



Banco Finantia

ANNUAL REVIEW 2013

“ It is not the strongest of species that survive,
nor the most intelligent,
but the most adaptable to change.”

(Charles Darwin)

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The background is a dark, abstract composition featuring several diagonal streaks of light. These streaks are primarily in shades of deep blue and vibrant orange, creating a sense of movement and depth. The lights appear to be emanating from the top right corner, where some of the most intense, glowing points are visible. The overall effect is ethereal and dynamic.

WHEREVER YOU ARE...

OUR MISSION

We offer our clients high quality value-added services.

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

We recruit, train and develop the most talented professionals.



CHAIRMAN'S MESSAGE



“In 2013, we laid the groundwork for a decisive chapter in the future of our Bank: to fulfill our vision, we are now open to new and diverse acquisitions.”

The year 2013 will go down in history as a turning point in the European financial crisis, which mainly affected the peripheral countries. The recovery of the affected economies, especially the Portuguese economy, is underway and is being supported by low interest rates and reduced inflation.

The Portuguese authorities should be congratulated for their commitment to continuing the necessary structural reforms beyond the end of the Troika plan, with the goal of consolidating public spending and reducing the national debt.

In 2013, Banco Finantia made a profit of 6.3 million euros – more than doubling the figure achieved in either of the previous two years. This recovery, albeit modest, marks a return to results that justify the invested capital (ROE).

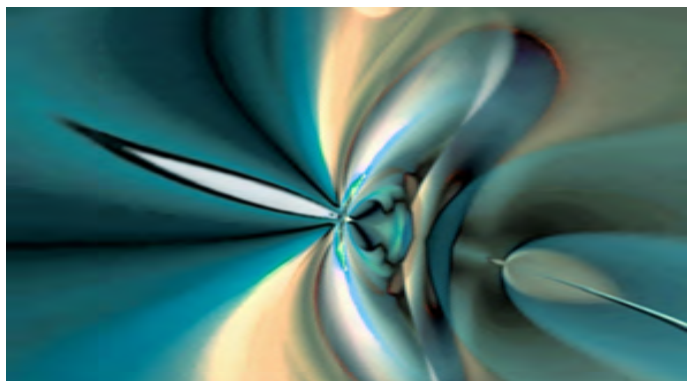
Our activities continue to grow, with a focus on investment banking and private banking. As ever, there is a strong emphasis on business of an international nature, for which we are well recognized. Business derived from Portuguese companies in the areas of capital markets and international advisory services is expanding at a good pace and reflects the growing optimism about the future of our economy.

We are hiring high potential professionals that can help sustain this strategy through organic expansion and we also remain open to the possibility of external growth. During a period of austerity and change endured by the Portuguese society, the dedication of our staff has been outstanding. We would like to take this opportunity to thank them all for their efforts.

A handwritten signature in black ink, appearing to read 'A. Guerreiro'.

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

OUR CULTURE



“The pillars of our culture are the basis of the success of our activity and guide our decisions and actions every day.”

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

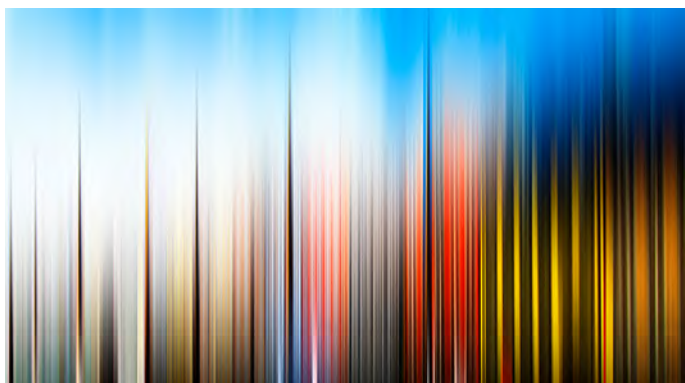
We constantly look for the best solutions for our clients, and seek to build long-term relationships.





WHENEVER YOU WANT...

OUR FINANCIAL HIGHLIGHTS



“Banco Finantia reported a consolidated net profit of EUR 6.3 million in 2013. Its Core Tier I increased to 17.7% and its capital adequacy ratio (CAD) increased to 21.3%, one of the strongest in the sector.”

	IFRS ¹	
	2013	2012
Euro Million		
Total Assets	2 266.0	2 259.2
Guarantees and Credit Default Swaps	550.9	827.7
Total Loans and Guarantees	663.4	779.5
of which Consumer Loans	175.8	296.8
Total Equity	362.7	372.1
Total Operating Income	89.2	83.3
Operating Profit	65.4	58.2
Net Profit	6.3	3.1
CAPITAL ADEQUACY (BAL II)		
Capital Adequacy Ratio (%)	21.3	18.1
Tier I = Core Tier I (%)	17.7	12.3
RWA	1 872.0	1 919.4
PRODUCTIVITY / EFFICIENCY		
Cost to Income (%)	26.6	30.1
Cost to Income (%) ²	29.7	32.1
Staff Costs / Total Operating Income (%)	12.6	13.4
Data per share (Euros)		
Net Profit	0.04	0.02
Book value	2.58	2.59
Weighted average no. of shares outstanding (million)	142.7	143.5
Year end no. of shares outstanding (million)	140.4	143.4

1 International Financial reporting Standards

2 Excluding results from financial operations

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

CONSOLIDATED BALANCE SHEET at 31 December 2013 and 2012

	2013	2012
Euro Million		
ASSETS		
Cash and banks	240.9	340.4
Available-for-sale financial assets	1 201.8	960.7
Loans and advances to customers	640.0	711.1
Other loans and advances	31.9	116.6
Other assets	151.4	130.5
Total Assets	2 266.0	2 259.2
LIABILITIES		
MM takings	88.9	154.5
Customers deposits	518.8	487.5
Repos (including BCE)	934.8	883.9
Securitization notes	35.6	93.1
Subordinated debt	127.1	130.4
Other liabilities	198.1	137.7
Total Liabilities	1 903.3	1 887.1
EQUITY		
Share capital, reserves and retained earnings	356.4	369.0
Net profit	6.3	3.1
Total Equity	362.7	372.1
Total Liabilities and Equity	2 266.0	2 259.2

INCOME STATEMENT AT 31 DECEMBER 2013 AND 2012

	2013	2012
Euro Million		
Net fee	73.3	67.5
Net fee and other operating income	6.7	10.5
Financial instruments and hedging	9.2	5.3
Total Operating Income	89.2	83.3
Impairment and provisions	(48.0)	(52.0)
Operating expenses	(23.7)	(25.1)
Profit before tax	17.5	6.2
Net Profit	6.3	3.1

OUR ACTIVITIES

CORPORATE & INVESTMENT BANKING

“We are an independent Portuguese bank with over 25 years of both local and international experience. Free from any conflicts of interest, we have a vast track record of successful operations, staff with diverse backgrounds and a wide network of contacts in the main international financial markets. Winner of the Euromoney “Best Smaller Investment Bank in the World” award.”

CAPITAL MARKETS – FINANTIA CAPITAL MARKETS

ORIGINATION, SALES AND DISTRIBUTION OF FIXED INCOME SECURITIES | EUROBONDS
COMMERCIAL PAPER | BONDS | MARKET MAKING IN FIXED INCOME SECURITIES

- Over 25 years of experience in fixed-income markets. A pioneer and a partner that clients can trust
- Strong origination, syndication, sales and trading capabilities, with placement on a broad and diversified base of investors in Europe and the Americas
- Important lender of Portuguese companies – New Issues / Underwriting
- Teams in Lisbon, Madrid, London, New York and Sao Paulo, specialising in fixed-income products, with emphasis on issuers from Portugal, Spain, Brazil, Turkey, Russia and the CIS countries
- “The Best Securities Firm in Portugal” award.

CORPORATE BANKING – FINANTIA CORPORATE

TRADE FINANCE | FORFAITING | SYNDICATED LOANS | GUARANTEES | SPECIALIZED FINANCE

- A specialist in the Portuguese, Spanish, Latin American, Turkish and CIS markets
- Extensive investor base and syndication capacity in Europe and the Americas
- A benchmark in the international trade finance markets
- Loans for the purchase of vehicles and equipment.

FINANCIAL ADVISORY SERVICES – FINANTIA ADVISORY

MERGERS AND ACQUISITIONS | PRIVATIZATIONS | BUSINESS VALUATIONS | RESTRUCTURINGS | PROJECT FINANCE

- Professional and independent advisory services, free of conflict of interests
- Experience and high qualified team in international transactions
- Specialist in cross border transactions, attracting international investors to Portugal and to countries where the bank is present
- “Best Portuguese Bank in Mergers & Acquisitions” award.

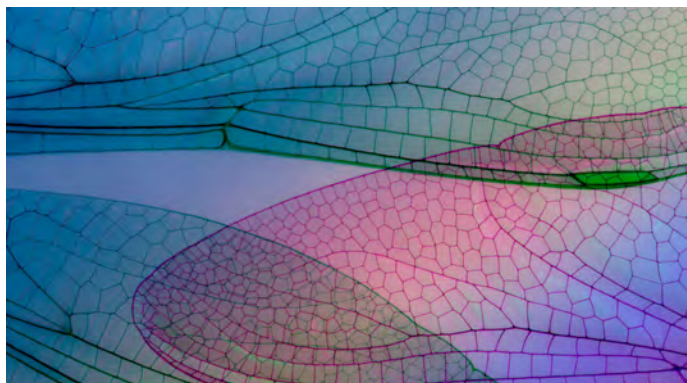


PRIVATE BANKING – FINANTIA PRIVATE

“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 Porto) 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.

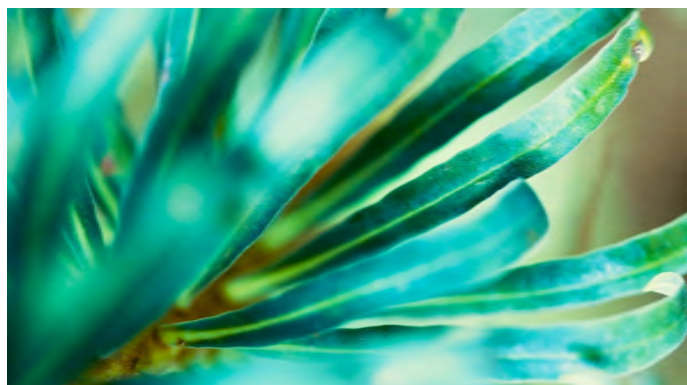


“We are committed to contributing carefully and sustainably to a better world.”

SOCIAL RESPONSIBILITY

In 2013, Banco Finantia maintained its support to specific social actions aimed at assisting disadvantage 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
- “Raríssimas”: an association that helps young people with rare diseases. In November 2013 “Casa dos Marcos” was officially open, three years after the foundation stone was laid. Casa dos Marcos is a building designed to give medical, therapeutical and residential support to young people with mental disability
- “Liga dos Amigos do Hospital S. João do Porto”: an association that helps underprivileged children and elderly people when they are in the hospital
- “Banco do Bebê”: an association that helps underprivileged families of babies born at Alfredo da Costa Maternity in Lisbon.

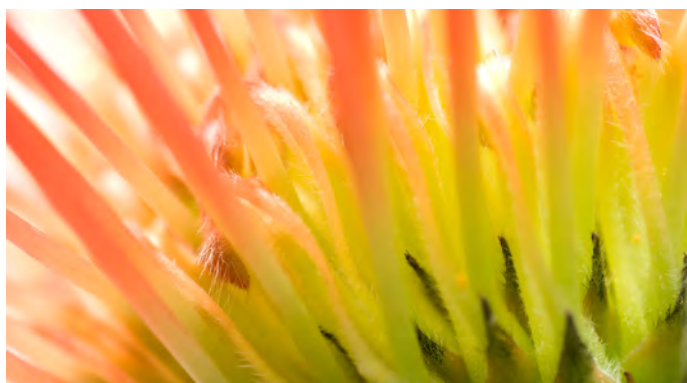


CORPORATE PATRONAGE

Banco Finantia is an active patron of Palácio Nacional da Ajuda in Lisbon, since 1997 and is proud to be a Founding member of the Fundação de Serralves in Porto (1995), where it sponsors several cultural and social programs. In 2013, the Bank maintained its support to the Palácio Nacional da Ajuda and to the Fundação de Serralves.

EDUCATION

In 2013, Banco Finantia continued to collaborate with ISEG – Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (Technical University of Lisbon) by awarding the best first year Masters student of International Economics and European Studies. It 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).



The background is an abstract composition of vibrant, flowing light streaks in shades of blue, green, and yellow. The streaks are curved and layered, creating a sense of movement and depth. The colors transition from deep blue at the top to bright green and yellow towards the bottom, with some areas showing a mix of these colors. The overall effect is ethereal and dynamic.

HOWEVER YOU NEED IT...

CORPORATE STRUCTURE AND SHAREHOLDERS

GROUP EXECUTIVE COMMITTEE

António Guerreiro (Chairman)
Eduardo Costa
Gonçalo Vaz Botelho
João Sabido
Maria Luisa Antas
Pedro Santos

BOARD OF DIRECTORS

António Guerreiro (Chairman)
Alexandre Tcherepnine
Alexei Mitrofanov
Eduardo Catroga
Eduardo Costa
Maria Luisa Antas
Nelly Desbarrières

AUDIT BOARD

José Manuel Archer (Chairman)
António Vila Cova
Rita Correia Afonso

STATUTORIAL AND EXTERNAL AUDITS

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

David Guerreiro (UK)
Filipe Marques (USA)
Marta Eirea (Spain)
Sérgio Zappa (Brazil)

EXECUTIVE DIRECTORS

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

INTERNATIONAL STRATEGIC BOARD

Alfredo Lafita Torres
António Gomes de Pinho
Carlos Cuervo
Charles-Louis de Laguiche
Dominique de Guerre
Fernando Sotelino
Henrique Granadeiro
Igor Souvorov
João Sayad
José Miguel Júdice
Martin Finegold
Michael Hamilton
Roberto Teixeira da Costa

MAIN SHAREHOLDERS

Finantipar SGPS
Natixis
VTB Capital
Portigon

YOU CAN ALWAYS COUNT ON US.

The contents of this document are complemented
by Banco Finantia's Report and Accounts 2013
which is available at www.finantia.com

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