 50 million to EUR 45 million, mainly as a result of lower consultancy costs.

Lower shareholders' equity

Total shareholders' equity declined from EUR 9.8 billion at the end of 2012 (-13%) to EUR 8.5 billion or EUR 37.65 per share, vs. EUR 42.27 (-11%). Shareholders' equity of the Insurance operations at the end of 2013 amounted to EUR 7.6 billion (-7%) of which EUR 1.3 billion related to unrealised gains net of tax and profit sharing (vs. EUR 2.0 billion, a decrease of EUR 0.7 billion). The EUR 1.3 billion decline in Shareholders' equity is mainly composed of the positive Group net profit (EUR 0.6 billion), the aforementioned decrease in unrealised gains (EUR 0.7 billion), the EUR 0.6 billion returned to shareholders (the 2012 annual dividend payment, the EUR 1 per share capital reduction and cash outs related to the 2012 and 2013 share buy-back programmes) and the increase (EUR 357 million) of the value of the put option on the 25%+1 share of AG Insurance given to BNP Paribas Fortis. The estimated fair value of this liability evolved from EUR 1.0 billion at the end of 2012 to EUR 1.3 billion at the end of 2013. The value of this put option is linked to the Embedded Value of AG Insurance; the increase was driven by an improved market sentiment resulting in a higher multiple applied on the Embedded Value.

Net cash position General Account substantially improved

The net cash position in the General Account at the end of 2013 increased to EUR 1.9 billion (+EUR 0.7 billion). In total EUR 0.6 billion of cash has been upstreamed from the various Insurance activities in the form of dividend. The positive impact of the capital restructuring operations in Belgium and in the UK for a total net amount of EUR 0.2 billion was partly offset by a capital injection of EUR 0.2 billion in China in 2013. In addition EUR 1.2 billion of net proceeds were received related to the transactions linked to Royal Park Investments and the call option on the BNP Paribas shares, concluded at the end of April. EUR 0.6 billion was returned to shareholders in the course of 2013 while EUR 0.1 billion served to finance the operating expenses at Corporate and Regional level. With respect to the EUR 200 million share buy-back programme announced in early August 2013, EUR 99.5 million has been invested up until 14 February 2014.

Successful hybrid debt placement

In the course of 2013, Ageas successfully executed a number of subordinated debt transactions. In March, AG Insurance in Belgium closed the placement of a USD 550 million Subordinated Perpetual Note. In early April, AICA in Hong Kong issued a USD 250 million 10-year senior debt note. Both issues were successfully placed in the Asian and European markets. In December, AG Insurance placed another EUR 450 million Fixed-to-Floating Rate Callable Subordinated Note, fully subscribed by its two shareholders ageas SA/NV and BNP Paribas

01 Our Shareholders

Fortis SA/NV. Part of the net proceeds was used to redeem an outstanding loan of EUR 150 million to ageas SA/NV.

The Insurance and Group solvency ratios amounted to 207% and 214% respectively, with total available capital EUR 4.7 billion above the minimum capital requirements (of which EUR 4.4 billion in Insurance).

2013 gross cash dividend of EUR 1.40, up 17% compared to 2012 dividend

Ageas's Board of Directors will propose at the Annual Shareholders' meeting of 30 April 2014 in Brussels a gross dividend of EUR 1.40 per share to be paid in cash. This proposal is in line with the dividend policy set out in 2009 by Ageas. The ex-dividend date is 5 May 2014 and the payment of the dividend is planned on 13 May 2014.

Our strategic choices

With respect to the realisation of the Vision 2015 targets, communicated at the 2012 Investor Day, progress has been made on the combined ratio target, driven by the performance in the UK, and on the % of capital invested in Emerging markets, as a result of the additional capital invested in China, retained profits in emerging markets and the impact of the high dividend payments of our Belgian subsidiary. The Return on Equity of the Insurance activities declined from 8.7% to 8.3%; the higher net profit level in 2013 has been more than offset by higher average shareholders' equity compared to 2012. Excluding the unrealised gains from shareholders' equity, the Return on Equity of the Insurance activities at the end of 2013 would have amounted to 10.4%, compared to 10.7% in 2012. Finally the % of inflow in Life vs. Non-Life for Ageas's part remained stable compared to the end of 2012.

Ageas's Vision 2015 financial targets

	Target by end 2015	Position end 2013	Position end 2012
% Life / Non-Life inflows at Ageas's part	60/40	67/33	67/33
Combined Ratio	< 100 %	98.6 %	99.1 %
Return on Equity of Insurance activities	11 %	8.3 %	8.7 %
% capital in Emerging Markets	25 %	12.6 %	12.1 %

Millennium
bcp

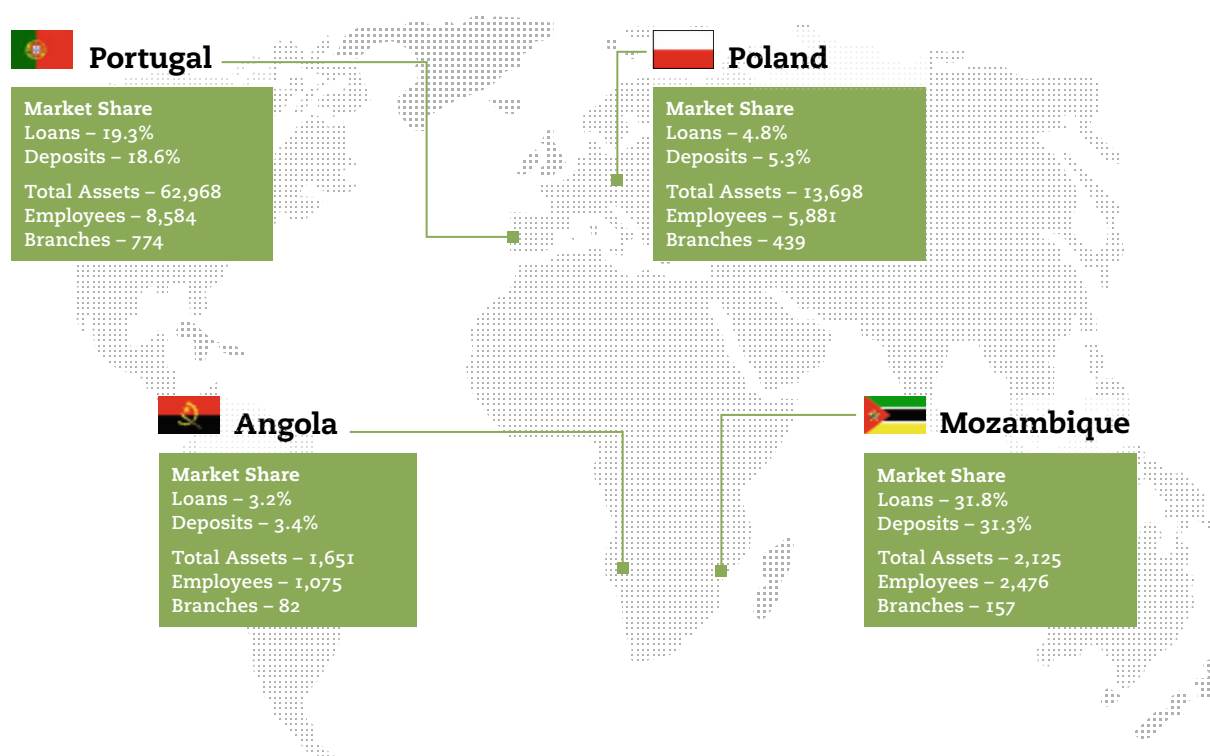
Millennium bcp

Banco Comercial Português, S.A. (BCP, Millennium bcp or Bank) is the largest Portuguese private owned bank. The Bank, with its decision centre in Portugal, meets the calling of: "Going further beyond, doing better and serving the Customer", guiding its action by values such as the respect for people and institutions, focus on the Customer, a mission of excellence, trust, ethics and

responsibility, being a distinguished leader in various areas of financial business in the Portuguese market and a reference institution at an international level. The Bank also occupies a prominent position in Africa through its banking operations in Mozambique and Angola, and in Europe through its operations in Poland, Romania and Switzerland. The Bank has operated in Macao through an official branch since 2010, when a memorandum of understanding was signed with the Industrial and Commercial Bank of China with the objective of strengthening cooperation between the two banks, which is extended to other countries and regions beyond Portugal and China. Macau branch takes up increasingly as a strategic vector of development of relations between Portugal, Europe, Angola, Mozambique and China, particularly in the areas of trade finance and investment banking. The Bank also has a presence in the Cayman Islands through BCP Bank & Trust with a type B license.

Based on the motto “We seek to see the world through our Customers’ eyes”, the Bank provides a vast range of banking products and services, concentrated on Retail, through which it provides universal banking services and, additionally, remote banking channels (phone, mobile and Internet banking services), operating as distribution points.

Its mission of ensuring excellence, quality service and innovation are values which make the Bank distinctive and differentiated from the competition. Accompanying the changes in consumer preference for digital banking, the creation of ActivoBank represents a privileged way of serving a group of urban Customers, who are young at heart, intensive users of new communication technologies and value simplicity, transparency, trust, innovation and accessibility in banking relations.



01 Our Shareholders

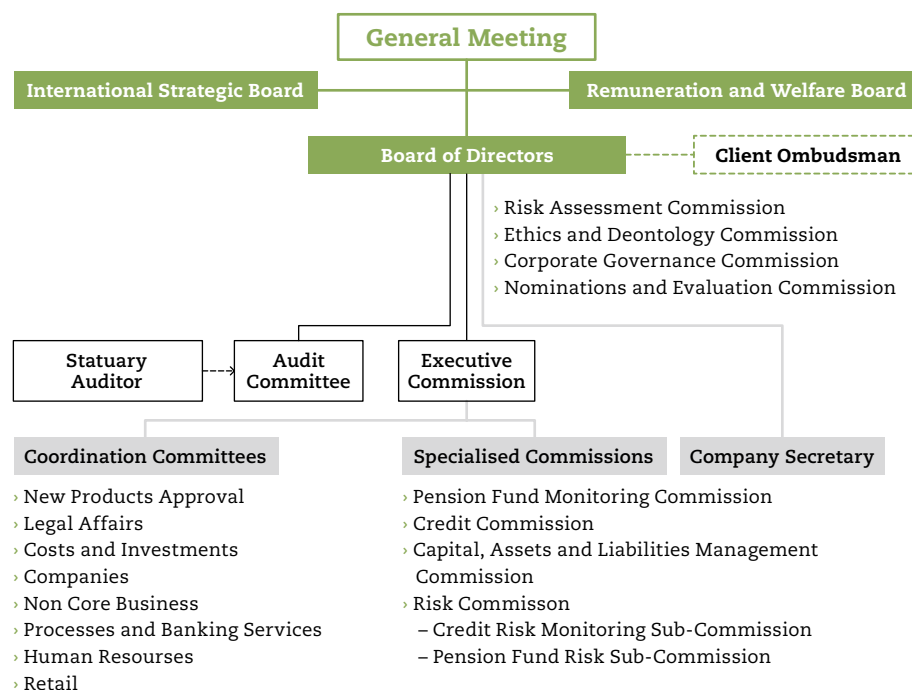
In Portugal, the bank has a position of leadership and particular strength in various financial products, services and market segments based on a strong franchise of great weight at a national level. As at the end of 2013, the operations in Portugal accounted for 77% of total assets, 78% of total loans and advances to customers and 75% of total customer deposits. The Bank had more than 2.3 million Customers in Portugal and market shares of 19.3% and 18.6% for loans and advances to customers and customer deposits, respectively.

Millennium bcp is also present in the five main continents of the world through its banking operations, representation offices and/or commercial protocols, corresponding to more than 5.1 million Customers, as at the end of 2013.

Governance Model

Millennium bcp adopts a one-tier management and supervisory model, composed by a Board of Directors, which includes Executive Committee, Audit Committee and its Statutory Audit. The company also has Remuneration and Welfare Board and an International Strategic Board, which ensures the development of the international expansion strategy of the Group, supervising its implementation and evolution.

The Group also Works with an External Auditor performing the audit of individual and consolidated accounts of the Bank and the various companies controlled by it, elected at the General Meeting.



Strategy

In September 2012, BCP presented a Strategic Plan which comprehended three phases to develop from 2012 to 2017. During the 1st phase, which took place from 2012 to 2013, the main priority was to strength balance sheet through the improvement of the capital and liquidity levels.

In the 2nd phase, BCP aims to ensure the creation of conditions for growth and profitability, through the recovery of profitability in Portugal and the continued development of the core business of the Bank in Poland, Mozambique and Angola. The recovery of profitability in Portugal will be accomplished in accordance with three drivers: i) Increase in operating income, by the increase in asset margins through the rebalancing of loan portfolio, the decrease of the interest expense and the improvement of commissioning; ii) Increase operating efficiency achieved through the scale down and administrative reorganisation and; iii) Adoption of strict limits to risk taking, which will reduce the credit delinquency through the winding down of non-core portfolio and the macro stabilization.

The third and last phase, includes sustainable growth of net income, with an improved balance between the contributions of the domestic and international operations.

STAGES	PRIORITIES	MAIN DRIVERS	MAIN TARGETS		
Demanding economic environment (2012-13)	Stronger balance sheet	→ Reduce wholesale funding dependence		2015	2017
			CT1 (BoP)	~12%	~12%
Creating conditions for growth and profitability (2014-15)	Recovery of profitability in Portugal	→ Recovery in operating income	LTD*	<110%	~100%
	Continued development of business in Poland, Mozambique and Angola	→ Additional reduction in operating costs	C/I	<55%	<45%
		→ Adopt strict limits in risk taking	Custos Operacionais	<700M€	<700M€
Crescimento sustentado (2013-17)	Net income sustained growth, more balanced between domestic and international component	→ Wind down or divest the non-credit portfolio	Custos do risco (bp)	~100	<100
			ROE	~10%	~15%

(*) Loans to deposits ratio is defined as net loans divided by on-balance sheet customer funds

Financial Review

Millennium bcp's consolidated net income was negative by 740.5 million euros in 2013, comparing favourably with a negative amount of 1,219.1 million euros posted in 2012.

This result was hindered by a set of factors, namely, the negative effects on net interest income related to the interest expense associated with the issuance of hybrid financial instruments (269.0 million euros) and on net commissions related to the cost of the guarantee granted by the Portuguese State to debt securities issued by the Bank (60.1 million euros); the impairment and provisions charges, in the global amount of 1,286.6 million euros; the accounting

01 Our Shareholders

of costs associated with the programme of early retirements and mutually agreed terminations, in the global amount of 126.5 million euros and the net loss posted in discontinued operations in the amount of 45.0 million euros.

The evolution of net income in 2013, compared with 2012, was hindered by the activity in Portugal, influenced by the performance of net interest income and net trading income, despite the lower charges for impairment and provisions, together with the savings achieved in operating costs.

Net income associated with the international activity, excluding discontinued operations, showed an increase of 6.5% from 2012, driven by the growth of net operating revenues and by the reduction of operating costs, reflecting the performance achieved by overall international operations, in particular the activities developed in Poland, Angola and Mozambique, excluding the foreign exchange effect of the devaluation of metical against the euro.

Total assets reached 82,007 million euros as at 31 December 2013 (89,744 million euros as at 31 December 2012), reflecting the effect from the sale of Millennium bank in Greece in June 2013, with the corresponding impact in all line items of assets and liabilities of the consolidated balance sheet.

Loans to customers (gross) stood at 60,222 million euros as at 31 December 2013, which compares with 66,861 million euros as at 31 December 2012. Excluding the effect of the loans portfolio associated with the operations developed in Greece and Romania posted under the line items of discontinued operations, loans to companies decreased 3.2% from the end of December 2012, due to lower demand for credit throughout the year, despite the onset of recovery of some economic activity indicators. The performance of loans portfolio was influenced by the activity in Portugal (-4.7%), while the international activity, excluding the impact from discontinued operations, showed an increase of 2.9% from the end of December 2012, as the increases achieved by the subsidiary companies in Mozambique, Poland and Angola more than offset the reduction in the loan portfolio of the Group's operations in Cayman and Switzerland. The evolution of loans to customers in 2013 reflects the decrease in both loans to individuals (-3.6%) and loans to companies (-2.9%), from 31 December 2012, influenced by the activity in Portugal. The reduction in loans to customers, in 2013, reveals continued uncertainty about the evolution of economic and financial conditions, as well as the ongoing process to reduce the levels of indebtedness by households and companies, together with limited private investment and consequently a lower demand for credit.

Total customer funds stood at 66,156 million euros as at 31 December 2013 (68,547 million euros as at 31 December 2012). Excluding the aforementioned effect from discontinued operations, total customer funds increased 0.5% from 31 December 2012. The increase of total customer funds, excluding the discontinued operations, benefited from the combined effect of the increase in customer deposits (+5.2%), which led to the reinforcement of stable funding resources and to the reduction of commercial gap, as well as the improvement of the loan to deposit ratio, which reduced to 117% as at 31 December 2013; and the increase in off-balance sheet customer funds (+4.2%), sustained by the favourable performance of assets under management.

The core tier I ratio stood at 13.8% according to the Bank of Portugal's rules and at 10.8% according to European Banking Authority's rules, increasing by 106 basis points and 65 basis points, respectively, from 12.7% and 10.2% reported at the end of the third quarter of 2013.

BCP shares are listed on Euronext Lisbon and market capitalisation stood as at 3.3 billion euros, as at 31 December 2013.

[MILLION EUROS]	2013	2012	Change
Net income	(740.5)	(1,219.1)	
Total assets	82,007	89,744	-8.6%
Total customer funds (1)	64,261	63,936	0.5%
Loans to customers (gross) (1)	59,734	61,715	-3.2%
Market capitalisation	3,279	1,478	121.9%
Number of customers (thousands)	5,169	5,524	-6.4%
Number of employees (5)	18,660	20,365	-8.4%
Return on equity (ROE)	-26.5%	-35.4%	
Adjusted earnings per share (euros) (2)(3)	(0.04)	(0.10)	
Operating costs / Net operating revenues	66.5%	62.6%	
Staff costs / Net operating revenues	36.8%	35.5%	
Core Tier I ratio (4)	13.8	12.4%	
Total solvency ratio (4)	14.6	12.7%	

(1) Adjusted from the effect related to the sale of Millennium bank in Greece and the classification of Millennium bank in Romania and Millennium bcp Gestão de Activos as discontinued operation.

(2) Considering the average number of shares minus the number of treasury shares in portfolio

(3) Adjusted net income considers the net income for the year minus the dividends of the preferred shares and Subordinated Perpetual Securities issued in 2009

(4) According to Instruction no. 16/2004 from the Bank of Portugal, as the currently existing version.

(5) Number of employees for all operations, except Poland, which are reported full time equivalent (FTE).



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S. A., has the honour to presenting the consolidated report and accounts of the company, regrouping all operations of the Group companies for the year ended December 31, 2013. These consolidated accounts were audited by KPMG.



02

Report of the
Board of Directors

Macroeconomic Environment

Global Economic Environment

According to estimates of the International Monetary Fund (IMF), the pace of global economic growth remained moderate in 2013, reflecting the loss of strength of the emerging economies, resulting from cyclical constraints and

the persistence of structural imbalances, as well as levels of fragile growth in developed countries, in a generally tight budgetary context, whose adverse effects on economic activity were only partially mitigated by the maintenance of extremely accommodating monetary policies by the main central banks.

In the euro zone, in spite of the recessionary cycle having been interrupted in the second quarter of 2013, the performance of the euro zone economies remained asymmetric. The unequal transmission of monetary policy translated into a factor restricting the recovery of Southern European countries, against a backdrop of continuing public and private indebtedness. In this regard, the accomplishment of the Banking Union in 2014 should be beneficial

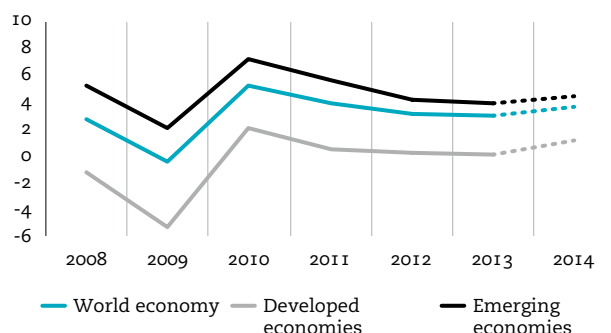
for credit developments and thereby contribute to the sustainability of the economic recovery. Notwithstanding the prospects of strengthening of the financial system and of a gradual recovery of economic activity in 2014, the European Central Bank (ECB) is expected to maintain, or eventually reinforce, the accommodating nature of monetary policy, particularly in the event of growing deflationary risks.

Over the course of 2013, the US economy registered a slowdown relative to the previous year, in a context of political tensions related to the type and magnitude of the ongoing fiscal consolidation. Nonetheless, productive activity remained buoyant, namely due to private consumption, which benefited from the recovery of the labour market, as well as an increase in house prices, in a context in which mortgage rates remained at historically low levels. In 2014, the IMF expects GDP growth to accelerate, with the main risk to this economic recovery scenario being the reaction of the real estate market to the expected gradual reduction of the Federal Reserve's asset purchasing programme, announced in December 2013.

In 2014, the main challenges to global growth are the possible negative impact on the global financial system due to the prospects of reduction of the degree of accommodation of the Fed's monetary policy, as well as the economic downturn projected for the Chinese economy. Nonetheless, the IMF anticipates an acceleration of world GDP from 3.0% to 3.7%.

Global economic growth remains moderate

Annual growth rate of real GDP [in %]



Source: IMF WEO (January 2014)

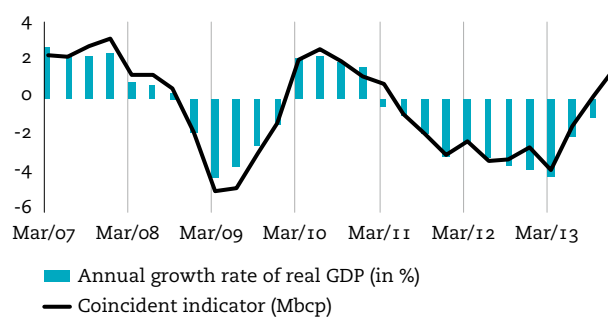
Prospects for the Portuguese economy

The ongoing structural adjustment process since the request for financial assistance by the Portuguese government in May 2011 continued to be the key determinant of the development of economic activity over the course of 2013.

In this context, Portuguese GDP contracted once again, but at a slower pace than that observed in the previous year, which is explained by the stabilization of domestic demand (following the marked decline registered in 2012), combined with the maintenance of the positive contribution of net exports. Among the domestic components of GDP that had the greatest impact on this performance, attention is drawn, on the demand side, to the recovery of private consumption and, on the supply side, the smaller decline in construction activity and moderation in the pace of contraction of industrial activity.

For 2014, the continuing recovery of the Portuguese economy is expected to be maintained, supported by the prospects of robustness of foreign demand and the progressive improvement of domestic activity. However, the degree of uncertainty remains high, reflecting, on the one hand, the doubts surrounding the conditions in which the Portuguese government will finance itself following the conclusion of the Economic and Financial Assistance Programme (PAEF), planned for May; and, on the other hand, the possible risks of a slowdown in foreign demand, within a context of moderate growth prospects of the world economy and the existence of risks of deterioration of the conditions in international financial markets, which have been supported by policies involving a high degree of monetary accommodation.

Speed of contraction of the portuguese economy satbilizes



Source: Datastream e Millenniumbcp

Insurance Sector Environment

In 2013, the insurance sector registered a significant growth in direct insurance production, strongly influenced by the upturn in Life business, contrary to the downward trend of the last two years. In both Life and Non-Life business segments, the national insurance market reached revenues of about 13.1 billion euros, which corresponds to an increase of 20% relative to 2012 (data from the Portuguese Association of Insurers). This situation contributed to an increase of the weight of the insurance sector in Gross Domestic Product, estimated at about 7.7% at the end of 2013.

The analysis by segment shows a varied performance. Whereas in Life there was an increase of 33.5%, with direct insurance premiums and investment contracts reaching 9.2 billion euros, driven by strong demand for savings products by savers, in Non-Life there was a decrease of 3.2%, with a volume of premiums of about 4 billion euros, and with declines in most of the lines of business.

02

Report of the
Board of Directors

With respect to the degree of concentration of the sector, there has been an increase in market concentration around the five main insurance groups, which at the end of 2013 represented about 70% of the total national insurance market, which rose 3 pps relative to the same period of 2012. This concentration was mainly due to Life, in which the five main insurance groups represented close to 81% of total premiums, 3.2 pps higher than in 2012.

Direct Written Premiums and Investment Contracts – Portugal Market

LINE OF BUSINESS [MILLIONS OF EUROS]	2013	2012	2011	Var.13/12	Var.12/11	Var.11/10
Life	9,246.7	6,923.9	7,535.7	33.5%	-8.1%	-38.1%
Non-life	3,858.3	3,986.7	4,133.0	-3.2%	-3.5%	-0.9%
Total	13,105.0	10,910.6	11,668.7	20.1%	-6.5%	-28.6%

Source: Portuguese Association of Insurers.

Life Business

At the end of 2013, the Life business reached a turnover of 9.2 billion euros, corresponding to a remarkable growth of 33.5% compared to the previous year.

This positive performance led to an increase of the weight of the Life business in the total portfolio of direct insurance premiums of the sector of 8 percentage points relative to December of the previous year (71% in 2013 against 63% in 2012)

Capitalisation products, which include savings and Unit-Linked products, had already initiated a recovery of the Life business in the second semester of 2012, which was confirmed in 2013. An increase of 39% in these types of products was registered, indicating a greater preference for savings. The Savings products that offer guaranteed capital and return, as well as the possibility of profit sharing in the results arising from potential increases in the value of portfolios, were the products that best satisfied the “security” element and that dictated their increased demand.

Retirement Savings Plans have also seen new demand, contrary to the trend of the last two years, in which there was a decreased appetite for that type of products resulting from the changes in tax benefits introduced in 2011. Retirement Savings Plans registered an increase of 37.9% and a volume of premiums of 1.5 billion euros in 2013, resulting in an increase of its relative weight in the Life insurance portfolio to about 17%.

In terms of the banking channel in 2013, there was a reversal of the recessive trend, with a growth of 37% contrasting with -10% in the previous year. Although still under pressure to attract savings to their balance sheets in order to comply with solvency levels, banks have begun to show some openness towards the sale of insurers' products, boosting the Life business sector.

Direct Written Premiums and Investment Contracts – Portugal Market

LINE OF BUSINESS (MILLIONS OF EUROS)	2013	2012	2011	Var.13/12	Var.12/11	Var.11/10
Savings (includes Unit-Linked)	6,781.0	4,878.8	5,315.0	39.0%	-8.2%	-33.4%
Retirement Savings Plans	1,548.5	1,129.0	1,302.4	37.2%	-13.3%	-59.9%
Risk and Annuities	917.2	912.3	915.9	0.5%	-0.4%	-2.5%
Total	9,246.7	6,923.9	7,535.7	33.5%	-8.1%	-38.1%

Source: Portuguese Association of Insurers.

At the end of 2013, the market registered a stock of mathematical provisions of 40.8 billion euros. During the first semester, the reserves still registered a decline of more than 700 million euros, only starting recovery in July, to finish the year with a grow of 4.0% relative to the same period of the previous year, boosted by capitalisation products.

Non-Life Business

The performance of the Non-Life business remained conditioned, for the third consecutive year, by the adverse economic environment, with the impact of tough austerity measures imposed on families and companies, as well as the strong competitive pressure on the supply side, which resulted in a reduction of the average premiums. In this context, the volume of Non-Life insurance premiums registered a decrease of 3.2% relative to 2012, reaching the value of less than 4 billion euros.

Note should be made of the positive performance of Health insurance, counter-cyclically to the national insurance market, with a growth of 3.5%, which confirms in the current context that access to health care in the private sector is seen as a value added service and as complementary to the public health system.

In contrast, two of the most representative lines of business in the Non-Life segment, Motor and Workman's Compensation, registered decreases of 5.5% and 8.0% respectively. In the case of Workman's Compensation, this has been a recurring trend over the last few years, reflecting the pressure on prices and the contraction of economic activity. In the case of Motor, the reduction in the volume of premiums results from competitive pressure on tariffs and from the effective reduction of the number of motor insurance policies and of traffic on the roads.

02

Report of the
Board of Directors

Direct Written Premiums – Portugal Market

LINE OF BUSINESS [MILLIONS OF EUROS]	2013	2012	2011	Var.13/12	Var.12/11	Var.11/10
Motor	1,549.9	1,639.3	1,737.4	-5.5%	-5.6%	3.9%
Fire	760.5	766.8	768.7	-0.8%	-0.3%	0.4%
Workman's Compensation	511.2	555.8	621.9	-8.0%	-10.6%	-3.7%
Health	570.6	551.5	536.2	3.5%	2.8%	0.8%
Personal Accidents	150.7	153.6	146.3	-1.8%	5.0%	-18.0%
Other	315.4	319.7	322.3	-1.3%	-0.8%	-14.0%
Total	3,858.3	3,986.7	4,133.0	-3.2%	-3.5%	-0.9%

Source: Portuguese Association of Insurers.

In terms of Non-Life claims, 2013 was marked by the impact of the storm in January which devastated a large area of the country and whose losses were estimated at 100 million euros for the insurance sector. After having reached a peak in the first few months of the year, claims in Fire and Other Damage began declining as of June, reaching 62.3% at the end of the year, 14 percentage points above the rate registered in the same period of the previous year. However, the claims ratio of the Non-Life market closed the year with 64.6% of earned premiums, registering a decrease of 0.3 pps relative to the same period of the previous year. This was due to the favourable performance of claims in the Motor business (decline of 3.7 pps, due to the reduction of the number of motor insurance policies and of traffic on the road) and in the Workman's Compensation business.

Claims ratios

LINE OF BUSINESS	2013	2012
Motor	57.0%	60.7%
Fire	62.3%	48.5%
Workman's Compensation	99.7%	105.0%
Health	77.6%	77.1%
Total	64.6%	64.9%

Source: Portuguese Association of Insurers.

With regards to solvency, it is important to mention that, in spite of the economic downturn in Portugal, the insurance sector has reinforced its levels of financial solidity resulting in a solvency ratio that is much higher than the minimum requirements set by the regulator, benefiting from the positive impact stemming from the recovery of financial markets.

Strategic Assessment & Key Events

Measured by the evolution of total inflow, 2013 showed a very positive change compared with 2012, expressed in growth of 73%. However, the year under

analysis was still no less challenging than the previous one, with the persistence of an unfavorable external environment, despite the first timid signs of recovery of the Portuguese economy visible from Q4 onwards.

In spite of the external challenges, Millenniumbcp Ageas continued the development and implementation of its *Vision 2015* strategic agenda launched late 2011. After a challenging 2012, marked by the preparation and the implementation of the *Vision 2015*, 2013 saw a recovery of volumes ahead of the economic cycle, capturing the results from the measures taken in the previous years, and also throughout the year under review.

Vision 2015 is founded on 3 pillars: protection of the franchise; growth within the framework of bancassurance with Millennium bcp; extension of market reach beyond the foundational borders. From these 3 pillars arise 6 strategic choices, in light of which are assessed the results obtained in 2013.

Strategic choice #1:

Capture the Non-life Stand-alone opportunity in *bancassurance*

Summary 2013

Non-life Stand-alone sales of new policies through the branches and other channels of the Bank registered a positive evolution of 10.2%. As a result of the work developed in the repositioning of the Motor insurance offer, yearly growth of GWP was 16.6% (vs. a market negative variation of 5.5%), pushed essentially by sales through Millennium bcp. Millenniumbcp Ageas's growth in Non-life was 4.4%, which compares with a market performance of -3.2%.

Key initiatives:

- › Development of an across-the-board customer retention programme;
- › Launch of a commercial efficiency programme to share and spread the best practices across the branch network of Millennium bcp;
- › Consolidation of Móbis as a growth engine of Non-life bancassurance. Móbis represents the corollary of an important investment in Research & Development of a new range of products for modern bancassurance, and incorporates an important series of innovations as regards lead generation, product structure, underwriting process, pricing engine and communication policy;
- › Development of an entirely new Household insurance offer adjusted to the needs and expectations of the banking channel, leveraging on the Móbis' innovations, with initial results expected for the 2nd semester of 2014;
- › The new approach to the SME segment initiated 2 years ago in the 'Negócios' [small business] bancassurance segment continued, delivering tangible results, with Non-Life new business reaching 4.8 million Euros.
- › The Medium-size Companies segment grew total Non-life GWP by 107.2% from last year.
- › Development & implementation of a fully integrated insurance sales process in the Millennium bcp's website.

02

Report of the
Board of Directors**Strategic choice #2:**

Maintain a leadership position in Life assuring a smooth transition to a new business reality, where credit-linked business will have less weight, compensated by a growth of Stand-alone business, and where the portfolio of investment products will be more diversified, reducing the cost of capital and increasing shareholder returns.

Summary 2013

Millenniumbcp Ageas remained #1 in the Portuguese Life market, with a share close to 24% measured by the volume of Mathematical Provisions. Total Life inflow grew 94.8% from 2012, fueled by the growth of 414.6 million Euros in Unit-linked business, in a year where Savings business & Term-life also grew ahead of the market, the latter pushed by the increase in the volume of credit-linked products. It should be noted that this growth was achieved with a different product & channel mix, with the Savings offer moving gradually away from the traditional guaranteed yield framework, and with the Unit-linked offer increasing the contribution from discretionary management products.

Key initiatives were:

- › More diversification in the Unit-linked offer, with ¼ of the new production in open-end architecture, leading to a global inflow of 866 million Euros and the market leadership in new business volume;
- › High reinvestment rate of customers in our Unit-linked solutions, a sign of reinforced confidence in the quality of our management coming from Millennium bcp customers;
- › Millenniumbcp Ageas was able to grab the momentum and re-enter the Savings market, with a renewed offer moving from guaranteed yield to capital guarantee and pre-announced yield for the following year only, resulting in an inflow growth of 215% YoY (Traditional Savings & PPR), almost 4 times the market performance;
- › Launch of the new stand-alone term-life product branded Proteção Ativa, with sales starting early in Q4, supported by an entirely new underwriting process;
- › Good performance of Associated Sales, pushed by the increase in the volume of new personal loans of Millennium bcp, leading Millenniumbcp Ageas to recapture the 1st place in the Portuguese market in this line of business;
- › As important as the growth of the inflow was the strategic focus on the maintenance of the existing portfolio, with an emphasis on retention through the development of several customer loyalty initiatives;
- › In what concerns the Pension Fund business, Pensõesgere consolidated its leadership position in Portugal, with a market share of 29.2%, an increase of 0.4pp from 2012. Pensõesgere closed the year under analysis with 4,366 million Euros of assets under management, an increase of 4.2% from the previous year, which compares to a market growth of 3.4%.

Strategic choice #3:

Maintain a high profitability / controlled cost identity matrix

Summary 2013

The objective of operating with high technical profitability and low operating costs was also achieved in line with the ambitions set for 2013: Millenniumbcp Ageas reduced the Non-life combined ratio, which was already one of the best in the European market, by 0.4pp, reaching 86.2%, despite the impact of the January hurricane and the fierce competitive environment, still managing to grow the premium volume and to increase the market share; the technical margin of Life, on a comparable basis excluding non-recurrent items, grew 3.8%; operational costs on a consolidated basis decreased 3%.

Key initiatives were:

- › Streamlining of Life operations continued to move forward: the AIA Life back-end core system implementation programme progressed as planned, with integration of the full Savings book; new Term-life underwriting process successfully implemented; implementation of a new Term-life claims management workflow;
- › Outsourcing of claims handling continued from previous years, extending to Term-life in 2013;
- › Consolidation of the foundations laid in 2012 with the integration of underwriting, production, post-service and claims handling functions in the Non-Life platform, to provide the Company with a solid and robust business model, capable of overcoming the demanding economic context and of strengthening the competitive position of Millenniumbcp Ageas in the Portuguese insurance market;
- › Fraud prevention initiatives starting to be deployed to other lines of business, after the successful testing in Motor;
- › The optimization and consolidation of internal processes enabled Médis to achieve efficiency gains and to free up resources for investment in other areas such as cost control and service level improvement: measures taken in reimbursements and in claims control allowing for its maintenance as the market-standard in terms of claims ratios;
- › The management of the existing partnerships with the Médis Network Providers allowed for significant cost reductions guaranteeing greater sustainability and stronger partnerships in the management of the integrated Médis health care provision system;
- › In terms of information systems, new projects were developed and existing solutions were improved and updated: this included the creation of a generic technical layer independent of the distribution channel allowing for a transversal administration of underwriting rules and product conditions; improvements in the processes of quotes and development of cross-channel simulation features; optimization process of the data structures and information architectures supporting the requirements of Solvency

02

Report of the
Board of Directors

II; increase in the universe of users with remote access to the corporate network, allowing for increased productivity still maintaining state-of-the-art security features; continuous investment in business continuity in the event of a disaster.

- › Measures taken following cost containment project held late 2011 producing visible results, allowing for important cost savings in External Services, Suppliers and in Staff;
- › LEAN approach starting to be implemented within Millenniumbcp Ageas following successful pilot held in Médis.

Strategic choice #4:

Extend business reach capturing opportunities outside bancassurance with Millennium bcp

Summary 2013

Significant progress made, with a complete revision of the presence of Millenniumbcp Ageas on the internet (including on mobile devices), with the extension, in the number, range and volume, of Médis partnerships with other insurance companies, with the consolidation of the Agents & Brokers channel as regards the tailor-made Médis solutions provided to the Corporate segment, and with the completion of the preparatory work for the deployment of the organization's expertise in Life & Non-life to other channels from 2014 onwards. Non-bancassurance channels already represent 17% on total Non-life gross written premiums.

Key initiatives were:

- › Médis partnerships – extending the reach and the contribution to the growth of the Health business: new partnership with Macif implemented; extension of the reach of the partnership with AXA, including all Customer segments; Médis partnerships represented over 9% of the Health line of business inflow;
- › Ocidental – Agentes & Corretores, a channel supported by a network of professional brokers and especially directed to the Médis tailor-made business, delivered almost 29 million Euros of gross written premiums, in spite of the difficult economic context and the fierce competitive environment;
- › Value proposition developed and first approaches made to bancassurance and affinity potential distribution partners;
- › Deployment of Médis concept to other geographies where Ageas operates raising interest in various parts of the Group;
- › Digital strategy moving forward: dedicated team put together with new talent on board; new Médis websites (including mobile) released and already selling; all websites of the other brands and the corporate website rebuilt from scratch; very important first steps undertaken to approach social networks, with the initiatives of Médis on Facebook producing encouraging results.

Strategic choice #5:

Foster Customer Centricity

Summary 2013

The results of the continuous work to focus on the Customer as the absolute center of activity have resulted in increases in the product penetration and reinvestment in the products of Millenniumbcp Ageas, in the reduction of cancellation rates, and in the maintenance of high levels of satisfaction. As a corollary, Millenniumbcp Ageas has received 6 industry awards in 2013, making this the best year ever.

Key initiatives were:

- › Extension of customer knowledge: smart targeting according to risk profiles; development of attrition models; launch of a customer intelligence unit combining internal knowledge with external market data surveys;
- › Increased presence on the internet with the renewal of all websites and the further development of insurance functionality in Millennium bcp's internet portal;
- › Complete overhauling of our written communication with customers, along with the revision/simplification of general policy conditions, creating a new market standard and reducing production, management and delivery costs;
- › Net Promoters Score extended to the Bank's front-end, enabling the evaluation of the quality of service by the Bank's Staff. Net Promoters Score was already available before for all the call centers, with evaluation of operators consistently scoring at around 70%.

Strategic choice #6:

Strengthen Corporate Culture & grow Staff Engagement

Summary 2013

Millenniumbcp Ageas continued with the programme of organizational optimization and the Staff renewal processes. Total turnover of the manpower achieved 20% in 3 years, with socially responsible early retirements, bringing new talent on-board and generating new jobs in a context of high unemployment, still maintaining the costs under control with a decreasing trend. 2013 resulted in the best-ever levels of satisfaction and motivation of employees, having recorded significant improvements in productivity and quality of work.

Key initiatives were:

- › Staff renewal proceeding, with the early retirements process performed with no social or internal noise, assuring a non-disrupted business continuity and a smooth transition to the newly appointed top & middle

02

Report of the
Board of Directors

management; 28 on-board new talents blended with the existing ones & perfectly integrated;

- › Mobility remained at the heart of HR corporate DNA, with over 50 internal rotations already performed during the year;
- › Staff engagement actions moving forward: first extended management meeting held in April, to foster engagement to the strategic agenda Vision 2015; Annual Staff Meeting held for the first time ever in Oporto, under the theme Grow Together: Communicate, Share & Act;
- › Unified communications platform made available to the entire organization, allowing for instant messaging, audio & video calls, online meetings, checking of the colleague's availability, etc.
- › Staff Satisfaction Survey, with a 95% participation, registered the highest ever degrees of Satisfaction & Motivation, maintaining the upward trend for 5 consecutive years.

As a result of the development of the agenda Vision 2015, the strategic targets for 2013 were successfully met in line with Shareholders expectations, resulting in:

- › Net earnings of 102.6 million Euros;
- › Consolidated solvency ratio of 316.7% which compares with 273.5% in 2012;
- › ROE of 8.1%
- › The volume of new business in Non-life surpassed for the first time the pre-crisis records
- › Smooth transition to Solvency II continuing according to plan.

Awards

Millenniumbcp Ageas awarded *Best Insurance Company in Portugal* by the *International Finance Magazine*. This is the second award in three years, after World Finance Magazine award in 2011.

Médis was awarded 5 times in 2013, of which 2 for the first time ever:

- › Most Trusted Brand 1st time 2013
- › Consumers Choice 1st time 2013
- › Superbrand 6th time
- › Trusted Brand 5th time
- › Brands that Mark 2nd time



Mission, Values and Strategy

Mission

To be the reference bancassurer in the Portuguese insurance market, leveraging competitive advantages to other high-potential channels, maximizing know-how developed in permanent cooperation with Millennium bcp and capitalizing on Ageas' competencies, through the distribution and management of a full range of protection, pensions, savings & investment solutions to its customers, supported by people and processes able to deliver service excellence.

Values

The Group wants to be recognized by its stakeholders through a set of four values.

Solidity	We are a long-term partner, because the credibility and consistency are part of our corporate identity, and we project the future upon it. We manage risks prudently, once that is the identity matrix of the business where we operate on.
Responsibility	We listen, understand and respond to our customers, taking risks and returning to society the necessary stability to the common progress.
Innovation	We have initiative and entrepreneurial spirit. We have permanently in mind that the best and most appropriate solutions are those that our Customers value, because it is through the value Customers give them that we generate value to Society.
Transparency	We are frontal and we act with transparency in all our activities.

These values are supported by a set of behaviours and business practices which are assumed on a day-to-day basis by all the organization.

Strategy

Starting late 2011, a set of trends materialized simultaneously, producing impacts on the fundamentals of our franchise, but also opening new opportunities to which Vision 2015 came out as the strategic response.

The strategy of the Millenniumbcp Ageas Group is based on 6 Strategic Choices, with a set of corresponding objectives.

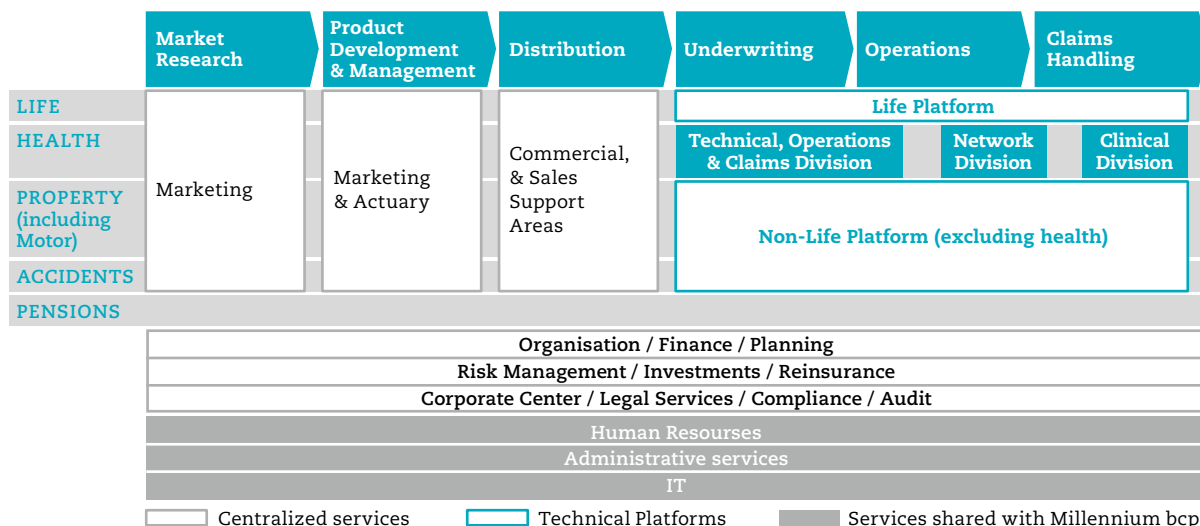
Strategic Choices	Objectives
Capture the Non-life Stand-alone opportunity in bancassurance	<ul style="list-style-type: none"> · Retain the portfolio, satisfying and engaging Customers; · Deliver an innovative & competitive product offer, adjusted to the needs and expectations of the banking channel, whether individuals or companies · Revamp approach to stand-alone sales in bancassurance, piloted by Motor · Diversification of distribution channel mix within Millennium bcp · Grab the opportunity to boost our position in the SME segment
Maintain a leadership position in Life assuring a smooth transition to a new business reality	<ul style="list-style-type: none"> · Actively manage investment portfolios, mitigating risks and maximizing returns · Move beyond past marketing mix framework, developing a strong Customer-centred value proposition, adjusted to the needs and expectations of the various segments and also adjusted to multi-channel delivery
Maintain a high profitability / controlled cost identity matrix	<ul style="list-style-type: none"> · Operate simple and efficient processes · Ensure low combined ratios, in line with international best practices · Actively manage investment portfolios, mitigating risks and maximizing returns · Optimize the organization
Extend business reach capturing opportunities outside bancassurance with Millennium bcp	<ul style="list-style-type: none"> · Promote a balanced and profitable portfolio growth beyond Millennium bcp channel
Foster Customer Centricity	<ul style="list-style-type: none"> · Extend Customer Knowledge · To be where Customers are · Enhance Customer Experience
Strengthen Corporate Culture & grow Staff Engagement	<ul style="list-style-type: none"> · Develop skills and competencies · Encourage self-development and accountability as means of increasing engagement with the Company and enhancing career development

The 6 Strategic Choices translate into the following strategic targets:

Strategic Targets	Objectives
Financial Solidity	<ul style="list-style-type: none"> · Deliver an ROE in line with Shareholders' ambitions · Balance contribution from Life & Non-life · Maintain comfortable solvency levels
Risk Mitigation	<ul style="list-style-type: none"> · Minimize exposure to operational and financial risks.

Organisational Structure

The continuous business rationalisation process is the key success factor for obtaining operational synergy and economies of scale whether in technical areas – Production, Claims and Reinsurance – or back-office – Organisation, IT systems, Administrative, Asset Management, Financial, Human Resources, Legal Services, Internal Audit and Compliance.



Marketing & Commercial

In 2013, Millenniumbcp Ageas has kept its strategic focus on increasing market share in Non-Life, while maintaining its leadership position in Life. In a challenging economic environment, the Company has defined significant growth targets – in revenue volumes, cross selling and profitability. These goals brought important challenges both in new client acquisition and current business retention.

In Non-Life, the market continued to show a downward trend and overall premiums have fallen 3.2%. Following its strategic priorities, Millenniumbcp Ageas's Non-life premiums grew by 4.5%, raising the Company's market share to 6.2% – a 0.5% increase in 2013. In this segment, Motor insurance had the highest growth (16.6%), illustrating strategic and commercial efforts to boost Móbis, the new motor product launched in 2012. Product innovation has proven very successful, particularly in a highly competitive and shrinking market that has fallen another 5.5% in 2013.

In Life, Millenniumbcp Ageas has sustained its leadership in mathematical provisions, reaching 24% in market share. All lines of business have shown a strong performance, with premium growth consistently above the average for the market.

During 2013, within the "New Life Offer" project, a new product for Life-risk (Proteção Ativa) was launched. The product, specifically aimed at standalone sales, is an innovative solution and is supported by an improved frontline underwriting process. Other solutions for Retirement, Investment and Savings were also designed and will be released in 2014. The new products are

02

Report of the
Board of Directors

targeted for different marketing segments and have a strong focus on innovation through new value-added coverages.

In Health, the Company continued to deliver an encouraging growth in revenues – 5.5% against 3.5% in the market. Médis, the strongest brand name in Portuguese health insurance, reached 25.5% in market share, gaining an extra 0.5% in 2013 – the exact loss in market share shown by its main competitor.

Médis has been the “Most Trusted Brand”, “Superbrand” and “A Brand that Brands” for several years. In 2013, Médis has won two additional awards – Highest Reputation in Insurance and Consumer Choice in Health Insurance. This last award was particularly meaningful given that Price and Brand Awareness were excluded as attributes in the study methodology.

Médis’s communication strategy has gradually been shifting away from traditional above-the-line media. This type of investment continued to decrease in 2013. By contrast, below-the-line activities, brand activation, sponsorships and digital media have seen increasing investment. Following its corporate signature “Faz Bem à Saúde” (“Is good for you”), Médis continued to support activities related to healthy life styles and well being – examples being the sponsorship of the Maratona Clube de Portugal (four running competitions and a bike marathon in 2013), APCOI – Associação Portuguesa Contra a Obesidade Infantil (Portuguese Association Against Child Obesity) and the Médis Summer Tour, a 35 day roadshow on 50 beaches over the Portuguese coast line.

In 2013, Médis launched a new media campaign. “Estar Bem é Estar Médis” (Be Well, Be Médis) was the chosen headline and illustrates the brand positioning and commitment to healthy life styles. Even though it was still predominantly a multimedia campaign, it included a stronger investment in digital media, especially relevant since Médis developed a new online sales process.

Following the defined strategy for digital channels, corporate websites were updated and revamped to improve communication effectiveness and customer

experience. The new Millenniumbcp Ageas and Ocidental Seguros websites went live in 2013. The Médis website was also renewed and a mobile version for smartphones and tablets was released. Medis Kids is now on Facebook, as a first step of developing the brand strategy in social networks. It also represents a strong brand commitment – building a healthier future. Médis Kids won 10.000 fans in the first 3 months, an encouraging and successful result. Digital will continue to grow and will play a significant role in the Company's future multichannel and communication strategy.

Médis distribution agreements continued to be developed in 2013. Sales grew 4.3% in gross written premiums. Macif was the main addition to the Médis partnerships during the year.

Millenniumbcp Ageas standalone sales also saw an increasing weight of new sales and have grown 6% in 2013. Given the slower growth of insurance



**ESTAR BEM
É ESTAR
MÉDIS**

Médis
Faz bem à Saúde.

www.medis.pt

Não dispensa a consulta da informação pré-contratual e contratual legalmente exigida.
Médis - Companhia Portuguesa de Seguros de Saúde, S.A. Sociedade anónima com sede na Av. Dr. Mário Soares (Tagus Park), Edifício 10, Piso 1, 2744-002 - Póvoa do Varzim.
Pessoa coletiva n.º 503 496 944, matriculada sob esse número na Conservatória do Registo Comercial de Lisboa, com o capital social de €12.000.000,00.

02

Report of the
Board of Directors

sales associated with credit, the priority is clearly to optimize and strengthen the standalone sales processes.

To address this strategic priority, within the Bancassurance revamp initiative, Millenniumbcp Ageas launched a new sales transformation program in 2013. The purpose was to introduce a new systematic approach to the insurance consultants' activity followed by dissemination of best practices among branch sales staff. The new approach includes a strong focus on commercial planning, performed jointly by insurance consultants and the Bank's regional managers, leading to a prioritization of commercial actions at branch level designed to increase sales effectiveness.

The program began in April and results were quite encouraging. Evidence revealed a strong correlation between the usage of systematic tools and sales performance. Furthermore, considering the commercial network resizing (6% reduction in number of branches and 8% in staff), insurance sales per sales representative has grown 13%. The new commercial approach has brought an increase in productivity and also in sales effectiveness – a higher percentage of bank representatives sold at least one insurance product per month in 2013..

To reinforce cross-selling practices, different campaigns were launched. Given the high percentage of single-product customers, an insurance cross-selling campaign was set up in the third quarter. Additionally, there were cross selling campaigns associated to bank strategic products, such as salary domiciliation and consumer credit.

In the corporate segment ("Empresas"), the bancassurance model was further consolidated, with a major focus on SMEs. "Bancassurance Negócios" is a joint approach to bank clients through an Agents & Brokers network that brings additional value to the sales and after sales processes. Growth perspectives are attractive given the still relatively low penetration rates. Sales in the last quarter of 2013 started to grow more significantly, due to the implementation of new sales processes.

Client retention is also a strategic priority. Several activities tailored to bring down cancellation rates have been launched since 2012, including reactive and proactive efforts. In 2013, cancellation rates in all products closed below the previous year and showed a consistent downward trend. A significant effort was placed on training and communication around Client retention, particularly within the sales transformation programme. The last quarter was dedicated to the set up of new frontline processes and the design of a new proactive retention approach based on recent churn analysis.

Being customer centric is at the top of Millenniumbcp Ageas's concerns. Excellence in customer intelligence is the purpose of an extensive research effort initiated in 2013 that will be used in several ways to support new product and service development. Knowing and understanding the customer is the first step to build relevant value propositions, to fulfill unmet needs and to capture market potential.

Financial Review

In 2013, Millenniumbcp Ageas registered production growth above that of the domestic market in both Life (includes Unit-Linked products, which for the purpose of the IFRS are not recorded as insurance premiums) and Non-Life businesses. In the Life business, the volume of premiums came to 1,486 million euros, registering a marked growth of 94.8%. All lines of business registered a good performance, the most significant of which was in financial products with emphasis on the strong contribution of Unit-Linked products with an inflow of more than 866 million euros, corresponding to 58% of total Life premiums. In Non-Life business, the sustained growth of 4.5% in direct insurance premiums is noteworthy, an achievement which is even more remarkable given that the insurance market decreased for the third consecutive year, largely conditioned by the weak performance of the Portuguese economy and intense competition among its various operators.

With a volume of direct insurance premiums of 1,725 million euros and a total market share of 13.2%, which represents an increase of 4.1 percentage points relative to 2012, Millenniumbcp Ageas has reinforced its position in the national insurance market, maintaining market leadership in terms of Life mathematical provisions.

In the Pension Funds business, the year of 2013, in comparison to the previous year, was marked by an increase of 4.2% in the volume of assets under management, in line with the behaviour of the national sector, reaching 4,366 million euros. Pensõesgera has thus remained as the isolated leader in the national pension funds market, and even reinforced its market share by 0.1 percentage points, reaching 29.2%.

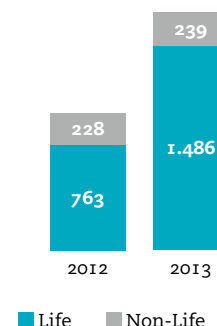
Life Business

Direct Insurance Premiums

The Life business achieved a total value of direct insurance premiums of 1,486 million euros, corresponding to an increase of 94.8% relative to the same period of 2012, well above market growth which came to 33.5%.

The main contribution to this excellent performance came from Unit-Linked products, followed by savings products. Contrary to what has happened this year in the insurance market, with the decrease in sales of insurance linked to investment funds, partly explained by the decline in investors' risk appetite and due to the situation experienced in the banking sector in which preference was given to products that attract savings for their balance sheets, such as term deposits, in order to comply with solvency levels, in 2013 Millennium Ageas achieved an inflow of about 866 million euros in Unit-Linked premiums, which represents an increase of 91.8% relative to the previous year. The successful launch over the course of the year of nine close-end Unit-Linked series in the retail channel, as well as the placement, through Private Banking and Banco

Structure of Direct Insurance Premiums



02

Report of the
Board of Directors

7, of a volume of premiums about four times higher than that of the previous year, in a total of 209 million euros, greatly contributed to this success. In this context, Millenniumbcp Ageas recovered the preeminent leadership of this product in the national ranking (it held the third position in December 2012) with a market share of more than 46%.

In line with the trend observed in the market, there was a major boost in savings products, reaching 289 million euros, which resulted in an increase of 451% compared to the previous year. From the end of the first semester, and with the objective of meeting the savings needs due to the adversities of the national economic context, new attractive products were launched: “Poupança 155”, “Poupança 125” and “Investimento Garantido” which boosted the volume of sales, having been received as an excellent investment option, combining high profitability, guaranteed stability and security.

The Risk and Annuities line of business registered, once again, for the second consecutive year, a growth of slightly more than 5%, reaching a volume of premiums sold of 182 million euros in 2013, which is noteworthy in view of the high profitability associated to this type of products. Millenniumbcp Ageas remained as one of the main operators in this line of business, in a relatively stagnant market, reaching a market share of 19.8%, resulting in the recovery of the first position in the national insurance ranking.

Direct Insurance Premiums Evolution

LINE OF BUSINESS (THOUSANDS OF EUROS)	2013	2012	2011	Var. 13/12	Var. 12/11	Market Var. 13/12
Savings	289,464	52,565	62,773	450.7%	-16.3%	63.7%
Unit-Linked	866,265	451,589	732,119	91.8%	-38.3%	-0.8%
Retirement Savings Plan	148,317	86,254	112,081	72.0%	-23.0%	37.9%
Risk and Annuities	181,959	172,558	163,842	5.4%	5.3%	0.5%
Total	1,486,005	762,966	1,070,815	94.8%	-28.7%	33.5%

It should also be noted that one of the strategic priorities defined by the Company has been the focus on the capacity to retain resources under management, an initiative whose success was materialised in the maintenance throughout 2013 of volumes of provisions under management of Millenniumbcp Ageas close to 10 billion euros, which enabled it to maintain market leadership in terms of mathematical provisions in a sustained manner, with a market share of 24.1% at the end of 2013.

Regarding the evolution of its market share, in terms of volume of premiums, Millenniumbcp Ageas maintained the third position in the national ranking of the Life insurance market in 2013, achieving a market share of 16.1%, which represents an increase of 5.1 percentage points relative to the same period of the previous year.

The different performances achieved in the various lines of business, with sharp growth in financial products and smaller increases in the sale of risk products, resulted in changes in the structure of the Life premium portfolio in 2013 relative to the previous year. In fact, the Risk and Annuities products reduced their weight in the total portfolio, from 23% at the end of 2012 to 12% at the end of 2013. In contrast, savings products increased their weight in the total Life portfolio from 7% in 2012 to 20% at the end of 2013, with the other investment products maintaining their relative weight unchanged.

Technical Analysis

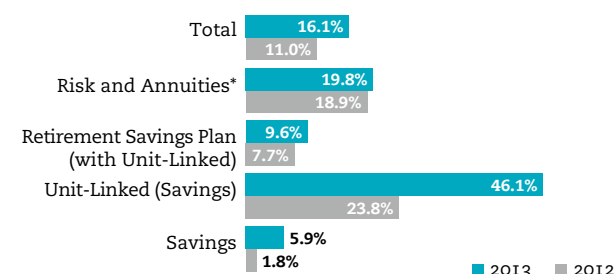
The technical margin of Life business, before allocation of administrative costs, came to 152 million euros in 2013, having been penalised by the negative impact of non-recurrent factors related to the unfavourable performance of financial markets, which led to the recording of impairments of about 17.3 million euros. Excluding this non-recurrent effect, the technical margin would have come to 169 million euros in 2013, representing an increase of 3.8% relative to the same period of 2012.

The achievement of a low expense ratio of about 0.83% (although 0.08 percentage points above that registered in 2012, explained by a decrease in mathematical provisions) combined with a growth of the technical margin, if the extraordinary impact of the financial function is excluded, is indicative of the growing concern of the company with decreasing operating costs, and demonstrates the careful and appropriate management which has allowed the adverse effects of the macroeconomic environment to be minimised.

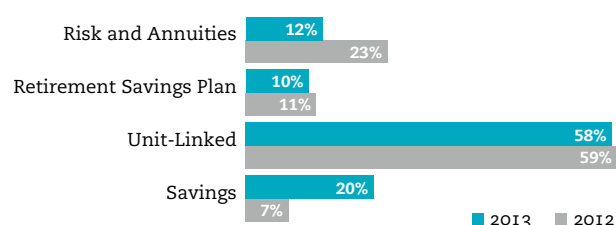
The greatest relative contribution to the results of the Company continues to be rendered by Risk and Annuities products, the profitability of which is based on rigorous underwriting policies and practices and a higher capacity to control costs.

In spite of the economic environment, the clearly positive contribution to the technical margin obtained by Unit-Linked products with a growth of 22% relative to 2012 is also noteworthy.

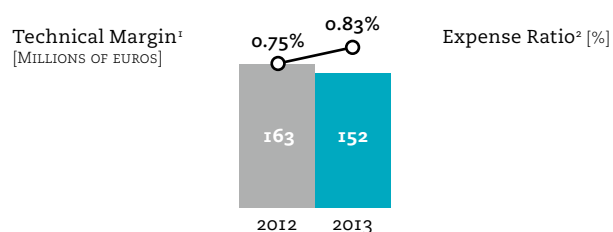
Evolution of Life Market Share



Structure of the Life Insurance Premium Portfolio



Technical Margin versus Expense Ratio



1) Before allocation of administrative costs.

2) "Life operating expenses" / "Life assets under management (year average)".

02

Report of the
Board of Directors

Pension Funds

Market Evolution

The year of 2013 in the pension funds market registered a growth of 3.4%, reflecting a more moderate pace compared with 2012, but which is nonetheless noteworthy if we consider the maintenance of the climate of crisis and economic recession.

However, this growth in the value of assets under management does not reflect any increased dynamism in the pension funds market, but rather the same factors that contributed to the growth registered in 2012, namely:

- › Average return on pension funds;
- › Contributions to the defined benefit pension funds, due to the reduction of the discount rates used for the calculation of the liabilities.

Although the European economies have registered some economic growth, it is still inchoate to be able to talk about a true economic recovery, but 2013 was a good year for risk assets, sustained by the reduction of the high levels of risk, associated with shares and loans and the existence of liquidity in abundance, resulting from the quantitative easing programmes promoted by several main central banks. Stock markets registered, in the several geographies, returns of more than 20%, whereas bond markets registered rather modest results of less than 2% on average. In the USA, bond yields were negative and in Europe, the average increase in value of 2.4% was partly due to the positive results obtained by the bonds of the periphery countries, resulting from the decline in risk spreads.

As a result, the median return of the pension funds came to 5.5% (about half of that registered in 2012), but reasonably above the discount rates used for the calculation of the liabilities, thus generating financial gains.

Pensõesgere Activity

Millenniumbcp Ageas operates in the pension fund market through the management company Pensõesgere, basing its activity on the quality of the information provided, permanent follow-up and timely response to Customer requests, having maintained its position of leadership in the pension fund market in 2013.

Especialistas em Fundos de Pensões desde 1987

**Horizonte
Segurança**

Risco médio-baixo
0% em ações Horizonte
temporal de investimento:
médio

**Horizonte
Valorização**

Risco médio 25% – 35%
em ações Horizonte
temporal de investimento:
médio-longo

**Horizonte
Valorização mais**

Risco médio-alto
40% – 55% em ações
Horizonte temporal
de investimento: longo

At the end of 2013, Pensõesgera had 4,366 million euros of assets under management, which represented an increase of 4.2% relative to 2012, higher than the market growth of 3.4%.

Pensõesgera maintains its market leadership in the Pensõesgera Funds market with a market share of 29.2%, slightly higher than in 2012.

During the year under analysis, various initiatives were reinforced for the development of Pensõesgera's specific computer tools aimed at improving work productivity and quality, as well as meeting the growing obligations in connection with reporting and provision of information to pension fund Participants and Beneficiaries.

In this regard, the digital archiving process on the FileNET platform, which permits improving the operating efficiency of the archive service through the development of a faster and more efficient access to documentation, has almost been completed.

Under an integrated philosophy of making full use of Group synergies, Pensõesgera maintained its relations with the banking networks of Millennium bcp companies – Corporate and Companies – through concerted action towards the promotion of business in the “Employee Benefits” area.

At the end of 2013, the total volume of assets under management by Pensõesgera was distributed over 26 closed funds, 4 open-end funds and 5 open-end Retirement Savings Plan funds.

Total assets under management relative to the 26 closed funds came to 4,189 million euros, which corresponded to an increase of 163 million euros relative to 2012, about double the value of the contributions with the returns generated justifying the other half of this growth.

Open-end funds continued to be those with the greatest dynamic, having grown 7.9% and the volume of assets under management reached 142.0 million euros.

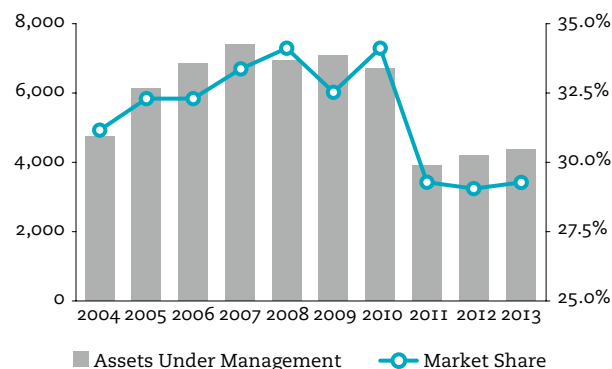
Pensõesgera maintains the offer of open-end funds with different risk profiles, allowing its Associates and Participants to choose the appropriate financing for their pension plans, according to their risk profile and the time horizon of the liabilities.

The year of 2013 was another good year in terms of the performance of the pension funds of Pensõesgera, with emphasis on the following results:

- › In 2013, the average return of the pension funds of Pensõesgera, excluding the Pension Fund of the BCP Group, came to 9.6% compared to 5.5% of the market average;
- › Over a 3-year period, the average return of funds managed by Pensõesgera came to 7.2% and is 2.2% higher than the market average;
- › Over a 5-year period, the average return of funds managed by Pensõesgera came to 7.1% and is 1.7% higher than the market average;

Total Assets Under Management and Market Share

[MILLIONS OF EUROS]

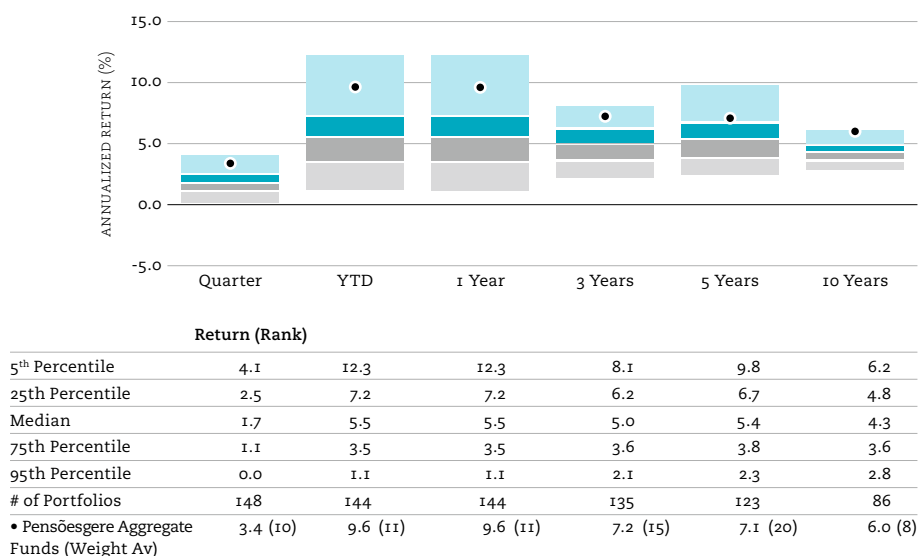


02

Report of the
Board of Directors

- › Over a 10-year period, the average return of funds managed by Pensõesgera came to 6.0% and is 1.7% higher than the market average;
- › In moderate and aggressive risk profiles over 1, 3, 5 and 10-year periods, the median return of the funds managed by Pensõesgera is always in the first quartile and is always higher or equal to the market average;

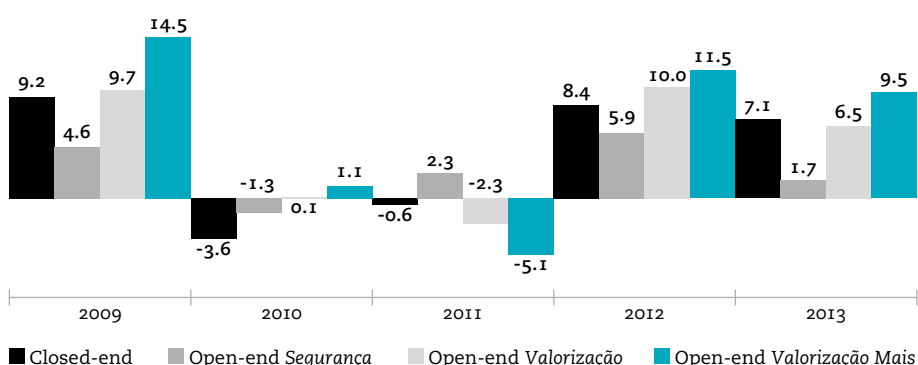
TW PT Universe Accounts



Source: "PerformanceWatch 4th Quarter" of Towers, excluding the Pension Fund of the BCP Group from the calculation of the averages.

- › In comparison with the Benchmark of each pension fund, almost all the funds with an active management of investments by Pensõesgera registered a higher return than the Benchmark, with a higher average return of 42 basis points.

Annual Return Rates of Pensõesgera Pension Funds [%]



The value of the assets managed under Retirement Savings Plan funds reached 35.0 million euros at the end of 2013, 2.2 million euros less in comparison to 2012, indicating a closed portfolio in which many Participants can

repay without penalties. However, the volume of redemptions has remained low and was almost absorbed by the increase in value of the funds.

At the annual “Staff Meeting 2013” held at the Porto Customs House, Pensõesgerere had a stand to promote itself among Employees of the Millenniumbcp Ageas Group. The theme of the stand was “For a Happy Retirement” and involved the committed dedication of all the Employees of Pensõesgerere, which was recognised at the end by all the participants who distinguished the Pensõesgerere stand as the MOST PASSIONATE STAND.



Income from provision of services came to 8.4 million euros, representing a slight increase of 1.8% relative to 2012.

However, operating costs came to 3.8 million euros, corresponding to a decrease of 7.3%, in contrast to the evolution of income.

Net income for the year, which grew 3.8% relative to 2012, came to 3.5 million euros.

PENSÕESGERERE [THOUSANDS OF EUROS]	2013	2012	2011	2010
Services Rendered	8,398.89	8,254.00	11,141.66	11,263.95
Net Income	3,525.72	3,398.00	4,516.50	4,847.17
Shareholders' Equity	10,975.16	23,242.53	18,733.00	21,802.11

Shareholders' equity, as at 31 December 2013, came to 11.0 million euros, corresponding to a decrease of 52.7% as a result of the payment of dividends to the holding in the amount of 12.1 million euros.

As a result of the decrease in shareholders' equity, the average return on equity of Pensõesgerere increased to 20.6% and the Solvency Margin fell to 218%, which is still at a very comfortable level.

02

Report of the
Board of Directors

Non-Life Business

Direct Insurance Premiums

In 2013, Millenniumbcp Ageas achieved a volume of Non-Life direct insurance premiums of 239 million euros, registering an increase of 4.5% relative to the previous year, counter-cyclically to the national insurance market, which contracted 3.2% over the same period, conditioned once again by the poor performance of our economy and strong competitive pressure among operators.

Direct Insurance Premiums Evolution (Non-Life Business)

LINE OF BUSINESS (THOUSANDS OF EUROS)	2013	2012	2011	Var. 13/12	Var. 12/11	Market Var. 13/12
Motor	26,363	22,608	21,727	16.6%	4.1%	-5.5%
Workmen's Compensation	6,783	7,167	6,186	-5.4%	15.9%	-8.0%
Fire and Other Damage	44,970	44,504	42,404	1.0%	5.0%	-0.8%
Health	142,130	134,758	134,604	5.5%	0.1%	3.5%
Personal Accidents	12,860	14,054	13,868	-8.5%	1.3%	-1.8%
Other	5,505	5,279	7,663	4.3%	-31.1%	-1.1%
Total	238,610	228,370	226,452	4.5%	0.8%	-3.2%

With exception of the Personal Accidents business, strongly penalised by the adverse economic situation, Millenniumbcp Ageas registered above-market growth in all the other Non-Life lines of business in 2013. The Non-Life businesses of greatest relevance in our portfolio are, in decreasing order, the following:

The Health business, operating through the Médis brand, continues to represent the largest share of the total Non-Life portfolio (equivalent to about 60% of the premiums), reached a volume of premiums of 142 million euros at the end of 2013, which represents an increase of 5.5% relative to the previous year, above the market growth of 3.5%. This very positive performance is the result of an innovate and differentiated offer and of a distinct approach among the different segments, with a focus on small and medium-sized companies. The revenues achieved enabled the second place in the ranking of insurance companies operating in the national market to be maintained and reinforced, with a market share of almost 25%. The Médis brand, as a result of the innovation and detailed segmentation of the offer, as well as of the diversification of the distribution channels and consistent investment in the promotion of the brand, remains the uncontested leader in its segment since its incorporation in 1996.

The Fire and Other Damage business, with revenues of 45 million euros, and growth of 1% (the market declined 0.8%), strongly driven, for the third consecutive year, by the Multi-risk product directed at the individuals segment, having reinforced its market share from 8.4% to 8.6% in 2013.

In the Motor business, and contrary to market behaviour, which registered a decline in revenues of about 5.5%, the performance of Millenniumbcp Ageas

stood out with strong growth, 16.6% in 2013, reaching a volume of premiums of about 26.4 million euros at the end of the year. It is worth noting that the success achieved is largely due to the commercialisation of the new motor product – “Móbis” – launched at the beginning of 2012 but reformulated in the last quarter of the same year, and whose innovative concept directed at attracting customers through the bank channel boosted and improved the performance of this business segment.

It should also be mentioned that, in an unfavourable economic context and in a strongly competitive market, Millenniumbcp Ageas has known how to effectively control Customer retention, namely in the property business where there is traditionally a higher number of lapses.

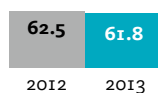
In essence, growth in Non-Life has been essentially organic and has evolved consistently over the last few years, materialised in the reinforcement of the market share which reached 6.2% at the end of 2013, having increased by 0.5 percentage points relative to the same period of 2012.

Technical Analysis

The technical margin of Non-Life business, before the allocation of administrative costs, came to 61.8 million euros, representing a slight decrease of 1% relative to the same period of 2012.

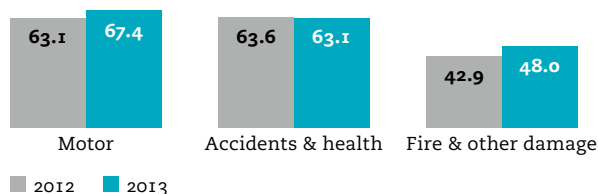
Evolution of the Non-Life Technical Margin

(before allocation of administrative costs)
[MILLIONS OF EUROS]



Evolution of the Non-Life Claims Ratio

(before allocation of administrative costs) [%]



In spite of the increased processed revenue and a rigorous risk selection policy, the variation of the Non-Life technical margin before the allocation of administrative costs was mainly affected by the increase in the claims ratio, namely in the Motor and Fire and Other Damage businesses, which was strongly penalised by the bad weather in our country at the beginning and end of this year. However, we can say that the claims ratio, before the allocation of administrative costs, remained at historically low levels, at 58.9%. In fact, despite the slight increase relative to the values registered in 2012 (58.1%), the ratios remain at unparalleled levels in the Portuguese market, registering significantly higher claims ratios in almost all businesses.

The Non-Life combined ratio, after the allocation of administrative costs, came to 86.2%, which represents a decrease of 0.4 percentage points relative to 2012, explained mainly by the continued focus on containing operational

02

Report of the
Board of Directors

costs, combined with greater strictness in the application of policies related to the subscription and acceptance of risk.

It is also important to highlight that Millenniumbcp Ageas reached, at the end of 2013, a comfortable technical rate or return (measured according to gross premiums written) of 24.6%.

Administrative Costs

Administrative costs decreased by 3.0% to 85.2 million euros.

Administrative Expenses Evolution (excluding depreciation)

[THOUSANDS OF EUROS]	2013	2012	Var. 13/12	ESTRUTURA 2013	ESTRUTURA 2012
Staff Costs	26,317	28,657	-8.2%	30.9%	32.6%
Third Party Services	37,581	39,164	-4.0%	44.1%	44.6%
Taxation	1,848	1,586	16.5%	2.2%	1.8%
Others	19,430	18,388	5.7%	22.8%	20.9%
Total	85,176	87,796	-3.0%	100.0%	100.0%

Both of the most significant headings, Staff Costs and Third Party Services, contributed to the decrease in administrative costs.

Staff Costs decreased by 8.2%, which is largely explained by non-recurrent costs related to the Staff restructuring programme and whose strongest impact was in 2012.

On the other hand, the decrease of 4.0% in Third Party Services is mainly due to lower costs related to Advertising and Consultancy.

The other headings registered higher costs in 2013 relative to those registered in 2012, with the greatest percentage variation having been in the Taxes and Rates heading, which essentially reflects the increase in the rates associated to premiums due to the growth of turnover in both Life and Non-Life businesses.

In terms of the Other heading, the increase is justified by financial services fees of Unit-Linked products.

Net Profit

At the end of 2013, the consolidated net profit for the year, before VOBA ("value of business acquired"), came to 102.9 million euros, with both Life and Non-Life business segments contributing positively with 90.2 million euros and 12.7 million euros, respectively. This result compares unfavourably to the net profit of 111.0 million euros obtained in 2012. However, it is important to mention that the result obtained in 2013 was penalised by a set of non-recurrent factors related to the performance of the financial markets, which led to the recording of impairments whose impact on net income before VOBA came to 12.9

million euros (net of tax). Excluding the impact of financial losses, net income before VOBA would have come to 115.8 million euros, which would represent an increase of 4.3% relative to the same period of 2012.

The consolidated net profit, after VOBA, stood at 82.9 million euros.

Solvency Margin

As at 31 December 2013, the capital structure of the Millenniumbcp Ageas Group presented, in consolidated terms, and after dividend distribution of 65 million euros, a solvency ratio of 316.7%, vastly superior to the minimum limit required by the regulator and indicative of the financial solidity of the Millenniumbcp Ageas Group. Relative to the previous year, in which the ratio obtained was 273.5%, a sharp increase of 43.2 percentage points was registered (65 without the effect of dividend payment), mainly due to the recovery of the capital markets which allowed for a positive evolution in terms of the revaluation reserves.

The solvency ratio presented was calculated in accordance with the criteria defined by the Portuguese Insurance Institute and reflects a capital structure that is both solid and adequate relative to the liabilities assumed in all the Companies that are part of the Millenniumbcp Ageas Group.

Solvency Margin

[THOUSANDS OF EUROS]	2013			
	Margin	Capital	Susplus	Ratio
Ocidental Seguros	18,947	42,947	24,000	226.7%
Ocidental Vida	249,382	594,194	344,813	238.3%
Médis	24,981	52,495	27,514	210.1%
Pensõesgere	5,041	10,975	5,935	217.7%
Millenniumbcp Ageas (Consolidated)	298,350	944,914	646,564	316.7%

Embedded Value

The embedded value provides a value estimate of Life business to shareholders, excluding any value which may be generated by future new business. Embedded value is equal to the sum of shareholder's funds plus the present value of future profits from the current portfolio under management. The results reflected here were prepared internally by the Risk and Actuarial department and certified by independent external actuaries.

The value of the existing portfolio is determined by the present value of future profits after tax, adjusted for the cost of maintaining a solvency margin at 200% of the minimum level required by current regulation. The cost of the solvency margin (cost of capital) allows for the investment charges and taxes in respect of the Required Capital, but doesn't include an opportunity cost as in traditional embedded value calculations, which results in a higher cost of capital.

02

Report of the
Board of Directors

The principles established at Ageas Group for embedded value reporting have been applied and the figures obtained were based on European Embedded Value Principles, that is, allowing for cost of options and guarantees (CFOG) and non-financial risks (CNFR).

The table below shows the resulting embedded value and new business value figures for the life segment of Millenniumbcp Fortis.

[EURO THOUSANDS]	2013	2012
Embedded value as of previous valuation date	1,013,661	687,984
Restatements to the opening EV	3,766	11,112
Changes in non-economic assumptions	5,838	6,359
Changes in economic assumptions	22,824	(1,883)
Expected return	128,437	206,290
Value added by new business	31,398	10,633
Impact of variance	54,306	93,166
EV at valuation date before dividends	1,260,230	1,013,661
Dividends to Shareholders*	-	-
EV at valuation date after dividends	1,260,230	1,013,661

(*) Dividends paid to shareholders during 2013 were allocated to the Non-Life segment of Millenniumbcp Ageas.

The 2013 restatements to the opening embedded value reflect the impact resulting from model changes related to enhancements in VIPiTech and economic calibration of the risk free yield curve (last liquid point at year 20 and ultimate forward rate will be attained at year 60) and adjustments to fix minor parameter bugs in the liability model (Prophet), but these impacts are not significant.

The upward movements in the risk free yield curve had a positive impact due to the fact that the positive discount effect in savings and annuities products is much higher than the negative one in term and unit linked products. The impact coming from the Strategic Asset Allocation concluded and implemented in the first half of 2013, is included as economic assumptions changes, while the expected effect related to the spreads reduction during 2013 for Sovereign and Corporate bonds is captured as economic variance.

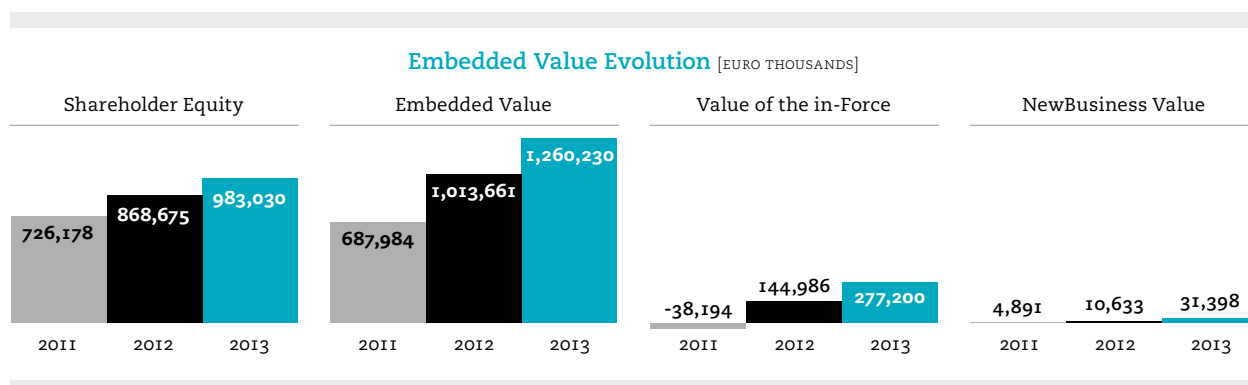
Regarding non-economic assumptions, the positive impact delivered by reduced lapse rates in term business linked to mortgage loans, as well as from decreasing forecasted inflation rates, is higher than negative impacts resulting from the corporate tax change, unit costs increase and savings lapse rate decrease. The overall positive effect of the lapse rate change is very important taken in the perspective of the economic environment in Portugal.

Likewise last year, the positive movements registered in the unrealized capital losses related to sovereign and corporate debt explains the significant positive economic variance during 2013, despite some bond impairments booked in the year. The combined effect of equity market value increases with real estate mutual funds negative performance, is also positive.

The expected return during the year reflects the projected one year profits and additional releases from risks, mainly related to the difference between

risk neutral bonds coupons and expected coupons of the existing bonds portfolio. The later is the most significant amount in this item.

The new business value increasing trend, which started in 2012, was reinforced during 2013 and, if expressed as percentage of APE (annual premium equivalent), moved from 16.7% to 20.6% reflecting management decisions mainly explained by: increase of premium volume and margins in unit linked, increase of premium volume in term business, margin recovery in savings and annuity business helped by the positive effects of the SAA asset mix implementation. The margin in savings increased due to the positive effects of the new business portfolio mix.



Economic assumptions and market conditions

	2013		2012	
	Risk Free + 0.20%*		Risk Free + 0.29%*	
Yield curve	1 yr	0.50%	1 yr	0.51%
	5 yr	1.37%	5 yr	0.96%
	10 yr	2.32%	10 yr	1.80%
	20 yr	2.95%	20 yr	2.45%
Volatilities	Shares	13.7%	Shares	17.0%
	Real estate	2.1%	Real Estate	1.8%
Inflation	1.81%**		2.42%**	
Tax rate	31.5%		29.0%	

* These 20bp and 29bp adjustments to risk free yield curve were based on available market data.

** Inflation rate is based on a specific swap curve, plus a spread adjustment; the 5th rate is shown.

The non-economic assumptions, such as mortality, surrenders, lapses and paid-up rates, were based on experience investigations carried out by Millenniumbcp Ageas and based on real portfolio data. Expenses allocation was based on recent experience, and divided between acquisition costs (new business) and maintenance (existing portfolio). Expenses taken as extraordinary, and thus exceptional, were identified one by one and not included in the unit costs calculation.

02

Report of the
Board of Directors

It is assumed that methods and bases for calculating mathematical reserves, profit sharing and other policy benefits, along with current legislation and income tax levels, will remain unchanged.

Non-Life Actuarial Review

Periodic actuarial reviews are performed in order to verify the level of reserves for all Non-Life products. The claim's reserves were estimated from the payments database and number of claims, using internationally accepted actuarial methods.

Apart from internal actuarial evaluations, a regular independent external certification is performed.

As the table below shows, Millenniumbcp Ageas has sufficient overall claims provisions.

RESULTS OF ACTUARIAL EVALUATIONS VERSUS BALANCE SHEET CLAIMS PROVISIONS	31-12-2013	31-12-2012
Total Balance sheet provisions	100,732	97,951
Claims Reserves Internally Certificated ⁽¹⁾	87,415	87,170
Claims Reserves Best Estimate	71,190	69,133
Claims Reserves at 90% Percentile	86,520	88,918

(1) Actuarial Certification does not include expense reserve, reserves for claims receipts issued but not paid and Health PPP products.

Solvency II

The Solvency II Directive is a European Union Directive aimed at codifying and harmonising insurance regulation across Europe. The first Solvency II Directive was adopted by the Council of the European Union and the European Parliament in November 2009.

Following protracted discussions, involving various interested parties, in October 2013, the European Commission finally released a draft of the Solvency II Directive scheduling its application date for 1 January 2016.

Revisions of the Solvency II Directive are now expected from the Omnibus II Directive (level 2 legislation), which is currently being discussed by the European Commission, Council of the European Union and European Parliament.

The Omnibus II Directive will set the scope of the technical standards which will be drafted to support the implementation of the new regime, covering some of following key areas:

- › Internal Models, Solvency Capital Requirements, Own Funds, Technical Provisions, Valuation of Assets and Liabilities;
- › Supervisory transparency and accountability, reporting and disclosure;
- › Governance, ORSA;
- › Supervisory review process, capital add-ons.

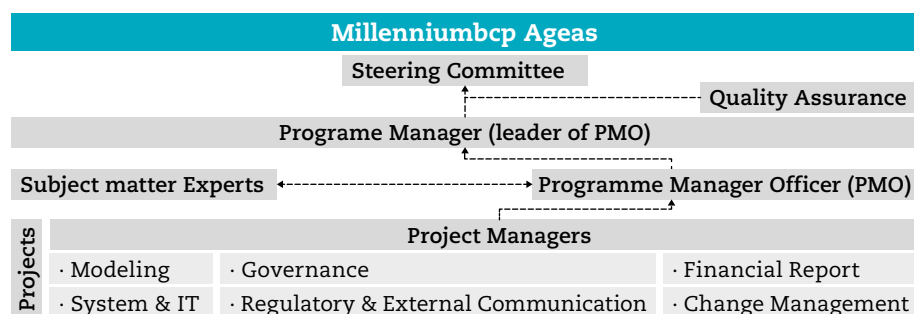
In October 2013 EIOPA also issued guidelines regarding the preparations required for Solvency II. These aim to ensure active steps from the National Competent Authorities, insurance companies and groups to ensure a consistent and convergent implementation of the Solvency II Directive, covering the following main areas:

- › Systems of governance;
- › A forward looking assessment of undertakings' own risk (based on ORSA principles);
- › Submission of information;
- › Pre-application for internal models.

Solvency II is widely seen as an opportunity to improve insurance regulation, bringing significant advances in the approach to risk management in the insurance industry, but also improving the way insurance businesses are managed and how strategic decisions impact the capital requirements of those businesses.

Millenniumbcp Ageas, in line with the rest of the Ageas Group, started the Solvency II project in 2009 and since then has been fully committed to implement it with a view to developing adequate initiatives for ensuring smooth transition to the new regime.

The Millenniumbcp Ageas Solvency II governance structure, overseeing the implementation of the Directive's requirements, is as follows:



The work developed in 2013 for all six work streams (three pillars structure), can be summarised as follows:

- › Continued developing the data warehouse focusing on the Quantitative Report's Templates (QRT), data quality and inputs for SCR calculation;
- › Concluded the review and update of the internal control system, including mapping of processes, risks, and respective controls (including PensõesGere);
- › Development, approval and on-going implementation of risk policies;
- › Development of the ORSA Dry-Run Report for Millenniumbcp Ageas (pillar II);
- › Active participation in the working groups of Portuguese Insurers Association (APS) for all matters related to the Solvency II project;
- › Regular meetings with the Local Supervisor (ISP).

For 2014, the major focuses for Millenniumbcp Ageas are related to data management, in particular: systems, data traceability and data quality, aiming

02

Report of the
Board of Directors

to meet the requirements for efficient and timely reporting (QRT's). In addition, an ORSA process/report will be prepared by each solo entity (Ocidental Vida, Ocidental Seguros and Médis). There will also be a strong focus on the Governance and implementation of the companies' risk policies.

In addition, and in line with the guidelines for preparation for Solvency II released by EIOPA in October 2013, Millenniumbcp Ageas will be actively working in steps towards a consistent and convergent implementation process.

Risk Management

Accepting Risks is intrinsic to how Millenniumbcp Ageas creates value for its customers and shareholders. As a consequence, a key objective is to ensure that value is added to the business through the acceptance, warehousing, and transformation of risks that can be understood and effectively managed within a well-designed risk management system.

An Enterprise Risk Management framework is being progressively put in place across the company, reflecting the philosophy, strategy and process guiding the organization's approach and attitude to Risk.

Enterprise Risk Management is a process, carried out by Millenniumbcp Ageas management, as part of its corporate governance, under which a risk management organizational structure has been established, interacting actively with the risk management structure of Ageas Group.


The Risk Management framework formalizes the way the Company deals with the risk domain and assigns responsibilities and authorities to all stakeholders, ensuring an effective approach to risk management. The Risk Management framework is set-up with the main objective to manage risks efficiently and is based on a three lines of Defense Model.

A number of bodies have been set up to ensure the overall Risk Framework is supported effectively:

Board					
EXECUTIVE COMMITTEE					
Internal Audit	Risk Committee				Compliance
	Risk Mamagement	Asset Management Committee		CFO Team Meetings	
		Tactical Investment committee			
		Operation Risk & Internal Control			
		Liability Working Group			
		Solvency II Steering Committee			
	Ageas Risk Management				

The structure was developed with the aim of ensuring the close monitoring of risks, proposing mitigating actions and enforcing a transparent and a coherent risk-related decision-making process.

Aligned with national legislation changes and the Solvency II directive, Millenniumbcp Ageas continued reinforcing in 2013 its risk management system, in order to reflect commercial changes, regulatory environment changes and strategic decisions. In particular, two major achievements were the



development of a comprehensive set of risk policies, linked to the Solvency II (pillar II) requirements, and the production by the company of its second Own Risk Solvency Assessment (ORSA) report.

For 2014, the main focus will be on continuing to embed the use of the ORSA, by management, in its decision-making process as well as the full implementation of the company's risk policies.

Within Millenniumbcp Ageas, Risk Management is based on a set of principles designed to ensure that all risks are identified, assessed, monitored and managed in accordance with predefined standards and this approach is integrated into the conduct of all activities.

The approach to Risk Management also relies on a robust formal framework describing guidelines, reference standards and limits while tackling risks identified in the Risk Taxonomy. This taxonomy also defines the roles and responsibilities within the system and the corresponding requirements. The Risk Taxonomy was reviewed and updated in October of 2013.

Asset Management

The fear of a Global slowdown due to spending cuts at the US Federal Government, a process called sequestration, was the main talking point at the beginning of 2013. This process was in fact responsible for the US growth slowdown (from 2.8% in 2012 to 1.9% in 2013).

In the EuroZone one should highlight the recovery in the periphery economies, particularly Ireland, which enabled the country to successfully exit the financial assistance program, but also the Portuguese and Spanish economies that improved in the second half of the year.

The ECB has used interest rates as a monetary policy tool by lowering the refinancing rate twice, once on May 8th, from 0.75% to 0.5% and again on November 13th to 0.25%.

In the context of a highly competitive environment in the financial products arena and the withdrawal of most of the fiscal benefits embedded in the insurance products, it was even more important to fine tune Asset and Liability management.

In fact, the changes that occurred at the liabilities profile has driven most of the asset management activity during 2013. Through the year several exercises were performed at yield curve positioning in order to achieve in the short term an adequate level of liquidity and in the long term to improve the asset and liability match.

Through this process a strong sense of market perspective was maintained, keeping an eye on the evolution of interest rates and spreads between Euro Zone sovereign bonds. This stance was of utmost importance to maximize returns by capturing the best investment options available within a very realistic and prudent guidelines framework.

The investments profile takes into consideration the improvement of risk of the domestic assets, both in Government and Corporate Bonds. Therefore,

02

Report of the
Board of Directors

portfolios kept a strong primary and secondary market activity within previously set limits. The major new investments were in Portuguese Government Bonds and recognised Portuguese issuers.

We should also highlight the dynamic approach to liquidity management which moved between Term Deposits and opportunistic investments in Treasury bills and short dated bonds.

The devaluation of Core Government Assets was compensated by strong returns and liquidity improvement provided by Portuguese Bonds, which also enable new investments with attractive yields

INVESTMENTS PORTFOLIO [EUR 103]	2013	%	2012	%
Available for sale	4,630,977	100.0%	4,345,682	100.0%
Government bonds	1,892,009	40.9%	1,495,843	34.4%
Corporate debt securities	2,448,597	52.9%	2,564,752	59.0%
Equity securities	43,674	0.9%	17,623	0.4%
Participation in unit funds				
Debt	66,284	1.4%	61,563	1.4%
Equity	9,877	0.2%	-	0.0%
Real Estate	170,536	3.7%	196,874	4.5%
Alternative	-	0.0%	9,027	0.2%
Held at fair value	5,072,841	100.0%	5,506,155	100.0%
Government bonds	782,424	15.4%	262,934	4.8%
Corporate debt securities	3,862,441	76.1%	5,002,725	90.9%
Equity securities	-	0.0%	-	0.0%
Participation in unit funds				
Debt	199,493	3.9%	115,978	2.1%
Equity	184,909	3.6%	104,542	1.9%
Real Estate	2,131	0.0%	1,226	0.0%
Alternative	41,443	0.8%	18,750	0.3%
Held to maturity	623,044	100.0%	697,845	100.0%
Government bonds	485,001	77.8%	527,493	75.6%
Corporate debt securities	138,043	22.2%	170,352	24.4%
Other financial assets / (liabilities)	189,374	100.0%	209,580	0.0%
Trading derivatives	189,374		209,580	
Repurchase agreement	-		-	
Total	10,516,236		10,759,262	

Our Staff

The adverse social and economic environment experienced over these last years persisted during 2013. Therefore, the preparation and launch of initiatives aimed at mitigating the negative effects of the current circumstances, in order to sustain the high levels of staff motivation, continued to be one of the key priorities in terms of Human Resource management.

The initiatives launched over the past few years have proved to be consistent and in line with the strategic objectives defined under the strategic agenda called “Vision 2015”. Among these initiatives, we highlight the following:

The Restructuring Plan, launched in 2011 with the objective of rejuvenating the staff and preparing the company for future challenges, continues to contribute strongly to staff rejuvenation and the recruitment of new employees with skills suited to the needs arising from the new strategic challenges.

In 2013, 19 employees left under this Plan as a result of negotiations conducted during 2012 and 2013, and the leaving of a further 3 employees was negotiated, which will take place during the first months of 2014.

With the leaving of these employees, it was possible to recruit new staff, reducing the average age of the staff, slightly increasing the headcount but lowering the total payroll, enabling Millenniumbcp Ageas to reach the end of the financial year of 2013 with 477 employees, 2 more than at the end of the previous year. The average age fell to 42 years old and female employees represent 54% of staff.

Age Group	Female	Male	Total
< 30	27	20	47
31-35	18	21	39
36-40	68	24	92
41-45	84	42	126
46-50	37	61	98
51-55	19	43	62
56-60	2	9	11
> 60	1	1	2
Total	256	221	477

The Lisbon and Porto premises modernisation project is underway, with a view to modernising the workplace by making it more functional and attractive. The remodelling of the Tagus Park premises has already started and should be completed by the end of the first semester of 2014. The adoption of a cleandesk policy is yet another of the initiatives of this project.

The development of an Integrated Management Model of Human Resources, known as 2GROW, was launched in 2013.

This is a structural project whose objective is the integrated management of all aspects of Human Resources. Based on a new model of functions adapted to the specific reality of the company, the employees will be assessed individually in terms of Core, General and Specific competence, and their performance will also be assessed through KPIs. This model will be used to create a database of information enabling the management of staff careers, remunerations, promotions, external recruitment, mobility, development potential, training needs and the establishment of career progression plans, in a structured manner.

This project will be developed in 3 phases, starting in March 2014 and ending in March 2015.

02

Report of the
Board of Directors

Among other new and recurrent activities, we continue to encourage training, one of the key drivers of Human Resource management, to develop and improve our weekly newsletter What's New, both in terms of contents and graphics. We held the first Extended Management Meeting, extended to the 1st and 2nd hierarchical lines of the organisation, and held yet another Annual Staff Meeting, in an innovative format that was reflected in a very participative atmosphere of enormous interaction.

The assertiveness and dynamics of the implemented measures as well as the outcome of the specific action plans aimed at improving motivation and satisfaction levels, and the results of the Annual Employee Satisfaction Survey continue to improve and show reference values at the level of the best benchmarks – participation rate increased again to 95% and the Employee satisfaction and motivation indices also evolved significantly to 81% and 78% respectively.

Corporate Governance

Millenniumbcp Ageas is an insurance Group held by Ageas and by Millenniumbcp. Apart from complying with laws and regulations, securing compliance with recommendations and corporate governance rules is a key area of concern of Millenniumbcp Ageas Grupo Segurador.

Governing Bodies

General Meeting of Shareholders

Apart from its usual legal rights, the General Shareholders' Meeting elects the General Meeting's Board, the members of the Board of Directors, the members of the Board of Auditors, the Single Auditor and or the Chartered Accountant or a Chartered firm of Accountants, nominates an Audit Committee and defines the remuneration of the governing bodies, their social securities schemes and other complements.

The General Meeting's Board is constituted by a Chairman, a Deputy-Chairman and a Secretary, elected for a period of three years re-elected one or more times.

Governance and Auditing

The governance structure consists of a Board of Directors, which delegates part of its responsibilities to an Executive Committee, a Board of Auditors and a Chartered Accountant or a Chartered Accountants company, provided the latter is not a member of the Board of Auditors.

Board of Directors

The Board of Directors includes a maximum of eight members elected by the General Meeting of Shareholders for a period of three years re-elected one or more times, which elect among themselves their Chairman and Deputy-Chairman. The Board of Directors meets whenever decided by its Chairman or by two other members and, at least, once every quarter.

On 31 December 2013, the Board of Directors was composed by a Chairman (Mr. Kurt André J De Schepper), a Deputy-Chairman (Ms. Maria da Conceição Mota Soares de Oliveira Callé Lucas) and six other members (Mr. Barry Duncan Smith, Mr. Stefan Georges Leon Braekeveldt, Mr. Jan Adriaan de Pooter, Mr. Julian Robert Mark Harvey, Mr. Eduardo Manuel Carmona e Silva Consiglieri Pedroso and Manuel Frederico Lupi Belo).

Executive Committee

The Executive Committee, established by law, comprises a maximum of five members to whom powers and functions have been delegated by decision of the Board of Directors. The by-laws define the matters that may not be delegated by the Board of Directors.

Presently the Executive Committee includes Mr. Jan Adriaan de Pooter (CEO), Mr. Julian Robert Mark Harvey (CFO), Mr. Eduardo Manuel Carmona e Silva Consiglieri Pedroso and Mr. Manuel Frederico Lupi Belo.

The Members of the Executive Committee have presently the following responsibilities:

Mr. Jan Adriaan de Pooter (CEO) – Institutional relationships (regulators, APS and other) and the following internal areas: Organisation & IT; Internal Audit; Pensõesger; and Corporative Support, which includes the Corporative Affairs, the Human Resources, the Legal, the Compliance, the Technical Support and the Strategy & Performance.

Mr. Julian Robert Mark Harvey (CFO) – Planning and Control, Risk Management and Actuarial, Investments, Finance, Reinsurance.

Mr. Eduardo Manuel Carmona e Silva Consiglieri Pedroso – Médis, Non-Life back-office, Non-Life technical platforms, Life back-office (Life Platform) and Client and Sales Support.

Mr. Manuel Frederico Lupi Belo – Commercial (Bancassurance, Médis and Corporate) and Marketing.

Board of Auditors

The Board of Auditors includes three effective members and a substitute elected for three years by the General Meeting of Shareholders, which also appoints the Chairman. The Board of Auditors meets under the terms of the law or whenever decided by its Chairman, by the majority of its members or by the Board of Directors.

02

Report of the Board of Directors

The auditing of corporate businesses may also be performed, under the terms of the law, by a Board of Auditors and by a Chartered Accountant or a Chartered Accountant company, provided that the latter is not a member of the Board of Auditors.

Whenever they find it convenient, the Board of Auditors or the Single Auditor can attend the meetings of the Board of Directors.

Audit Committee

Notwithstanding the responsibilities of the Board of Auditors, the General Meeting of Shareholders, under the by-laws, also appoints an Audit Committee to supervise the company accounts and to assist the Board of Directors regarding its internal control responsibilities, in general.

The Audit Committee consists of three non-executive members of the Board of Directors, one of whom must be the Deputy-Chairman of the Board of Directors who will be Chairman of the Audit Committee.

Company's Secretary

The Board of Directors appoints a Company's Secretary, as well as its respective alternate, with the competences entrusted by law, who cannot be members of the Board of Directors.

Remuneration

Remuneration policy of the members of the Board of Directors and Supervisory Bodies

Decision making process and remuneration structure

The remuneration policy for the members of the Board of Directors and Audit Boards has remained practically unaltered since the incorporation of the company, having been defined by the Remuneration Committee based on best practices and approved by the General Meeting of Shareholders.

The remuneration policy for the members of the Board of Directors and Audit Boards is structured in order to ensure the balance between the annual performance of the company and the contribution of the members of those bodies to that performance.

This policy is materialized through a fixed remuneration component and in the possibility of attribution of a variable component. These components, and their evolution, are dependent on the degree of achievement of the objectives set out in the medium and long term business plan that is approved by the Board of Directors and on criteria that considers individual performance, the real growth of the institution and wealth effectively created for shareholders, the protection of the interests of policyholders, insured persons, participants and beneficiaries, their long term sustainability and the risks

assumed, as well as compliance with the rules applicable to the business of the institution.

Predetermined criteria for the assessment of the Board of Directors

The decision to attribute the variable component depends, in addition to the extent to which the annual budget is met, on the financial solidity of the company, the solvency and rating levels, and the actual economic and competitive environment. The existence of plans for the attribution of financial instruments or options to purchase said instruments are not foreseen. The payment of the variable remuneration component is made after the clearance of the accounts for each financial year.

Directors who do not receive any remuneration may be appointed.

The directors who do not perform executive functions could be remunerated.

Performance assessment of Board of the Directors

The performance assessment of the executive directors is a direct result of the extent to which the annual budget is met, being the exclusive responsibility of the general meeting or of a remunerations committee nominated by the General Meeting of Shareholders.

The predetermined criterion for the performance assessment of the executive directors is the level of achievement of the annual budget.

Relative importance of the remuneration components of the Board of Directors

The remuneration of the executive directors includes the following components:

- a) a fixed monthly remuneration, defined based on the competitive positioning within the Portuguese benchmark universe of companies and, in the case of directors from other shareholding companies, its positioning within those companies may be considered, namely in terms of the remuneration level; this component represents a sufficiently high proportion of total remuneration, so as to permit the application of a fully flexible policy in terms of the variable remuneration component, including the possibility of not paying any variable remuneration component;
- b) an annual variable remuneration, paid after the approval of the annual accounts at the General Meeting of Shareholders; the establishment of this remuneration is based on practices of shareholders, which are important players in the markets where they are present; the annual variable remuneration of the total number of executive directors must not surpass 2% of the Group's results, before VOBA (Value of Business Acquired) or Goodwill depreciation, in the financial year to which they are related and does not constitute a vested right and is deliberated annually.

Information on the deferral of payment of the variable component and criteria of attribution of variable remuneration in financial instruments of the Board of Directors

The variable remuneration, when represents more than 35% of the annual fixed salary, is subject to mandatory deferral for a period of three years following that to which it relates, and the amount to be paid in the first year must be greater

02

Report of the
Board of Directors

than the following. The variable remuneration is not paid in financial instruments, taking into account that the company has only two shareholders and dispersion of their capital is against the philosophy of the constitution of the Joint Venture, this form of payment of remuneration is liable to be applied.

Other non-monetary benefits of the Board of Directors

There is no payment of annual premiums and any other non-monetary benefits.

Remuneration in the form of profit sharing or bonuses of the Board of Directors

In addition to the fixed monthly remuneration and the annual variable remuneration (which assignment depends from an annual deliberation), no remuneration in the form of profit sharing or payment of bonuses is foreseen.

Payment of any compensation to former executive directors relating to the termination of their functions during the year

The payment of any compensation to former executive members of the Board of Directors relating to the termination of their functions during the year is not foreseen.

Limits to compensation payments due to discharge without just cause of the Board of Directors

The compensation established for any form of discharge without just cause of a member of the management body will not be paid if the discharge or termination by mutual agreement results from an inadequate performance of the member of the management body.

Amounts paid for whatever reason by other companies with which there are controlling or group relationships of the Board of Directors

The executive directors are only remunerated in one of the Group companies and do not receive any additional compensation to that foreseen in this remuneration policy.

Complementary pension or early retirement regimes of the Board of Directors

Members of the management body do not benefit from any complementary pension or early retirement regimes for the performance of their functions.

Estimate of the value of the non-monetary benefits of the Board of Directors

Not applicable.

Mechanisms that prevent the celebration of contracts that call into question the reason for existence of the variable remuneration of the Board of Directors

Not applicable.

Remuneration policy assessment

The remuneration policy will be submitted to an independent internal assessment at least once a year, performed in articulation with the key functions

and materialized in a specific report to be presented to the Board of Directors and to the General Meeting of Shareholders, identifying the necessary steps to correct possible failures.

The assessment will include, in particular, the review of the remuneration policy and its implementation in accordance with applicable legislation and recommendations, especially about its effect on risk management and capital of the company.

Consistency of remuneration policies at Group level

The remuneration policies of the subsidiaries are consistent among themselves and its ensured the implementation for all the remunerations paid to each employee by all Group companies.

Detailed indication of the recommendations adopted and not adopted

The table below corresponds to the detailed indication of the recommendations adopted and not adopted in Circular 6/2010, of 1 April, of the Portuguese Insurance Regulator (ISP), containing the rationale for the non-adoption of certain recommendations by reference to the respective paragraphs of this remuneration policy.

Recommendation	Declaration of adoption	Rationale
I.4. Adoption of a remuneration policy consistent with effective risk management and control I.5. Suiting the policy to the dimension, nature and complexity of the business I.6. Adoption of a clear, transparent and adequate structure	Adopted	Decision making process and remuneration structure
II.1. Approval of the policy by the Remuneration Committee	Adopted	Decision making process and remuneration structure
II.3. Participation in the definition of the policy for people that are functionally independent have adequate technical capacity, including people that are part of the structural units responsible for key functions	Adopted	Decision making process and remuneration structure
II.4. The policy must be transparent and accessible to all Employees, subject to periodic review and submitted as an autonomous document	Adopted	Decision making process and remuneration structure and predetermined criteria for assessment
III.1. Minimum annual frequency of review undertaken by the remunerations committee III.2. Independence of the members of the remunerations committee	Adopted	Performance assessment
IV.1. The remuneration of the executive directors should include a variable component that is dependent on a performance assessment	Adopted	Predetermined criteria for assessment and Performance assessment
IV.2. Adequate balance of the remuneration components	Adopted	Relative importance of the remuneration components
IV.3. Part of the variable component should be paid in financial instruments	Not Adopted	Not applicable, considering: the characteristics of the company and its shareholders

Recommendation	Declaration of adoption	Rationale
IV.4. Part of the variable remuneration should be deferred IV.5. Calculation of the deferral according to the weight relative to the fixed component	Adopted Adopted	Information on the deferral of payment of the variable component and criteria of attribution of variable remuneration in financial instruments of the Board of Directors
IV.6. The members of the management body must not celebrate contracts that mitigate the risk inherent to the variability of the remuneration	Adopted	Mechanisms that prevent the celebration of contracts that call into question the reason for existence of the variable remuneration
IV.7. Maintenance of the actions of the institution obtained through variable remuneration schemes IV.8. Deferral period in the case of the attribution of options IV.9. Maintenance of shares after the end of the term of office	Not Adopted	Not applicable, considering: the characteristics of the company and its shareholders
IV.10. Remuneration of the non-executive directors must not include any component that is dependent on the performance or value of the institution	Adopted	Predetermined criteria for assessment
IV.11. Compensation in the event of discharge	Adopted	Limits to compensation payments due to discharge without just cause
VI.1. Submission of the remuneration policy to an independent internal assessment	Adopted	Remuneration policy assessment
VII.1. Should be ensured consistency remuneration policies at Group level VII.2. Adoption of the recommendations for all the remunerations paid to each employee by all Group companies	Adopted	Consistency of remuneration policies at Group level


The annual value of the remunerations paid by Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. to the Board of Directors and Audit Board members in the economic year of 2013 is the following:

Virgílio Luís de Sousa Repolho	8.437,50 Euros
José Rodrigues de Jesus	12.000,00 Euros
Albino de Azevedo Soares	4.218,75 Euros
Joaquim Patrício da Silva	2.812,50 Euros
António Fernando Nogueira Chaves	1.406,25 Euros
Total	28.875,00 Euros

Remuneration Policy of the Employees

Decision making process and remuneration structure

The remuneration policy for Employees has remained practically unaltered since the incorporation of the company, having been defined by the shareholders based on best practices.



The remuneration of Employees comprehends the base remuneration defined for each level of the Collective Labour Agreement (CCT) and a complement that varies in accordance with the professional category, the remuneration level, the specificity and requirements of the function, the degree of seniority, individual merit and the level of responsibility attributed.

The individual differentiation, adopted for all Employees, is based on the following criteria: CCT level, the specificity and requirements of the function, the degree of seniority, individual merit and the level of responsibility attributed.

Relative importance of the remuneration components

This policy is materialized through a fixed remuneration component and in the possibility of attribution of a variable component. These components, and their evolution, are dependent on the degree of achievement of the objectives set out in the medium a long term business plan that is approved by the Board of Directors and on criteria that considers individual and departmental performance, the real growth of the institution and wealth effectively created for shareholders, the protection of the interests of policyholders, insured persons, participants and beneficiaries, their long term sustainability and the risks assumed, as well as compliance with the rules applicable to the activity of the institution.

The remuneration policy is structured in order to ensure the balance between the annual performance of the company and the contribution of Employees to that same performance.

The fixed component represents a sufficiently high proportion of total remuneration, so as to permit the application of a fully flexible policy in terms of the variable component of remuneration, including the possibility of non-payment of any variable component of remuneration.

Information on the deferral of payment of the variable component and criteria of attribution of variable remuneration in financial instruments

Considering the characteristics of the company and financial groups in which is integrated, the variable remuneration is not subject to any deferral or paid in financial instruments.

Predetermined criteria for assessment

The predetermined criteria for performance assessment is the extent to which the annual budget is met, individual and departmental performance, the real growth of the institution and the effective wealth created for the shareholders, the protection of the interests of policyholders, insured persons, participants and beneficiaries, their long term sustainability and the risks assumed, as well as compliance with the rules applicable to the activity of the institution.

The variable remuneration of the total number of Employees must not exceed 3% of the Group's results, before VOBA (Value of Business Acquired) or Goodwill depreciation, in the financial year to which they relate and does not constitute a vested right and is deliberated annually.

02

Report of the
Board of Directors**Remuneration policy assessment**

The remuneration policy will be submitted to an independent internal assessment at least once a year, performed in articulation with the key functions and materialized in a specific report to be presented to the Board of Directors and to the General Meeting of Shareholders, identifying the necessary steps to correct possible failures.

The assessment will include, in particular, the review of the remuneration policy and its implementation in accordance with applicable legislation and recommendations, especially about its effect on risk management and capital of the company.

Detailed indication of the recommendations adopted and not adopted

The table below corresponds to the detailed indication of the recommendations adopted and not adopted in Circular 6/2010, of 1 April, of the Insurance Portuguese Regulator (ISP), containing the rationale for the non-adoption of certain recommendations by reference to specific paragraphs of this remuneration policy.

Recommendation	Declaration of adoption	Rationale
I.4. Adoption of a remuneration policy consistent with effective risk management and control I.5. Suiting the policy to the dimension, nature and complexity of the business I.6. Adoption of a clear, transparent and adequate structure	Adopted	Decision making process and remuneration structure
II.2. Approval of the policy by the management body	Adopted	Decision making process and remuneration structure
II.3. Participation in the definition of the policy for people that are functionally independent have adequate technical capacity, including people that are part of the structural units responsible for key functions	Adopted	Decision making process and remuneration structure
II.4. The policy must be transparent and accessible to all Employees, subject to periodic review and submitted as an autonomous document	Adopted	Decision making process and remuneration structure and Predetermined criteria for assessment
II.5. Communication of the assessment process to Employees	Adopted	
V.1. Adequate balance of the remuneration components	Adopted	Decision making process and remuneration structure and Relative importance of the remuneration components
V2. Part of the remuneration component must be paid in financial instruments V.5. Possibility of non-payment or reduction of the deferred variable remuneration V.6. Deferral period of the variable remuneration V.7. Calculation of the deferral according to the weight relative to the fixed component	Not Adopted	Not applicable considering: the characteristics of the company and its shareholders; the decision making process and remuneration structure; the relative importance of the remuneration components; and the Information on the deferral of payment of the variable component and criteria of attribution of variable remuneration in financial instruments

Recommendation	Declaration of adoption	Rationale
V.3. The assessment must take into consideration individual performance and the structural performance of the Employee's department, including relevant non-financial criteria V.4. Assessment criteria must be predetermined and able to be measured, based on a pluri-annual framework	Adopted	Predetermined criteria for assessment
V.8. Remuneration of employees that perform key functions V.9. Remuneration of the actuarial function	Adopted	Decision making process and remuneration structure
VI.1. Submission of the remuneration policy to an independent internal assessment	Adopted	Remuneration policy assessment

Decision Making Process

As part of the decision making process there are several governing bodies, commissions and units elected by the General Meeting of Shareholders or appointed by the Board of Directors, who co-operate with the Board of Directors and the Executive Committee, ensuring separation between business and operational areas.

Risk Committee

Its function is to provide guidance to the Board of Directors and the Executive Committee on understanding and proper management of risks inherent to insurance and pension fund business, and to ensure the adequacy of capital to risk and overall operation.

The Executive Committee defines the role and responsibilities of the Risk Committee and its terms of reference, which are periodically reviewed by the Risk Committee, by the Board of Directors or by the Executive Committee according to the most current regulation and risk management principles.

Chief Investment Officer

CIO is responsible for maximizing investment returns within the constraints of the strategic asset mix set by the ALM. The CIO is also responsible for selecting assets to invest, and providing information at the local and group level.

Compliance officer

This officer seeks to stimulate, monitor and control observation of laws, regulations, internal rules and ethical standards that are relevant to the integrity and, hence, to the reputation of Millenniumbcp Ageas.

In terms of Corporate Governance, compliance aims to provide reasonable assurance that the company and its Employees comply with these laws, regulations, internal rules and ethical standards.

02

Report of the Board of Directors

The officer is also required to develop a confident relationship and mutual understanding with regulators and regulatory authorities in compliance matters.

Millennium bcp Serviços, ACE

Millennium bcp Serviços is a complementary group of companies whose mission is to manage resources and services in a structure that integrates, optimises and rationalises IT, operating, administrative and procurement resources.

Company Rules

Code of Conduct

Independently of the legal and regulatory arrangements applying to companies in general and insurance and pension schemes in particular, the Board of Directors has approved a Code of Conduct setting out specific internal regulations that apply to staff and members of the governing bodies in the performance of their roles.

The Code of Conduct defines the principles and the rules to be observed on insurance and pension schemes businesses, namely conflict of interest, professional secrecy and incompatibility.

Risk control internal procedures

The Board of Directors and the Executive Committee are responsible for defining levels of risks and managing risks with the support of the transversal units, which, in terms of corporate governance, are contributing to the decision making process.

Governing Bodies

General Meeting of Shareholders

Deputy-Chairman	Ana Isabel dos Santos de Pina Cabral
Secretary	João José Carvalho Pereira

Board of Directors

Chairman	Kurt André J De Schepper
Deputy-Chairman	Maria da Conceição Mota Soares de Oliveira Callé Lucas
Member	Barry Duncan Smith
Member	Stefan Georges Leon Braekeveldt
Member	Jan Adriaan de Pooter
Member	Julian Robert Mark Harvey
Member	Eduardo Manuel Carmona e Silva Consiglieri Pedroso
Member	Manuel Frederico Lupi Belo

Board of Auditors

Chairman	Virgílio Luís de Sousa Repolho
Member	José Rodrigues de Jesus
Member	Albino de Azevedo Soares
Member	Belmira Abreu Cabral

Statutory Auditors

Effective	KPMG & Associados (SROC) Represented by: Maria Inês Rebelo Filipe
Alternate	Vítor Manuel da Cunha Ribeirinho

Audit Committee

Chairman	Maria da Conceição Mota Soares de Oliveira Callé Lucas
Member	Barry Duncan Smith
Member	Stefan Georges Leon Braekeveldt

02

Report of the
Board of Directors

Outlook for 2014

For fiscal year 2014, prospects point to a slight improvement in the external environment, but still with latent risks whose materialization may negatively affect the performance of the entire insurance industry.

Projections point to a moderate recovery of the global economy, signed also by the stock markets' recent performances, which seem to anticipate an economic pick-up recovery for later in 2014, early 2015. In Portugal, the external environment is expected to remain challenging, despite the early signs of recovery of the economic activity.

Portugal is expected to head out of the current bail-out in May 2014, most likely followed by an ECCL post-bail out programme, which will necessarily mean the persistency of austerity measures & a high tax burden. 2014 will most likely produce a modest GDP growth, with recovery reaching the common citizens day-to-day life much later in the year. Unemployment downward trend will remain in 2014.

Portuguese banks proved resilient to the crisis, but challenges ahead remain, with different realities according to the individual situation of the main players, impacting the evolution of the Life market. Insurance is expected to recovering slowly, following but not ahead of the economic pick-up. In Life, Portuguese market is expected to grow moderately, again with different performances according to the players' strategies and particularly those of the incumbent Bank distributors. In Non-life, market evolution is expected to be flat to moderately positive, following the economic recovery reaching private consumers later in 2014.

Reality has proven that Millenniumbcp Ageas' assumptions a year ago were correct, with threats materializing and opportunities emerging along 2013. The organization has executed accordingly to the strategic plan. The implementation of the strategic agenda will continue its course as planned, to give an answer to the challenges of the external environment, but also to take advantage of new opportunities for business development.

2014 will start the full steam execution of the strategy of growth within the current footprint & the expansion of market reach. In still challenging economic circumstances, Millenniumbcp Ageas expects business growth to be underpinned by these two strategic choices.

The Millenniumbcp Ageas management team & staff are in the driving seat, fully confident that the Company will keep delivering a superior output & setting the market standards in financial, operational & customer service drivers.

Proposed Disbursement

Net income for 2013, related to all companies reporting under the consolidated accounts of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., was EUR 82,895,627.37 (eighty-two million eight hundred and ninety-five thousand six hundred twenty-seven euros and thirty-seven cents).

Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. net income was EUR 241,131,205.69 (two hundred forty-one million one hundred thirty-one thousand two hundred and five euros and sixty-nine cents).

Considering the Board of Directors report and paragraph c) of Article 376/1 of the Portuguese Companies Code, it is proposed that the reported earnings for 2013, on the amount of EUR 241,131,205.69 (two hundred forty-one million one hundred and thirty-one thousand two hundred and five euros and sixty-nine cents), be disbursed as follows:

- › EUR 12,056,560.28 (twelve million fifty-six thousand five hundred and sixty euros and twenty-eight cents), to the legal reserve;
- › EUR 65,000,000.00 (sixty-five million euros), to payable dividends;
- › EUR 164,074,645.41 (one hundred sixty-four million seventy-four thousand and six hundred forty-five euros and forty-one cents), to retained earnings.

Lisbon, February 26, 2014

THE BOARD OF DIRECTORS



MANDATORY DISCLOSURES
SHAREHOLDER
& BONDHOLDER STAKES
OF THE GOVERNING BODIES
GLOSSARY

MANDATORY DISCLOSURES

Percentage of Held Investment

Ageas Insurance International, N.V. – 51%

BCP Investment B.V. – 49%.

SHAREHOLDER & BONDHOLDER STAKES OF THE GOVERNING BODIES

SHAREHOLDER / BONDHOLDER	SECURITY	Number of securities at		Transactions in 2013			[UNIT PRICE EUROS]
		31/12/13	31/12/12	Acquisitions	Alienations	Date	
Maria da Conceição Mota Soares de Oliveira Callé Lucas	BCP shares	100,001	100,001				0,1664
Manuel Frederico Lupi Belo	BCP shares	424,767	424,767				0,1664
Virgílio Luís Sousa Repolho (a)	BCP shares	111,236	111,236				0,1664
Belmira Abreu Amaral	BCP shares	32,894	32,894				0,1664
Carlos Alberto Correia Diogo (b)	BCP shares	175,736	70,736	95		02/18/13	0,1664
				10		03/04/13	0,1664
José Mário Fernandes Ventura	BCP shares	1,213	1,213				0,1664
José Ricardo Gonçalves Monteiro	BCP shares	1,206	1,206				0,1664
Albino Azevedo Soares	BCP shares	45,344					0,1664
Cônjuge / Filhos Menores							
Maria António Sousa Ubaldo Repolho (a)	BCP shares	84	84				0,1664
Ester Antunes Lopes (b)	BCP shares	2,471	2,471				0,1664
	BCP Mill Rend Ext Abr 12/15	7	7				1000
	Mill BCP Subord 10/20	7	7				903,8

GLOSSARY

A

Acquisition cost: cost of acquiring new and renewed insurance business, namely, commissions, underwriting, advertising and policy issue expenses.

Amortised Cost: the amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/accretion of any premium/discount, and minus any write-down for impairment.

Asset Liability Management (ALM): is the on-going process of formulating, implementing, monitoring and revising attempt to achieve financial objectives for a given set of risk tolerances and constraints.

Average Return on Financial Investments (Book Value): average return on financial investments calculated considering the actual accounting principles.

B

Bancassurance: sale of insurance contracts through banking distribution channel.

Basis point (bp): one hundredth of 1%.

C

Close-end Pension Funds: may have one, or more members, since these members are tied up by the same organisation. New admissions need the existing members approval. May be created by one or more organisations.

Combined Ratio: the sum of the Non-Life loss ratio and the expense ratio

Cost of Reinsurance: cost of an operation whereby an insurer wishing to lower his exposure to a risk considered as excessive or dangerous, passes a portion of the risk exposure and its related premium to a reinsurer.

Cross-selling: strategy of using an existing customers database of one product as prospective customers for other products.

D

Derivative: financial instrument such as a swap, a forward, a future contract and an option. This financial instrument has a value that changes in response to changes in various underlying variables. It requires little or no net initial investment, and is settled at a future date.

Direct Written Premiums: includes premiums received from all sources related to insurance contracts.

E

Earned Premiums: book-keeping value of premiums regarded as revenue in a particular period.

Economic Capital: is the amount of capital that the company requires in order to support the economic risks it faces.

Embedded derivative: derivative instrument that is embedded in another contract – the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract, a sale or a purchase contract.

Embedded Value: the estimate economic value of a specific insurance company excluding any value which may be generated by future new business, based on the sum of shareholder's funds and the value of its current portfolio.

Employee Benefits: all forms of considerations given by an entity in exchange for services rendered by employees, in addition to their pay or salary.

Expense Ratio: ratio resulting from the division of general expenses (administrative costs, depreciation, commissions, network fee etc.) allocated to a specific activity by earned premiums.

F

Fair Value: *the amount for which an asset (liability) can be bought (incurred) or sold (settled).*

Funds Under Management: assets (e.g. shares, bonds and real estate) managed by a financial services provider.

G

Goodwill: represents the excess of the fair value of the assets given, liabilities incurred or assumed and equity instruments issued; usually is accounted for only in case of acquisition.

Gross Written Premiums: includes direct written premiums and reinsurance accepted premiums.

I

IFRS: international Financial Reporting Standards, used as a standard for all listed companies within the European Union as of 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment: a decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Indemnity: the cost of the loss replacement to a victim through the substitution, repair, or when not feasible, through monetary compensation. The amount paid by an insurance company to a policyholder or third party, after a claim against a policy.

Insurance Contract: contract under which one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Investment Contract: Life insurance policy contract that transfers financial risk without transferring significant insurance risk.

L

Loading Rate: the average number of policies held by a Client.

Loss Ratio: the ratio obtained by the division of costs incurred with claims over earned premiums.

M

Market Share: ratio calculated for the domestic market from direct insurance premiums of a company and direct insurance premiums in the total market, over the past 12 months of operations.

O

Open-end Pension Funds: may be created by any organisation legally authorised to manage pension funds. New admissions conditioned only by the approval of the managed organisation.

P

Penetration Rate: the average number of policies held by a Client and thus a benchmark of Client loyalty to a company.

Profit sharing: contractual right to receive additional benefits, as a supplement to guaranteed benefits.

R

Return on Equity (ROE): financial indicator that allows us to evaluate the financial return to the shareholders. It is calculated by the ratio between net earnings for the year and average shareholder equity for the same period.

S

Shadow accounting: In accordance with IFRS 4, the unrealised gains and losses on the assets covering liabilities arising out from insurance and investment contracts with discretionary participating features are attributed to policyholder, to the extent that it is expected that they will participate on those unrealised gains and losses when they became realised in accordance with the terms of the contracts and applicable legislation, by recording those amounts under liabilities.

Solvency Ratio: range of resources held by a company (net assets) apart from those legally required to meet current obligations to insurance policyholders.

Subordinated Loan: loan that ranks below other loans with regard to claims on assets or earnings.

T

Technical Margin: earnings after deduction of costs related to operations, such as claims, commissions and technical provisions, acquired premium revenue net of reinsurance and investment income related to technical provisions.

Technical Reserves: one of the main financial guarantee required of companies operating in the insurance business. The technical reserves that must be established and maintained are: Unearned Premium Reserve; Reserve for Risks Underway; Mathematical Reserve for Life Insurance; Ageing Reserve; Loss Reserve; Profit Sharing and Equalisation Reserve.

V

Value of Current Portfolio: the value of the current portfolio is determined by the current value of future profits after tax, adjusted for the cost of maintaining a determined level of solvency margin usually expressed as percentage of the minimum required under the current regulations.

VOBA (Value of Business Acquired): corresponds to the estimated present value of the future cash flows from the contracts in force at the date of acquisition.

MILLENNIUMBCP AGEAS

Tagus Park – Edifício 10
2744-005 Porto Salvo
Portugal
T: 21 004 24 90
F: 21 006 68 65