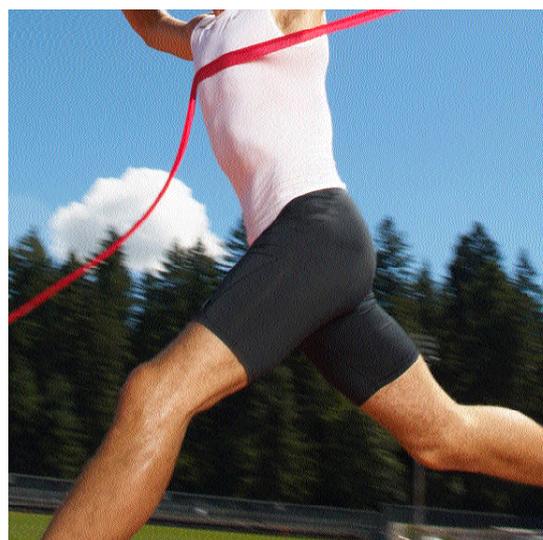




Annual Review 2011



Banco Finantia



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The will to succeed*

*Firstly, everyone is born with an instinct to survive. No matter what situation you find yourself in, you need to know how to use this natural instinct to create a life with **solidity** and **independence**.

Our Mission

We offer **high quality** value-added services to our clients.

We are committed to create value for our shareholders, reinforcing **our institution's solidity**.

We recruit, train, and develop the **most talented** professionals.





“We finished the financial year 2011 on a positive note, pursuing our strategy of globalization and the streamlining of our business structure, despite the continued difficulties and restrictions that the entire financial sector is facing.”

The global financial crisis that had started in 2007 continued in 2011, hitting the countries in the periphery of Europe, including Portugal, the hardest. The political and institutional structure of the Eurozone was not prepared for external crashes of the magnitude witnessed recently and some of its member states did not comply with the fundamental rules set out in the treaties.

The Troika's plan, which has been in operation in Portugal since mid 2011, is scheduled to last until at least 2013 and will include rebalancing public finances, stabilizing the level of public debt and introducing a wide range of structural measures to make the Portuguese economy more competitive.

Economic recession is expected to be reversed in 2013 but economic recovery will always be dependent upon Europe-wide developments and proper execution of the Troika's plan.

Banco Finantia has continued to implement its strategy of gradually adjusting to the new, ever-changing circumstances by deleveraging its balance sheet and adapting its structures to meet the new challenges of the banking industry. We have experienced considerable growth in the area of deposit-taking through Finantia Private and have bolstered our international expansion of Fixed Income with new hires.

The strength of the bank has remained quite high (Core Tier I close to 10%) and the efficiency ratio has remained stable (28% before markets). The rise in the cost of funding and hedging contributed to a decline in our results (net profit was 3.1 million euros in 2011, 71% less than in 2010), in line with the general decline in results across the sector.

We intend to pursue our strategy of diversification and international expansion and seek new business niches, in accordance with the changed macroeconomic situation in which we find ourselves.

We will work hard to help our clients through this difficult period, aiming as always to prove ourselves worthy of their trust and loyalty. To this end, we will continue to follow the same ethical and professional principles for which we have always been known.

The dedication, expertise and motivation of our staff allow us to be confident that we will remain worthy of the trust placed in us by shareholders, clients, employees and authorities.

António M. A. Guerreiro
Chairman of the Board of Directors

Our Culture

“Our culture is our most valuable and durable asset. For over two decades now, we have been successfully pursuing our banking activities, both nationally and internationally, while always remaining true to the values that have driven us since the beginning.”

EXCELLENCE

The professionalism, quality and dedication of our staff and the recognised international experience of our management team are what sets us apart.

INDEPENDENCE

We guarantee that the service we provide to clients is completely free of conflicts of interest.

INTEGRITY

We demand high ethical standards from our staff, in both their professional and their personal lives.

SOLIDITY

We maintain the stable capital and liquidity ratios we need to carry out our various activities.

CREATIVITY

We develop financial products and services that lead to unique growth and investment opportunities.

INNOVATION

We anticipate most of our clients' needs and offer them high added-value services.

TEAMWORK

We believe that working as a team, sharing responsibilities and rewards, is the only possible way to achieve our objectives and meet our clients' expectations.

CUSTOMER-ORIENTATION

We constantly look for the best solutions for our clients, and seek to build long-term relationships.



The value of culture*



*It comes across
in the major events
of both past and present.
It helps you to realize
how important **excellence**
is to build a better future
for yourself and
the surrounding world.

Our Financial Highlights

“Banco Finantia reported a consolidated net profit of EUR 3.1 million in 2011. Its Core Tier I increased to 9.8%, and its capital adequacy ratio (CAD) increased to 14.3%, one of the strongest in the sector.”



| | IFRS ¹ | |
|--|-------------------|---------|
| | 2011 | 2010 |
| Euro Million | | |
| Total Assets | 2 522.1 | 2 628.4 |
| Guarantees and Credit Default Swaps | 840.9 | 912.8 |
| Total Loans and Guarantees | 655.1 | 811.4 |
| of which Consumer Loans | 465.7 | 686.0 |
| Total Equity | 337.1 | 349.2 |
| Total Operating Income | 64.1 | 91.2 |
| Operating Profit | 35.2 | 56.6 |
| Net Profit | 3.1 | 10.9 |
| Capital Adequacy (BAL II) | | |
| Capital Adequacy Ratio (%) | 14.3 | 13.8 |
| Tier I = Core Tier I (%) | 9.8 | 9.7 |
| RWA | 2 658.2 | 3 114.5 |
| Productivity / Efficiency | | |
| Cost to Income (%) | 45.1 | 38.0 |
| Cost to Income (%) ² | 28.4 | 28.4 |
| Staff Costs / Total Operating Income (%) | 21.5 | 18.3 |
| Data per Share (Euro) | | |
| Net Profit | 0.02 | 0.08 |
| Book Value | 2.35 | 2.42 |
| Weighted average no. of shares outstanding (million) | 143.9 | 144.9 |
| Year end no. of shares outstanding (million) | 143.6 | 144.3 |

¹ International Financial Reporting Standards

² Before markets.

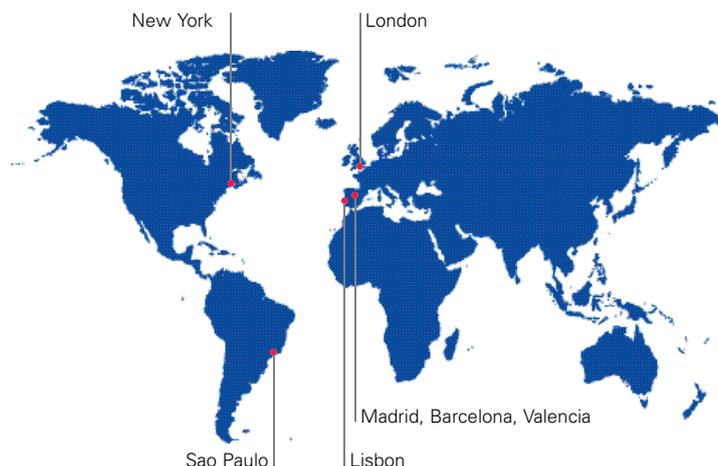
Consolidated Balance Sheet and Income Statement

CONSOLIDATED BALANCE SHEET at 31 December 2011 and 2010

| | 2011 | 2010 |
|---|----------------|----------------|
| Euro Million | | |
| ASSETS | | |
| Cash and banks | 421.8 | 442.8 |
| Investment securities | 1 260.0 | 1 213.6 |
| Loans and advances to customers | 643.5 | 784.7 |
| Other assets | 196.8 | 187.3 |
| Total Assets | 2 522.1 | 2 628.4 |
| LIABILITIES | | |
| Short term borrowings | 264.0 | 175.9 |
| Customers deposits | 269.1 | 202.4 |
| Repos | 888.9 | 842.6 |
| Loans | 163.4 | 333.5 |
| Securitization notes | 253.8 | 419.6 |
| Subordinated debt | 125.4 | 136.0 |
| Other liabilities | 220.3 | 169.2 |
| Total Liabilities | 2 185.0 | 2 279.1 |
| EQUITY | | |
| Share capital, reserves and retained earnings | 334.0 | 338.4 |
| Net profit | 3.1 | 10.9 |
| Total Equity | 337.1 | 349.2 |
| Total Liabilities and Equity | 2 522.1 | 2 628.4 |

INCOME STATEMENT at 31 December 2011 and 2010

| | 2011 | 2010 |
|--|--------------|--------------|
| Euro Million | | |
| Net interest income | 84.7 | 106.5 |
| Net fee and other operating income | 17.2 | 15.5 |
| Operating income before markets | 101.9 | 122.0 |
| Financial instruments and hedging | (37.9) | (30.8) |
| Impairment and provisions | (31.3) | (45.2) |
| Operating expenses | (28.9) | (34.6) |
| Profit before tax | 3.9 | 11.3 |
| Net profit | 3.1 | 10.9 |



INVESTMENT BANKING

We are the leading independent investment bank in Portugal. With no conflicts of interest, we have a wide ranging international track record, professionals with unique experiences, and an extensive network of contacts in the main financial centres worldwide.

Financial Advisory Services – **Finantia Corporate**

- MERGERS & ACQUISITIONS • PRIVATISATIONS • RESTRUCTURINGS • DEBT RENEGOTIATION
- BUSINESS VALUATIONS • PROJECT FINANCE

- A specialist team in financial advisory services, focusing on the axis Brazil/Portugal/Spain/Russia.
- Winner of numerous awards, such as: “Best Portuguese bank in mergers & acquisitions”.

Capital Markets – **Finantia Capital Markets**

- EUROBONDS • “MARKET MAKING” IN FIXED INCOME SECURITIES

- Teams in Lisbon, Madrid, London, New York and Sao Paulo, specialising in fixed-income products, with special emphasis on issuers from Portugal, Spain, Brazil, Turkey, and the CIS countries.
- Strong origination, syndication, sales and trading capabilities. Placement on a broad and diversified base of investors in Europe and the Americas.
- The most active Portuguese player in the international secondary markets for fixed-income products, namely in the main Portuguese securities.
- Over 20 years of experience in fixed-income markets. A pioneer and a partner that clients can trust.

Trade Finance | Loans

- TRADE FINANCE • FORFAITING • SYNDICATED LOANS • GUARANTEES

- A specialist in the Portuguese, Spanish, Brazilian, Turkish and CIS markets.
- Extensive investor base and syndication capacity in Europe and the Americas.
- A benchmark in the international trade finance markets.



PRIVATE BANKING – FINANTIA PRIVATE

Our private banking area specialises in the management of financial assets, providing individually tailored advice with complete discretion and confidentiality. Our products and services are available through Banco Finantia in Portugal (Lisbon and Oporto) and Banco Finantia Sofinloc in Spain (Madrid, Barcelona and Valencia).

- TIME DEPOSITS • FINANCIAL PORTFOLIO MANAGEMENT • SALE AND PURCHASE OF SECURITIES
- INVESTMENT FUNDS • FINANCIAL ADVICE • INSURANCE

- Savings solutions beyond those offered by retail banks. Simple, transparent savings products adapted to the risk profile, return expectations and investment horizon of the individual client.
- Time deposit and certificates of deposit: the best way to make risk-free investments, with guaranteed returns and high interest rates.
- Portfolios may be managed by Banco Finantia (under a discretionary-management contract) or by clients themselves, with the assistance of our advice and investment proposals (non-discretionary management).
- Independent advice on issues such as asset management, inheritance, tax and retirement planning, healthcare and leisure, with the support of specialists in the relevant areas.
- Unrestricted selection of the best Portuguese and international investment funds, with verifiable and consistent medium and long-term returns.

SPECIALIZED FINANCING AND INSURANCE

- Loans for the purchase of cars, commercial vehicles and equipment for private individuals, the self-employed, and small and medium-sized companies. Long-term rental, loans and leasing solutions.
- One of the largest insurance brokers in Portugal specializing in car finance insurance. New types of insurance policies launched in 2011 designed especially for the areas of healthcare, wealth and family protection, and leisure.



SOCIAL RESPONSIBILITY

It is Banco Finantia's policy to support specific social actions aimed at assisting disadvantaged children and youngsters with or without special needs, such as:

- “APSA” – Associação Portuguesa do Síndrome de Asperger”: an institution that supports children and young people carriers of a specific genetically-based neurobehavioral disorder;
- “Banco do Bebê”: an association that helps underprivileged families of babies born at Alfredo da Costa Maternity in Lisbon;
- WAY – We And You: a non governmental organization designed to carry out projects that support the educational development of children and youngsters in Mozambique and in Portugal;
- “Liga dos Amigos do Hospital S. João do Porto”: an association that helps underprivileged children and elderly people when they are in the hospital;
- “Raríssimas”: an association that helps young people with rare diseases.

CULTURAL PATRONAGE

Banco Finantia supports the Palácio Nacional da Ajuda, in Lisbon, and the Fundação de Serralves, in Oporto. The Bank is an active patron of the former since 1997 and is proud to be a Founding member of the Fundação de Serralves (1995), where it has sponsored several cultural and social programs.

EDUCATION

In 2011, as we have done in previous years, we have cooperated with ISEG – Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (Technical University of Lisbon) by giving a prize to the best first year Masters student of International Economics and European Studies. The Bank is also a founding member of the “Fundação Económicas – Fundação para o Desenvolvimento das Ciências Económicas, Financeiras e Empresariais” (Economics Foundation – Foundation for the Development of Economic, Financial and Entrepreneurial Sciences).

*This constitutes the starting point for a better life. It makes a fundamental difference when people have this as a basis and can have a positive outlook on life, giving them the **independence** and **integrity** to help improve the lives of others.

The conscience of being*



Below, left to right:
 Luisa Antas, António Guerreiro (Chairman),
 Eduardo Costa.
 Above, left to right:
 João Sabido, Pedro Santos.



Board of Directors

António Guerreiro (Chairman)
 Alexandre Tcherepnine
 Alexei Mitrofanov
 Eduardo Catroga
 Eduardo Costa
 Maria Luisa Antas
 Sophie Lazarevitch

Group Executive Committee

António Guerreiro (Chairman)
 Eduardo Costa (Vice-Chairman)
 João Sabido
 Maria Luisa Antas
 Pedro Santos

Audit Board

José Manuel Archer (Chairman)
 António Vila Cova
 Fernando Castro

Statutory and External Auditors

PriceWaterhouseCoopers &
 Associados S.R.O.C.

General Assembly

João Vieira de Almeida (Chairman)

Managing Directors

Duarte Correia de Sá
 Francisco Ortigão
 Pedro Benites
 Pedro Reis
 Renato Schulman (Brazil)
 Ricardo Caldeira
 Rui Guerra

General Managers

Marta Eirea (Spain)
 Peter Donnelly (UK)
 Sérgio Zappa (Brazil)
 Courtne Mooney (USA)

Executive Directors

Alcides Pereira
 André Rendeiro
 António Ferreira
 Antonio Martinez (Spain)
 Cláudia Alho
 João Cassiano
 José Pedreira
 José Pinto Basto
 Libânio Tomé
 Manuel Amaral
 Manuel Castro

International Strategic Board

Xavier Dupont (Chairman)
 Alfredo Lafita Torres
 António Gomes de Pinho
 Carlos Cuervo
 Charles-Louis de Laguiche
 Dominique de Guerre
 Fernando Sotelino
 Henrique Granadeiro
 Igor Souvorov
 João Sayad
 Jose María Iceta
 José Miguel Júdice
 Laurent Mignon
 Martin Finegold
 Michael Hamilton
 Richard Frank
 Roberto Teixeira da Costa
 Vladimir Sokolov

Main Shareholders

Finantipar SGPS
 Natixis (France)
 VTB Capital (UK/Russia)
 WestLB (Germany)

The contents of this document are
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and Accounts 2011 which is available at
www.finantia.com.



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Rua General Firmino Miguel, 5
1600-100 **Lisbon** – Portugal
T +351 21 720 2000
F +351 21 726 5310

Rua São João de Brito, 605
4100-455 **Porto** – Portugal
T +351 22 610 0927
F +351 22 610 0925

Avenida Menéndez Pelayo, 67
28009 **Madrid** – Spain
T +34 91 557 5623
F +34 91 557 5605

Paseo de Gracia, 8
08007 **Barcelona** – Spain
T + 34 93 206 4254
F + 34 90 293 3283

Calle Colón, 60
46004 **Valencia** – Spain
T + 34 96 353 6322
F + 34 96 353 6324

11 Austin Friars, 5th Floor
London EC2N 2HG – UK
T +44 207 382 5200
F +44 207 382 5220

950 Third Avenue, 28th Floor
New York NY 10022 – USA
T +1 212 891 7300
F +1 212 891 7310

Rua James Joule, 65, Conj. 172 Brooklin
São Paulo SP 04576-080 – Brasil
T +55 11 5501 7000
F +55 11 5501 7001

www.finantia.com
finantia@finantia.com