

NOVO BANCO GROUP ACTIVITY AND RESULTS**1st Half 2016**

(Unaudited financial information)

HIGHLIGHTS**Results**

- ✦ Positive net operating income of EUR 142.3 million was higher than the 2015 full year net operating income (EUR 125.0 million), which shows NOVO BANCO Group's growing income-generating capacity.
- ✦ Banking income was up by +7.7%, to EUR 446.5 million, underpinned by a 22.0% rise in net interest income, which accounted for 59% of banking income.
- ✦ Capital markets results amounting to EUR 60.6 million.
- ✦ Operating costs were reduced by 23.4% YoY, to EUR 304.2 million, reflecting the effort undertaken by the Group, namely through the reduction of its workforce, the simplification and improvement of processes and the optimisation of the operational and commercial structures.
- ✦ Cost to Income was 68% in the 1H2016, which compares with 96% in the 1H2015;
- ✦ Provisions totalled EUR 576.7 million (EUR 305.1 million more than in June 2015), including a EUR 109.6 million provision for the ongoing restructuring process costs.
- ✦ The 1H2016 consolidated net income was a loss of EUR 362.6 million, which is in line with the targets set in the Restructuring Plan; these results were negatively influenced by the referred provision for restructuring costs and the recognition of the full amount of the Special Tax on Banks and of the contributions to the Portuguese Resolution Fund and Single Resolution Fund. Excluding these effects the 1H2016 net income would be a loss of EUR 243.9 million, which is broadly the same as in the 1H2015.
- ✦ The 2nd quarter net income was a loss of EUR 113.3 million, which evidences an improving trend over the previous quarter.

Activity

- On 30 June 2016 NOVO BANCO had total assets of EUR 55.3 billion, a reduction of EUR 2.2 billion (-3.9%) relative to December 2015 that is in line with the ongoing balance sheet deleveraging process. Customer loans contracted by EUR 2.8 billion in the 1H2016, though not impacting the support provided to the small and medium-sized exporting companies. A considerable part of this reduction (EUR 1.4 billion) resulted from the transfer of BES Vénétie and NB Asia to assets being discontinued. In retail banking the 1H2016 average monthly production of consumer loans grew by 53% compared to the average monthly production in 2015, while in residential mortgage loans the average monthly production increased by 78%.
- Customer deposits of EUR 25.1 billion were practically flat relative to March 2016 and stabilised after the fall in the 1st quarter, which reflected the contraction in large corporate and institutional clients deposits, influenced by the pricing reduction that made the offer in this segment less competitive, and by the repercussions of the re-transfer of five senior bond issues to BES's perimeter. The positive performance of the retail banking segment should be stressed, with customer deposits growing by roughly EUR 500 million in the 2nd quarter of 2016.

Liquidity and Capital Management

- The loan to deposit ratio remained close to the December 2015 level, at 113%, while funding from the European System of Central Banks (ESCB) was reduced by EUR 1.5 billion since the end of 2015, to EUR 5.5 billion on 30 June 2016.
- The estimated phased-in Common Equity Tier 1 ratio was 12.0% on 30 June 2016 (10.2% under the full implementation regime applicable as from 1 January 2018).

Asset Quality

- The annualised cost of risk decreased to 163 bps, down by 35 bps relative to December 2015 (198 bps) and by 48 bps compared to March 2016 (211 bps).
- The Overdue Loans >90 days / Gross Loans ratio was 15.7%, with the corresponding provision coverage standing at 104.3%. The Provisions for Credit / Gross Loans ratio was 16.4%.
- Credit at risk accounted for 23.9% of the loan book and the respective provision coverage was 68.5%.
- Provisions for non-current assets held for sale represented 28.8% of these assets' gross value, which compares with 27.3% in December 2015.

RESTRUCTURING PLAN

The Board of Directors of NOVO BANCO has prepared a Restructuring Plan that was submitted to the European Commission at the end of 2015.

This Restructuring Plan, currently in execution, was drawn up in close cooperation with Banco de Portugal. It comprises a set of measures, notably viewing concentration in banking, and retail and corporate activities in Portugal and Spain, divestment from non-strategic assets and a EUR 150 million reduction in recurring operating costs during 2016 (excluding the restructuring costs) through staff cuts of 1,000 employees and the downsizing of the distribution network to 550 branches.

Some of the measures foreseen in the plan were carried out during the 2nd quarter of 2016, namely staff cuts, whose implementation is in the final stage. The downsizing of the distribution network remains on schedule and should permit to successfully meet the targets established for December 2016.

SIDE BANK

As an integral part of this Restructuring Plan and as agreed between the Portuguese Government and the Directorate-General for Competition (DGCOM), a virtual division has been established between the strategic assets, defined as Core assets, and the non-strategic assets, which were included in a so-called Side Bank and are intended for gradual and orderly divestment, aiming the organisational simplification and the preservation of NOVO BANCO Group's capital.

Concerning these assets and the concept of a Side Bank it was established and agreed that (i) as a rule the exposure to such assets cannot increase, save in the case of a marginal increase to support preserving sale value, (ii) they should be sold, discontinued or liquidated but taking into account the maximisation of their value, viewing an estimated reduction in 2016 to an amount of or below EUR 9.0 billion.

Under this exercise the value of non-strategic assets on 31 May 2016 was EUR 10.3 billion net of provisions (EUR 10.8 billion in December 2015).

RESULTS

In 2016 NOVO BANCO Group is focused on consolidating its position in commercial banking, maintaining adequate liquidity and solvency levels, promoting the improvement of profitability and efficiency levels, simplifying processes and streamlining the organisational and functional structure.

Since the first half of 2015, the subsidiaries BICV (Cape Verde), BES Vénétie (France) and NB Asia (Macau) have been allocated to discontinued operations and the branches in New York, Nassau and Cape Verde were closed.

Despite the constraints resulting from the sale process of NOVO BANCO, the Banco de Portugal's decision to re-transfer five senior bond issues to BES, with repercussions on customer funds, the still sluggish performance of the domestic economic activity and very low or even negative interest rates, NOVO BANCO Group reported positive net operating income of EUR 142.3 million at the end of the first half of 2016, which is more than the 2015 full year (EUR 125.0 million) and compares with EUR 17.7 million on 30 June 2015.

EUR million			
INCOME STATEMENT	1H15	1H16	Change %
Net Interest Income	214.7	262.0	22.0%
+ Fees and Commissions	193.2	141.5	-26.8%
= Commercial Banking Income	407.9	403.5	-1.1%
+ Capital Markets	- 9.1	60.6
+ Other Results	15.9	- 17.6
= Banking Income	414.6	446.5	7.7%
- Operating Costs	397.0	304.2	-23.4%
= Net Operating Income	17.7	142.3	704.0%
- Net Provisions	271.6	576.7	112.3%
Credit	252.3	282.4	11.9%
Securities	99.1	75.4	-23.8%
Other Assets and Contingencies	- 79.8	218.9
= Income before Taxes	- 253.9	- 434.4	71.1%
- Income Tax	- 28.0	- 100.7
- Special Tax on Banks	15.7	36.9	135.0%
= Income after Taxes	- 241.6	- 370.6	53.4%
- Non-controlling Interests	10.4	- 8.0
= Net Income	- 251.9	- 362.6

The Bank posted a net loss of EUR 362.6 million in the 1H2016. These results were negatively influenced by the provision for restructuring and the recognition of the full amount of the Special Tax on Banks and of the contributions to the Portuguese Resolution Fund and Single Resolution Fund. Excluding those effects the period's results would be a loss of EUR 243.9 million, remaining practically flat YoY, despite the increase in provisions (+EUR 195.5 million, without considering the provision for restructuring).

Main points of the activity developed in the 1st half of 2016:

- banking income totalled EUR 446.5 million (+7.7% YoY), with a 59% contribution from net interest income; capital markets results reached EUR 60.6 million; and other results were negative at EUR 17.6 million (being adversely impacted by the recognition of the contributions to the Resolution Funds);
- operating costs decreased by 23.4% YoY, to EUR 304.2 million, underpinned by the staff cuts and the improvements achieved in terms of simplifying processes and streamlining the structure. In terms of efficiency, we highlight the fact that operating costs represented 68% of banking income in June 2016, down from 96% in June 2015;
- positive net operating income (before provisions and impairments) of EUR 142.3 million were higher than the 2015 full year net operating income (EUR 125.0 million), which reflects NOVO BANCO Group's growing income-generating capacity.
- the period's total provision charge of EUR 576.7 million includes EUR 282.4 million for credit, EUR 109.6 million for restructuring costs and EUR 107.9 million for real estate.

Net Interest Income

The performance of the net interest income continued to be impacted by the decline in benchmark interest rates, which are mostly on negative ground, and the need to stabilise funding through customer funds. However, this objective was thwarted by the re-transfer of five senior bonds to BES in December 2015, which led to the downgrade of NOVO BANCO's long-term deposit ratings and caused a reduction in the deposits of some large institutional and corporate clients.

Despite these constraints, net interest income grew by 22.0% YoY, reaching EUR 262.0 million. This improvement not only reflects a lower level of accounting annulment of accrued overdue interest but also the positive impact of a higher reduction in the cost of liabilities (-74 bps to 1.45%, from 2.19% in June 2015) than in the interest rate on assets (- 50 bps).

The net interest margin was 1.10%, underpinned by an average interest rate on financial assets of 2.55% and an average interest rate on liabilities of 1.45%, influenced by the decrease in the cost of deposits to 0.96% (from 1.43% in June 2015), which compares with an average 3-month Euribor in the year of -0.22%.

NET INTEREST INCOME AND NET MARGIN	EUR Million								
	1H15			2015			1H16		
	Average Balance	Avg Rate	NII	Average Balance	Avg Rate	NII	Average Balance	Avg Rate	NII
INTEREST EARNING ASSETS	49 230	3.09%	754	48 694	2.85%	1 389	47 890	2.55%	609
Customer Loans	39 538	2.96%	579	38 829	2.80%	1 088	35 294	2.72%	479
Money Market Placements	2 921	1.18%	17	2 782	1.39%	39	2 788	1.98%	28
Securities and Other Assets	6 771	4.71%	158	7 083	3.71%	263	9 808	2.09%	102
OTHER NON-INTEREST EARNING ASSETS	534	-	-	-	-	-	-	-	-
INTEREST EARNING ASSETS & OTHER	49 764	3.06%	754	48 694	2.85%	1 389	47 890	2.55%	609
INTEREST BEARING LIABILITIES	49 764	2.19%	539	47 455	1.98%	938	45 271	1.54%	347
Due to Customers	28 082	1.43%	198	27 773	1.27%	352	25 356	0.96%	122
Money Market Funding	9 717	0.52%	25	9 864	0.81%	80	12 204	0.37%	23
Other Liabilities	11 965	5.33%	316	9 818	5.15%	506	7 711	5.27%	202
OTHER NON-INTEREST EARNING LIABILITIES	-	-	-	1 239	-	-	2 619	-	-
INTEREST BEARING LIABILITIES & OTHER	49 764	2.19%	539	48 694	1.93%	938	47 890	1.45%	347
NIM / NII		0.87%	215		0.93%	451		1.10%	262

The average rate on customer loans, the main component of financial assets (73.7%), was 2.72%. As to customer funds, the average balance of deposits was EUR 25.4 billion, with an average interest rate of 0.96%.

Despite the unprecedented challenge to asset and liability management and to profitability of benchmark interest rates persistently on negative ground, the Group has achieved a sustained recovery of the net interest margin, which rose from 0.87% in June 2015 to 0.93% in December 2015 and to 1.10% in June 2016.

Fees and Commissions

Fees and commissions on banking services gave a positive contribution to results, amounting to EUR 141.5 million, which compares with EUR 193.2 million in June 2015.

FEES AND COMMISSIONS	1H15	1H16	EUR million	
			Weight	
			jun-15	jun-16
Payments and Account Management	48.3	46.5	23.0%	29.3%
Commissions on Loans, Guarantees and Similar	92.2	65.9	43.8%	41.6%
Asset Management and Bancassurance	42.2	31.5	20.1%	19.9%
Advising, Servicing and Other	27.7	14.7	13.2%	9.3%
SUBTOTAL	210.4	158.6	100.0%	100.0%
Costs with State Guarantees	-17.2	-17.1		
TOTAL	193.2	141.5		

The reduction in fees and commissions reflects the difficulties saddling the recovery of the Portuguese economy, namely due to the deleveraging of the private sector (families and businesses), and also NOVO BANCO's need to reduce the volume of its activity in certain sectors and regions.

In the activity of NOVO BANCO Group we stress the relevance of the following:

- ↳ Support services to companies – including guarantees provided, documentary credits, and services related to loan management and other (approximately 41.6% of the total);
- ↳ Commissions on payment services (29.3% of the total) – cards and payment processing, namely cheques, transfers, payment orders, POS and ATMs, and also account management fees; and
- ↳ Bancassurance and asset management products, which accounted for approximately 19.9% of total fees and commissions.

Fees and commissions include the negative effect of the EUR 17.1 million fee paid by NOVO BANCO in connection to issuing of debt securities guaranteed by the Republic of Portugal.

Capital Markets and Other Results

Capital market results of EUR 60.6 million, which reflect a conservative investment policy, were underpinned, on the one hand, by the poorer performance on the sovereign debt market, and on the other by the value increase in liabilities recognised at fair value. The other operating results - a loss of EUR 17.6 million - were adversely affected, among others, by a total contribution of EUR 31.8 million to the Resolution Funds.

Operating Costs

Operating costs show a YoY reduction of 23.4%, reflecting the ongoing implementation of the restructuring measures, which were stepped up in the 2nd quarter and involved staff cuts, the downsizing of the distribution network and the simplification and downsizing of the organisational structure and processes.

EUR million			
OPERATING COSTS	1H15	1H16	Change
Staff Costs	204.4	157.0	-23.2%
General and Administrative Costs	149.1	118.2	-20.7%
Depreciation	43.5	29.0	-33.4%
TOTAL	397.0	304.2	-23.4%

Staff costs decreased by 23.2% YoY, to EUR 157.0 million, underpinned by a headcount reduction of 1,202 employees since 30 June 2015, of which 203 resulting from discontinued activities. Compared to November 2015, the base date for the commitments assumed in the Restructuring Plan, there was an effective reduction up to June 2016 of 880 employees (this does not include employees from discontinued activities).

General administrative expenses dropped by 20.7% YoY, to EUR 118.2 million. This reduction, which occurred across all types of costs, reflects the rationalisation and streamlining policy under way.

The reduction in the amortisation and depreciation amounts is explained, among other issues, by the optimisation of IT investment, the rationalisation of equipment and the closure of facilities.

The contraction in operating costs also reflects the downsizing of the distribution network in line with the new business environment reality. In June 2016 NOVO BANCO had 606 branches, which is 63 units less than in June 2015.

Provisions

In the 1st half of 2016 the NOVO BANCO Group reinforced provisions by EUR 576.7 million, the bulk of which was allocated to credit provisions.

	EUR million		
PROVISIONS	1H15	1H16	Change
Credit	252.3	282.4	11.9%
Securities	99.1	75.4	-23.8%
Non-Current Assets Held for Sale	-21.4	107.9
Other Assets and Contingencies	-58.4	111.0
TOTAL	271.6	576.7	112.3%

The credit provision charge totalled EUR 282.4 million, improving the credit coverage ratio to 16.4%, from 13.7% in June 2015.

The annualised cost of risk decreased to 163 bps in June 2016, from 198 bps in December 2015 and 211 bps in March 2016.

Under IAS 37 the costs arising from the ongoing restructuring plan, totalling EUR 109.6 million, can be included in the provision for restructuring costs set up in the 1st quarter of 2016. This provision is included within the provisions for other assets and contingencies. The costs assumed in the 2nd quarter relating to early retirements (EUR 38.2 million) and redundancy payments (EUR 18.8 million) were provisioned for under the said provision.

ACTIVITY EVOLUTION

Funding

During 2015 the resumption of normal operating conditions and the consolidation of the relationship with the clients positively influenced the recovery of funding based on retail customer funds, resulting in a more balanced and stable funding structure.

Deposits totalled EUR 25.1 billion in the 1st half of 2016, having dropped by EUR 2.3 billion (-8.4%) since December 2015 but remaining practically flat compared to March 2016. This reduction, which was more noticeable in the large depositors, also reflects the impact of the transfer of BES Vénétie and NB Ásia to assets being discontinued (EUR -0.4 billion). The positive performance of the retail banking segment should be stressed, with deposits growing by roughly EUR 500 million in the period.

CUSTOMER FUNDS	31-Dec-15	31-Mar-16	30-Jun-16	EUR million	
				YTD change	
				absolute	relative
Deposits	27 364	25 145	25 061	-2 303	-8.4%
Other Customer Funds ⁽¹⁾	218	286	335	117	53.1%
Debt Securities placed with Clients	1 331	1 095	1 004	- 327	-24.6%
Life Insurance Products	5 388	5 196	5 138	- 250	-4.6%
Off-Balance Sheet Funds	5 642	5 628	5 111	- 531	-9.4%
Total Customer Funds	39 943	37 350	36 649	-3 294	-8.2%

(1) Includes cheques and pending payment instructions, REPOS and other funds

Customer Loans

NOVO BANCO has been conducting a very strict and selective lending policy, without ceasing to support the small and medium-sized enterprises, in particular the exporting companies.

CUSTOMER LOANS	31-Dec-15	31-Mar-16	30-Jun-16	EUR million	
				YTD Change	
				absolute	relative
Corporate Lending	25 908	23 780	23 264	-2 644	-10.2%
Loans to Individuals	11 509	11 427	11 350	- 159	-1.4%
Residential Mortgage	9 842	9 795	9 767	- 75	-0.8%
Other Loans	1 667	1 632	1 583	- 84	-5.0%
Customer Loans (Gross)	37 417	35 207	34 614	-2 803	-7.5%
Provisions	5 833	5 894	5 673	- 160	-2.7%
Customer Loans (Net)	31 584	29 314	28 941	-2 643	-8.4%

Customer loans contracted by EUR 2.8 billion in the 1st half of 2016. Of this reduction, EUR 1.4 billion reflects the transfer of BES Vénétie and NB Asia to discontinued assets.

Residential mortgage loans and other loans to individuals, though decreasing, have been registering rising production levels.

Securities Portfolio

The securities portfolio, the main source of eligible assets for funding operations with the European Central Bank (ECB), totalled EUR 12.1 billion on 30 June 2016 and represented 21.9% of assets.

The breakdown of the securities portfolio reflects a conservative portfolio management approach, based on securities with lower risk and higher liquidity, namely sovereign debt of Eurozone countries, which account for roughly 53% of the total available securities.

SECURITIES PORTFOLIO	net of impairments			EUR million	
	31-Dec-15	31-Mar-16	30-Jun-16	YTD Change	
				absolute	relative
Portuguese Sovereign Debt	2 685	3 231	3 242	557	20.7%
Other Sovereign Debt	4 689	3 983	3 438	-1 251	-26.7%
Bonds	2 671	2 656	2 574	- 97	-3.6%
Other	3 307	3 127	2 874	- 433	-13.1%
Total	13 352	12 997	12 127	-1 225	-9.2%

The securities portfolio has an associated positive fair value reserve of EUR 148.5 million (an increase of EUR 44 million from December 2015).

LIQUIDITY AND CAPITAL MANAGEMENT

Liquidity

NOVO BANCO Group's liquidity position significantly improved during the 2nd quarter of 2016, due to the performance of deposits and the Bank's deleveraging process. After deteriorating in the first quarter, customer funds stabilised, with retail banking customer funds increasing by around EUR 500 million. Moreover, the Bank's liquidity position was also positively impacted by the contraction of its balance sheet, which was particularly noticeable in the securities portfolio, the loan book and the exposure to other credit institutions.

Within the scope of its business plan, in late June, NOVO BANCO launched a tender offer on eight senior debt bond issues maturing in 2019 and 2022, with the aim of reinforcing its profitability and

capital ratios. This offer resulted in the acquisition of bonds worth a nominal aggregate amount of EUR 340 million, leading to a disbursement of approximately EUR 244 million in liquidity terms.

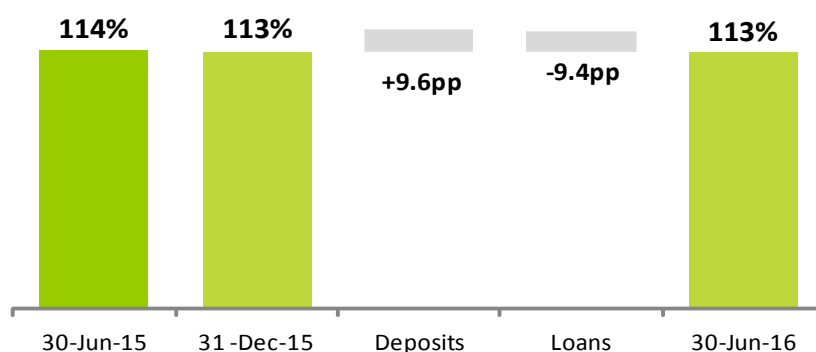
During the first half of the year NOVO BANCO repaid medium long-term debt placed in the market of approximately EUR 230 million, which is more than half the total reimbursements scheduled for 2016. The Bank will reimburse EUR 150 million in the third quarter and EUR 50 million in the fourth. Considering that these reimbursements do not represent material amounts, the non-renewal of the corresponding funding did not, and is not expected to have a relevant impact on the Group's liquidity position.

In this context net funding from the ECB decreased sharply in the 2nd quarter, reaching EUR 5.5 billion at the end of June 2016, which is close to a EUR 2.5 billion reduction comparing with the EUR 8.0 billion net funding at the end of the 1st quarter.

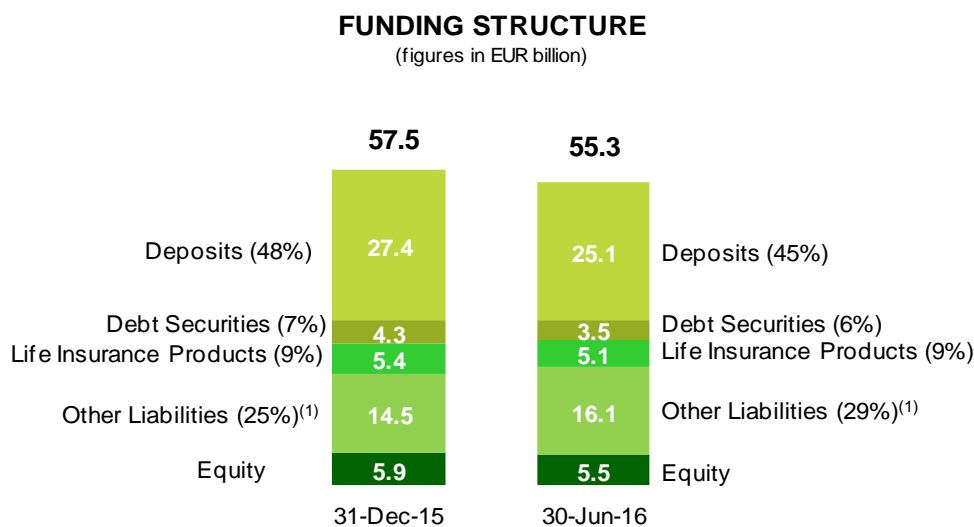
On the other hand, the Group maintained its portfolio of securities eligible for rediscount with the ECB at a comfortable level. At the end of the 2nd quarter of 2016 the amount of securities eligible for rediscount with the ECB held by NOVO BANCO totalled EUR 13.2 billion, which compares with EUR 13.7 billion in March 2016 and mainly reflects the contraction in the Bank's sovereign debt portfolio.

At 113%, the loan to deposit ratio remained broadly at the same level as in December 2015, though improving by 1pp compared to June 2015, reflecting a sharper reduction in customer loans than in customer deposits.

Loan To Deposit Ratio



Customer deposits remained the main source of funding, representing 45% of total assets. Debt securities reduced their contribution to 6% of total activity funding.



⁽¹⁾ Includes ECB Funding

Capital Management

NOVO BANCO Group's solvency ratios are calculated based on the rules stipulated in Directive 2013/36/EU and Regulation (EU) no. 575/2013, which define the criteria for access to the activity of credit institutions and investment firms and determine the prudential requirements for these institutions, and also in Banco de Portugal's Notice 6/2013, which regulates the phased-in arrangements for own funds, under said Regulation. The NOVO BANCO Group is authorised to use the Internal Ratings Based (IRB) approach to calculate credit risk weighted assets and the Standardised Approach to calculate both market risk and operational risk weighted assets.

Under the terms of said rules, the solvency ratios of NOVO BANCO Group, as at 30 June 2016 and 31 December 2015, were as follows:

		EUR million		
CAPITAL RATIOS - BIS III (CRD IV/CRR)		31-Dec-15	31-Mar-16	30-Jun-16⁽¹⁾
Risk Weighted Assets	(A)	38 168	36 282	36 149
Own Funds				
Common Equity Tier 1	(B)	5 142	4 471	4 332
Tier 1	(C)	5 142	4 471	4 332
Total Capital	(D)	5 142	4 471	4 332
Common Equity Tier 1 (Phased-in)	(B/A)	13.5%	12.3%	12.0%
Tier 1	(C/A)	13.5%	12.3%	12.0%
Solvency Ratio	(D/A)	13.5%	12.3%	12.0%
Common Equity Tier 1 (full implementation)		11.3%	10.7%	10.2%

(1) Estimated data

The estimated phased-in Common Equity Tier 1 (CET1) ratio for 30 June 2016 was 12.0% (10.2% under the full implementation regime applicable as from 1 January 2018). The change relative to 31 December 2015 reflects, on the side of risk-weighted assets, the continuation of the deleveraging effort, and on side of own funds, the negative results reported and the effect of the change of year in the transitional regime.

Special Regime for Deferred Tax Assets

Under the terms of the annex to Law no. 61/2014, of 26 August, NOVO BANCO adhered to the special regime applicable to deferred tax assets (DTAs) resulting from impairment losses in loans and employee benefits. Under this regime, DTAs are converted into tax credits when a taxable entity reports net losses.

In this context, NOVO BANCO's individual loss for 2015 will imply the following in 2016:

- ↳ the conversion of eligible deferred tax assets into tax credits;
- ↳ the simultaneous creation of a special reserve and conversion rights into shares attributable to the State.

The conversion of eligible deferred tax assets into tax credits as a result of the net loss determined in the 2015 accounts was made in the same proportion as that between the amount of this loss and the total equity at individual level. The special reserve was set up for the same amount of the tax credit determined plus 10%, and will be included in the share capital. The conversion rights are securities that entitle the Portuguese State to demand from NOVO BANCO the corresponding capital increase through the incorporation of the amount of the special reserve and consequent issuance and allotment free of charge of ordinary shares. The Portuguese Resolution Fund, as the sole

shareholder of NOVO BANCO, has the potestative right to acquire the conversion rights from the Portuguese State.

The amount of deferred tax assets converted into tax credits totalled approximately EUR 161 million, and the special reserve amounted to EUR 177 million. The conversion rights to be issued and allocated to the Portuguese State should give it a stake of up to 2.7% in NOVO BANCO's share capital.

The amount of the deferred tax assets converted into tax credits, the creation of the special reserve and the issuance and allocation to the Portuguese State of the conversion rights must be still be certified by a chartered accountant, a process that has already started.

The procedure in which NOVO BANCO will be reimbursed for the tax credit determined has not yet been established under the current legislation.

ASSET QUALITY

The quality of the loan book is starting to give some signs of recovery, namely in terms of credit at risk, which decreased by EUR 264 million in the 1st half of 2016.

CREDIT QUALITY	31-Dec-15	31-Mar-16	30-Jun-16	YTD Change		2Q Change	
				absolute	relative	absolute	relative
Gross Loans	37 417	35 207	34 614	-2 803	-7.5%	- 593	-1.7%
Overdue Loans	5 791	5 842	5 878	87	1.5%	36	0.6%
Overdue Loans > 90 days	5 412	5 321	5 437	25	0.5%	116	2.2%
Credit at Risk ⁽¹⁾	8 547	8 114	8 283	- 264	-3.1%	169	2.1%
Restructured Credit ⁽²⁾	6 634	6 760	6 655	21	0.3%	- 105	-1.6%
Restructured Credit not included in Credit at Risk ⁽²⁾	3 927	4 086	3 718	- 209	-5.3%	- 368	-9.0%
Provisions for Credit	5 833	5 894	5 673	- 160	-2.7%	- 221	-3.7%

⁽¹⁾ According to Banco de Portugal Instruction n.23/2011.

⁽²⁾ According to Banco de Portugal Instruction n.32/2013.

Credit Risk indicators increased compared to 31 December 2015 due to the contraction of the customer loans book. At the end of the 1st half of 2016 the overdue loans / gross loans and credit at risk / gross loans ratios were 17.0% and 23.9%, respectively, with the Credit at Risk Coverage ratio standing at 68.5%.

Provisions for Credit amounted to EUR 5.7 billion, representing 16.4% of the total loan book (Dec.15: 15.6%; Jun.15: 13.7%).

ASSET QUALITY AND COVERAGE RATIOS	31-Dec-15	31-Mar-16	30-Jun-16	Change (p.p.)	
				semester	2nd quarter
Overdue Loans / Gross Loans	15.5%	16.5%	17.0%	1.5	0.5
Overdue Loans > 90 days / Gross Loans	14.5%	15.1%	15.7%	1.2	0.6
Credit at Risk ⁽¹⁾ / Gross Loans	22.8%	23.0%	23.9%	1.1	0.9
Restructured Credit ⁽²⁾ / Gross Loans	17.7%	19.2%	19.2%	1.5	0.0
Restructured Credit not included in Credit at Risk ⁽²⁾ / Gross Loans	10.5%	11.6%	10.7%	0.2	-0.9
Provisions for Credit / Gross Loans	15.6%	16.7%	16.4%	0.8	-0.4
Coverage of Credit at Risk ⁽¹⁾	68.2%	72.6%	68.5%	0.2	-4.2
Coverage of Overdue Loans > 90 days	107.8%	110.8%	104.3%	-3.4	-6.4
Coverage of Overdue Loans	100.7%	101.2%	96.5%	-4.2	-4.7

⁽¹⁾ According to Banco de Portugal Instruction n.23/2011.

⁽²⁾ According to Banco de Portugal Instruction n.32/2013.

COMMERCIAL ACTIVITY

Retail and Private Banking

The 1st half of 2016 saw a strong acceleration in retail and private banking activity, at various levels. Retail banking deposits achieved a net increase of over EUR 600 million, a clear sign of the consolidation of clients' confidence in NOVO BANCO. At the same time, it was possible to lower by 33 bps the cost of the term deposits portfolio compared to December 2015. These developments contributed to overall improvements in the Bank, both in terms of liquidity and operating profitability. Production of retail loans also maintained a brisk pace. The average monthly production of consumer loans grew by 53% in the 1st half of 2016 compared to the average monthly production in 2015. In residential mortgages, the average monthly production surged by 78% relative to 2015, while the price of new loans remained significantly higher than the average price of the overall residential mortgage loan book.

Moreover, the retail segment sold real estate worth EUR 185 million in the 1st half of the year, which represents a 54% increase in the average monthly sales of real estate compared to 2015.

The first half of the year saw a steady increase in the retail customer base and in cross-selling, with a positive impact on customer loyalty. New client acquisitions grew by 1% YoY in the period, with new clients reaching roughly 26 thousand.

The average monthly production of life and non-life insurance unconnected to loans through cross-selling was up by approximately 12% on a year earlier. The number of clients with credit cards grew by 3% compared to 2015.

Finally, the commercial activity with the small and micro companies included in retail banking also expanded in the period. Under the *PME Crescimento* credit line NOVO BANCO maintained the lead in the production of new loans to micro and small companies, with a market share of around 17%. As a result the stock of medium and long-term loans to small and micro companies in the retail segment grew by ca. 11% in the 1st half of the year.

NOVO BANCO's digital strategy has been endorsed by its clients. The total number of active digital clients in the retail and private banking segment (NBnet, Mobile, Tablet) surpassed 400 thousand in the second quarter of 2016, which is revealing of the key role played by the multichannel relationship between the clients and the Bank. NBnet active clients reached 362 thousand, while Mobile active clients increased by 25% since the start of the year, to 129 thousand. Digital corporate clients using the NBnetwork grew to more than 69 thousand. In the 2nd quarter of the year two new functionalities were added to the NB smart app, both being at the top of our clients' declared preferences. These were the prior periods 'Account Statements' in PDF format, which can be sent by e-mail, and the 'Savings Subscription and Management Area', which aims to boost this channel as a sales platform. NOVO BANCO's website, besides being a gateway to the Internet Banking services, also serves as a point of commercial contact and servicing, having registered more than 34 million logins in the first half of the year.

Corporate Banking

During the 1st half of 2016 the NOVO BANCO Group maintained its commitment to support Portuguese companies. It focused its activity on the exporting small and medium-sized companies and those that incorporate innovation in their products, services or production systems, i.e., companies that are able to compete in the global markets. NOVO BANCO saw its role in supporting the exports and internationalisation of the Portuguese companies recognised through the award for 'Best Trade Finance Bank in Portugal' received from the Global Finance Magazine in 2016.

One of the pillars of NOVO BANCO's support to corporate clients are the Treasury Solutions, which provide the most adequate products to each client so as to effectively meet the day-to-day requirements of companies in their business development. Factoring production in particular should be highlighted, having increased by 55% YoY in the 1st half of 2016.

Another important pillar is the medium/long term credit to support investment and the reinforcement of permanent capital, which grew by 73% YoY in the period. Production under the *PME Crescimento 2015* and *NB FEI Inovação* credit lines (the latter agreed with the European Investment Fund) also deserves a note.

Also in the context of Support to Investment, the Group has actively promoted the implementation of the Portugal 2020 programme. This promotion effort will continue during the 2nd half of 2016, with a focus on the planned new credit lines designed to accelerate the implementation of important investment projects that will support the future sustainability of the Portuguese business community as well as job creation.

In addition to Treasury Support and Support to Investment, Human Resources solutions are the Group's third pillar in the relation with its corporate clients. We should stress here the social and tax benefits afforded to corporate clients' staff through Meal Cards and Life Insurance, which in the 1st half of 2016 grew by 18% and 63%, respectively, over the same period in 2015.

NOVO BANCO dos Açores

NB Açores's activity in the 1st half of 2016 continued to be marked by an effort to attract new clients, win back deposits and maintain its support to the local economy and households. Hence, compared to June 2015 customer deposits increased by 6% while customer loans registered some slowdown (-1.1%). Assets totalled EUR 714.4 million at the end of the period. NB Açores posted a net profit for the 1st half of 2016 of EUR 1054 thousand.

Banco Best

Best has pursued its strategy of innovation leader in the offer of financial products and services in Portugal. Accordingly, it has launched the first banking app for Apple Watch in Portugal – Best Watch, through which clients can easily access securities, funds and index prices and their investment portfolio, or at any time view their account balances and movements, overall portfolio or to check the detail of credit card movements, among others. As part of its activities to promote financial literacy and investors' informed decisions, the Bank promoted the organisation of seminars open to clients and non clients in several cities in the country, focusing on the following themes: How to invest in shares and indices; "All-Terrain" Investment Strategies; Best Trading Pro ADN of Trading

– to Analyse, Decide and Negotiate, and Market Rules. Customer loans contracted by 14.8% in the period while customer funds increased by 19.8%. Banco Best posted a net profit for the period of EUR 3.1 million.

GNB Asset Management

At the end of the first half of 2016 the global volume of assets under management reached EUR 13.0 billion, which represents a reduction of 7.5% relative to the end of 2015. The Group's market share in asset management dropped from 11.23% to 11.14% in the same period. International volumes under management totalled around EUR 2.4 billion (down by 13.1% on the end of 2015). The period's results were a net profit of EUR 2.9 million.

GNB Life Insurance

GNB Seguros Vida reported an accounting net loss of EUR 50.1 million in the 1st half of 2016, strongly influenced by the performance of its financial area, where realised capital gains decreased by roughly EUR 100 million YoY, and by the increase in the impairments' level (to EUR 30.1 million in June 2016 from EUR 2.9 million in June 2015). Production totalled EUR 85.9 million, slumping by 63.8% over a year earlier, while the volume of customer funds decreased by around EUR 300 million relative to December 2015 (from EUR 5.2 billion to EUR 4.9 billion). The performance of risk products should be highlighted, with new contracts growing by roughly 12% YoY and gross premia dropping by 1.1% over the same period. Claims volume decreased by 71.6% in the first half of the year, due to the sharp reduction in redemption volumes in all types of products. In terms of operating costs, it is worth noting that a 29.8% YoY reduction has been achieved as a result of the streamlining and rationalisation efforts carried out.

International Commercial Banking

NOVO BANCO Group's international activity in the 1st half of 2016 was marked by the continued implementation of the restructuring plan for its international units. This plan entails the reorganisation of the international portfolio, involving the sale and discontinuation of some international units (the New York and Nassau branches and the Cape Verde offshore branch were closed in 2015) as well as the operational optimisation of the branches in Spain, London and Luxembourg. The sale process of some of the international units, including the subsidiaries in France (BES Vénétie) and Macau (NB Asia), is proceeding according to the Plan and should be completed before the end of 2016.

The performance of the unit in **Spain** during the 1st half of 2016 was shaped by the continued deployment of a restructuring plan focused on the following points: (i) business model focused on the

Iberian business and corporate banking; (ii) redefinition of the commercial model through the restructuring of the branch network and the reorganisation of the commercial network; and (iii) reorganisation of the central services. The implementation of this plan will have a significant impact on the structure of the Group's units in Spain, namely as it will involve the reduction of 125 employees during 2016, which was negotiated and agreed with the workers' legal representatives in the first quarter. Deposit and credit volumes have decreased, namely as a result of the commercial restructuring implemented in 2015. Gross customer loans amounted to approximately EUR 2.4 billion at the end of the 1st half of 2016. NOVO BANCO's activity in Spain generated a net operating income of EUR 5.1 million.

In line with other international units, the activity in the **United Kingdom** reflected the ongoing implementation of the branch restructuring plan, placing particular emphasis on the reduction of costs, which contracted by around 19% compared to the 1st half of 2015. This restructuring involved the departure of 11 employees in the 1st half of the year. Total assets decreased by 7.0%, to EUR 3.8 billion at the end of the period, of which 45% correspond to the loan portfolio. The 1H2016 net operating income was approximately EUR 1.5 million.

In **Luxembourg** the branch also carried out a restructuring, making a strategic shift towards the local business, with a focus on the private banking segment. Customer deposits dropped by 8% in the 1st half of 2016, to EUR 437 million. The restructuring of the Branch, which involved staff cuts of 4 employees during the first half of the year, resulted in a 54% reduction in operating costs relative to the same period of 2015.

MAIN EVENTS IN THE 1ST HALF OF 2016

- On 4 January 2016, following the announcement by Banco de Portugal on 29 December 2015, the Rating Agency Moody's took a rating action on NOVO BANCO and its supported entities. On this date Moody's decided to confirm NOVO BANCO's Baseline Credit Assessment (BCA) at caa2 and to downgrade its senior debt and long-term deposit ratings to Caa1 from B2 and its counterparty risk assessment (CRA) to B2(cr) from B1(cr). The rating agency affirmed NOVO BANCO's short-term deposit and senior debt ratings at Not-Prime and the short-term CRA at Not-Prime(cr). The outlook on NOVO BANCO's deposit and senior debt ratings is now Developing. The Ba1 rating of NOVO BANCO's senior bonds guaranteed by the Republic of Portugal was unaffected by this rating decision.
- On 7 January 2016, following the announcement by Banco de Portugal on 29 December 2015, the Rating Agency DBRS took a rating action on NOVO BANCO. DBRS decided to downgrade NOVO BANCO's senior long-term debt and deposits rating to CCC (high) from B and its short-term debt & deposits rating to R-5 from R-4. The outlook on the long-term ratings is Negative and on the short-term ratings is Stable. The agency confirmed the rating on NOVO BANCO's senior bonds guaranteed by the Republic of Portugal at BBB (low) with Stable outlook.
- On 15 January 2016 Banco de Portugal announced the re-launch of the sale process of the Resolution Fund's holding in NOVO BANCO.
- On 30 March 2016 the Rating Agency Dagong Europe took a rating action on NOVO BANCO. Dagong Europe decided to downgrade NOVO BANCO's long-term credit rating to CCC+ from B- and its short-term credit rating to C from B. The watch Evolving was removed and a Stable outlook was assigned for all the ratings. On the same date Dagong Europe decided to withdraw the rating of the following entities: Espírito Santo, plc (Ireland), Banco Espírito Santo North American Cap. LLC Novo Banco S.A. New York Branch. NOVO BANCO informed on that date that there were no debt securities issued by Espírito Santo, plc (Ireland) and that the entities Banco Espírito Santo North American Cap. LLC and Novo Banco S.A., New York Branch had been closed.
- On 31 March 2016 Banco de Portugal issued a press release where it disclosed the terms of the new procedure to sell the stake held by the Resolution Fund in NOVO BANCO, following the re-launch of the sale process announced on 15 January 2016.
- At the end of January 2016 NOVO BANCO took notice of two lawsuits submitted to the Venezuela Supreme Court ("Supremo Tribunal de Justicia de Venezuela") by Banco de Desarrollo Económico y Social de Venezuela and Fondo de Desarrollo Nacional against Banco Espírito Santo, S.A. (BES) and NOVO BANCO, regarding the sale of debt securities issued by entities that belonged to Grupo Espírito Santo, in the amount of USD 37 million and USD 335 million, respectively, and requesting the repayment of the amounts invested, plus interest, compensation

due to inflation and related expenses. Under the terms of the resolution applied to BES by Banco de Portugal these liabilities were not transferred to NOVO BANCO. Nevertheless a precautionary measure of seizure of assets of BES and NOVO BANCO was enacted pending the execution of the measure and a decision by the Court to the objection submitted by NOVO BANCO.

- ↳ On 28 April 2016 NOVO BANCO was notified, as counter interested party (“*contra-interessado*”), that it was provisionally granted a provisory injunction (“*decretamento provisório de uma providência cautelar*”) filed by a third party, which determined provisionally the re-transfer of certain non-subordinated bonds from Banco Espírito Santo S.A. to NOVO BANCO and the Banco de Portugal’s notification to carry out all the necessary actions to give effect to said measure. On 23 May 2016 the Court decided to lift the injunction provisionally granted and the injunction process continues according with the terms and time limits provided by Law.
- ↳ On 30 June 2016 Banco de Portugal informed it had received four offers for the acquisition of NOVO BANCO. After analysing the proposals, a decision will be taken concerning which of the methods - Strategic Sale Procedure or Market Sale Procedure - will be followed to conclude the sale process of the stake held by the Resolution Fund in NOVO BANCO.
- ↳ On 6 July 2016 NOVO BANCO informed that Mr. Eduardo Stock da Cunha, and Mr. José João Guilherme had resigned from their positions as Chairman of the Board of Directors and Member of the Board of Directors, respectively.
- ↳ On 13 July 2016 NOVO BANCO informed that on 12 July 2016 Banco de Portugal has decided, based on a proposal by the Resolution Fund and subject to the authorisation of the European Central Bank, to appoint Mr. António Manuel Palma Ramalho as Chairman of the Board of Directors of NOVO BANCO, effective as from 1 August 2016.

ECONOMIC ENVIRONMENT

The 1st half of 2016 was marked by high volatility in the financial markets and a moderation of global growth expectations. During the first months of the year market instability resulted from (i) concerns about the deceleration of China's economy, translating into the high volatility of the renminbi, and, above all, (ii) the fall in oil prices, which hit a low of USD 26/barrel in January, stoking fears about an increase of defaults in the energy sector. These fears abated throughout of the 1st half of the year, as the price of Brent crude bounced back to USD 48.4/barrel at the end of June (30% increase vs. December 2015) and as China's economy showed signs of stabilising. The end of the period was marked by uncertainty around the United Kingdom referendum on its European Union membership. The initial penalisation of risk assets (and the pound) by the victory of Leave was eventually dispelled, but the prospect of negative impacts on economic growth, especially in Europe, underlined expectations about a reinforcement or extension of monetary stimulus in the main economies. In this context market interest rates maintained a downward trend, with the yields on the 10-year Treasuries and *Bunds* retreating from 2.27% to 1.471% and from 0.629% to -0.13%, respectively. Also reflecting the measures announced in March by the European Central Bank (including, among others, a cut on the interest rate on the deposit facility, to -0.4%, and the expansion of the asset purchase programme), the 3-month Euribor slid from -0.131% to -0.286%.

The main Eurozone stock market indices all fell in the 1st half of 2016, mainly on the back of concerns about the financial sector. The DAX, CAC 40 and IBEX retreated by 9.9%, 8.6% and 14.5%, respectively. The improved performance of earnings, the postponement of an interest rate hike by the Fed, and a flight from political risks in Europe benefited the main North-American indices, with the S&P 500 and Dow Jones gaining 2.7% and 2.9%, respectively. The euro advanced by 2.5% against the dollar in the 1st half of the year, to EUR/USD 1.1139, though weakening towards the end of the period (-3.4% since the high registered at the beginning of May).

In Portugal, GDP increased by 0.2% QoQ and 0.9% YoY in the 2nd quarter, with exports growth decelerating and investment decreasing. Private consumption accelerated in the period, supported by the recovery of disposable income and an improvement in financing conditions. Growth is expected to have decelerated in the 2nd quarter, with domestic demand slackening and net external demand maintaining a negative contribution. A global environment of risk aversion combined with a certain degree of uncertainty about the fiscal consolidation process prompted the widening of the 10-year sovereign debt securities spread against the *Bunds*, from 189 bps to 314 bps, with the respective yield rising from 2.5% to 3% in the 1st half of the year. The PSI-20 retreated by 16.2%.

FINANCIAL HIGHLIGHTS
31-Dec-15 30-Jun-16

ACTIVITY (EUR mn)		
Net Assets	57 529	55 291
Gross Loans	37 417	34 614
Customer Deposits	27 364	25 061
Total Equity	5 947	5 564
SOLVENCY ^{(1) (2)}		
Common Equity/Tier I/RWA's	13.5%	12.0%
Tier I/RWA's	13.5%	12.0%
Total Own Funds/RWA's	13.5%	12.0%
LIQUIDITY (EUR mn)		
ECB funds (net) ⁽³⁾	7 040	5 548
Eligible Assets for repo operations (ECB and other)	12 740	13 244
(Total Credit - Credit Provisions) / Customer Deposits ⁽²⁾	113%	113%
Liquidity Coverage Ratio (LCR)	77%	94%
ASSET QUALITY		
Overdue Loans > 90 days/Gross Loans	14.5%	15.7%
Overdue and Doubtful Loans / Gross Loans ⁽²⁾	15.8%	17.4%
Overdue and Doubtful Loans net of Impairments / Total Net Loans ⁽²⁾	0.2%	1.3%
Credit at Risk / Gross Loans ⁽²⁾	22.8%	23.9%
Credit at Risk (net) / Net Loans ⁽²⁾	8.6%	9.0%
Credit Provisions / Overdue Loans > 90 days	107.8%	104.3%
Credit Provisions / Gross Loans	15.6%	16.4%
Cost of Risk	1.98%	1.63%
PROFITABILITY		
Net Income (EUR mn)	-980.6	-362.6
Income before Taxes and Non-controlling Interests / Average Net Assets ⁽²⁾	-1.6%	-1.6%
Banking Income / Average Net Assets ⁽²⁾	1.4%	1.6%
Income Before Taxes and Non-controlling Interests / Average Equity ⁽²⁾	-17.4%	-14.3%
EFFICIENCY		
General Admin Costs + Depreciation / Banking Income ⁽²⁾	85.8%	68.1%
Staff Costs / Banking Income ⁽²⁾	45.2%	35.2%
EMPLOYEES		
Total	7 311	6 325
- Domestic	6 571	5 885
- International	740	440
BRANCH NETWORK		
Total	635	606
- Domestic	596	576
- International	39	30

(1) Estimated data for 30 June 2016

(2) According to Banco de Portugal Instruction n.16/2004, in its version in force

(3) Includes funds from and placements with the ESCB; positive = net borrowing; negative = net lending

NOVO BANCO, S.A.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015 AND AS AT 30 JUNE 2016

	EUR thousand	
	31.12.2015	30.06.2016
ASSETS		
Cash and deposits with Central Banks	775 608	2 116 615
Deposits with banks	340 209	295 717
Financial assets held for trading	775 039	774 900
Other financial assets at fair value through profit or loss	1 526 193	1 317 560
Available-for-sale financial assets	11 810 712	10 809 376
Loans and advances to banks	1 690 628	682 346
Loans and advances to customers	31 583 759	28 940 788
Assets with Repurchase Agreement	-	-
Financial Assets held to maturity	-	-
Derivatives held for risk management purposes	318 596	259 129
Non-current assets held for sale	3 182 479	2 879 699
Assets from discontinued operations	40 327	1 399 634
Investment properties	54 625	113 489
Other tangible assets	312 437	227 264
Intangible assets	221 168	202 563
Investments in associated companies	405 486	393 767
Current tax assets	38 848	43 404
Deferred tax assets	2 535 423	2 476 605
Technical reserves of reinsurance ceded	7 696	6 733
Other assets	1 910 126	2 351 396
Debtors for direct and indirect insurance	3 019	1 092
Other liabilities	1 907 107	2 350 304
TOTAL ASSETS	57 529 359	55 290 985
LIABILITIES		
Deposits from Central Banks	7 632 794	7 510 137
Financial liabilities held for trading	743 860	770 491
Other financial liabilities at fair value through profit or loss	-	-
Deposits from banks	4 157 132	4 718 102
Due to customers	27 582 142	25 395 830
Debt securities issued	4 224 658	3 455 361
Financial liabilities related to transferred assets	-	-
Derivatives held for risk management purposes	77 846	107 128
Investment contracts	4 043 488	3 767 375
Non-current liabilities held for sale	162 709	157 705
Liabilities from discontinued operations	92 893	719 149
Provisions	465 114	308 652
Technical reserves	1 344 216	1 370 797
Current tax liabilities	38 643	41 215
Deferred tax liabilities	12 336	16 607
Equity Instruments	-	-
Subordinated debt	56 260	47 185
Other liabilities	947 625	1 341 012
Creditors for direct and indirect insurance	17 301	13 728
Other liabilities	930 324	1 327 284
TOTAL LIABILITIES	51 581 716	49 726 746
EQUITY		
Share Capital	4 900 000	4 900 000
Share premium	-	-
Other equity instruments	-	-
Treasury stock	-	-
Revaluation Reserves	(249 748)	(255 583)
Other Reserves and Retained Earnings	2 221 368	1 238 436
Profit / (loss) for the period	(980 558)	(362 620)
Interim Dividends	-	-
Non-controlling Interest	56 581	44 006
TOTAL EQUITY	5 947 643	5 564 239
TOTAL LIABILITIES AND EQUITY	57 529 359	55 290 985

NOVO BANCO, S.A.

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2016 AND AS AT 30 JUNE 2015

	EUR thousand	
	30.06.2015	30.06.2016
Interest and similar income	784 572	621 556
Interest expense and similar charges	569 854	359 512
Net Interest Income	214 718	262 044
Dividend income	6 485	31 766
Fee and Commission income	251 065	189 068
Fee and Commission expense	67 057	55 662
Net gains / (losses) from financial assets and liabilities at fair value through profit or loss	(107 479)	(28 385)
Net gains / (losses) from available-for-sale financial assets	167 250	76 130
Net gains / (losses) from foreign exchange revaluation	25 706	(8 727)
Net gains/ (losses) from the sale of other assets	13 448	(841)
Insurance earned premiums, net of reinsurance	18 655	22 086
Claims incurred, net of reinsurance	145 527	95 812
Change in technical reserves, net of reinsurance	113 932	65 608
Other operating income and expenses	(98 237)	(50 382)
Operating Income	392 959	406 893
Staff costs	204 401	156 980
General and administrative expenses	149 017	118 216
Depreciation and amortisation	43 540	28 980
Provisions, net of reversals	(77 009)	59 262
Impairment losses on loans, net of reversals and recoveries	252 340	282 362
Impairment losses on other financial assets, net of reversals and recoveries	98 304	125 468
Impairment losses on other assets, net of reversals and recoveries	(2 066)	109 607
Negative consolidation differences	-	-
Results from associated companies consolidated by the equity method	5 971	2 706
Profit / (loss) before income tax and non-controlling interests	(269 597)	(471 276)
Income tax		
Current tax	35 124	6 323
Deferred tax	(63 153)	(106 975)
Profit / (loss) after income tax and before non-controlling interests	(241 568)	(370 624)
o.w. : Income after taxes from discontinued operations	10 188	(5 637)
Income after taxes from activities being discontinued	13 460	741
Non-controlling interest	10 369	(8 004)
Net consolidated profit / (loss) for the period	(251 937)	(362 620)