



Institutional Presentation

A leading Portuguese franchise with an International footprint

December 2014

(Data as of August 4)

Initial balance sheet prepared as a result of the confirmation performed by PWC of the measurement, by determination of the Bank of Portugal under the terms set out in paragraph 4 of article 145-H of the Portuguese General Banking Act (Regime Geral das Instituições de Crédito e Sociedades Financeiras) of the assets, liabilities, off balance-sheet items and assets under management selected by the Bank of Portugal to be transferred from BES to Novo Banco, notified by the Bank of Portugal, in accordance with paragraph 7 of article 11 of the Bank of Portugal Notice (Aviso) 13/2012, pursuant to the communication with the reference ADM/2014/0121, of 3 December 2014.



Agenda

I. General Overview and Business Model

II. Key Financials

- Balance Sheet
- Capital & Solvency
- Funding & Liquidity
- Asset Quality

III. Wrap-up

Appendix I: Detailed Balance Sheet

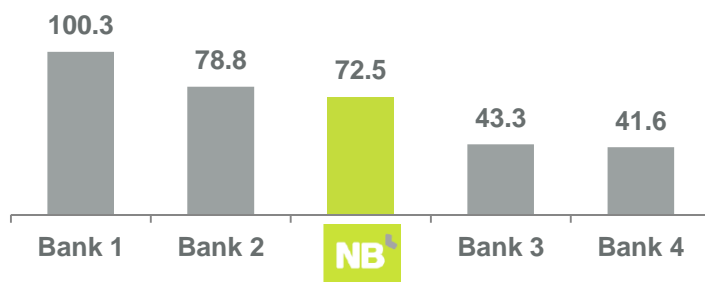
Appendix II: Breakdown of Securities portfolio

NOVO BANCO was created in August 2014, after the resolution of BES. Share capital amounts to Eur 4.9bn, fully underwritten by the Resolution Fund

General overview

- **NOVO BANCO** was created on August 2014, after the resolution measure applied by BoP to Banco Espírito Santo (BES). It is subject to the legal and regulatory framework applicable to Portuguese banks.
- **NOVO BANCO** is a **reference institution in the Portuguese financial system**, with over 2 million Clients (3rd largest financial institution in Portugal by net assets).

Net Assets¹ (Portuguese Banks, Eur bn)



Capital and shareholder structure

Resolution Fund

100%
(Eur 4.9bn)



- Share capital of **NOVO BANCO** amounts to **Eur 4.9bn** and is fully underwritten by the Resolution Fund, in line with the European Community regulatory framework.

General Overview

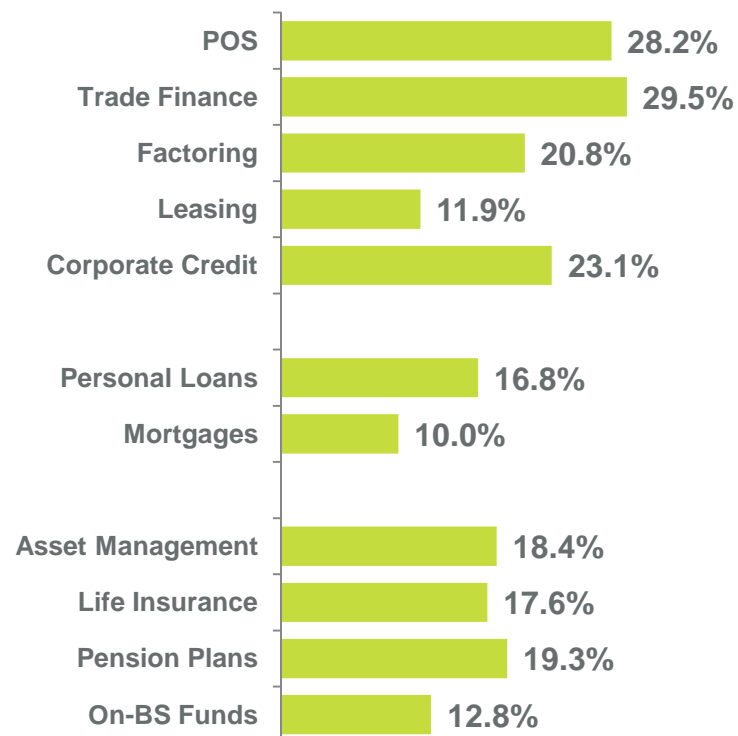
NOVO BANCO is a universal bank, with a wide offer and a well defined approach to each of its business segments. It has an average market share of 18%

Business Segments



NOVO BANCO operates across all areas of financial services, both in Portugal and abroad.

Market Share in selected Business Lines



Average Market Share of 18%

Business Model

The Bank has a strong franchise in Retail and Private Banking segment, backed by a focused commercial approach and by a full capacity network across entire Portugal

Business Segments



- Brand transition to **NOVO BANCO** is already **concluded**: all branches are now with NB brand, as well as Client's documents and interfaces (such as mobile banking or Internet Banking)

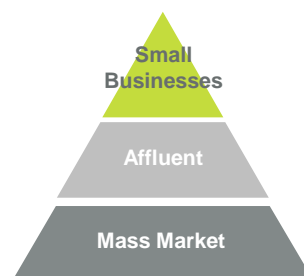


Retail & Private Banking



- NOVO BANCO** has a **market share of 16.8% and 10.0%** in Personal Loans and Mortgages respectively.
- The Bank offers a specialized, diversified and distinct offer to meet Clients' needs with a **wide range of global solutions**.
- In addition to the **631 branches** and the **21 private banking units**, **NOVO BANCO** has a **multi-channel approach** through internet banking, phone banking, helpdesk services and mobile banking (including a specific app for tablets).

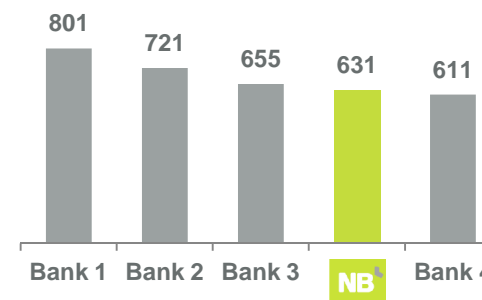
Sub-Segmentation (Retail)



Private Banking is also sub segmented in "Executive Professionals"; "Entrepreneurs"; "Traditional Family" and "Top Private".

Sub-segmentation leads to a more focused commercial approach

Retail Branches in Portugal



Wide distribution network, covering entire Portugal

In Corporate Banking, NOVO BANCO is the indisputable leader in Portugal with a clear focus on SME segment

Business Segments



Large Corporate and SME's business is part of NOVO BANCO's DNA.

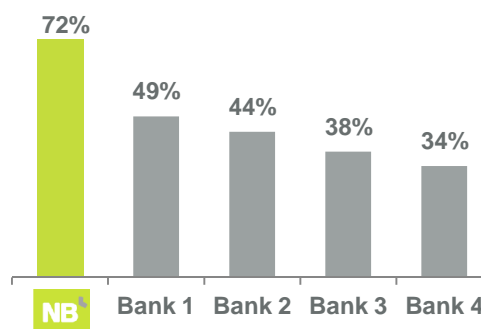


Corporate Banking



- **NOVO BANCO** has a market share of 22% in Corporate segment (#1 in Portugal). 89% of large corporates and 66% of SMEs are NB Clients.
- The Bank has **24 corporate centres**, widespread throughout Portugal.
- Corporate banking business includes a specialised Unit, with the main **focus on supporting companies with international activity**.

Weight of Corporate Credit in Overall portfolio¹ (Portuguese Banks)



Clients of NOVO BANCO



From c. 3,500 Corporates in Portugal, 89% are NB's Clients



From c. 25 000 SME's in Portugal, 66% are NB's Clients

Domestic business is complemented by an International footprint, focused on markets with traditional business relations with Portugal

Business Segments



Total Assets ⁽¹⁾ (Top 5 countries):



International Operations

- Through subsidiaries, associates, branches and representative offices, **NOVO BANCO** has a **wide international platform**.
- International footprint is based on a solid strategic rationale:**
 - Focus on countries with cultural, increasing trade flows and economic ties with Portugal or with a significant Portuguese community
 - Support the internationalisation of NOVO BANCO's corporate Client base
 - Leverage on core competences in the domestic market

International Footprint



Most relevant units:

- Spain
- France
- Luxembourg
- United Kingdom
- USA
- Brazil
- Venezuela
- Mozambique
- Cape Verde
- Macau

Business Model

Commercial banking operations are fully supported by asset management, investment banking and insurance offering

Business Segments



Asset Management

Investment Banking

BESI

Insurance

GNB⁺ SEGUROS VIDA
GRUPO NOVO BANCO

GNB⁺ SEGUROS
GRUPO NOVO BANCO

Other Business segments

Asset Management

- Carried out by **ESAF** (90% owned by **NOVO BANCO**)
- Wide product range** covering mutual funds, real estate funds, pension funds, discretionary and portfolio management services
- Total AuM's as of Sep. 30 of Eur 14.7bn
- Recognised by Morningstar as "**Best Domestic Fund House: Multi Asset**" in Portugal

Investment Banking

- Carried out by **BESI** (100% owned by **NOVO BANCO**)
- M&A advisory, ECM, DCM, brokerage and portfolio management, project finance, acquisition finance
- Provides **wide range of services** to SMEs and Large Corporates, as well as Institutional Clients
- Wide international presence** in countries such as Spain, Brazil, UK, USA, Poland or India

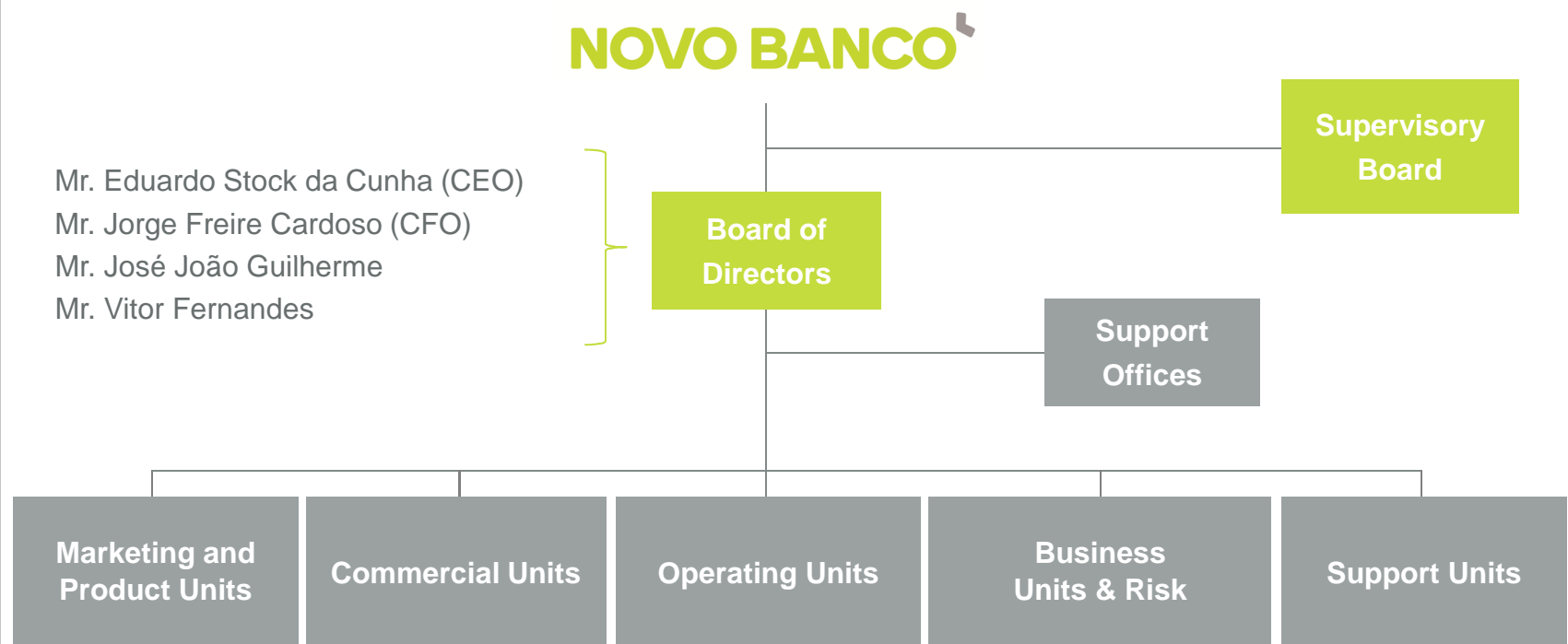
Insurance

- Carried out by **GBN Seguros Vida** (100% owned by **NOVO BANCO**), which provides life insurance products and retirement plans both in Portugal and Spain
- NOVO BANCO** also has a 25% stake in **GNB Seguros**, which focus its activity in Portugal with non-life products such as home, car and health insurance

**Organizational
Structure**

Board of Directors is composed of executive Board Members and subject to BoP's recommendations

Organisational structure



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Appendix II: Breakdown of Securities portfolio

Total Assets of NOVO BANCO at Eur 72.5bn as of Aug.4. Main changes in perimeter related to BES Angola, ES Bank, Aman Bank and exposure to GES

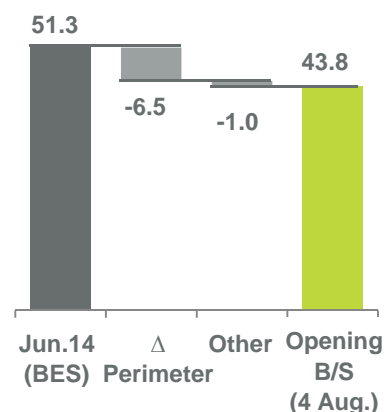
Consolidated B/S (Eur mn; as of Aug. 4)

Cash and cash Equivalents	6,075
Financial assets	16,324
Loans and advances to banks	1,101
Loans and advances to customers	38,569
Non-current assets held for sale	2,399
Deferred Tax Assets	2,865
Other Assets	5,132
Total Assets	72,465
Deposits from Central Banks	13,824
Deposits from Banks	4,180
Due to Customers	27,281
Financial Liabilities	11,154
Investment contracts	4,889
Other Liabilities	5,559
Total Liabilities	66,888
Share Capital	4,900
Other Equity	543
Non-Controlling interest	134
Total Equity	5,577
Total Liabilities & Equity	72,465

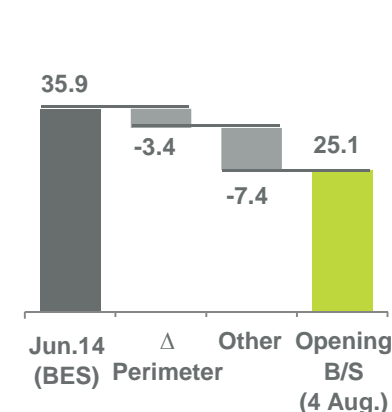
Main Changes in Perimeter

NOVO BANCO incorporates all assets, licenses and rights, including property rights of former BES, with the exception of Banco Espírito Santo Angola, S.A.⁽¹⁾, Espírito Santo Bank (Miami), Aman Bank (Libya), loan exposures to GES, cash for minimum funding of BES, claims from related parties (including shareholders > 2%, entities controlling BES in the past and Board members), claims of subordinated creditors, as well as some off-balance sheet items and AuM's (please refer to BoP's resolution measure for further details)

Gross Loans (Eur bn)



Deposits (Eur bn)



PwC performed a detailed analysis of the opening balance sheet ⁽¹⁾ of NOVO BANCO, which is already fully reflected. **CET I Ratio at 9.2%**

Main adjustments made to Consolidated Balance Sheet ⁽²⁾

Credit Provisions

- 2,933 entities subject to individual analysis, corresponding to loans amounting to Eur 22.6bn (51% of loan book).
- Consolidated **credit provisions reinforced by Eur 1,204mn**, leading to a 12% coverage of Gross Loans by On B/S provisions.

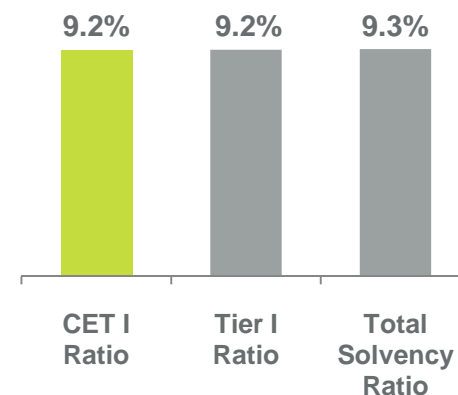
Real Estate Valuations

- 910 Real Estate properties' appraisals were updated. Additionally, 350 new valuations were obtained from 7 independent appraisers.
- As a consequence, **book value of Real Estate assets decreased by Eur 759mn**.

BES Angola

- On 3 Aug. 2014, BoP transferred BES Angola money market operation with BES to Novo Banco.
- Following BNA's deliberation on 20 Oct., and other subsequent events, **NOVO BANCO has recorded in the opening B/S the impairment for 80% of the original MMI exposure, or Eur 2,750mn**.

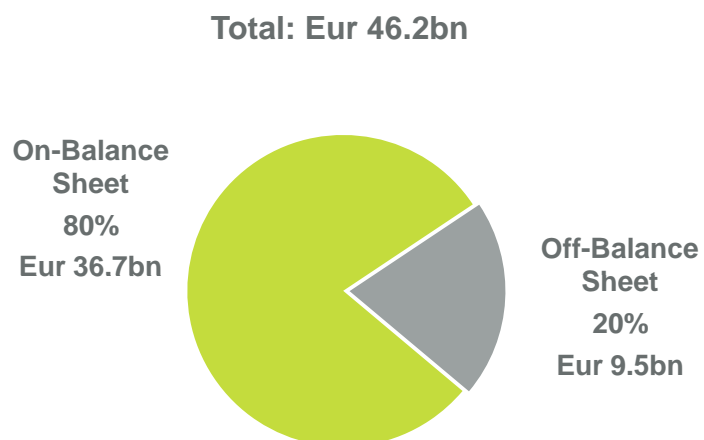
Solvency Ratios *(transitional)*



- CET I: Eur 4,610mn
- Tier I: Eur 4,610mn
- Tier II: Eur 11mn
- RWA's: Eur 49,906mn

Total Customer Funds of Eur 46.2bn, of which Eur 25.1bn are deposits. Customer Funds account for 70% of total funding mix of NOVO BANCO

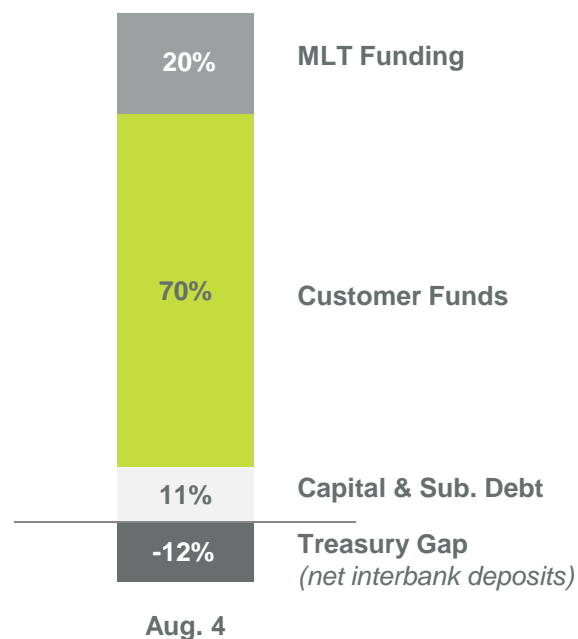
Customer Funds (Eur bn)



- **NOVO BANCO's total deposits** amount to **Eur 25.1bn** as of Aug. 4.
- **Transformation Ratio**, according to BoP's definition at **144%**.

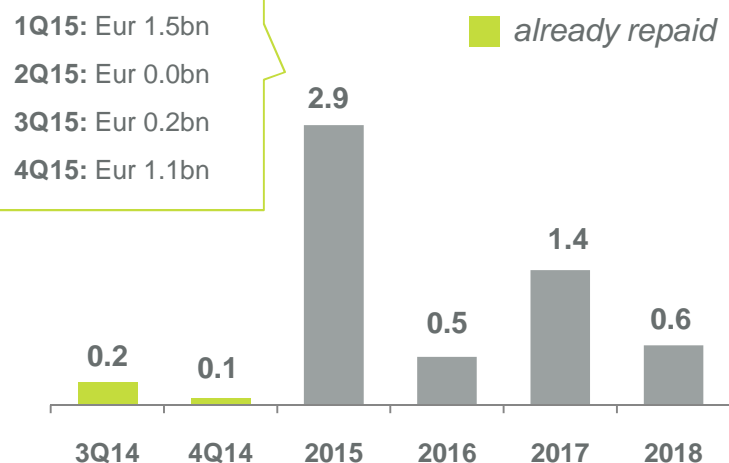
Funding Structure

Total: Eur 53.4bn



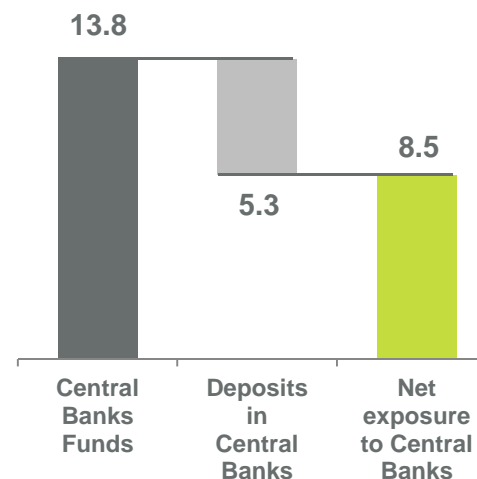
2014's MLT debt was already repaid. For 2015 NOVO BANCO has wholesale MLT debt redemption totalling Eur 2.9bn. Total repoable assets amount to Eur 16.0bn

MLT maturities until 2018 (Wholesale; Eur bn)



- MLT redemptions for 1Q15 include ca. Eur 0.9bn covered bonds that NB intends to refinance
- 2014's wholesale MLT debt was already repaid.
- In 2015, NOVO BANCO has MLT debt redemptions of Eur 2.8bn.

Exposure to Central Banks (Eur bn)



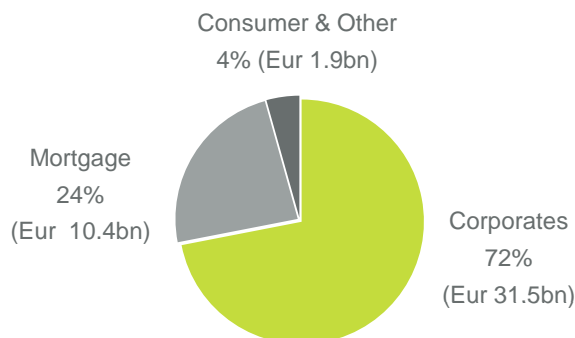
■ ECB repoable assets of Eur 14.3bn, pre-haircuts and including repo'd assets.

■ Total repoable assets of Eur 16.0bn.

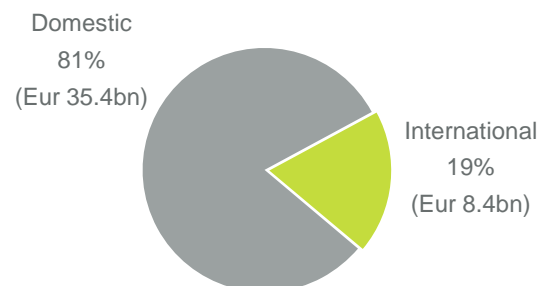
Corporate lending represents 72% of the loan portfolio, with no significant concentration per sector. International loans account for 19% of total portfolio

Credit Portfolio as of 4 August 2014 (Eur 43.8bn Gross Loans)

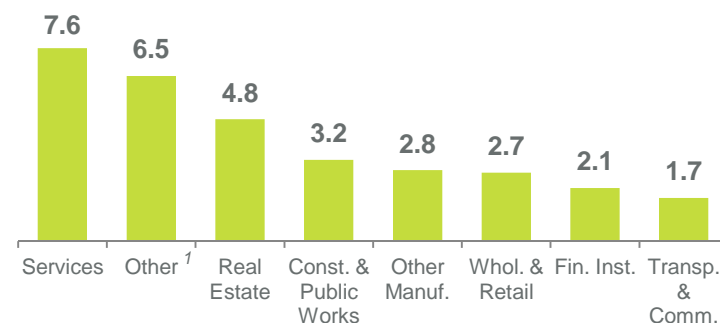
Sector Breakdown



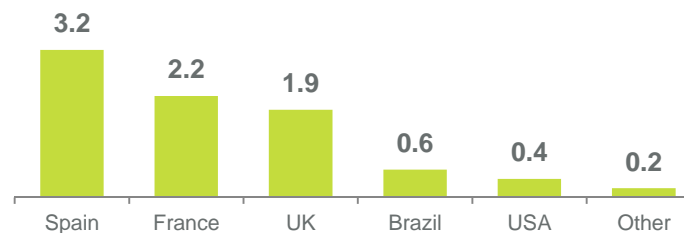
Geographic Breakdown



Corporate breakdown by Sector (Eur bn)

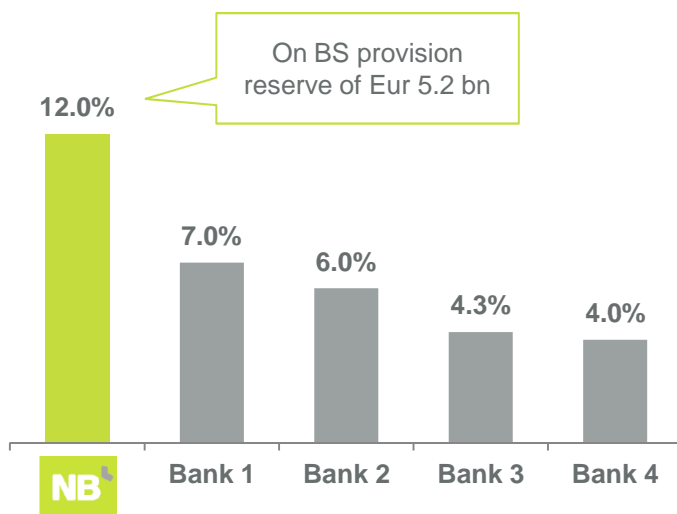


International breakdown by Country (Eur bn)



On B/S provision reserve at 12% of Gross Loans, the highest among Portuguese competitors. Credit at Risk at 13.8%, with coverage of 87% (excluding collaterals)

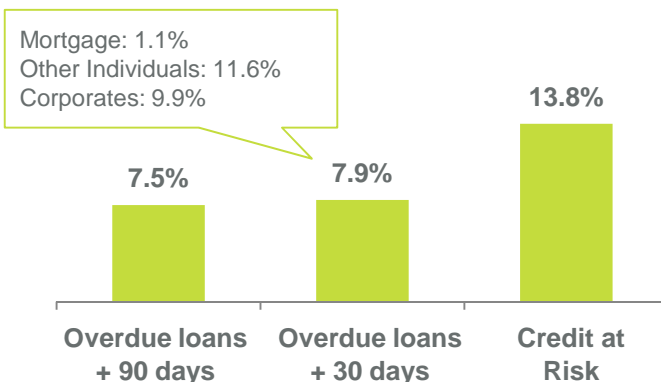
On BS Provision Reserve / Gross Loans ¹



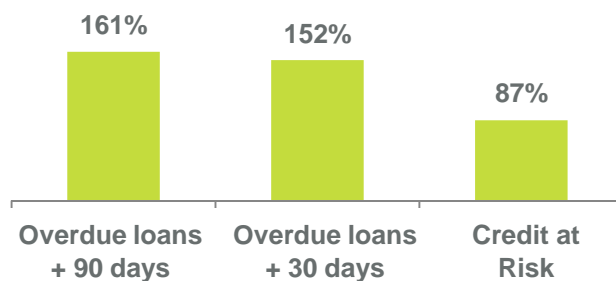
NOVO BANCO's provisions on Balance Sheet amounts to Eur 5,248 mn, or 12% of Gross Loans (the highest ratio among Portuguese main competitors).

Overdue, C@R and Coverage ratios

Overdue and Credit at Risk Ratios



Coverage Ratios



Total non current assets held for sale of Eur 2.4bn, of which foreclosed assets of Eur 1.8bn. Coverage for foreclosed properties at 32%

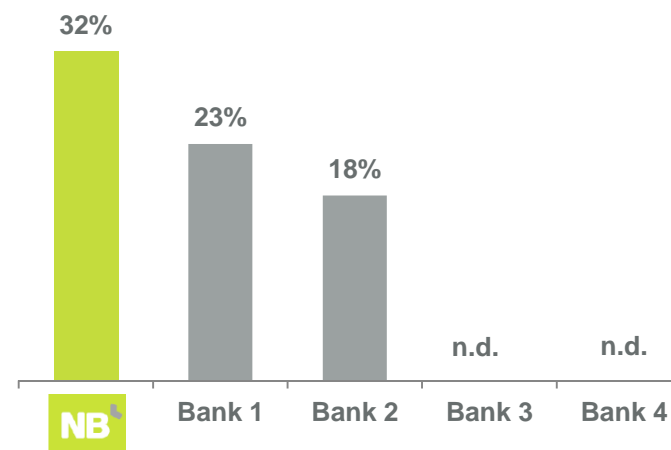
Foreclosed Properties (Eur bn)

	Aug. 4
Domestic	2,431
International	161
Book Value (gross)	2,592
Provisions	818
Book Value (net)	1,774
Coverage	32%

Other non-current assets held for sale (Eur bn)

	Aug. 4
Other non-current assets held for sale	937
Provisions	312
Book Value (net)	625
Coverage	33%

Coverage of Foreclosed Properties¹



NOVO BANCO's coverage for foreclosed properties is at 32%, the highest among Portuguese competitors.

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Wrap-up

NOVO BANCO is a reference institution in Portugal, with a strong domestic franchise in Retail and Private Banking and a leadership position in Corporate and SME's segment

NOVO BANCO's profile

Strong Business Model

- **NOVO BANCO** is a reference institution in the Portuguese financial system, with **net assets of Eur 72.5bn** (3rd largest financial institution in Portugal), **18% market share** and over 2 million Clients
- **Leadership position in the Corporate and SME segment.** Loans to Corporates account for 72% of total loan book
- **Strong domestic franchise** in Retail and Private Banking, backed by a focused commercial approach and by a full network across entire Portugal complemented by a leading multi-channel distribution strategy
- **Domestic franchise complemented by an International footprint**, focused on markets with traditional business relations with Portugal

Opening Balance Sheet

- PwC performed a detailed analysis of the opening balance sheet of NOVO BANCO, which results are already fully reflected
- **CET 1 Ratio of 9.2%**
- **Customer Funds account for 70% of total funding mix.** Deposits of Eur 25.1bn. **Transformation Ratio at 144%**
- **On Balance Sheet provisions amounts to Eur 5.2bn, or 12% of Gross Loans** (*the highest ratio among Portuguese main competitors*)

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Consolidated Balance Sheet as of Aug. 4

	(Eur mn)		(Eur mn)
Cash & deposits at central banks	5,401	Amounts owed to central banks	13,824
Deposits with banks	673	Financial liabilities held for trading	1,404
Financial assets held for trading	2,259	Deposits from banks	4,180
Financial assets at FV	2,567	Due to customers	27,281
Financial assets AFS	11,498	Debt securities	11,154
Loans and advances to banks	1,101	Hedging derivatives	121
Loans and advances to customers	38,569	Investment Contracts	4,889
Hedging derivatives	392	Non current liabilities held for sale	215
Non current assets held for sale	2,399	Provisions	567
Investment property	305	Technical provisions	1,706
Other tangible assets	427	Current income tax liabilities	83
Intangible assets	336	Deferred income tax liabilities	81
Investments in assoc. companies	428	Other subordinated loans	75
Current income tax assets	30	Other liabilities	1,307
Deferred income tax assets	2,865	Total Liabilities	66,888
Other assets	3,213	Share capital	4,900
Total Assets	72,465	Fair value reserve	84
		Other reserves and retained earnings	460
		Non-controlling interest	134
		Total Equity	5,577
		Total Liabilities & Equity	72,465

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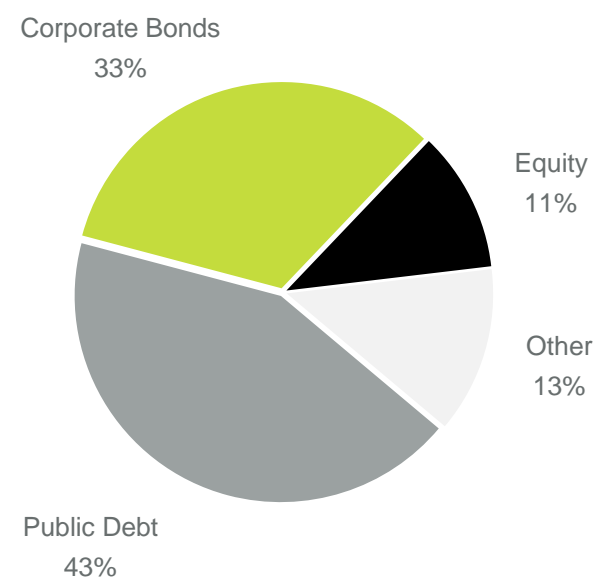
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Breakdown of Securities Portfolio as of Aug. 4

Securities Portfolio as of 4 August 2014 (Eur mn)

Securities Portfolio	Aug. 4
Held for Trading Portfolio	946
Fair Value Portfolio	2,567
Available for Sale Portfolio	11,498
Held to Maturity Portfolio	0
Total Securities	15,011
Main Equity exposures	Aug. 4
Portugal Telecom	139
Oi	55
Banque Marocaine	85
Total	279

Breakdown of AFS Portfolio



Disclaimer

This news release may include certain statements relating to the NOVO BANCO Group that are neither reported financial results nor other historical information. These statements, which may include targets, forecasts, projections, descriptions of anticipated cost savings, statements regarding the possible development or possible assumed future results of operations and any statement preceded by, followed by or that includes the words “believes”, “expects”, “aims”, “intends”, “may” or similar expressions or negatives thereof are or may constitute forward-looking statements.

By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. These factors include, but are not limited to, changes in economic conditions in individual countries in which the NOVO BANCO Group conducts its business and internationally, fiscal or other policies adopted by various governments and regulatory authorities of Portugal and other jurisdictions, levels of competition from other banks and financial services companies as well as future exchange and interest rates.

NOVO BANCO does not undertake to release publicly any revision to the forward-looking information included in this news release to reflect events, circumstances or unanticipated events occurring after the date hereof.



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