



ANNUAL REVIEW 2012



Banco Finantia

25^{AN}
YEARS

THIS YEAR MARKS YET ANOTHER
MILESTONE IN THE BANK'S HISTORY:

25 YEARS OF ACTIVITY.

WE CONTINUE ALONG OUR
PATH WITH PRIDE AND DETERMINATION,
ACHIEVING THE OBJECTIVES SET BY
OUR CLIENTS, STAFF AND SHAREHOLDERS.

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[observe] REVIEW → ACT



OUR MISSION

WE OFFER OUR CLIENTS

HIGH QUALITY VALUE-ADDED SERVICES.

WE ARE COMMITTED

TO CREATE VALUE FOR OUR SHAREHOLDER'S,
REINFORCING OUR INSTITUTION'S SOLIDITY.

WE RECRUIT, TRAIN AND DEVELOP

THE MOST TALENTED PROFESSIONALS.



"2012 WAS AN IMPORTANT MILESTONE IN OUR HISTORY: 25 YEARS IN THE FINANCE SECTOR CHARACTERIZED BY OUR **UNIQUE ABILITY TO DEVELOP AND IMPLEMENT STRATEGIES** TO ENSURE THE SUSTAINABLE DEVELOPMENT OF OUR ORGANIZATION."

The slowdown of the advanced economies continued in 2012 and seriously affected the financial stability of countries in the periphery of Europe. These countries have suffered huge impacts on employment levels and on the wealth of their citizens.

Portugal has continued with its Economic Adjustment Programme sponsored by the Troika, showing great commitment and dedication and receiving wide international recognition.

Portugal's recent return to the international debt markets (with the issuance of a 10-year bond) should be followed by resumption of growth in 2014 in the context of an European economic recovery plan.

Banco Finantia has pursued its strategy of adjusting to the new banking sector operating conditions at both national and international levels. Growth in private banking and international activities have been the drivers of potential expansion against a particularly difficult backdrop. Deleveraging and cost reductions have been the defensive responses to the crisis.

Banco Finantia's solidity and liquidity ratios have continued to improve, with the bank posting a net profit in 2012 equal to the previous year's (3.1 million euros).

In a sector experiencing a high level of instability, we have managed to remain profitable during a year which marked 25 years of Banco Finantia, as we have done in all previous years to date.

Without the remarkable dedication shown by our staff and management and without the support of our customers, shareholders and authorities, we would not be in the position we are in today: in excellent shape and ready to take on the future challenges of the adjustment process that will follow the financial crisis of the last five years.

May 2013

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

RATIONAL PLANNING
STRONGLY CAPITALIZES ON THE FOUNDATIONS
THAT WE HAVE BEEN LAYING:
WE IMPLEMENT
BEST PRACTICE IN EVERY AREA,
ALWAYS TAKING OUR
VALUES INTO CONSIDERATION.



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.

CLIENT-ORIENTATION

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

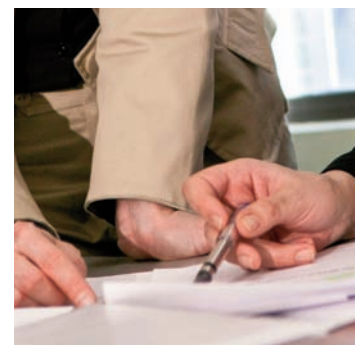
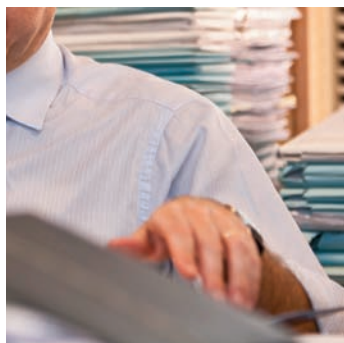


[organize] RETHINK → RATIONALIZE

OUR FINANCIAL HIGHLIGHTS

BANCO FINANTIA REPORTED A CONSOLIDATED
NET PROFIT OF **EUR 3.1 MILLION IN 2012.**

ITS CORE TIER I INCREASED TO **12.3%** AND ITS
CAPITAL ADEQUACY RATIO (CAD) INCREASED TO **18.1%**,
ONE OF THE STRONGEST IN THE SECTOR.



	IFRS ¹	
	2012	2011
Euro Million		
Total Assets	2 259.2	2 521.7
Guarantees and Credit Default Swaps	827.7	840.9
Total Loans and Guarantees	454.4	655.1
of which Consumer Loans	296.8	465.7
Total Equity	372.1	337.1
Total Operating Income	83.3	64.1
Operating Profit	58.2	35.2
Net Profit	3.1	3.1
Capital Adequacy (BAL II)		
Capital Adequacy Ratio (%)	18.1	14.3
Tier I = Core Tier I (%)	12.3	9.8
RWA	1 919.4	2 658.2
Productivity / Efficiency		
Cost to Income (%)	30.1	45.1
Cost to Income (%) ²	32.1	28.4
Data per Share (Euro)		
Net Profit	0.02	0.02
Book value	2.59	2.35
Weighted average no. of shares outstanding (million)	143.5	143.9
Year end no. of shares outstanding (million)	143.4	143.6

¹ International Financial Reporting Standards

² Excluding results from financial operations

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

CONSOLIDATED BALANCE SHEET at 31 December 2012 and 2011

	2012	2011
EUR Million		
ASSETS		
Cash and banks	340.4	421.8
Investment securities	1 407.1	1 260.4
Loans and advances to customers	386.0	643.5
Other assets	125.7	196.0
Total Assets	2 259.2	2 521.7
LIABILITIES		
MM takings	154.5	264.0
Customer deposits	487.5	269.1
Repos (including ECB)	883.8	888.9
Loans	–	163.4
Securitization notes	93.1	253.8
Subordinated debt	130.4	125.4
Other liabilities	137.7	219.9
Total Liabilities	1 887.1	2 184.6
EQUITY		
Share capital, reserves and retained earnings	369.0	334.0
Net profit	3.1	3.1
Total Equity	372.1	337.1
Total Liabilities and Equity	2 259.2	2 521.7

INCOME STATEMENT at 31 December 2012 and 2011

	2012	2011
EUR Million		
Net interest income	67.5	84.7
Net fee and other operating income	10.5	17.2
Financial instruments and hedging	5.3	(37.9)
Total Operating Income	83.3	64.1
Impairment and provisions	(52.0)	(31.3)
Operating expenses	(25.1)	(28.9)
Profit before tax	6.2	3.9
Net profit	3.1	3.1



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 CENTERS WORLDWIDE. WINNER OF EUROMONEY'S "BEST SMALLER INVESTMENT BANK IN THE WORLD" AWARD.

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, Russia 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.
- "The Best Securities Firm in Portugal" award.

TRADE FINANCE | LOANS

- TRADE FINANCE • FORFAITING • SYNDICATED LOANS • GUARANTEES

- A specialist in the Portuguese, Spanish, Brazilian, Turkish, Russian 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 and attractive returns.
- 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, 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 companies and private individuals. Long-term rental, loans and leasing solutions.
- One of the largest insurance brokers in Portugal specializing in vehicle finance insurance. New types of insurance policies designed especially for the areas of healthcare, wealth and family protection, and leisure.

WE BELIEVE THAT WE HAVE A DUTY
TO DO MORE THAN JUST BUSINESS: BY
CONTRIBUTING TO THE WORLD IN WHICH WE LIVE,
BUILDING ON THE BENEFITS OF THE EXCELLENCE
THAT SETS US APART.



SOCIAL RESPONSIBILITY

Continuing its policy of supporting charitable organisations, in 2012 Banco Finantia undertook specific social actions aimed at assisting disadvantaged children with or without special needs, such as:

- “Raríssimas”: an association that helps people with rare diseases. Banco Finantia supported the “Casa dos Marcos” project, a building whose foundation stone was laid in March 2010, designed to give medical, therapeutical and residential support to young people with a mental disability;
- “Banco do Bebê”: an association that helps underprivileged families of babies born at Alfredo da Costa Maternity in Lisbon;
- “Liga dos Amigos do Hospital S. João do Porto”: an association that helps underprivileged children and elderly people when they are in the hospital;
- “APSA” – Associação Portuguesa do Síndroma de Asperger”: an institution that supports children and young people carriers of a specific genetically-based neurobehavioral disorder;

CULTURAL PATRONAGE

Within the scope of cultural patronage, the two institutions that have received Banco Finantia’s support over the years are 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, where it has sponsored several cultural and social programs.

EDUCATION

In this area, we have once again 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).



[interact] REPLANT → BELIEVE

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



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 AUDITS

PriceWaterhouseCoopers &
Associados S.R.O.C.

GENERAL ASSEMBLY

João Vieira de Almeida (Chairman)

MANAGING DIRECTORS

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Francisco Ortigão
Pedro Benites
Pedro Reis
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Ricardo Caldeira
Rui Guerra

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Peter Donnelly (UK)
Sérgio Zappa (Brazil)

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

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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 Júdece
Martin Finegold
Michael Hamilton
Richard Frank
Roberto Teixeira da Costa
Vladimir Sokolov

MAIN SHAREHOLDERS

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

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complemented by Banco Finantia's Report
and Accounts 2012 which is available at
www.finantia.com



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