

IV. CORPORATE GOVERNANCE REPORT

This report is a free translation into English of the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.

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The corporate governance rules and structure of Banco Espírito Santo (BES) are based upon a set of core principles that seek to ensure responsible governance oriented to value creation.

BES Group has adopted the following statement of principles:

Value

Value creation based on responsible governance so as to deserve the confidence and loyalty of Shareholders, Clients, Employees and Suppliers.

Knowledge

Business development hinged on the accumulation and transmission of know-how over more than one century of history.

Integrity

Definition of strict policies to manage the various types of risk incurred in banking activities.

Transparency

Assuming a commitment to transparent practices:

- in the disclosure of information to all stakeholders;
- in the establishment of clear strategic objectives and a set of corporate values that are effectively communicated throughout the organisation;
- by setting and enforcing clear lines of responsibility and accountability throughout the organisation;
- by ensuring that board members are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from interest groups.

The 2011 report on BES's corporate governance structures and practices incorporates the information elements and follows the model set out in the annex to Portuguese Securities Market Commission ("CMVM") regulation no. 1/2010. Section III of this annex (points II.21. to II.29.) is not contemplated in so far as BES has adopted the Anglo-Saxon model, where the supervisory body is the Audit Committee rather than an Audit Board or Supervisory Board.

0. Statement of Compliance

0.1. Corporate Governance Code

Location where the public may find the Corporate Governance Codes to which the issuer is subject to or those which the issuer voluntarily abides by.

The Corporate Governance Code approved by the CMVM is available at www.cmvm.pt.

0.2. CMVM Recommendations

CMVM Recommendations	Adopted	Non Adopted	BES Report
I.1.1. The Chair of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	X		I.1.
I.1.2. The remuneration of the Chair of the General Meeting Board shall be disclosed in the annual report on corporate governance.	X		I.3.
I.2.1. The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed five working days.	X		I.4.
I.2.2. Should the General Meeting be suspended, the company shall not compel share blocking during the interim period until the meeting is resumed and shall then follow the standard requirement of the first session.	X		I.5.
I.3.1. Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	X		I.9.
I.3.2. The statutory deadline for receiving early voting ballots by mail shall not exceed three working days.	X		I.11.
I.3.3. Companies shall ensure that the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principle. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	X		I.6. & I.7.
I.4. Companies shall not set a deliberative quorum that outnumbers that which is prescribed by law.		X	I.8.

CMVM Recommendations

	Adopted	Non Adopted	BES Report
<p>I.5. Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information.</p> <p>The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3-year period.</p>	X		I.13. & I.14.
<p>I.6.1. Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principle, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting (5 year intervals) on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.</p>	X		I.19.
<p>I.6.2. In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.</p>	X		I.20.
<p>II.1.1.1. The Board of Directors shall assess the adopted model in its corporate governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.</p>	X		0.3.
<p>II.1.1.2. Companies shall set up internal control and risk management systems in order to safeguard the company's worth and keep its corporate governance transparent and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identification of the main risks associated to the company's activity and any events that might generate risks; iii) analysis and determination of the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those risks actually incurred with the company's strategic options for risk assumption; v) mechanisms to control the execution of adopted risk management measures and their effectiveness; vi) adoption of internal mechanisms for information and communication on the various components of the system and for risk-warning; vii) regular assessment of the system implemented and adoption of the amendments deemed necessary.</p>	X		II.5.

CMVM Recommendations	Adopted	Non Adopted	BES Report
II.1.1.3. The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The supervisory body shall be responsible for assessing the functioning of said systems and for proposing any adjustments as needed by the company.	X		II.6.
II.1.1.4. In their Annual Report on Corporate Governance, companies shall: i) identify the main economic, financial and legal risks to which they are exposed through the exercise of their activity; ii) describe the performance and efficiency of the risk management system.	X		II.5. & II.9.
II.1.1.5. The Board of Directors and the supervisory body shall establish internal regulations and shall have these disclosed on the company's website.	X		II.7.
II.1.2.1. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	X		II.14.
II.1.2.2. Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and it may never be less than a fourth of the total number of Directors.	X		II.14.
II.1.2.3. The assessment made by the Board of Directors of the independence of its non-executive members shall take into account the legal and regulatory rules in force concerning independence requirements and the incompatibilities framework applicable to members of other corporate bodies, and ensure orderly and sequential consistency in the application of independence across the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member. A board member shall not be considered independent if in another corporate body he/she could not be considered as such by force of applicable rules.	X		II.15.
II.1.3.1. Depending on the applicable model, the Chair of the Audit Board, the Audit Committee or the Financial Matters Committee shall be independent and be adequately capable to carry out his/her duties.	X		II.3., II.14. & II.18.
II.1.3.2. The selection process of candidates for non-executive directors shall be conjured so as prevent interference by executive directors.	X		II.16.
II.1.4.1. The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports shall contain the following information: (i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	X		II.35.
II.1.4.2. The general guidelines on this policy should be disclosed in the corporate governance report.	X		II.35.

CMVM Recommendations	Adopted	Non Adopted	BES Report
II.1.5.1. The remuneration of the members of the Board of Directors shall be aligned with the long-term interests of the shareholders. Furthermore, the remuneration shall be based on performance assessment and shall discourage excessive risk taking.		X	II.32.
II.1.5.2. The statement on the remuneration policy of the Board of Directors and supervisory body referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) the groups of companies the remuneration policy and practices of which were taken as a comparison element for setting the remuneration ii) payments for dismissal or voluntary termination of directors.	X		II.30. II.33 & Appendix 2
II.1.5.3. The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248 /B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in risk taking.	X		Appendix 3
II.1.5.4. A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other senior officers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the plan's regulation or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other senior officers within the context of Article 248/3/B of the Securities Code shall also be approved by the General Meeting.	X		I.17. & I.18. / II.32 & II.33
II.1.5.6. At least one representative of the Remuneration Committee shall be present at the Annual General Shareholders Meeting .	X		I.15.
II.1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	X		II.31.
II.2.1. Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running of the company, and the delegated duties should be identified in the Annual Report on Corporate Governance.	X		II.3.

CMVM Recommendations	Adopted	Non Adopted	BES Report
<p>II.2.2. The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.</p>	X		II.3.
<p>II.2.3. Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may take decisions in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.</p>	NA		II.8.
<p>II.2.4. The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.</p>	X		II.17.
<p>II.2.5. The company shall expound its policy concerning portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.</p>		X	II.3.
<p>II.3.1. When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.</p>	X		II.3.
<p>II.3.2. The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Supervisory Board or the Audit Committee.</p>	X		II.13.
<p>II.3.3. The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.</p>	NA		NA
<p>II.4.1. Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.</p>	NA		NA
<p>II.4.2. The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.</p>	X		II.4. & III.15.

CMVM Recommendations	Adopted	Non Adopted	BES Report
II.4.3. The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	X		II.4.
II.4.4. The General and Supervisory Board, the Audit Committee and the Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	X		II.3.
II.4.5. According to the applicable model, the General and Supervisory Board, the Audit Committee and the Audit Board, shall assess the external auditor on an annual basis and advise the General Meeting that they be discharged whenever justifiable grounds are present.	X		II.3.
II.4.6. The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	X		II.5 & II.6.
II.5.1. Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Board, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance and further yet, the performance of all existing Committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement; iii) in due time identify potential candidates with the high profile required for the performance of director's duties.	X		0.3., II.2. & II.36.
II.5.2. Members of the Remuneration Committee or alike, shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	X		II.38. & II.39.

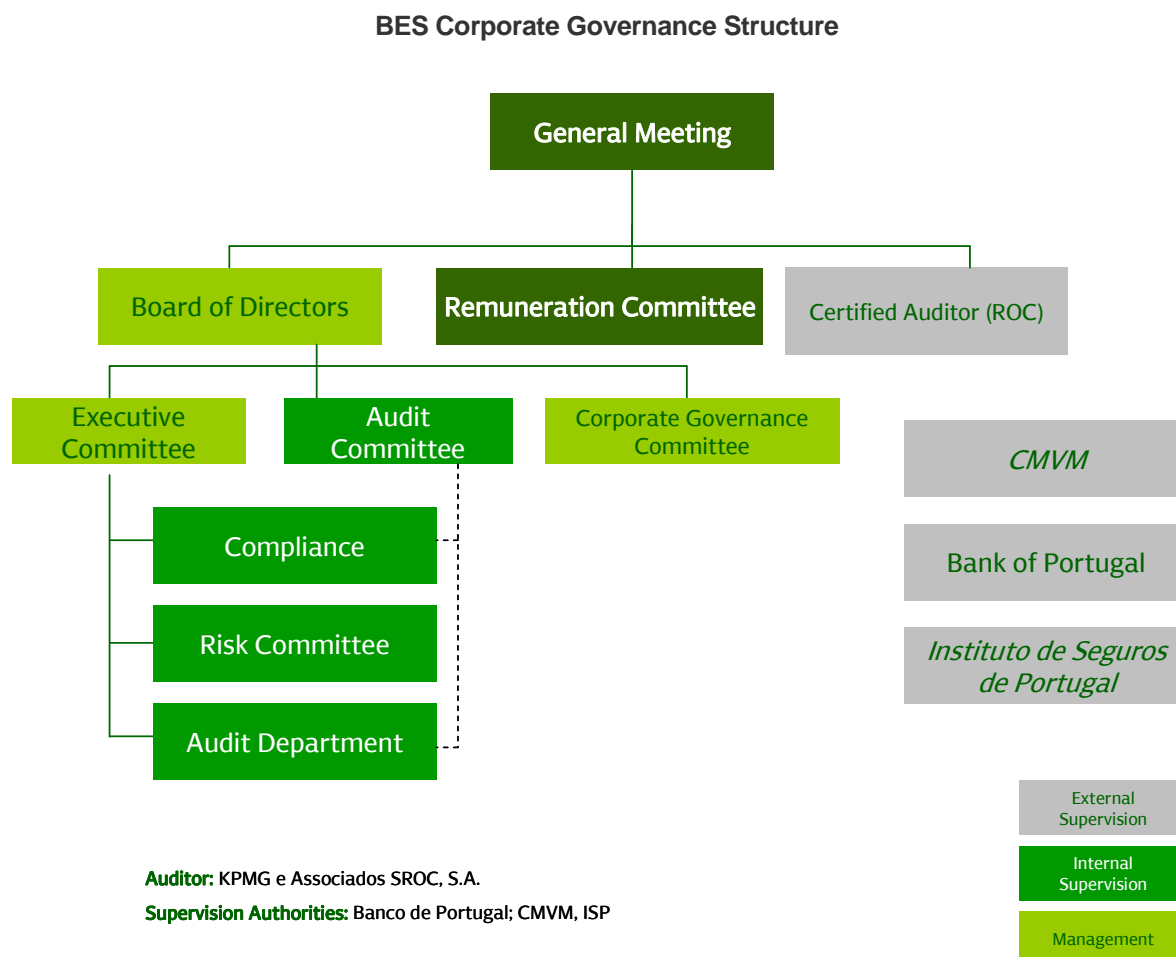
CMVM Recommendations	Adopted	Non Adopted	BES Report
II.5.3. Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract with or provides services to said persons.	X		II.39.
II.5.4. All the Committees shall draw up minutes of the meetings held .	X		II.7.
III.1.1. Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	X		III.16.
III.1.2. The following information that is made available on the company's Internet website, shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Bylaws; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts reporting documents; f) Half-yearly calendar on company events; g) Proposals sent through for discussion and voting during the General Meeting ; h) Notices convening general meetings.	X		III.16.
III.1.3. Companies shall advocate the rotation of auditors after two or three terms, depending on whether they have four or three year mandates, respectively. Their continuance beyond this period must be based on a specific opinion of the Supervisory Board formally considering the conditions of auditor independence and the benefits and costs of replacement.	X		III.18.
III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's supervisory body.	X		III.17.
III.1.5. The company shall not recruit the external auditor, or any entities in a parent-subsidiary relationship with them or belonging to the same network, for services other than audit services. Where recruiting such services is called for, these should not exceed 30% of the total value of services rendered to the company. The hiring of these services must be approved by the supervisory body and must be expounded in the Annual Corporate Governance Report.	X		III.17.

CMVM Recommendations

	Adopted	Non Adopted	BES Report
<p>IV.1. Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.</p>	X		III.11.
<p>IV.1.2. Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the supervisory body. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the supervisory body.</p>		X	III.13

0.3. Overall assessment

The company may also make an overall assessment on the degree of adoption of recommendation groups related to each other by topics.



The General Meeting of Shareholders meets at least once a year. Its main duties are to elect the corporate bodies, appoint the Remuneration Committee and the External Auditor / Statutory Auditor (“ROC”) (“EA/SA”), and also to assess and resolve on the annual management report, corporate governance report, accounts and distribution of earnings for each financial year.

The management of Banco Espirito Santo is entrusted to a Board of Directors, elected by the General Meeting for four-year periods, the re-election of its members being permitted. As of December 31st, 2011 the Board of Directors consisted of 25 members, of whom 7 were qualified as independent Board Members (see II.14). The Board of Directors delegates the day-to-day running of the company to an Executive Committee that meets every week or whenever convened by its Chairman. The Executive Committee consists of 9 members as of 31 December 2011. The Corporate Governance Committee consists of 3 independent non-executive directors. It has advisory functions concerning the assessment of the corporate governance model and the performance of the members of the Board of Directors, and the identification and assessment of potential candidates with the necessary qualifications to exercise functions as member of the Board of Directors (see II.16).

The function of internal supervision body within BES is attributed to the Audit Committee of the Board of Directors, which is composed of 3 independent non executive directors.

BES is subject to external supervision by its EA/SA, KPMG & Associados SROC, S.A., as well as by the following supervision authorities to which it is subject by virtue of its activity: the Bank of Portugal, the Portuguese Securities Market Commission (CMVM), and the Instituto de Seguros de Portugal (Portuguese Insurance Institute).

In its assessment of the corporate governance model made in 2011, the Board of Directors considered that the corporate governance model approved by BES' shareholders in 2006 (which opted for the Anglo-Saxon model, composed of a Board of Directors, with an Audit Committee and an EA/SA) was adequate and presented no relevant constraints.

Note: In a meeting held in January 2012 the Board of Directors decided to create a "Remuneration Advisory Committee". This decision viewed compliance with recently issued regulations on the remuneration policy of financial institutions (Decree-Law no. 88/2011, of 20 July, and Bank of Portugal Notice no. 10/2011), which determined that credit institutions of a significant dimension should set up a remuneration committee consisting of non executive directors, responsible for decision shaping on remuneration issues.

Although this report addresses BES's activity in 2011 it will nevertheless refer the main changes arising from said regulations, namely by including as an attachment the proposal that will be submitted to the General Meeting on the remuneration policy for 2012, which views compliance with same regulations.

0.4. Recommendations that are not followed by BES and the reason for the existing deviation/ Non Applicable Recommendations

When the corporate governance structure or practices differ from the CMVM's Recommendations or other Corporate Governance Codes to which the company is subject or has voluntarily adopted, the company shall make clear which parts of each Code have not been complied with or which the company considers not to be applicable, the reasons and other relevant remarks thereto and also explicitly refer where a description of these circumstances may be found in the Report.

The table below lists the recommendations of the Corporate Government Code that are not followed by BES as well as the reason for the existing deviation, with an indication of the recommendations that are not fully applicable.

CMVM Recommendations	Reason for the deviation	BES Report
I.4. Companies shall not set a constitutive or deliberative quorum that outnumbers that which is prescribed by Law.	<p>BES requires that shareholders representing at least 50% of the share capital be present or represented for the General Meeting to be held on first call.</p> <p>Matters for which the law requires a qualified majority must be approved by two thirds of the votes expressed, whether the Meeting is held on first or second call.</p> <p>BES believes that these rules ensure that resolutions are passed by a sufficiently representative number of shareholders.</p>	I.8.
II.1.5.1. The remuneration of the members of the Board of Directors shall be aligned with the long-term interests of the shareholders. Furthermore, the remuneration shall be based on performance assessment and shall discourage excessive risk taking.	<p>BES follows the entire II.1.5.1. Recommendation on the remuneration of the members of the Board of Directors, except for recital (v), which refers that up to the end of their mandate the Executive Directors shall hold the company shares that were allotted to them by virtue of the variable remuneration schemes. In fact, BES's remuneration policy does not provide for any rule on the retention of shares received by way of variable remuneration.</p> <p>Note: In 2012 a proposal to change the remuneration policy to the effect of including this rule will be submitted to the General Meeting; therefore this Recommendation will be fully complied with.</p>	II.32.
II.2.5. The company shall expound its policy concerning portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	BES does not have a policy on portfolio rotation on the Board of Directors as it believes that such policy is contrary to the interests of the Bank and weakens the focus on the pursuance of its objectives.	II.3.
IV.1.2. Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the supervisory body. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the supervisory body.	Under the terms of the General Law on Credit Institutions and Financial Companies, the granting of credit to holders of qualifying holdings is always subject to the approval of each specific operation by a qualified majority of at least three thirds of the members of the Board of Directors and the favourable opinion of BES's Audit Committee. There is no formal extension of this rule to other deals of significant importance.	III.13

CMVM Recommendations	Reason for non application	BES Report
<p>II.2.3. Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may take decisions in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.</p>	<p>This recommendation is not applicable since the Chairman of the Board of Directors does not have executive functions.</p>	NA
<p>II.3.3. The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.</p>	<p>This recommendation is not applicable as BES adopts the Anglo-Saxon governance model and not the dualist model. Therefore BES does not have an Executive Board of Directors nor a General and Supervisory Board.</p>	NA
<p>II.4.1. Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.</p>	<p>This recommendation is not applicable as BES adopts the Anglo-Saxon governance model and not the dualist model. Therefore BES does not have a General and Supervisory Board.</p>	NA

I. General Meeting

I.1. Members of the Board

Identification of the members of the General Meeting Board

The Board of the General Meeting is composed of one Chairman, one Vice-Chairman and one Secretary. Its members may or may not be Shareholders, they are elected for periods of four years, and their re-election is permitted.

The Chairman of the Board of the General Meeting is supported by human and logistics resources that are adequate to his needs, taking the financial position of the company into consideration.

Paulo de Pitta e Cunha (Chairman)

- Graduate in Law from the Law School of the Lisbon University.
- PhD in Law (Legal and Economic Sciences).
- University Full Professor (1980-2007).
- Chairman of the Board of the European Institute of the Lisbon University Law School (1980-2010).
- Practicing lawyer and jurisconsult.
- Specialist lawyer in Tax and European Law.
- Member of the Lisbon Science Academy (Economy Section).

Fernão de Carvalho Fernandes Thomaz (Vice-Chairman)

- Graduate in Law (Legal Sciences) from the Law School of the Lisbon University.
- A practicing lawyer since 1960, he also serves on the Board of companies and is a university lecturer.

Nuno Miguel Matos Silva Pires Pombo (Secretary)

- Graduate in Law with a master's degree from the Portuguese Catholic University ("UCP").
- Postgraduate degree in Taxation from the Instituto Superior de Gestão.
- Assistant lecturer at the UCP Law School since September 1999.
- Legal Advisor to the Board of Directors of ESCOM – Espírito Santo Commerce, S.A. since October 2005..

I.2. Mandates of the members of the Board

Indication of the commencement and end of the mandates

The current members of the Board of the General Meeting were elected on December 18th, 2006 for the term of office ending on December 31st, 2007, and were re-elected by the General Meeting of March 30th, 2008, to serve in the 2008 – 2011 four-year mandate.

I.3. Remuneration of the Chairman and other members of the Board

Indication of the remuneration of the Chairman and other members of the General Meeting Board

In 2011 the Chairman of the Board of the General Meeting was paid a monthly remuneration of EUR 1,545.00, making a total of EUR 18,540.00 for the year; the Vice-Chairman received a monthly remuneration of EUR 1,030.00, making a total of EUR 12,360.00 and the Secretary a monthly remuneration of EUR 773.00, making a total of EUR 9,276.00.

I.4. Participation in the General Meeting

Indication of the prior notice for share-blocking for participation at the General Meeting

According to the legislation in force, only shareholders who on the record date, corresponding to 0 hours (GMT) of the fifth trading day preceding the date of the General Meeting of Shareholders, hold shares attributing them at least one vote, under the law and the Company's bylaws, and have declared it in writing to the Chairman of the Board of the General Meeting and the financial intermediary with whom they have opened an individual securities account, no later than the day preceding that date, may attend and participate in the General Meeting of Shareholders or each of its sessions, in case of suspension.

I.5. Suspension

Indication of the applicable rules for share-blocking should the General Meeting be suspended

In case of suspension of the General Meeting, the same rules referred to in 1.4. shall apply. Hence only shareholders who in the record date, corresponding to 0 hours (GMT) on the fifth trading day preceding the date of the General Meeting, hold shares attributing them at least one vote, under the law and the Company's bylaws, and have declared it in writing to the Chairman of the Board of the General Meeting and the financial intermediary with whom they have opened an individual securities account, no later than the day preceding that date, may attend and participate in the General Meeting.

I.6. Vote

Number of shares that correspond to one vote

Each one hundred shares are entitled to one vote. However, Shareholders owning less than one hundred shares may form a group so as to complete the required number or a higher number and nominate one representative from among the group.

I.7. Statutory rules on the existence of shares that do not confer voting rights

Indication of the statutory rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related to the former

There are no statutory rules envisaging the existence of shares that do not confer voting rights.

I.8. Statutory rules on the exercise of voting rights

The existence of statutory rules on the exercise of voting rights, including constitutive or deliberative quorums or systems for equity rights

These are the statutory rules on quorums:

«

Article 18

Quorum

1. The General Meeting of Shareholders may not be held on first call unless shareholders owning fifty percent of the share capital are present or represented, irrespective of the matters on the agenda.
2. On second call, the General Meeting may pass resolutions whatever the number of shareholders present or represented and the share capital that they represent.

Article 19

Majority

1. Without prejudice to cases in which the law or bylaws require a qualified majority, the General Meeting of Shareholders shall pass resolutions by majority of votes.
2. Resolutions on amendments to the company's bylaws, mergers, splits, transformation, winding up or any other matters for which the law requires a qualified majority, without specifying, must be approved by two-thirds of the votes issued, whether the General Meeting of Shareholders meets on first or second call.
3. Abstentions will not be accounted for in any of the resolutions.»

The company has no systems in place for detaching voting rights from ownership rights.

I.9. Statutory rules on the exercise of voting rights via postal voting

Existence of statutory rules on the exercise of voting rights via postal voting

There are no statutory restrictions on the exercise of voting rights via postal voting. Postal votes count towards the constitution of the General Meeting quorum and are equally valid for the same general meeting when convened on second call. Postal voting does not prevent a shareholder from being represented in the General Meeting, and postal votes can at any time be revoked. Postal votes cast by a shareholder who is present or represented at the General Meeting shall be deemed as revoked. Postal votes count as votes against motions submitted after their date of issue.

The Chairman of the Board of the General Meeting is responsible for verifying the authenticity of postal votes and for ensuring their confidentiality up to the time of voting.

I.10. Model format for exercising the right to vote via postal means

Availability of a model format for exercising the right to vote via postal means

Convening notices to General Meetings refer that voting rights may be exercised by post, also setting out the manner in which the scrutiny of votes cast by correspondence is conducted, this being also referred in the Regulation of the General Meeting of BES (available at www.bes.pt).

Shareholders who wish to vote by correspondence may easily obtain draft voting instructions for the exercise of postal voting, either from the Chairman of the Board of the General Meeting or from the Company's website (www.bes.pt). These draft voting instructions set out the items in the agenda of the meeting as well as, when appropriate, the specific motions to which they relate.

I.11. Deadline for receipt of postal ballots

A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held

Postal votes must be received by the Chairman of the Board of the General Meeting at least three working days prior to the date when the General Meeting is held.

I.12. Electronic voting

The exercise of voting rights via electronic means

The exercise of voting rights by electronic means is not allowed.

I.13. Access to the minutes of the General Meetings

Possibility of shareholders having access to excerpts from the Minutes of the General Meetings in the company's website within five days after the general meeting was held

Excerpts from the minutes of General Meetings are made available in the Company's website (www.bes.pt/ir) within five days of the meeting.

I.14. Historical Record with the resolutions of the General Meetings

Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings, share capital represented and voting results referring to the previous three years.

An historical record of the resolutions passed at the company's General Meetings, share capital represented and voting results is available at BES's website (www.bes.pt/ir).

I.15. Representative of the Remuneration Committee in the General Meetings

Indication of the representative(s) from the Remuneration Committee present at General Meetings

At least one representative of the Remuneration Committee is present in every General Meeting. Ms. Rita Amaral Cabral, Mr. Daniel Proença de Carvalho and Mr. Jacques dos Santos were present in the General Meeting of March 31st, 2011, as representatives of the Remuneration Committee.

I.16. Intervention by the General Meeting on the remuneration policy and performance assessment of the Board of Directors

Information of the intervention by the General Meeting on matters concerning the remuneration policy of the company and the performance assessment of the members of the Board of Directors and other senior officers.

The General Meeting decides annually on the remuneration policy of BES's corporate bodies, as described in point II.18. Every year, the General Meeting also makes a general assessment of the management of the company based on its performance appraisal of corporate activities in the previous financial year.

Under the terms of the remuneration policy of BES's corporate bodies approved by the General Meeting of March 2011, the actual amount of the variable remuneration to be attributed to the members of the Executive Committee shall always depend on the Remuneration Committee's annual assessment of their performance. Under the terms of the law, the remuneration policy and performance assessment of BES's senior officers is conducted by the Board of Directors.

I.17. Intervention of the General Meeting on matters concerning the plan to attribute shares to members of the Board of Directors

Information of the intervention by the General Meeting on matters concerning the proposal on plans to attribute shares and/or stock options, or based on share price fluctuations, to members of the Board of Directors, supervisory body and other senior officers within the meaning of Article 248-B/3 of the Securities Code together with the details provided to the General Meeting for the purposes of correctly assessing said plans.

The plans to attribute shares and/or stock options to members of the Board of Directors and other BES senior officers are necessarily approved by the General Meeting, which also approves the corresponding regulations.

For a description of the plans to attribute shares and/or stock options in force please refer to points II.32 and II.33.

I.18. Intervention of the General Meeting on the retirement benefit plan of the members of the Board of Directors

Information of the intervention by the General Meeting on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, supervisory body and other senior officers, within the meaning of Article 248-B/3 of the Securities Code.

The regulation on the members of BES's Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability is approved by the General Meeting.

Directors are entitled to receive retirement pensions or complementary pension benefits if they were members of the Executive Committee.

The main points of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability may be summed up as follows:

- a) The right to receive a retirement pension or complementary pension benefits falls due on reaching sixty five years of age, or twenty five years of professional activity, or in the event of disability, when disability occurs;
- b) The right to receive retirement pension or complementary pension benefits may be brought forward to the age of fifty five, providing the board member has served on BES' Board of Directors for a minimum period of nine consecutive or non consecutive years. Positions held in the senior management or Board of Directors of the former "Banco Espírito Santo e Comercial de Lisboa, S.A." count for purposes of calculating seniority in the post;
- c) Complementary pension benefits may exist as a way of topping up other retirement schemes that may be granted under any other social security system, to the effect that the total pension reaches one hundred per cent of the last annual gross remuneration.

In any case, retirement pensions or complementary pension benefits shall never exceed the pensionable salary of the board member in question, although they may be of a lower amount. The pensionable salary corresponds to the sum of the fixed annual remuneration and the variable remuneration received by the Board member in question in the year immediately preceding the year of retirement, deducted of any annual pension paid by any other social security system, as well as of the seniority payments received by that Board member. The variable remuneration shall correspond to at least the amount of the average variable remuneration received in the last twelve years by the Board member in question at retirement date.

The complementary retirement or survivor's pension benefits paid by the company shall be updated annually in accordance with the global percentage of increase of the remuneration of the Board members in active service, such as established by the Remuneration Committee; however the update rate may never be lower than the rate of change of the consumer price index or higher than twice that rate.

The current version of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability was approved by the General Meeting held on November 11th, 2011.

I.19. Existence of a statutory provision that envisages the maintenance or elimination of the statutory provision providing for the limitation of the number of votes

Existence of a statutory provision that envisages a duty to submit, at least every five years, to a resolution by the General Meeting, the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes that may be held or exercised by a single shareholder individually or together with other shareholders.

There is no statutory provision foreseeing the limitation of the number of votes that may be held or exercised by a single shareholder individually or together with other shareholders.

I.20. Changes in company control or in the composition of the Board of Directors

Indication of the defensive measures that instigate an immediate and serious asset erosion in the company in case of transfer of control or changes to the composition of the Board of Directors.

No such measures exist.

I.21. Change in agreements in case of change in company control

Important agreements to which the company is a party and that come into force, are changed or terminate in cases such as change in company control, as well as related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and save when the company is specifically obliged to disclose such information by virtue of other legal requirements.

In 2006 BES reorganised its holdings in the Portuguese insurance sector, having purchased 50% of the share capital and voting rights in BES Vida, Companhia de Seguros, S.A., and sold a 15% holding in BES, Companhia de Seguros, S.A., where it maintained a stake of 25%.

Both transactions were supported by a shareholders' agreement entered into with these companies' shareholder, Crédit Agricole, S.A., which has meanwhile transferred its position to Crédit Agricole Assurances. Pursuant to this agreement, if the shareholder BESPARG – Sociedade Gestora de Participações Sociais ceases to hold, for any reason, at least 33% of the share capital or voting rights in BES, Crédit Agricole Assurances has the potestative right to sell to BES or to whomever BES may appoint all its shares in BES Vida, Companhia de Seguros, S.A. and BES, Companhia de Seguros, S.A..

I.22. Agreements providing for compensation.

Agreements between the company and the Board of Directors and senior officers, within the meaning of article 248/B/3 of the Securities Code, that provide for compensation if they resign or are made redundant without due cause or if their employment ceases following a change in company control.

No such agreements exist.

II. Management and Supervisory Bodies

II.1 Identification and composition of the corporate bodies

Board of General Meeting

Paulo de Pitta e Cunha (Chairman)

Fernão de Carvalho Fernandes Thomaz (Vice-Chairman)

Nuno Miguel Matos Silva Pires Pombo (Secretary)

Board of Directors¹

Alberto Alves de Oliveira Pinto (Chairman)

Ricardo Espírito Santo Silva Salgado (Vice-Chairman)

Bruno Bernard Marie Joseph de Laage de Meux (Vice-Chairman)

José Manuel Pinheiro Espírito Santo Silva

António José Baptista do Souto

Jorge Alberto Carvalho Martins

Aníbal da Costa Reis de Oliveira

Manuel Fernando Moniz Galvão Espírito Santo Silva

José Maria Espírito Santo Silva Ricciardi

Rui Manuel Duarte Sousa da Silveira

Joaquim Aníbal Brito Freixial de Goes

Luís António Burnay Pinto de Carvalho Daun e Lorena

Ricardo Abecassis Espírito Santo Silva

José Manuel Ruivo da Pena

Amílcar Carlos Ferreira de Moraes Pires

Nuno Maria Monteiro Godinho de Matos

João Eduardo Moura da Silva Freixa

Pedro Mosqueira do Amaral

Isabel Maria Osório de Antas Mégre de Sousa Coutinho

João de Faria Rodrigues

José de Albuquerque Epifânio da Franca

António Bornia

Marc Olivier Tristan Oppenheim

Michel Jacques Mathieu

Vincent Claude Pacaud

¹ Board members Messrs Jean-Luc Louis Marie Guinoiseau and Pedro José de Sousa Fernandes Homem have resigned due to retirement, effective on December 23rd and 30th 2011, respectively.
Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

Audit Committee

José Manuel Ruivo da Pena (Chairman)

Luis António Burnay Pinto de Carvalho Daun e Lorena

João de Faria Rodrigues

Certified Statutory Auditor ("ROC" or SA)

KPMG Associados, SROC S.A., represented by Sílvia Cristina de Sá Velho Corrêa da Silva Gomes

Deputy Certified Statutory Auditor: Jean-Éric Gaign (ROC)

Company Secretary

Eugénio Fernando Quintais Lopes (Secretary)

Pedro Moreira de Almeida Queiroz de Barros (Deputy Secretary)

II.2. Other committees with management or supervision responsibilities

Identification and composition of specialised committees created with responsibilities for the management or the supervision of the company.

Executive Committee

Ricardo Espírito Santo Silva Salgado (Chairman)

José Manuel Pinheiro Espírito Santo Silva

António José Baptista do Souto

Jorge Alberto Carvalho Martins

José Maria Espírito Santo Silva Ricciardi

Rui Manuel Duarte Sousa da Silveira

Joaquim Aníbal Brito Freixial de Goes

Amílcar Carlos Ferreira de Moraes Pires

João Eduardo Moura da Silva Freixa

Corporate Governance Committee

The Corporate Governance Committee is an internal body of the Board of Directors with advisory functions, consisting of three independent directors who are not members of the Executive Committee. The main purpose of the Committee is to reinforce the efficiency of the Board of Directors, making sure that all its decisions are based on all relevant elements and that they are not conditioned by possible conflicts of interest. The Corporate Governance Committee has the following members:

Isabel Maria Osório de Antas Mégre de Sousa Coutinho (Chair)

Nuno Maria Monteiro Godinho de Matos

José de Albuquerque Epifânio da Franca²

The Corporate Governance Committee has the following responsibilities:

- a) monitor compliance with the guiding principles of BES Group's corporate governance policy;
- b) express an opinion, at its own initiative or at the request of the Board of Directors, on national or international guidelines on corporate governance, viewing their possible integration into BES Group's corporate governance model and/or the improvement of this model;
- c) draw up an annual report that contains a description of its activities during the year, an assessment of the functioning of the Company's corporate governance structure, as well as its opinion on the Company's internal rules and procedures and principles and practices of conduct, and on the performance of the Board of Directors *vis-à-vis* the established objectives;
- d) verify at all times that the independence requirements of the Company's corporate bodies are complied with, in accordance with the applicable legal and regulatory provisions;
- e) analyse and issue an opinion on the "Corporate Governance Report" prior to the date of approval of the Company's Annual Report;
- f) inform the Board of Directors about any situations or events of which it is aware, that in its opinion represent cases of non-compliance with the established corporate governance rules and practices.

Concerning its assessment duties, the Corporate Governance Committee has the following responsibilities:

- a) support and advise the Board of Directors on the filling of vacancies occurred within the Board, namely by evaluating the profile of each candidate in terms of qualifications, expertise and experience;
- b) examine the Board of Directors' policy on the selection and appointment of senior officers;
- c) implement, in cooperation with the Company's internal structures, a programme intended to acquaint newly appointed directors with the organisation and its activities, as well as with their responsibilities and duties as members of the Board of Directors;
- d) determine which areas require the upgrading of the qualifications and expertise of the Company's directors, and make an annual proposal on the subject.

Remuneration Advisory Committee

The Remuneration Advisory Committee was created in January 2012 as an internal body of the Board of Directors with advisory functions, currently consisting of two independent directors who are not members of the Executive Committee. It

² Mr. José de Albuquerque Epifânio da Franca resigned his position as member of the Board of Directors in January 2012, effective at the end of February.

was set up with the main objective of meeting the requirements of new regulations on the remuneration policy of financial institutions, namely contained in Decree Law no. 88/2011, of July 20th, and Bank of Portugal Notice no. 10/2011. The Committee has the following members:

Isabel Maria Osório de Antas Mégre de Sousa Coutinho

Nuno Maria Monteiro Godinho de Matos

The Remuneration Advisory Committee has the following responsibilities:

- a) draw up proposals and recommendations on the fixing of the remuneration of the members of the Board of Directors and Audit Committee, and senior officers of the Company;
- b) provide all necessary support and issue recommendations for the purpose of approval of the company's general remuneration policy for its corporate bodies and senior officers;
- c) draw up proposals and recommendations to the effect of ensuring that all branches, subsidiaries, including subsidiaries abroad and offshore branches, and all entities comprised within the Company's supervision consolidation scope ("Group Companies") implement remuneration policies that are consistent among them;
- d) test the capacity of the remuneration system implemented to react to external and internal events, using various possible scenarios and backtesting the model used for the purpose;
- e) ensure and carry out a revision of the company's remuneration policies and their implementation at least on an annual basis.

Several other committees have been created with the aim of monitoring directly the performance of specific business areas.

Business Units Monitoring Committees:

a. Corporate / Wholesale / Investment Banking

Monitors the development of these business areas, ensuring that there is coordination between BES's corporate banking activity and the activity of Banco Espírito Santo de Investimento, and at international level, promoting coordinated action with the Branch in Spain, with Banco Espírito Santo de Investimento do Brasil, and with other units of BES Group abroad. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, António José Baptista do Souto, Jorge Alberto Carvalho Martins, José Maria Espírito Santo Silva Ricciardi, Joaquim Aníbal Brito Freixial de Goes AND Amílcar Carlos Ferreira de Morais Pires.

b. Retail Banking (Individual Clients and Small Businesses)

Monitors the evolution of business in each of the retail segments (Affluent Clients, Small Companies and Independent Professionals and Mass Market), and promotes cross-segment business with other business areas (namely medium sized and large corporates). The committee also oversees Assurfinance activities, promoting the acquisition of Companhia de Seguros Tranquilidade clients. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, Jorge Alberto Carvalho Martins, Joaquim Aníbal Brito Freixial de Goes and João Eduardo Moura da Silva Freixa.

c. Private Banking

Monitors the development of the business, ensures coordination with other business areas - taking advantage of the increasing interconnection between the Private Banking Centres and the Corporate Centres - and develops activities with Portuguese residents abroad. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, José Manuel Pinheiro Espírito Santo Silva, Jorge Alberto Carvalho Martins and Amílcar Carlos Ferreira de Moraes Pires.

d. International

Monitors and promotes the development of BES Group's international banking activity, contributing to foster the business of subsidiaries and branches and evaluating and submitting to the Executive Committee new initiatives in previously untapped markets or businesses areas. The committee also ensures that there is coordination between BES's activity in Portugal and that of the various units abroad. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, José Manuel Pinheiro Espírito Santo Silva, António José Baptista do Souto, José Maria Espírito Santo Silva Ricciardi e Amílcar Carlos Ferreira de Moraes Pires.

Group-Wide Committees:

a. Assets and Liabilities (ALCO)

The Assets and Liabilities Committee analyses macroeconomic data from Portugal and from the main economic areas in the world, making impact projections on the banking business. The ALCO also monitors the evolution of BES Group's consolidated balance sheet and that of its main business units, specifically the balances of customer loans and customer funds and margins, providing the Executive Committee with the data required to set growth targets for customer loans and deposits, and define a funding strategy (management of balance sheet mismatch) and price/margins targets. Its functions also include monitoring and benchmarking products sold by competitors and approving the product offer and pricing within the scope of the established strategy. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, José Manuel Pinheiro Espírito Santo Silva, António José Baptista do Souto, Jorge Alberto Carvalho Martins, José Maria Espírito Santo Silva Ricciardi, Rui Manuel Duarte Sousa da Silveira, Joaquim Aníbal Brito Freixial de Goes, Amílcar Carlos Ferreira de Moraes Pires and João Eduardo Moura da Silva Freixa.

b. Information Systems, Operations, Quality and Costs (CIOQC)

The CIOQC committee prioritises investments in information systems and the operations and monitors their implementation. It also monitors the development of special projects in the areas of operations, systems, quality and costs. In particular, the committee oversees the Bank's overall performance in terms of quality indicators – with particular regard to customer service quality and the support provided by the central areas to the commercial areas. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, José Manuel Pinheiro Espírito Santo Silva, António José Baptista do Souto, Jorge Alberto Carvalho Martins, José Maria Espírito Santo Silva Ricciardi, Joaquim Aníbal Brito Freixial de Goes, Amílcar Carlos Ferreira de Moraes Pires and João Eduardo Moura da Silva Freixa.

c. Risk

The Risk Committee is responsible for all matters related to BES Group's overall risk, and in particular for monitoring the evolution of risk in each of the main client segments and product categories. It also oversees special projects in the area of Risk. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, António José Baptista do Souto, Jorge Alberto Carvalho Martins, José Maria Espírito Santo Silva Ricciardi, Joaquim Aníbal Brito Freixial de Goes, Amílcar Carlos Ferreira de Morais Pires and João Eduardo Moura da Silva Freixa.

d. Financial and Credit

The Financial and Credit Committee decides on all credit operations that fall outside the scope of the credit granting limits established for each board member. This Committee is formed by the following members of the Executive Committee: Ricardo Espírito Santo Silva Salgado, António José Baptista do Souto, Jorge Alberto Carvalho Martins and Amílcar Carlos Ferreira de Morais Pires.

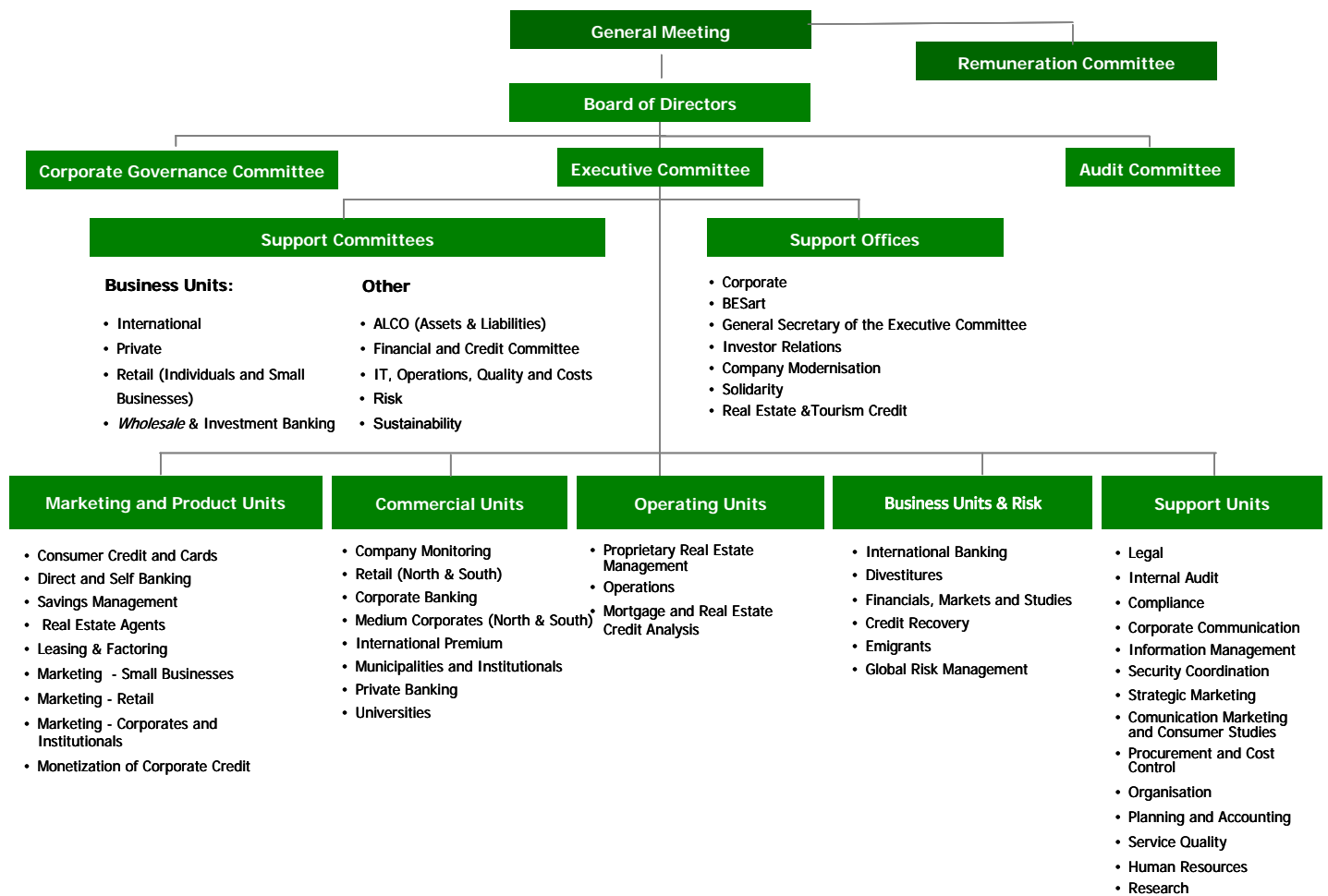
e. Sustainability

The Sustainability Committee defines BES Group's Sustainability Plan, monitors and supports its implementation, and reports on these activities to the Executive Committee. This Committee is formed by the following members of the Executive Committee: António José Baptista do Souto, Rui Manuel Duarte Sousa da Silveira and Joaquim Aníbal Brito Freixial de Goes.

II.3. Organisational chart, distribution of duties and list of non-delegable subject matters

Organisational structure or functional chart relating to the distribution of powers and duties among the various corporate bodies, committees and/or departments within the company, including information on the scope of delegated powers, particularly with regard to the delegation of day-to-day management of the company, or distribution of functions among the members of management and supervisory bodies, and a list of non-delegable matters and powers actually delegated

a) Organisational structure or functional chart relating to the distribution of powers and duties among the various corporate bodies, committees and/or departments within the company:



b) information on the scope of delegated powers or distribution of functions among the members of management and supervisory bodies.

Executive Committee

As of December 31st, 2011 the distribution of areas of responsibility among the members of the Executive Committee was as follows:

Ricardo Espírito Santo Silva Salgado

Current areas of responsibility:

Chairman of the Executive Committee, Financial and Credit Committee and Assets and Liabilities Committee (ALCO). Planning and Accounting, Compliance, Corporate Communication, and Divestitures Departments, Investor Relations Office, General Secretariat of the Executive Committee, Purchases and Property Division and BESart curatorship. Furthermore, ensures coordination between BES and ESAF, ES Ventures, Banco BEST, BES Angola and ESEGUR – Empresa de Segurança, S.A..

Member of the following Committees:

Retail; Corporate Banking; International Banking; Assets and Liabilities (ALCO); Risk; Information Systems, Operations, Quality and Costs (CIOQC); Private Banking; Financial and Credit Committee.

José Manuel Pinheiro Espírito Santo Silva

Current areas of responsibility:

Coordinates Private Banking in BES Group, Madeira Offshore Branch, Emigrants, and BES History Research Centre. Ensures coordination between BES and the branch in Spain (together with João Freixa), and the branches in Venezuela and Luxembourg (together with Amílcar Morais Pires).

Member of the following Committees:

Private Banking; International Banking; Assets and Liabilities (ALCO); Information Systems, Operations, Quality and Costs (CIOQC).

António José Baptista do Souto

Current areas of responsibility:

Middle market (North and South), Corporate Banking, International Premium Unit, Corporate and Institutional Marketing, Municipalities and Institutional Clients, Execution of Operations Department, Human Resources, Company Monitoring, Leasing & Factoring. Ensures coordination between BES and Multipessoal – Sociedade de Prestação e Gestão de Serviços, S.A. and Ijar Leasing Algeria Spa.

Member of the following Committees:

Corporate Banking; International Banking; Assets and Liabilities (ALCO); Risk; Information Systems, Operations, Quality and Costs (CIOQC); Financial and Credit Committee; Sustainability.

Jorge Alberto Carvalho Martins

Current areas of responsibility:

Chairman of the Credit Board (Porto), Commercial Department North, Real Estate Technical Department.

Ensures coordination between BES and Locarent - Companhia Portuguesa de Aluguer de Viaturas.

Member of the following Committees:

Retail; Private Banking; Assets and Liabilities (ALCO); Risk; Information Systems, Operations, Quality and Costs (CIOQC); Corporate Banking; Financial and Credit Committee.

José Maria Espírito Santo Silva Ricciardi

Current areas of responsibility:

Global Risk; ensures coordination between BES and Banco Espírito Santo de Investimento, of which he is Chairman of the Executive Committee.

Member of the following Committees:

Corporate Banking; International Banking; Assets and Liabilities (ALCO); Risk; Information Systems, Operations, Quality and Costs (CIOQC).

Rui Manuel Duarte Sousa da Silveira

Current areas of responsibility:

Legal Affairs, Internal Audit, Security Coordination and Business Continuity Departments, Corporate Office.

Member of the following Committees:

Assets and Liabilities (ALCO); Sustainability and Business Continuity.

Joaquim Aníbal Brito Freixial de Goes

Current areas of responsibility:

Strategic Marketing, Individual Clients Marketing, Small Businesses Marketing, Communication Marketing and Consumer Surveys, Management Information, Service Quality, Direct and Self Banking Departments; Universities Office, BES University, Credit Recovery, Assurfinance Office. Ensures coordination between BES and Espírito Santo Informática, Espírito Santo Data, Oblog Consulting, BES Companhia de Seguros S.A. and ES Contact Center.

Member of the following Committees:

Retail; Corporate Banking; Assets and Liabilities (ALCO); Information Systems, Operations, Quality and Costs (CIOQC); Risk; Sustainability.

Amílcar Carlos Ferreira de Moraes Pires

Current areas of responsibility:

Financial, Markets and Research; Savings Management; Procurement and Costs Control; Organisation; International; Monetisation of Corporate Credit; Management (shared with Ricardo Espírito Santo Salgado); ensures coordination between BES and BES branches in London, New York, Venezuela (together with José Manuel Espírito Santo) and Luxembourg (together with José Manuel Espírito Santo), the subsidiaries ES Bank, Aman Bank, Moza Banco, Cape Verde, the representative offices abroad and Avistar SGPS, S.A., BES Vida, Companhia de Seguros, S.A., BES Finance, BES Cayman, Bank Espírito Santo International, Ltd («BESI»), BIC International Bank Ltd («BIBL»), and BES Beteiligungs, GmbH.

Member of the following Committees:

Private Banking; Corporate Banking; International Banking; Assets and Liabilities (ALCO); Information Systems, Operations, Quality and Costs (CIOQC); Risk; Financial and Credit Committee.

Note:

Board Member Amílcar Carlos Ferreira de Moraes Pires is the CFO of BES, and has held this responsibility for less than two full mandates.

BES takes the view that the attributes required for the post of CFO do not justify the rotation of the Board with this position, thus disagreeing in this respect with the CMVM Recommendation (Recommendation II.2.5).

João Eduardo Moura da Silva Freixa

Current areas of responsibility:

Commercial Department South, Consumer Credit and Cards. Ensures coordination with BES Azores and with the Branch in Spain (shared with Jose Manuel Pinheiro Espirito Santo Silva).

Member of the following Committees:

Assets and Liabilities (ALCO); Retail; Information Systems, Operations, Quality and Costs (CIOQC); Risk.

Audit Committee

The Audit Committee is the supervisory body of BES, responsible for supervision of the Bank management in general, for verification of the effectiveness of the risk management system, the internal control system and the internal audit system, for supervision of the internal audit and compliance functions as well for representing BES, for all purposes, to the external auditor, which is annually evaluated by this Committee.

The Audit Committee is composed of three non executive directors qualified as independent: Manuel Ruivo da Pena, Luís António Burnay Pinto de Carvalho Daun e Lorena e João de Faria Rodrigues. Please refer to item II.9 of this report for full description and item II.10. for the respective professional qualifications and activity in the last five years).

c) list of non-delegable subject matter.

In addition to the subject matters which by law are non-delegable in the Executive Committee, the Regulation of the Board of Directors and of the Executive Committee (available for consultation at www.bes.pt/ir) also establishes the following duties that are the exclusive responsibility of the Board of Directors:

- a) to define the company's strategy and general policies;
- b) to define the corporate structure of the Group;
- c) to take all decisions considered to be strategic due to the amounts, risk and particular characteristics involved.

d) Provision of information

The Chairman of the Executive Committee shall send the convening notices and minutes of the Executive Committee meetings to the Chairman of the Board of the Directors and to the Chairman of the Audit Committee.

All members of the Executive Committee shall provide any information requested by the other corporate bodies.

II.4. Activity undertaken by the Audit Committee

Reference to the inclusion in the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Matters Committees, the Audit Board and the Supervisory Board of a description of the supervisory activity, indicating any restraints found, and to the disclosure of these reports on the website of the company, together with the accounts reporting documents.

The annual report about the activities of the Audit Committee includes the description of the supervisory activity undertaken and is disclosed on the BES website (www.bes.pt/ir), together with the accounts reporting documents.

II.5. Internal control and risk management systems

Description of the internal control and risk management systems within the company, particularly with regard to financial reporting and the functioning and effectiveness of the system.

Internal Control System

BES has in place an **effective and documented internal control system** which is managed by the Compliance Department. To assist it in carrying out these duties, the Compliance Department has set up a separate independent unit, the **Internal Control System Management Unit** (“UGSCI”).

The UGSCI is responsible for all the assessment, systematisation, monitoring and maintenance tasks required by BES’s internal control system, and for guaranteeing an overall perspective and integrated management of the entire internal control system of BES Group as the guarantor of the reliability of the financial information, the protection of assets and the adequate prevention of risks.

The UGSCI is also responsible for internal reporting, namely through monthly update briefings, as well as for external reporting to the various regulatory authorities, thus ensuring the overall perspective and integrated management of the internal control system.

For the design and assessment of its internal control system, BES Group adopted COSO methodologies and principles (the COSO - Committee of Sponsoring Organizations of the Treadway Commission - was created in 1985 in the US to identify and combat the primary causes of fraudulent financial reporting, establishing for the purpose recommendations and frameworks for companies):

- the internal control culture promoted within the organisation determines the conduct and awareness of its employees;
- the organisation faces a diversity of risks which must be assessed at the level of the entity and the processes;
- the control procedures established must ensure that management directives are complied with;
- all relevant information must be obtained and reported;
- the internal control system must be supported by a monitoring process.

Risk management system

At BES Group, the risk function is organised in such a way as to cover the credit, market, liquidity, interest rate, exchange rate, operational, and compliance risks.

The main units dedicated to the prevention of risks within the activity are the Risk Committee, the Global Risk Department, the Credit Risk Monitoring Committee, the Compliance Department, and the Internal Audit Department (the risk control system is explained in detail in Chapter 5 of the Consolidated Management Report).

The **Risk Committee** is responsible for monitoring BES Group's integrated risk profile, and for analysing and proposing methodologies, policies, procedures and instruments to deal with all types of risk to which BES is subject, namely credit, operational and market risk, liquidity risk and interest rate risk. This Committee also analysis the evolution of risk adjusted return and the value added by the main segments/clients. The Risk Committee holds monthly meetings, which are attended by the Chairman of the Executive Committee.

The Global Risk Department (GRD) centralises BES Group's risk function, having as main responsibilities to:

- identify, assess and control the different types of risk assumed, thus managing the Group's overall risk exposure;
- implement the risk policies outlined by the Executive Committee, while harmonising principles, concepts and methodologies across all the Group's units;
- contribute towards the achievement of BES Group's value creation objectives, by fine-tuning tools to support the structuring and pricing of operations, and by developing internal techniques for performance assessment and for optimising the capital position.

The Credit Risk Monitoring Committee (CARC) has the following main objectives:

- to analyse and assess clients whose creditworthiness shows signs of deteriorating, based on:
 - ✓ the client's economic and financial profile;
 - ✓ type of credit exposure;
 - ✓ nature and value of the guarantees received, paying attention to the dates when the assets provided as security were evaluated and the entities which carried out these evaluations;

- ✓ warning signals detected in the behavioural profile of clients in their relations with the Bank and with the financial system in general;
- to define strategic options in commercial relations and the level of active vigilance required by the profile and specific circumstances of each of the entities/groups under analysis;
- to analyse and validate the credit impairment levels established for the group of entities in question, in accordance with predetermined objective criteria.

The **Compliance Department** reports functionally to the Audit Committee, regardless of its hierarchical relationship with the Executive Committee. It ensures the day-to-day management of compliance activities, which include:

- advising the Board of Directors on compliance with legal, regulatory, ethical and conduct obligations to which BES is subject;
- implementing policies and procedures for the prevention and detection of money laundering and terrorism financing;
- ensuring the monitoring and maintenance of the Bank's internal control system, reporting internally and to the Bank of Portugal on the respective results;
- verifying compliance with regard to financial intermediation activities registered with the CMVM, under the terms set forth in the Securities Code;
- within the scope of its powers, ensuring and promoting the relations with Legal and Police authorities, with the Bank of Portugal, the CMVM and other supervision authorities;
- monitoring the implementation of the Code of Conduct of BES Group employees.

The **Internal Audit Department** reports functionally to the Audit Committee, regardless of its hierarchical relationship with the Executive Committee. It is responsible for assessing the effectiveness and adequacy of risk management, internal control and governance processes in the companies of BES Group with the objective of reducing risk conditions.

Its responsibilities include:

- analysing operational and business processes, assessing the effectiveness of the respective risk management and controls, as well as compliance with applicable legal /regulatory provisions and internal regulations;
- cooperating with all the bodies of BES Group viewing the implementation and correct application of policies established at senior management level, particularly with regard to the understanding and application of internal control procedures;
- checking and assessing the protection and safety of monetary, dematerialised or documentary assets that are the property of the BES Group or were entrusted to it for safeguarding;
- within the scope of its powers, ensuring and promoting the relations with Legal and Police authorities, with the Bank of Portugal, the CMVM and other supervision authorities, also addressing requests from other public and private institutions;
- participating in the definition and preparation of regulatory texts that ensure the standardisation of prevention, control and safety procedures, and issuing and publishing communications and circular letters on matters pertaining to its specific sphere of intervention;

- ensuring the prompt correction of practices that breach regulatory texts and/or internal regulations, while making sure that the procedures adopted for the execution of operations are duly regulated.

II.6. Responsibility of the Board of Directors for the company's internal control and risk management systems.

Responsibility of the management and supervisory bodies in establishing and operating the company's internal control and risk management systems, and also in assessing said systems' functioning and adaptation to the company's requirements.

BES's Board of Directors, through its Executive Committee, is responsible for establishing and maintaining an adequate and effective internal control system. This implies not only defining the system's underlying principles and objectives, which must be incorporated into the Bank's strategy and policies, but also making sure that they are complied with by all the employees, and that at all times BES Group has the necessary competences and resources to conduct its activity in strict compliance with the internal control system.

The Executive Committee is also responsible for the establishment and maintenance of a solid risk management system, which, within the framework of an adequate overall control environment, and alongside an efficient information and communication system and an effective monitoring process, guarantee the adequateness and effectiveness of BES's internal control system. To this end, the Executive Committee defines the objective risk profile, establishing global and specific limits for exposures, and approves the procedures required to monitor these exposures, thus ensuring that the limits it has established are complied with.

The Audit Committee, as BES's supervisory body, is responsible for assessing the functioning of the internal control system, and particularly of the risk control, compliance and internal audit functions within this system, as well as for assessing the system's adaptation to BES's needs. The Audit Committee shall also issue an annual statement expressing its opinion on the adequacy and efficacy of the internal control system in light of the requirements established by Bank of Portugal Notice no. 5/2008, except with regard to the part of the system underlying the process of preparation and disclosure of the financial information, which is the subject of an opinion issued by BES's EA/SA.

II.7. Regulations on the functioning of the corporate bodies

Indication of the existence of regulations on the functioning of the corporate bodies or any internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where these rules may be consulted.

All the company's corporate bodies have their own internal regulations, namely the Board of Directors and Executive Committee Regulation, the Audit Committee Regulation, the Corporate Governance Committee Regulation, the Remuneration Advisory Committee Regulation and the General Meeting Regulation, which are all disclosed at www.bes.pt/ir.

The company has no internally defined rules on incompatibility nor has it established a maximum number of positions that a member is entitled to hold.

All BES's corporate bodies and committees draw up minutes of their meetings.

II.8. Chairman of the Board of Directors

If the Chair of the management body has executive powers, indication of the procedures for coordinating the work of non-executive members in order to ensure that his decisions are independent and informed.

Non Applicable – the Chairman of the Board of Directors does not have executive powers.

II.9. Major risks to which the Company is exposed in pursuing its business activity.

Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

In the pursuit of its business activity BES is subject to the following major risks:

Credit risk

Credit risk is the potential financial loss arising from the failure of a borrower or counterparty to honour its contractual obligations to the Bank.

Market risk

Market risk is the possible loss resulting from an adverse change in the value of a financial instrument due to fluctuations in interest rates, foreign exchange rates, share prices or commodity prices.

Interest rate risk

Interest Rate Risk lies in the exposure of a bank's financial situation to adverse movements in interest rates.

Liquidity risk

Liquidity risk arises from the present or future inability to pay liabilities as they mature without incurring in excessive losses.

Operational and compliance risk

Operational risk may be defined as the probability of there occurring events with a negative impact on earnings or capital resulting from inadequate or negligent application of internal procedures, information systems, staff behaviour, or external events. Legal risk is also included in this definition.

II.10. Powers of the Board of Directors

Po Powers of the Board of Directors, particularly as regards resolutions on capital increase.

The Board of Directors is responsible for exercising the broadest powers of management and representation of the company and for performing all necessary acts as may be required and convenient in the pursuit of the activities comprising its object, namely:

- a) managing the company's business and performing all acts and operations pertaining to its object that do not fall within the specific responsibility of its other corporate bodies;
- b) actively and passively representing the company in and out of court, with the powers to withdraw, compromise or enter a plea in any suits and to sign arbitration agreements;
- c) deciding on the issue of bonds and other securities as permitted by law;
- d) buying, selling or in any way disposing of or encumbering rights pertaining to shareholdings and movable and immovable assets;
- e) establishing the company's administrative and technical organisation and its internal rules of operation;
- f) appointing legal or other proxies with any powers that it sees fit, including those of subrogation;
- g) co-opting replacements for directors permanently prevented from fulfilling their duties, with co-opted members' term of office lasting until the end of the period for which the replaced directors were elected, without prejudice to ratification thereof by the next General Meeting of Shareholders;
- h) exercising any other powers invested in it by law or the General Meeting of Shareholders.

The Extraordinary General Meeting of June 9th, 2011 approved a partial amendment to the Company's articles of association to the effect of authorising the Board of Directors to, upon favourable opinion of the Audit Committee, increase the share capital through cash contributions, one or more times, through the issuance of ordinary shares or preferential shares, redeemable or non redeemable, under the terms and conditions to be defined. The maximum amount authorized, in addition to the share capital amount, is of €7,500,000,000.00, this authorisation being valid for a period of five years.

II.11. Portfolio rotation on the Board of Directors

Information on portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and the rules applicable to the appointment and replacement of members of the management and supervisory bodies.

There is no policy on portfolio rotation on the Board of Directors.

II.12. Meetings of the management and supervisory bodies

Number of meetings held by the management and supervisory bodies as well as reference to the minutes of said meetings.

In 2011 BES' Board of Directors held 8 meetings, the Executive Committee 81 meetings, and the Audit Committee 11 meetings. The number of meetings indicated for the Executive Committee and Audit Committee concerns the formal meetings held exclusively by each of these bodies. Minutes are drawn up of all the meetings held by each of the Company's corporate bodies.

II.13. Meetings of the Executive Committee

Number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the Supervisory Board or of the Audit Committee, the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.

In 2011 the Executive Committee held 81 meetings. All the meetings of the Executive Committee were regularly convened, and the respective minutes were submitted to the Chairman of the Board of Directors and the Chairman of the Audit Committee.

II.14. Identification of the executive and non executive members of the Board of Directors and independence criteria

Distinction between executive and non executive members and among these, differentiating those members that would comply if the incompatibility rules were to be applied (Article 414-A/1 of the Companies Code, except for item /b and the independence criteria provided for in article 414/5, both of the Commercial Companies Code).

The Board of Directors currently consists of 25 members, of whom 9 are executive and 16 are non executive. BES considers that this type of composition guarantees the effective capacity for supervision, audit and evaluation of the activity undertaken by the Executive Committee members.

From the 16 non executive Board members, 7 qualify as independent directors, representing more than 25% of the Board. Hence in this regard they all also conform to the regime of incompatibilities set out in the Companies Code. The Board members who qualify as independent are the Chairman (Alberto de Oliveira Pinto), the three members of the Audit Committee (Jose Pena, Luis Daun e Lorena and João Faria Rodrigues), and the three members of the Corporate Governance Committee (Nuno Godinho de Matos, Isabel de Sousa Coutinho e José Epifânio da Franca³). The process of verification of the independence of the non executive Board members is described in point II.15 of this report.

These independent directors take part in all the meetings of the Board of Directors and therefore are on a par with the progress of BES' activity, for which they can also request information from any other corporate bodies or internal units of BES Group. In the exercise of its functions the Board of Directors did not come up against any constraint to its functioning.

³ Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

Name	Position	Independent	Reason for non independence
Alberto Alves de Oliveira Pinto	Chairman of the Board of Directors	Yes	
Ricardo Espírito Santo Silva Salgado	Vice-Chairman of the Board of Directors and Chairman of the Executive Committee	No	Member of the Executive Committee
Bruno de Laage de Meux	Vice-Chairman of the Board of Directors	No	Board Member or contract with shareholder Crédit Agricole, S.A.
José Manuel Pinheiro Espírito Santo Silva	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
António José Baptista do Souto	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Jorge Alberto Carvalho Martins	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Aníbal da Costa Reis de Oliveira	Member of the Board of Directors	No	Member of the Board of Directors of Espírito Santo Financial Group, S.A.
Manuel Fernando Moniz Galvão Espírito Santo Silva	Member of the Board of Directors	No	Member of the Board of Directors of Espírito Santo Financial Group, S.A.
José Maria Espírito Santo Silva Ricciardi	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Rui Manuel Duarte Sousa da Silveira	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Joaquim Aníbal Brito Freixial de Goes	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Luis António Burnay Pinto de Carvalho Daun e Lorena	Member of the Board of Directors and Audit Committee	Yes	
Ricardo Abecassis Espírito Santo Silva	Member of the Board of Directors	No	CEO of BESl Brasil
José Manuel Ruivo da Pena	Member of the Board of Directors and Audit Committee	Yes	
Amílcar Carlos Ferreira de Morais Pires	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee

Nuno Maria Monteiro Godinho de Matos	Member of the Board of Directors and Corporate Governance Committee	Yes	
João Eduardo Moura da Silva Freixa	Member of the Board of Directors and Executive Committee	No	Member of the Executive Committee
Pedro Mosqueira do Amaral	Member of the Board of Directors	No	Contract with BES
Isabel Maria Osório de Antas Mégre de Sousa Coutinho	Member of the Board of Directors and Chairman of the Corporate Governance Committee	Yes	
João de Faria Rodrigues	Member of the Board of Directors and Audit Committee	Yes	
José de Albuquerque Epifânio da Franca ⁴	Member of the Board of Directors and Corporate Governance Committee	Yes	
Antonio Bôrnica	Member of the Board of Directors	No	Board Member or contract with shareholder Banco Bradesco, S.A.
Marc Olivier Tristan Oppenheim	Member of the Board of Directors	No	Board Member or contract with shareholder Crédit Agricole, S.A.
Michel Jacques Mathieu	Member of the Board of Directors	No	Board Member or contract with shareholder Crédit Agricole, S.A.
Vincent Claude Paul Pacaud	Member of the Board of Directors	No	Board Member or contract with shareholder Crédit Agricole, S.A.

⁴ Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

II.15. Criteria for assessing the independence of the members of the Board of Directors

A description of the legal and regulatory rules and other criteria that have been used as a basis for assessment of the independence of its members carried out by the Board of Directors.

The Corporate Governance Committee has confirmed the independence of all the other members qualified as independent directors, as follows:

Non Executive Members of the Board of Directors who are members of the Audit Committee

Pursuant to the Companies Code (Art. 423-B - 3, 4 and 5), the members of BES's Audit Committee are subject to scrutiny with regard to their independence and to the non existence of incompatibilities with the holding of that position.

Under these provisions, the assessment of independence must take as a reference the concept established in Article 414 (5) of the Companies Code (CC), and the incompatibilities with the holding of that position are those, *mutatis mutandis*, indicated in Article 414-A of the CC (making exception to the provisions of its sub-paragraph 1-b).

In order to collect the relevant information allowing the Board of Directors to assess the referred situations, at the beginning of 2012 a questionnaire was drawn up and sent to each of the members of the Audit Committee, to be personally replied, signed and subsequently returned.

This questionnaire contains questions about the circumstances upon which the CC makes independence conditional, and about the incompatibilities established in the same code.

Other non executive members of the Board of Directors (Chairman of the Board of Directors and members of the Corporate Governance Committee)

The other non executive members of BES's Board of Directors are not directly subject to the system of assessment of independence and prohibition of incompatibilities which the CC establishes for the members of the Audit Committee.

However, CMVM Regulation no. 1/2010, which applies to BES, requires the discrimination in the Annual Corporate Governance Report of the non executive board members that would comply, if these were applied to them, with the incompatibility rules (Article 414-A/1 of the CC (except for item /b) and the independence criteria (Article 414/5, also of the CC).

Hence, in order to collect the relevant information allowing the Board of Directors to assess these situations, at the beginning of 2012 a questionnaire was drawn up and sent to each of the other non executive members of the Board of Directors who were presented as independent directors in BES's 2011 Corporate Governance Report, to be personally replied, signed and subsequently returned.

This questionnaire contains questions about the circumstances upon which the CC makes independence conditional, and about the incompatibilities established in the same code.

Members of the Board of the General Meeting

Pursuant to the CC (Art. 374-A - 1), the members of BES's Board of the General Meeting are subject to scrutiny with regard to their independence and to the non existence of incompatibilities with the holding of that position.

Under these provisions, the assessment of independence must take as a reference, *mutatis mutandis*, the concept established in Article 414 (5) of the CC, and the incompatibilities with the holding of that position are also, *mutatis mutandis*, those indicated in Article 414-A - 1 of the CC.

In order to collect the relevant information allowing the Board of Directors to assess these situations, at the beginning of 2012 a questionnaire was drawn up and sent to each of the members of the Board of the General Meeting, to be personally replied, signed and subsequently returned.

This questionnaire contains questions about the circumstances upon which the CC makes independence conditional, and about the incompatibilities established in the same code.

II.16. Selection process of non executive board members

A description of the selection rules for candidates for non executive member positions and the way in which such rules ensure that executive members refrain from interfering in the selection process.

The Corporate Governance Committee is responsible for supporting and advising the Board of Directors on the filling of vacancies occurred within the Board (see point II.2 of this report), namely by evaluating the profile of each candidate in terms of qualifications, expertise and experience.

Although the General Meeting may freely elect the members of BES's Board of Directors, the intervention of the Corporate Governance Committee provides further guarantee that the executive board members have no influence on the selection process of the members of the management body, and in particular of the non executive members.

II.17. Description of the activity of the non executive board members

Reference to the fact that the company's annual management report includes a description on the activity carried out by non executive members and possible constraints that may be detected.

The annual management report includes a description of the activity carried out by the non executive directors (see Point 1.5 of BES's management report).

II.18. Professional qualifications of the members of the Board of Directors and professional activities carried out during the last five years

Professional qualifications of the members of the Board of Directors, the professional activities carried out by them at least during the last five years, the number of company shares they hold and the date of the first appointment and the date of the end of mandate.

Alberto Alves de Oliveira Pinto - graduated in Economic and Financial Sciences from Instituto Superior de Ciências Económicas e Financeiras (Lisbon). Chairman of the Board of Directors of Banco Nacional de Crédito Imobiliário from 1991 to 2005. Non executive member of the Board of Directors of Galp Energia from 2006 to 2008. Non executive member of BES's Board of Directors from February 2006 to March 2008. Chairman of the Board of Directors of BES since March 2008.

No. of shares held on 31/12/2011: 0

First appointment: 2006

Mandate ends in: 2011

Ricardo Espírito Santo Silva Salgado - Graduated in Economics from Instituto Superior de Ciências Económicas e Financeiras of the Universidade Técnica de Lisboa. Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of BES, Chairman of the Board of Directors of Espírito Santo Financial Group, S.A., Bespar - SGPS, S.A. and Partran, SGPS, S.A.. Member of the Executive Committee of the Institut International d'Etudes Bancaires since 2003 and its Chairman from October 2005 to December 2006. Member of the Board of Directors of Banco Bradesco (Brazil) since 2003. Member of the Board of Directors and Human Resources and Compensation Committee of the NYSE Euronext.

No. of shares held on 31/12/2011: 1 384 333

First appointment: 1991

Mandate ends in: 2011

Bruno de Laage de Meux - graduated from the Ecole des Hautes Etudes Commerciales (H.E.C.), with an MBA from INSEAD. Member of the Board of Directors and of the Strategy Committee of Crédit Agricole S.A., and deputy secretary general of the Crédit Agricole National Federation since 2006. Appointed Vice-Chairman of Crédit Agricole S.A. in March 2010, in charge of *Caisses Régionales*, International Retail Banking, Payment Systems and Specialised Financial Services (Consumer Credit, Leasing and Factoring). Appointed member of BES's Board of Directors in April 2010, to replace Jean Frédéric de Leusse.

No. of shares held on 31/12/2011: 0

First appointment: 2010

Mandate ends in: 2011

José Manuel Pinheiro Espírito Santo Silva - graduated in Economics, specialising in Company Administration and Management, from Évora University (former Instituto de Estudos Superiores de Évora). Chairman of Banque Privée Espírito Santo S.A., executive member of BES's Board of Directors and Vice-Chairman of Espírito Santo Financial Group, S.A..

No. of shares held on 31/12/2011: 367 008

First appointment: 1992

Mandate ends in: 2011

António José Baptista do Souto - graduated in Economics from the School of Economics of Porto University. Executive member of BES's Board of Directors. Member of the Board of Directors of SIBS – Sociedade Interbancária de Serviços, S.A..

No. of shares held on 31/12/2011: 38 575

First appointment: 1990

Mandate ends in: 2011

Jorge Alberto Carvalho Martins - graduated in Economics from the School of Economics of Porto University. Executive member of BES's Board of Directors. Member of the Board of Directors of Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A..

No. of shares held on 31/12/2011: 52 385

First appointment: 1993

Mandate ends in: 2011

Aníbal da Costa Reis de Oliveira - General Commercial Management course (Porto) and degree in Chemical Engineering (Germany). Executive positions in companies of the Riopele Group. Non executive member of BES's Board of Directors since 1992.

No. of shares held on 31/12/2011: 1 010 000

First appointment: 1992

Mandate ends in: 2011

Manuel Fernando Moniz Galvão Espírito Santo Silva - B.A. Business Administration, Richmond College, London, International Bankers' Course at Barclays and Midland Bank, London, "Inter-Alpha Banking Programme" - INSEAD, Fontainebleau. Member of BES's Board of Directors since 1994. Executive member of the World Travel & Tourism Council since 2003. Chairman of the Executive Committee of Espírito Santo Resources since 2006. Chairman of the Board of Directors of Rioforte Investments, S.A. since 2008 and of Rioforte (Portugal) S.A. since 2010.

No. of shares held on 31/12/2011: 2 484

First appointment: 1994

Mandate ends in: 2011

José Maria Espírito Santo Silva Ricciardi - graduated in Sciences Economiques Appliquées from the Université Catholique de Louvain, Faculté des Sciences Economiques, Sociales et Politiques, Institut d'Administration et de Gestion, Belgium. Executive member of BES's Board of Directors. Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of BES Investimento. Chairman of the Board of Directors of BES Investimento do Brasil, S.A.. Member of the Board of Directors of Espírito Santo Financial Group, Espírito Santo International, S.A., and BES Africa SGPS, S.A.. Chairman of the Board of Directors of Espírito Santo Investment Holdings Limited. Member of the General and Supervisory Board of EDP. Member of the Fiscal Board of Sporting Clube de Portugal-Futebol, S.A.D..

No. of shares held on 31/12/2011: 21 789

First appointment: 1999

Mandate ends in: 2011

Rui Manuel Duarte Sousa da Silveira - graduated in Law from the Law School of the Lisbon University. Practising lawyer. Executive member of BES's Board of Directors. Member of the Board of Directors of Cimigest – S.G.P.S., S.A.; Member of the Fiscal Board of Companhia de Seguros Tranquilidade, S.A.; Chairman of the Board of the General Meeting of AVISTAR S.G.P.S., S.A., BES África, S.G.P.S., S.A., BEST – Banco Electrónico de Serviço Total, S.A., ES Tech Ventures S.G.P.S., S.A., ESAF – Espírito Santo Activos Financeiros S.G.P.S., S.A., Espírito Santo Ventures, Sociedade de Capital de Risco, S.A., Bespar – S.G.P.S., S.A., Espírito Santo Saúde – S.G.P.S., S.A., Partran – S.G.P.S., S.A. and T-Vida, Companhia de Seguros, S.A..

No. of shares held on 31/12/2011: 2 315

First appointment: 2000

Mandate ends in: 2011

Joaquim Aníbal Brito Freixial de Goes - graduated in Corporate Management and Administration, specialising in Marketing and Finance from Lisbon's Portuguese Catholic University. MBA from INSEAD, Fontainebleau. Executive member of BES's Board of Directors. Member of the Board of Directors of Portugal Telecom since 2000.

No. of shares held on 31/12/2011: 88 805

First appointment: 2000

Mandate ends in: 2011

Luís António Burnay Pinto de Carvalho Daun e Lorena - third year of Law from the Law School of the Lisbon University. Member of BES's Board of Directors since 2002, and member of BES's Audit Committee.

No. of shares held on 31/12/2011: 0

First appointment: 2002

Mandate ends in: 2011

Ricardo Abecassis Espírito Santo Silva - graduated in Economics from The City University, London. Executive Chairman of BES Investimento do Brasil, Member of the Board of Directors of BES Investimento since 2003, where he was appointed Executive Director in 2005. Member of BES's Board of Directors since 2002.

No. of shares held on 31/12/2011: 50 000

First appointment: 2002

Mandate ends in: 2011

José Manuel Ruivo da Pena - graduated in Company Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE), subsequently attending the International Advanced Executive Program (IAEP) of the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago, USA. Non executive member of BES's Board of Directors, and until 2007, member of its Audit Committee. Chairman of the Supervisory Boards of BES Seguros, S.A. and BES Vida, S.A. since 2006. Chairman of the Supervisory Boards of Companhia de Seguros Tranquilidade, S.A. and Partran, S.A. since 2007. Appointed Chairman of BES's Audit Committee in March 2008.

No. of shares held on 31/12/2011: 0

First appointment: 2003

Mandate ends in: 2011

Amílcar Carlos Ferreira de Moraes Pires - graduated in Economic Sciences from the Portuguese Catholic University. BES General Manager, advisor to BES's Board of Directors and Coordinator of BES's Financial Department, Markets and Surveys until 2004. Executive member of BES's Board of Directors since March 2004 and member of the Board of Directors of BES Investimento since 2005. Member of the Board of Directors of Portugal Telecom since 2006.

No. of shares held on 31/12/2011: 40 276

First appointment: 2004

Mandate ends in: 2011

Nuno Maria Monteiro Godinho de Matos - graduated in Law from Universidade Clássica de Lisboa. Practising lawyer. Member of BES's Board of Directors since 2006, and member of its Corporate Governance Committee since 2010.

No. of shares held on 31/12/2011: 0

First appointment: 2006

Mandate ends in: 2011

João Eduardo Moura da Silva Freixa - graduated in Business Management from Instituto Superior de Economia, Lisbon; MBA from Universidade Nova de Lisboa. Vice-Chairman of Caixa Geral de Depósitos and Caixa - Banco de Investimento (Caixa BI), and non executive member of the Board of Directors of EDP- Energias de Portugal from 2004 to 2005. Advisor to BES's Board of Directors since October 2005, executive member of BES's Board of Directors since 2006, and Vice-Chairman of BES dos Açores since November 2006. Non executive member of the Board of Directors of Unicre – Instituição Financeira de Crédito, S.A. since 2010.

No. of shares held on 31/12/2011: 30 000

First appointment: 2006

Mandate ends in: 2011

Pedro Mosqueira do Amaral - graduated in Business Management from the European University, Brussels, Belgium. Member of the Board of Directors of BES GmbH since 2006 and member of BES's Board of Directors since 2008.

No. of shares held on 31/12/2011: 70 000

First appointment: 2008

Mandate ends in: 2011

Isabel Maria Osório de Antas Mégre de Sousa Coutinho - graduated in Finance from Instituto Superior de Ciências Económicas e Financeiras (ISCEF), Lisbon, 1969. Chairman of Fundação Pão de Açúcar – Auchan until 2007. Member of BES's Board of Directors since 2008 and Chairman of its Corporate Governance Committee since 2010.

No. of shares held on 31/12/2011: 0

First appointment: March 2008

Mandate ends in: 2011

João de Faria Rodrigues - graduated in Company Organisation and Management from Instituto Superior de Economia, Lisbon (1980). Certified Auditor since 1992. Senior Audit Manager with Grant Thornton & Associados – SROC, Lda. from 1997 to 2008. Member of BES's Board of Directors since 2008 and member of its Audit Committee.

No. of shares held on 31/12/2011: 0

First appointment: 2008

Mandate ends in: 2011

José de Albuquerque Epifânio da Franca⁵ - graduated from Instituto Superior Técnico (IST) in 1978. PhD at the Imperial College of Science and Technology (London, UK) in 1985. In 1992 obtained the “*agregado*” academic title from Universidade Técnica de Lisboa. Full professor at IST’s Electronics and IT Department and Adjunct Professor at the Electronics Engineering School of the Hong Kong Chinese University. Founder of CHIPIDEA, which for several consecutive years ranked amongst the 500 European companies with better business development and job creation indicators (Europe 500). In 2007, when Chipidea was acquired by MIPS Technologies Inc. (Mountain View, California), a NASDAQ listed company, João Epifânio da Franca joined its Board of Directors and remained Chairman of the Board of Directors of CHIPIDEA’s Portuguese subsidiary until September 2008. Member of the General Board of Instituto Superior de Gestão (Lusófona Group), of the Advisory Board of Agrupamento TICE (Tecnologias de Informação, Comunicações e Electrónica), of the Honorary Committee of the Forum Silicon Valley Bridge to Portugal and of the Advisory Board of Beta-i (association for the promotion of entrepreneurship and innovation). He is also a member of the Strategy Committee of StarChip (France) and a non executive member of the Management Board of Quiiq, Lda. He is a member of BES’s Board of Directors since 2008 and a member of its Corporate Governance Committee since 2010.

No. of shares held on 31/12/2011: 0

First appointment: 2008

Mandate ends in: 2011

António Borna - Started his professional career with Banco Bradesco (1952), where he was appointed assistant manager in 1975 and executive manager in 1979. In 1999 was appointed Vice-Chairman of the Board of Directors of Banco Bradesco, maintaining this position until now. Chairman of the Board of Directors of Bradesco Securities, Inc and Banco Bradesco Europa, S.A. and Vice-Chairman of Bradesco Leasing, S.A.. In April 2010 was appointed member of BES’s Board of Directors.

No. of shares held on 31/12/2011: 0

First appointment: 2010

Mandate ends in: 2011

Marc Olivier Tristan Oppenheim - graduated from the École Supérieure des Sciences Économiques et Commerciales (ESSEC). In 2007 was appointed Retail Market manager and member of the General Committee of Credit Lyonnais. Manager of International Retail Banking and member of the Executive Committee of Crédit Agricole since June 2010. In 2010 was appointed non executive member of BES’s Board of Directors.

No. of shares held on 31/12/2011: 0

First appointment: 2010

Mandate ends in: 2011

⁵ Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

Michel Jacques Mathieu - Graduated in Corporate Law. Appointed general manager of Caisse Régionale du Languedoc, which resulted from the merger of Caisse Régionale du Gard (where he was general manager since 1999) with Caisse Régionale du Midi (where he was general manager since 2005). In 2008 was appointed member of the Board of Directors of Crédit Agricole, in charge of the Finance, Human Resources, Legal and Compliance, IT, Strategy, Economic Surveys and Internal Resources divisions, with further responsibilities in the areas of Insurance, Asset Management, Real Estate Management and Private Equity (CAPE). In 2011 was appointed non executive member of BES's Board of Directors to replace Jean-Yves Hoher.

No. of shares held on 31/12/2011: 0

First appointment: 2011

Mandate ends in: 2011

Vincent Claude Paul Pacaud - graduated from the École Polytechnique, with an MBA from INSEAD. Was CEO of BNP Paribas Assurance in Asia and member of the International Strategy Committee of BNP Paribas Assurance. In 2008 joined the Crédit Agricole Group as head on insurance for Asia and in 2010 was appointed CEO of Crédit Agricole Life Japan. He was appointed a member of BES's Board of Directors in 2011, to replace Michel Goutorbe, and is a member of the Boards of Directors of BESPARG, ESAF, BES Vida and BES Seguros.

No. of shares held on 31/12/2011: 0

First appointment: 2011

Mandate ends in: 2011

II.19. Duties that the members of the Board of Directors carry out in other companies

Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same holding.

Alberto Alves de Oliveira Pinto (Chairman)

Holds no positions in other companies

Ricardo Espírito Santo Silva Salgado

A. Corporate positions held in companies of BES Group

Board of Directors

Banco Espírito Santo de Investimento, S.A. (Chairman)

BES África, S.G.P.S. S.A. (Chairman)

BES Finance, Ltd (Member)

BEST – Banco Electrónico de Serviço Total, S.A. (Chairman)

ES Tech Ventures, S.G.P.S., S.A. (Chairman)

ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. (Chairman)

Espírito Santo Bank (Member)

Espírito Santo – Empresa de Prestação de Serviços 2, ACE (Chairman)

Espírito Santo Ventures, Sociedade de Capital de Risco, S.A. (Chairman)

B. Corporate positions held in companies outside BES Group

Board of Directors

Banco Bradesco S.A. (Member)

Banque Espírito Santo et de la Vénétie, S.A. (Member)

Banque Privée Espírito Santo, S.A. (Member)

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Casa dos Pórticos – Sociedade de Administração de Bens, S.A. (Chairman)

ES Bankers (Dubai) Limited (Chairman)

Espírito Santo Control S.A. (Member)

E.S. Holding Administração e Participações S.A. (Vice-Chairman)

Espírito Santo Financial (Portugal) - Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Espírito Santo Financial Group S.A. (Chairman)

Espírito Santo International S.A. (Member)

Espírito Santo Resources Limited (Member)

Espírito Santo Saúde – S.G.P.S., S.A. (Chairman)

Espírito Santo Services, S.A. (Member)

Partran - Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Sociedade de Administração de Bens Pedra da Nau, S.A. (Chairman)

NYSE Euronext (member of the Board of Directors and of the Human Resources & Compensation Committee)

Other Positions

APDMC – Associação Portuguesa Para o Desenvolvimento do Mercado de Capitais (Member of the General Board)

Associação Portuguesa de Bancos (Member of the Management Board, in representation of Banco Espírito Santo, S.A.)

Stanley Ho Foundation (Member of the General Board)

Bruno Bernard Marie Joseph de Laage de Meux

Corporate positions held in companies outside BES Group

Board of Directors

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Member)

CA Assurances (*Censeur*)

CA Consumer Finance (Chairman)

Cariparma e Piacenza S.P.A. (Member)

Crédit Agricole Creditor Insurance (Member)

Crédit Agricole Egypt, S.A.E. (Vice – Chairman)

Crédit Agricole Leasing & Factoring (Member)

Crédit du Maroc (Member of the Supervisory Board)

Emporiki Bank (Member)

Fireca (Member)

Fonds de Garantie de Dépôts (Member of the Supervisory Board)

LCL – Le Crédit Lyonnais (Member)

SAS BFORBANK (Member)

Uni – Editions (Chairman)

Union de Banques Arabes et Françaises – U.B.A.F. (Vice-Chairman)

Other Positions

Crédit Agricole, S.A. (Member of the Executive Committee, Member of the General Management Committee, Deputy Chief Executive Officer in Charge of Crédit Agricole Regional Banks, LCL, International Retail and Commercial Banking, Payment Systems and Specialised Financial Services: Consumer Credit, Leasing and Factoring)

José Manuel Pinheiro Espírito Santo Silva

A. Corporate positions held in companies of BES Group

Board of Directors

Banco Espírito Santo de Investimento, S.A. (Member)

BES África, S.G.P.S. S.A. (Member)

ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. (Member)

Espírito Santo Bank (Member)

B. Corporate positions held in companies outside BES Group

Board of Directors

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Member)

Banque Espírito Santo et de la Vénétie, S.A. (Member)

Banque Privée Espírito Santo, S.A. (Chairman)

Casa da Saudade – Administração de Bens Móveis e Imóveis, S.A. (Chairman)

ES Bankers (Dubai) Limited (Member)

Espírito Santo Control S.A. (Member)

Espírito Santo Financial (Portugal) - Sociedade Gestora de Participações Sociais, S.A. (Vice-Chairman)

Espírito Santo Financial Group S.A. (Vice-Chairman)

Espírito Santo International S.A. (Member)

Espírito Santo Resources Limited (Member)

Espírito Santo Services, S.A. (Member)

Europ Assistance – Companhia Portuguesa de Seguros, S.A. (Member)

Ponte Alta – Consultoria e Assistência (Sociedade Unipessoal), Lda. (Member)

Ribeira do Marchante – Administração de Bens Móveis e Imóveis, S.A. (Chairman)

António José Baptista do Souto

A. Corporate positions held in companies of BES Group

Board of Directors

BES África, S.G.P.S. S.A. (Member)

Other Positions

Banco Espírito Santo dos Açores, S.A. (Member of the Remuneration Setting Committee)

B. Corporate positions held in companies outside BES Group

Board of Directors

Angra Moura – Sociedade de Administração de Bens, S.A. (Chairman)

Companhia de Seguros Tranquilidade, S.A. (Member)

Ijar Leasing Algérie

SIBS – Sociedade Interbancária de Serviços, S.A. (Member)

SIBS Forward Payment Solutions, S.A. (Member)

Other Positions

ELO – Associação Portuguesa Para o Desenvolvimento Económico e a Cooperação (Vice-Chairman of the General Board)

TF Turismo Fundos – SGFII, S.A. (member of the Remuneration Committee, in representation of Banco Espírito Santo, S.A.)

Jorge Alberto Carvalho Martins

Corporate positions held in companies outside BES Group

Board of Directors

Locarent – Companhia Portuguesa de Aluguer de Viaturas, S.A. (Chairman)

Fiscal Board

Agência de Desenvolvimento Regional de Entre-o-Douro e Tâmega (Chairman)

Instituto Empresarial do Tâmega (Chairman)

Aníbal da Costa Reis de Oliveira

Corporate positions held in companies outside BES Group

Board of Directors

ACRO - SGPS, S.A. (Chairman)

Diliva – Sociedade de Investimentos Imobiliários, S.A. (Chairman)

Espírito Santo Financial Group S.A. (Member)

Espírito Santo Financial (Portugal), Sociedade Gestora de Participações Sociais, S.A. (Member)

Espírito Santo International S.A. (Member)

Olinveste, Sociedade Gestora de Participações Sociais, Lda (Member)

Olinerg – Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Oliren – Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Q. L. PORTUGAL – Sociedade de Agricultura e Serviços da Quinta da Lage, Lda. (Member)

Manuel Fernando Moniz Galvão Espírito Santo Silva

Corporate positions held in companies outside BES Group

Board of Directors

Academia de Música de Santa Cecília (Non Executive Chairman)

Ambassador Portugal – Promoção Imobiliária, S.A. (Chairman)

Bensaúde Turismo, S.G.P.S., S.A. (Member)

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Member)

Espírito Santo Control S.A. (Member)

Espírito Santo Financial Group S.A. (Member)

Espírito Santo Industrial, S.A. (Chairman)

Espírito Santo International S.A. (Member)

Espírito Santo Resources Limited (CEO)

Espírito Santo Resources (Portugal), S.A. (Member)

Espírito Santo Services, S.A. (Member)

Espírito Santo Tourism (Europe), S.A. (Chairman)

Euroamerican Finance Corporation, Inc. (Chairman)

Euroamerican Finance S.A. (Chairman)

Herdade da Comporta – Actividades Agro Silvícolas e Turísticas, S.A. (Chairman)

Rio Forte Investments, S.A. (Chairman)

RIOFORTE (Portugal), S.A. (Chairman)

Santogal – Sociedade Gestora de Participações Sociais, S.A. (Member)

SODIM, S.G.P.S., S.A. (Member)

Saptec, S.A. (Member)

Board of the General Meeting

Espart – Espírito Santo Participações Financeiras, Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Sociedade Imobiliária e Turística da Quinta do Perú, S.A. (Chairman)

José Maria Espírito Santo Silva Ricciardi

A. Corporate positions held in companies of BES Group

Board of Directors

Banco Espírito Santo de Investimento, S.A. (Vice-Chairman e Chairman of the Executive Committee)

BES África, S.G.P.S. S.A. (Member)

BES Investimento do Brasil S.A. (Chairman)

Espírito Santo Investment Holdings Limited (Chairman)

Board of the General Meeting

ESAF – Espírito Santo Gestão de Patrimónios, S.A. (Vice-Chairman)

B. Corporate positions held in companies outside BES Group

Board of Directors

Espírito Santo Financial Group S.A. (Member)

Espírito Santo International S.A. (Member)

General and Supervisory Board

EDP – Energias de Portugal, S.A. (Member)

Fiscal Board

Sporting Clube de Portugal – Futebol, S.A.D. (Member)

Sporting Clube de Portugal (Vice-Chairman of the Fiscal and Disciplinary Board)

Board of the General Meeting

Espart – Espírito Santo Participações Financeiras, Sociedade Gestora de Participações Sociais, S.A. (Vice-Chairman)

Other Positions

APDMC – Associação Portuguesa Para o Desenvolvimento do Mercado de Capitais (Member of the Board of Directors)

EDP – Energias de Portugal, S.A. (Member of the Remuneration Committee of the General and Supervisory Board and Member of the Corporate Governance and Sustainability Committee)

Rui Manuel Duarte Sousa da Silveira

A. Corporate positions held in companies of BES Group

Board of the General Meeting

AVISTAR S.G.P.S., S.A. (Chairman)

Banco Espírito Santo Cabo Verde, S.A. (Chairman)

Banco Espírito Santo dos Açores, S.A. (Chairman)

BES África, S.G.P.S. S.A. (Chairman)

BEST – Banco Electrónico de Serviço Total, S.A. (Chairman)

Capital Mais – Assessoria Financeira, S.A. (Chairman)

ES Tech Ventures, S.G.P.S., S.A. (Chairman)

ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. (Chairman)

ESAF – Espírito Santo Fundos de Investimento Imobiliário, S.A. (Chairman)

ESAF – Espírito Santo Fundos de Investimento Mobiliário, S.A. (Chairman)

ESAF – Espírito Santo Fundos de Pensões, S.A. (Chairman)

ESAF – Espírito Santo Gestão de Patrimónios, S.A. (Chairman)

ESAF – Espírito Santo Participações Internacionais, S.G.P.S., S.A. (Chairman)

Espírito Santo Ventures, Sociedade de Capital de Risco, S.A (Chairman)

OBLOG - Consulting, S.A. (Chairman)

B. Corporate positions held in companies outside BES Group

Board of Directors

Cimigest – S.G.P.S., S.A . (Member)

Sociedade de Administração de Bens Casa de Bons Ares, S.A. (Chairman)

Sociedade de Silvicultura Monte do Arneirinho, Lda (Member)

Fiscal Board

Companhia de Seguros Tranquilidade, S.A. (Member)

Board of the General Meeting

BES - Companhia de Seguros, S.A. (Chairman)

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Casa dos Pórticos – Sociedade de Administração de Bens, S.A. (Secretary)
ESEGUR – Empresa de Segurança, S.A. (Vice-Chairman)
Esumédica – Prestação de Cuidados Médicos, S.A. (Chairman)
Europ Assistance – Companhia Portuguesa de Seguros, S.A. (Vice-Chairman)
Espírito Santo Saúde – S.G.P.S., S.A. (Chairman)
Partran – Sociedade Gestora de Participações Sociais, S.A. (Chairman)
T-Vida, Companhia de Seguros, S.A. (Chairman)

Joaquim Aníbal Brito Freixial de Goes

A. Corporate positions held in companies of BES Group

Board of Directors

Espírito Santo Ventures, Sociedade de Capital de Risco, S.A. (Member)

B. Corporate positions held in companies outside BES Group

Board of Directors

BES – Companhia de Seguros, S.A (Member)

Glintt – Global Intelligent Technologies, SGPS, S.A. (Member)

Portugal Telecom, S.G.P.S., S.A. (Member)

Fiscal Board

Centro Social e Paroquial de Nossa Senhora da Ajuda (Chairman)

Fundação Brazelton/Gomes-Pedro Para as Ciências do Bebê e da Família (Member)

Fundação da Universidade Católica Portuguesa (Chairman)

Luís António Burnay Pinto de Carvalho Daun e Lorena

Corporate positions held in companies outside BES Group

Board of Directors

Campeque – Compra e Venda de Propriedades, Lda (Member)

Other Positions

BES – Companhia de Seguros, S.A. (Chairman of the Remuneration Committee)

BES – Vida, Companhia de Seguros, S.A. (Chairman of the Remuneration Committee)

Ricardo Abecassis Espírito Santo Silva

A. Corporate positions held in companies of BES Group

Management Body

Board of Directors

AVISTAR S.G.P.S., S.A. (Member)

Banco Espírito Santo de Angola, SA (Chairman)

Banco Espírito Santo de Investimento, S.A. (Vice-Chairman)

BES Finance Ltd (Member)

BES Investimento do Brasil S.A. (Member)

Espírito Santo Investimentos S.A. (Brazil) (Chairman)

Espírito Santo Bank (USA) (Vice-Chairman)

Executive Committee

BES Investimento do Brasil S.A. (Chairman)

Espírito Santo Investimentos S.A. (Brazil) (Chairman)

Gespar Participações Ltda (Brazil) (Member)

Fiscal Board

Banco Espírito Santo do Oriente, S.A. (Chairman)

B. Corporate positions held in companies outside BES Group

Management Body

Board of Directors

2bCapital S.A. (Member)

Agriways S.A. (Brazil) (Vice-Chairman)

Câmara Portuguesa de Comércio no Brasil (Vice-Chairman)

Europ Assistance (Brazil) (Member)

Espírito Santo Control S.A. (Member)

Espírito Santo International S.A. (Member)

Espírito Santo Property (Brazil) S.A. (Member)

Espírito Santo Resources Limited (Member)

Euroamerican Finance Corporation, Inc. (BVI) (Member)

Novagest Assets Management Ltd (Member)

BHG S.A. – Brazil Hospitality Group (Brazil) (Member)

Monteiro Aranha S.A. (Brazil) (Member)

Pojuca S.A. (Brazil) (Chairman)

Rioforte Investment Holding Brasil S.A. (Member)

Ushuaia – Gestão e Trading International Limited (Member)

Executive Committee

2bCapital S.A. (Member)

Associação Espírito Santo Cultura (Brazil) (Member)

Companhia Agrícola Botucatu (Chairman)

ESAP - Espírito Santo Agro-Pecuária S.A. (Uruguay) (Member)

ESCAE Consultoria, Administração e Empreendimentos, Ltda. (Brazil) (Member)

ES Consultoria Ltda (Brazil) (Partner, Member)

E.S. Holding Administração e Participações, S.A. (Brazil) (Chairman)

Saramagos S.A. Empreendimentos e Participações (Brazil) (Member)

Fiscal Board

Banco Bradesco S.A. (Member)

Advisory Board

Associação Brasileira de Bancos Internacionais S.A. (Member)

José Manuel Ruivo da Pena

Corporate positions held in companies outside BES Group

Fiscal Board

BES - Companhia de Seguros, S.A. (Chairman)

BES – Vida, Companhia de Seguros, S.A. (Chairman)

Companhia de Seguros Tranquilidade, S.A. (Chairman)

Partran – Sociedade Gestora de Participações Sociais, S.A. (Chairman)

Amílcar Carlos Ferreira de Moraes Pires

A. Corporate positions held in companies of BES Group

Board of Directors

AVISTAR S.G.P.S., S.A. (Chairman)

Bank Espírito Santo International Limited (Chairman)

Banco Espírito Santo de Investimento, S.A. (Member)

Banco Espírito Santo do Oriente, S.A. (Member)

BES África, S.G.P.S. S.A. (Member)

BES Finance Ltd (Member)

BIC – International Bank, Limited (Chairman)

ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. (Member)

Espírito Santo PLC (Member)

Espírito Santo – Empresa de Prestação de Serviços 2, ACE (Member)

ES Tech Ventures, S.G.P.S., S.A. (Member)

Execution Noble Limited (Non Executive Director)

Execution Noble & Company Limited (Non Executive Director)

Execution Noble Research Limited (Non Executive Director)

B. Corporate positions held in companies outside BES Group

Board of Directors

BES – Vida, Companhia de Seguros, S.A. (Member)

Portugal Telecom, S.G.P.S., S.A. (Member)

Nuno Maria Monteiro Godinho de Matos

Holds no positions in other companies

João Eduardo Moura da Silva Freixa

A. Corporate positions held in companies of BES Group

Board of Directors

Banco Espírito Santo dos Açores, S.A. (Vice-Chairman)

B. Corporate positions held in companies outside BES Group

Board of Directors

UNICRE – Instituição Financeira de Crédito, S.A. (Member, appointed by Banco Espírito Santo, S.A. under the terms of Article 390 (4) of the CC)

Pedro Mosqueira do Amaral

A. Corporate positions held in companies of BES Group

Board of Directors

BES Beteiligungs GmbH (Member)

Bank Espírito Santo International Limited (Member)

B. Corporate positions held in companies outside BES Group

Board of Directors

Banque Espírito Santo et de la Vénétie, S.A. (Member)

Espírito Santo International S.A. (Member)

Isabel Maria Osório de Antas Mégre de Sousa Coutinho

Corporate positions held in companies outside BES Group

Associação Novo Futuro (IPSS) (Chairman of the Board of Directors)

Entrajuda (IPSS) (Member of the Higher Council)

Instituto de Negociação e Vendas (Member of the Advisory Board)

João de Faria Rodrigues

Corporate positions held in companies outside BES Group

Fiscal Board

Partran – Sociedade Gestora de Participações Sociais, S.A. (Member)

T-Vida, Companhia de Seguros, S.A. (Member)

Seguros LOGO, S.A. (Member)

José de Albuquerque Epifânio da Franca⁶

Corporate positions held in companies outside BES Group

Board of Directors

Auxineon Pte Ltd (Singapore) (Member)

QUIIQ, Lda (Member)

Other Positions

Agrupamento TICE (Tecnologias de Informação, Comunicações e Electrónica) (Member of the Advisory Board)

Beta –i (Associação para a Promoção do Empreendedorismo e Inovação) (Member of the Advisory Board)

Instituto Superior de Gestão (Member of the General Council)

Starchip SAS (France) (Member of the Strategy Committee)

⁶ Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

António Borna

Corporate positions held in companies outside BES Group

Management Body

Board of Directors

Banco BERJ S.A. (Vice-Chairman)

Banco Bradesco S.A. (Vice – Chairman)

Banco Bradesco Europa S.A. (Chairman)

BBD Participações S.A. (Vice-Chairman)

Bradesco Leasing S.A. – Arrendamento Mercantil (Vice – Chairman)

Bradesco Securities, Inc. (Chairman)

Bradesco Securities Hong Kong Limited (Chairman)

Bradesco Securities UK Limited (Chairman)

Bradespar S.A. (Vice – Chairman)

BSP Empreendimentos Imobiliários S.A. (Vice-Chairman)

Cidade de Deus – Companhia Comercial de Participações (Vice – Chairman)

Fundação Instituto de Moléstias do Aparelho Digestivo e da Nutrição (Vice – Chairman)

Deliberating Board

ABEL – Associação Brasileira das Empresas de Leasing (Chairman)

Caixa Beneficente dos Funcionários do Bradesco (Vice – Chairman)

Executive Committee

BBD Participações S.A. (Vice-Chairman)

Cidade de Deus – Companhia Comercial de Participações (Vice – Chairman)

Fundação Bradesco (Vice – Chairman)

Fundação Instituto de Moléstias do Aparelho Digestivo e da Nutrição (Vice – Chairman)

NCF Participações S.A. (Vice – Chairman)

Nova Cidade de Deus Participações S.A. (Vice – Chairman)

Top Clube Bradesco, Segurança, Educação e Assistência Social (Vice – Chairman)

Directorship

Bradport – S.G.P.S. Sociedade Unipessoal, Lda. (Director)

Board of the General Meeting

Fundação Bradesco (Vice – Chairman)

Other Positions

Banco Bradesco S.A. (Member of the Remuneration Committee)

Marc Olivier Tristan Oppenheim

Corporate positions held in companies outside BES Group

Board of Directors

BSF Banque Saudi Fransi (Member)

Crédit Agricole Bank Polska (Chairman of the Supervisory Board)

Crédit Agricole Egypt, S.A.E. (Member)

Cariparma e Piacenza S.P.A. (Member)

Crédit du Maroc (Member of the Supervisory Board)

Emporiki Bank (Member)

IUB Holding (Chairman)

LCL – Actions Monde (Member)

Other Positions

Crédit Agricole, S.A. (Member of the Executive Committee & Head of International Retail and Commercial Banking)

Michel Jacques Mathieu

Corporate positions held in companies outside BES Group

Board of Directors

Amundi Group (Member)

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Member)

CA Assurances (Member)

Caceis (Member)

CACI (Member)

Cape (Chairman of the Supervisory Board)

Cariparma e Piacenza S.P.A. (Member)

LCL - Le Crédit Lyonnais (Member)

Lesica (Chairman)

Pacifica (Member and permanent representative of Crédit Agricole, S.A.)

Predica (Vice-Chairman)

Silca (Member of the Supervisory Board)

Other Positions

Crédit Agricole, S.A. (Member of the General Management Committee, Member of the Executive Committee)

Crédit Agricole, S.A. (Managing Director in charge of Finance, Human Resources, Legal and Compliance, IT, Strategy, and Economic Surveys, with further responsibilities in the areas of Insurance, Asset Management, Real Estate Management and Private Equity (CAPE).

Fédération Nationale du Crédit Agricole (Member of the Senior Officers Mixed Committee)

Vincent Claude Paul Pacaud

A. Corporate positions held in companies of BES Group

Board of Directors

ESAF – Espírito Santo Ativos Financeiros, S.G.P.S., S.A. (Member)

B. Corporate positions held in companies outside BES Group

Board of Directors

BES – Vida, Companhia de Seguros, S.A. (CEO)

BES – Companhia de Seguros, S.A. (CEO)

Bespar – Sociedade Gestora de Participações Sociais, S.A. (Member)

II.30. Remuneration Policy

Description of the remuneration policy of the management and supervisory bodies, as provided for in article 2 of Law 28/2009 of 19 June.

Note: The remuneration policy of BES's corporate bodies in force in 2011 followed the remuneration policy approved by the Annual General Meeting of April 6th, 2010.

The proposal to be submitted by the Remuneration Committee to the General Meeting of March 22nd, 2012 is based on the assumptions of the remuneration policy approved in 2010, while already incorporating the new rules on the remuneration policy of financial institutions introduced by Decree-Law no. 88/2011, of July 20th, and Bank of Portugal Notice no. 10/2011. These are the main changes:

- a) introduction of non financial criteria in the performance assessment of the executive members of the Board of Directors, which in addition to individual performance also take into account the real growth of the institution and the actual wealth generated for the shareholders, the protection of the interests of clients and investors, its long-term sustainability and the extension of the risks assumed, as well as compliance with the rules applicable to the institution's activity;
- b) introduction of a rule whereby 50% at least of any variable remuneration, whether or not deferred, shall be paid in BES shares or equivalent financial instruments;
- c) introduction of a rule to the effect that the members of the Executive Committee shall hold, until the end of their term of office, up to a minimum of twice the value of the total annual remuneration, the shares that were acquired by

virtue of the payment of the variable remuneration, with the exception of those shares that must be sold for the payment of taxes on the gains of said shares.

Although the remuneration policy described in this report is that which was in force in 2011, the proposed remuneration policy for 2012 which will be submitted to the 2012 General Meeting is included as an attachment to this report.

Remuneration Policy

The Remuneration Committee, which is elected by the General Meeting, determines the remuneration of the members of BES's corporate bodies. Every year the Remuneration Committee submits to the General Meeting, for approval, a proposal setting out the remuneration policy of the corporate bodies.

Main points of the proposal submitted to the General Meeting of March 31st, 2011:

- a) the amount of the total variable remuneration must be close to the amount of the remuneration's fixed component, setting maximum limits for both forms of remuneration;
- b) the actual amount of the variable remuneration shall always depend on the Remuneration Committee's annual assessment of the performance of the executive directors;
- c) a significant portion of the variable component shall be deferred over a period of no less than three years;
- d) a portion of the variable component shall be linked to and dependent upon BES's performance over the medium term, and consist in the allocation of options on BES's shares;
- e) the new remuneration policy shall not imply an overall significant increase in the costs incurred by BES with its executive directors;
- f) no change shall be made to the remuneration structure of the members of the Board of the General Meeting, members of the Audit Committee and the other non executive members of the Board of Directors.

The full text of the remuneration policy proposal, as approved by the General Meeting of March 31st, 2011, is available at www.bes.pt/ir.

II.31. Individual remuneration paid to the members of the management and supervisory bodies.

Indication of the amount of the annual remuneration paid individually to the members of the management and supervisory bodies of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the part that has been deferred and that already paid.

The remuneration of the members of BES's Board of Directors follows the criteria referred in point II.30 above.

BES' Board of Directors is composed of 25 members, of whom 9 are executive members and 16 are non executive members. From the non executive directors, three are members of the Audit Committee, three are members of the Corporate Governance Committee and two (Ricardo Abecassis Espírito Santo Silva and Pedro Mosqueira do Amaral) hold executive positions in other companies of BES Group.

The remuneration paid to each of the members of the Board of Directors in 2011 is set out in the table below:

i. Members of the corporate bodies (except members of the Executive Committee)

Remunerations 2011

EUR thousand

EUR thousand

	BES			Total BES
	Fixed		Change	
	Salary	Subsidies and other		
Aundit Committee				
José Manuel Ruivo da Pena	246			246
Luis Daun e Lorena	246			246
João Faria Rodrigues	246			246
Total Audit Committee	739	0	0	739
Other non executive Board Members				
Alberto Alves de Oliveira Pinto	185			185
Aníbal da Costa Reis de Oliveira	0	7		7
Manuel Fernando Moniz Galvão Espírito Santo Silva	0	19		19
Nuno Maria Monteiro Godinho de Matos	42			42
Ricardo Abecassis Espírito Santo Silva	0	19		19
Pedro Mosqueira do Amaral	134	22		157
José de Albuquerque Epifânio da Franca	42			42
Isabel Maria Osório de Antas Mégre de Sousa Coutinho	42			42
Michel Joseph Goutorbe	0	4		4
Michel Jacques Mathieu	0	4		4
Vincent Claude Paul Pacaud	0	11		11
Total Other non executive Board Members	446	86	0	532
Board of the General Meeting				
Paulo Manuel de Pitta e Cunha	19			19
Fernão de Carvalho Fernandes Thomaz	12			12
Nuno Miguel Matos Silva Pires Pombo	9			9
Total Board of the General Meeting	40	0	0	40
Remuneration Committee				
Daniel Proença de Carvalho	18			18
Rita Maria Lagos do Amaral Cabral	18			18
Joaquim Jesus Taveira Santos	18			18
Total Remuneration Committee	54	0	0	54
Total Corporate Bodies (excluding executive members)	1 278	86	0	1 364

ii. Members of the Executive Committee

1. The amounts paid in 2011 to the members of the Executive Committee include payments relating to two different financial years: the variable component concerns the distribution of 2010 profits, while the fixed component relates to 2011.
2. In 2011 the total remuneration paid to the executive members of the Board of Directors was reduced by 35% compared to that paid in 2010.
3. As shown in the table below, the total remuneration that will be paid in 2012 to the members of the Executive Committee will be reduced by 47% compared to the remuneration paid in 2011.

Remunerations 2011 vs. 2012
EUR thousand

EUR thousand									
	2 011				2 012				Change 2010/2011
	Fixed		Chg	Total BES	Fixed		Chg	Total BES	
	Salary	Subsidies and other			Salary	Subsidies and other			
Ricardo Espírito Santo Silva Salgado	546	2	253	801	546	2	0	548	-32%
José Manuel Pinheiro Espírito Santo Silva	461	2	212	674	461	2	0	463	-31%
António José Baptista do Souto	457	2	212	671	457	2	0	459	-32%
Jorge Alberto Carvalho Martins (1)	454	99	212	765	454	2	0	456	-40%
José Maria Espírito Santo Silva Ricciardi	0	0	0	0	0	0	0	0	-
Jean-Luc Louis Marie Guinoiseau (2)	438	57	318	813	0	0	44	44	-95%
Rui Manuel Duarte Sousa da Silveira	454	2	212	668	454	2	0	456	-32%
Joaquim Aníbal Brito Freixial de Goes	454	2	212	668	454	2	0	456	-32%
Pedro José de Sousa Fernandes Homem (2)	452	1	318	772	0	32	44	76	-90%
Amílcar Carlos Ferreira de Moraes Pires (1)	454	67	212	733	454	2	0	456	-38%
João Eduardo Moura da Silva Freixa	452	2	212	666	452	2	0	454	-32%
Total Executive Committee	4 621	237	2 372	7 230	3 731	48	88	3 868	-47%

(1) Includes seniority bonuses

(2) Includes adjustment payments and the total amount of the 2012 variable remuneration that had been deferred until 2014

Remunerations 2011
EUR thousand

EUR thousand

	Other BES Group companies			
	Fixed			Total Other
	Salary	Subsidies and other	Chg.	
Ricardo Espírito Santo Silva Salgado				0
José Manuel Pinheiro Espírito Santo Silva				0
António José Baptista do Souto				0
Jorge Alberto Carvalho Martins				0
José Maria Espírito Santo Silva Ricciardi *	451	64	212	727
Jean-Luc Louis Marie Guinoiseau				0
Rui Manuel Duarte Sousa da Silveira				0
Joaquim Aníbal Brito Freixial de Goes				0
Pedro José de Sousa Fernandes Homem				0
Amílcar Carlos Ferreira de Morais Pires				0
João Eduardo Moura da Silva Freixa		3		3
Total Executive Committee	451	67	212	730

* includes seniority bonus

Concerning the variable remuneration approved in 2011 for the members of the Executive Committee, the Remuneration Committee decided in that same year to defer the payment of 50% of the variable part of the Total Annual Remuneration (the Deferred Annual Variable Remuneration), attributing the remuneration of EUR 2,161,000 with deferred payment in 2012, 2013 and 2014 (one third of the total in each year), subject to there being no structural deterioration in economic and financial situation, and to attribute a Medium Term Variable Remuneration in the overall amount of EUR 1,130,000 consisting in the allocation of options on BES's shares which can only be exercised three years after their date of attribution (end of March 2014) and providing that the price of the BES shares has risen by at least 10% in the referred 3-year period, all in the following terms:

Eur thousand

	Deferred Cash (2012-2014)	Deferred Stock (2012-2014)	Subtotal	Deferred Options (2012-2014)
Ricardo Espírito Santo Salgado	127	127	253	130
José Manuel Espírito Santo	106	106	212	100
António Souto	106	106	212	100
Jorge Martins	106	106	212	100
José Maria Espírito Santo Ricciardi	0	0	0	100
Jean-Luc Guinoiseau	106	106	212	100
Rui Silveira	106	106	212	100
Joaquim Goes	106	106	212	100
Pedro Homem	106	106	212	100
Amílcar Morais Pires	106	106	212	100
João Freixa	106	106	212	100
Total Executive Committee	1080	1080	2161	1130

Considering the deterioration in the economic and financial situation, as referred above, occurred in 2012 in a context of financial crisis in the Euro Zone and severe restrictions to funding sources, with the national crisis and the strict and demanding deleveraging programme imposed by the *Troika* leading to a sharp reduction of activity, there will be no payment of the instalments foreseen for 2012 (Chairman of the Executive Committee: EUR 42 thousand in cash and EUR 42 thousand in shares at the market price at the time of attribution; other members of the Executive Committee: EUR 35 thousand in cash and EUR 35 thousand in shares at the market price at the time of attribution), and the deferred instalments shall be suspended for as long as said structural deterioration persists.

II.32. Information on the manner in which the remuneration is structured.

Information on the manner in which the remuneration is structured so as to allow aligning the interests of the members of the board of directors with the long-term interests of the company as well as how it is based on the performance assessment and how it discourages excessive risk assumption.

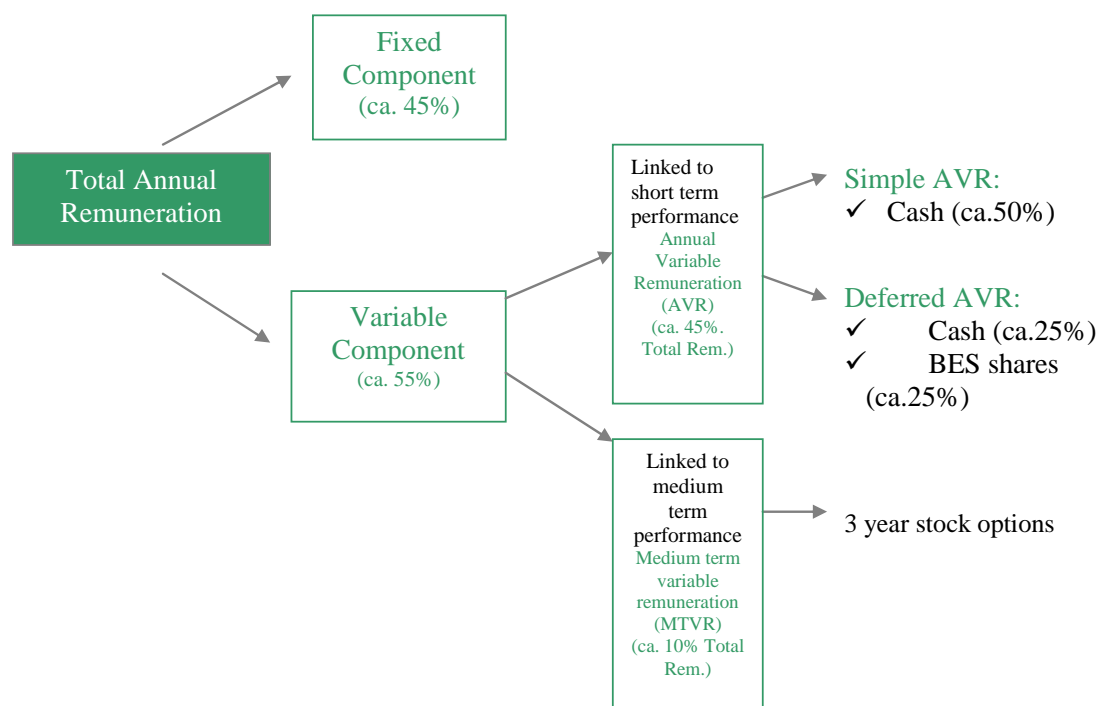
The remuneration of the non executive members of the Board of Directors only comprises a fixed component.

The remuneration of the members of the Executive Committee is set by the Remuneration Committee up to the end of April of every year, based on the assessment of the performance in the previous year. This remuneration consists of a fixed component, and as appropriate, a variable component (see Point II.31 for the Remuneration Committee's decision concerning the year 2011).

The fixed component (consisting of the salary of the members of the Executive Committee, plus the supplements that are attributed to all the employees of the Bank, such as seniority payments or other allowances) shall be subject to the limits established by the Remuneration Committee and represent approximately 45% of the Total Annual Remuneration.

The General Meeting of March 2011 determined that the variable component established for 2011 would be subject to an upper limit corresponding to 1.4% of the consolidated earnings of BES Group, notwithstanding the general limit set forth in Article 24 of the company's bylaws (2% of BES Group's consolidated net income).

The exact amount of the variable component will change in each year in accordance with the level of achievement of the main annual objectives set in the annual budget, as approved by the Board of Directors.



The variable component is divided into two sub-components:

A) Short term performance (Annual Variable Remuneration)

The Annual Variable Remuneration (AVR) is linked to short term performance and will correspond to approximately 45% of the Total Annual Remuneration.

The AVR will be calculated at the beginning of each year by the Remuneration Committee, in accordance with the level of achievement of the main annual objectives set in the annual budget for the previous year, as approved by the Board of Directors, concerning: Net Income for the year, Cost to Income (ratio of operating costs to total banking income), and Return on Equity (ratio of net income to equity).

The AVR is divided into a simple portion (Simple AVR), which is paid in cash after the accounts for the year in question have been approved, on the dividend payment date, and another portion that is deferred over a period of up to three years (the Deferred Annual Variable Remuneration (Deferred AVR)).

The Deferred AVR is also divided into two equal parts (one in cash and another in kind, the latter consisting of BES shares), which are paid to the members of the Executive Committee in annual equal instalments over the three years following that in which it was determined.

B) Medium Term Performance (Medium Term Variable Remuneration)

The Medium Term Variable Remuneration (MTVR) is linked to Medium Term Performance and will correspond to approximately 10% of the Total Annual Remuneration.

The MTVR will be determined by the Remuneration Committee at the beginning of each year based on the assessment of the previous year's performance. It will be paid through the attribution of stock options which can only be exercised three years after their date of attribution, thus implying the accrual of their cost over those three years until they are exercised.

The MTVR will be linked to the sustainability of BES's indicators, and calculated in accordance with the global return afforded to the shareholders over three years, such return deriving from dividends paid and stock market capitalisation. The exercise price of the MTVR's underlying Stock Options at the end of the three-year period will be 10% higher than the market price at the beginning of this period.

Applying this assumption of evolution of the share's market price to the reference price used to structure the Stock Options will permit to establish the exercise value of those options and consequently to determine the number of stock options to be attributed each year to each executive director.

The options can only be exercised at maturity, definitively expiring when not exercised on that date.

The Deferred Annual Variable Remuneration (DAVR) is subject to two general limitations: on the one hand, its payment is deferred over a period of three years; on the other hand, in the case of a structural deterioration of BES's performance, any instalments still owing will no longer be due. It is the responsibility of the Remuneration Committee to ascertain and determine that there is a structural deterioration, which among others shall consist in the reduction of return on equity to below 5%.

By definition, the Medium Term Variable Remuneration (MTVR) is limited by the performance of the BES shares. This remuneration will have no value unless the share price increases by at least 10% in the 3-year period.

II.33. Remuneration of the executive members of the Board of Directors:

a) Variable component of the remuneration;

On this subject, please refer to point II.32. above.

b) The corporate bodies responsible for assessing the performance of executive directors;

Under the terms of Article 24 of the Company's bylaws, it is up to the Remuneration Committee to establish the remuneration of BES's directors.

The Remuneration Committee is currently composed of three members, elected by the General Meeting of March 31st, 2008 for a four-year mandate that ended in 2011.

In addition, the Corporate Governance Committee issues an Annual Report containing an assessment of the performance of the Board of Directors *vis-à-vis* the established objectives.

c) Criteria for performance assessment;

The assessment of the executive directors is made against four indicators:

- Cost to Income (ratio of operating costs to total banking income) – an indicator of the Bank's operational activity, this ratio measures its capacity to generate revenues against operating costs;
- Net Income for the year – this indicator translates the contribution to shareholders, already deducted of elements not included in the cost to income, such as the cost of risk, taxes and minority interests;
- Return on Equity (ratio of net income to equity) – this indicator measures the net income generated with the funds invested by the shareholders;
- Stock market capitalisation – an unequivocal indication of the market's assessment of BES's performance, this indicator permits to align the shareholders' perspective to the markets' perspective.

d) Fixed and variable components of the remuneration;

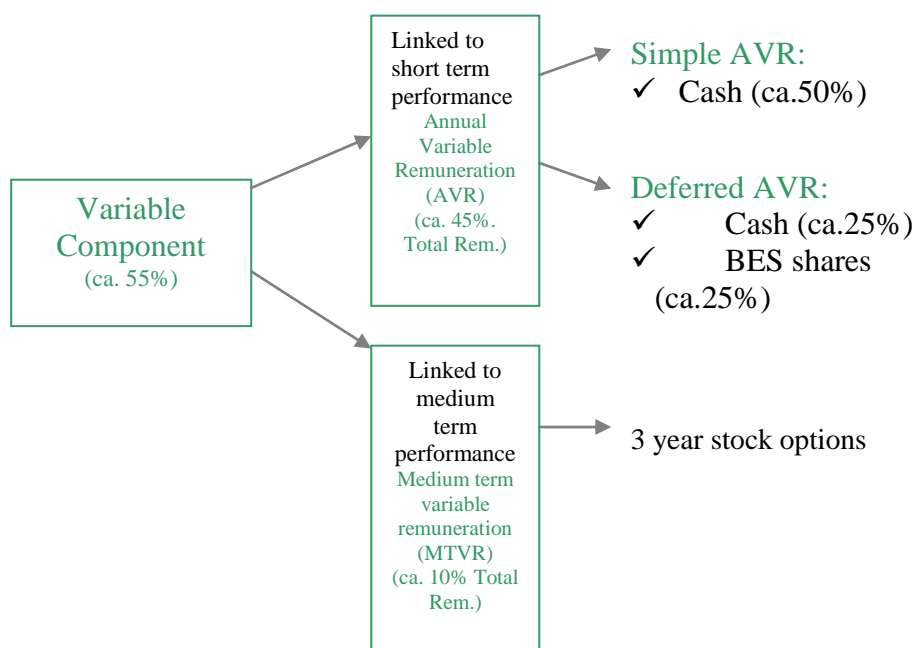
The variable component of the remuneration of the executive Board members is paid in the form of a share in the profits of the Company, which, as referred in point II.32, cannot exceed 2% of BES's consolidated net income for the financial year. In 2011 the executive Board members received a 0.5% share of BES's consolidated net income in 2010, corresponding to EUR 2,584,000.

e) Deferral of the variable component of the remuneration;

The AVR is divided into a simple portion (Simple AVR), which is paid in cash after the accounts for the year in question have been approved, on the dividend payment date, and another portion that is deferred over a period of up to three years (the Deferred Annual Variable Remuneration (Deferred AVR»)).

The Deferred AVR is also divided into two equal parts (one in cash and another in kind, the latter consisting of BES shares), which are paid to the members of the Executive Committee in annual equal instalments over the three years following that in which it was determined.

The Medium Term Variable Remuneration (MTVR) is linked to Medium Term Performance and will correspond to approximately 10% of the Total Annual Remuneration.



f) Payment of the variable remuneration;

The Deferred Annual Variable Remuneration (DAVR) is subject to two general limitations: on the one hand, its payment is deferred over a period of three years; on the other hand, in the case of a structural deterioration of BES's performance, any instalments still owing will no longer be due. It is the responsibility of the Remuneration Committee to ascertain and determine that there is a structural deterioration, which among others shall consist in the reduction of return on equity to below 5%.

By definition, the Medium Term Variable Remuneration (MTVR) is limited by the performance of the BES shares. This remuneration will have no value unless the share price increases by at least 10% in the 3-year period.

g) Criteria for the attribution of the variable remuneration in shares;

The members of the Executive Committee are attributed a variable remuneration payable in kind, through allocation of a certain number of BES shares. These shares, corresponding to the remuneration paid in kind, are divided into three equal blocks and delivered to the members of the Executive Committee in three annual instalments.

The payment in kind is thus partially deferred over three years, with only one third of the number of shares decided by the Remuneration Committee being delivered to the members of the Executive Committee in each year.

The members of the Executive Committee are also attributed stock options, which can only be exercised at the end of a three-year period.

There is no rule in place concerning the retention or maintenance of the shares acquired by the members of the Executive Committee, which can be freely traded upon their delivery or after the exercise of the options.

The regulation of the Board of Directors forbids the performance of any agreements concerning the shares attributed to the members of the Executive Committee, including hedging contracts or other risk transfer contracts.

h) Criteria for the attribution of the variable remuneration in options;

The MTVR will be determined by the Remuneration Committee at the beginning of each year based on the assessment of the previous year's performance. It will be paid through the attribution of stock options which can only be exercised three years after their date of attribution, thus implying the accrual of their cost over those three years until they are exercised.

The MTVR will be linked to the sustainability of BES's indicators, and calculated in accordance with the global return afforded to the shareholders over three years, such return deriving from dividends paid and stock market capitalisation. The exercise price of the MTVR's underlying Stock Options at the end of the three-year period will be 10% higher than the market price at the beginning of this period.

Applying this assumption of evolution of the share's market price to the reference price used to structure the Stock Options will permit to establish the exercise value of those options and consequently to determine the number of stock options to be attributed each year to each director.

i) Annual bonuses and other benefits;

There are no other forms of remuneration in place besides the fixed and variable remuneration described in this remuneration policy.

j) Share in the profits;

There are no other forms of remuneration in place besides the fixed and variable remuneration described in this remuneration policy.

l) Compensation;

No compensation has been paid or is owed to former members of the Executive Committee in relation to early contract terminations.

m) Compensation in case of dismissal without due cause;

Directors are dismissed by the General Meeting. There are no agreements in place that establish amounts to be paid in case of dismissal without due cause and therefore there is no need to envisage contractual restraints on compensation owed to BES directors due to dismissal without due cause.

n) Amounts paid by other Group companies;

The total amount paid in 2011 to members of BES's Board of Directors by other companies of BES Group was EUR 730.000.

o) Complementary pension benefits;

The members of the Board of Directors are entitled to receive retirement pensions or complementary pension benefits if they were members of the Executive Committee.

The main points of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability may be summed up as follows:

- a) The right to receive a retirement pension or complementary pension benefits falls due on reaching sixty five years of age, or twenty five years of professional activity, or in the event of disability, when disability occurs.
- b) The right to receive a retirement pension or complementary pension benefits may be brought forward to the age of fifty five, providing the board member has served on BES' Board of Directors for a minimum period of nine consecutive or non consecutive years. Positions held in the senior management or Board of Directors of the former "Banco Espírito Santo e Comercial de Lisboa, S.A." count for purposes of calculating seniority in the post.
- c) Complementary pension benefits may exist as a way of topping up other retirement schemes that may be granted under any other social security system, to the effect that the total pension reaches one hundred per cent of the last annual gross remuneration.

In any case, retirement pensions or complementary pension benefits shall never exceed the pensionable salary of the board member in question, although they may be of a lower amount. The pensionable salary corresponds to the sum of the fixed annual remuneration and the variable remuneration received by the Board member in question in the year immediately preceding the year of retirement, deducted of any annual pension paid by any other social security system, as well as of the seniority payments received by that Board member. The variable remuneration shall correspond to at least the amount of the average variable remuneration received in the last twelve years by the Board member in question at retirement date.

The complementary retirement or survivor's pension benefits paid by the company shall be updated annually in accordance with the global percentage of increase of the remuneration of the Board members in active service, such as established by the Remuneration Committee; however the update rate may never be lower than the rate of change of the consumer price index or higher than twice that rate.

The current version of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability was approved by the General Meeting of Shareholders held on November 11th, 2011.

p) Non-financial benefits;

There are no non-financial benefits attributed to the members of the Board of Directors.

q) Mechanisms to prevent contracts that call into question the grounds for the variable remuneration.

The regulation of the Board of Directors forbids the performance of any agreements concerning the shares attributed to the members of the Executive Committee, including hedging contracts or other risk transfer contracts.

II.34. Remuneration of the non executive directors

Reference to the fact that the remuneration of the non executive directors does not include variable components.

Only the members of the Executive Committee of the Board of Directors earn a variable remuneration, which is set by the Remuneration Committee and approved by the General Meeting. All other members of the corporate bodies earn a fixed remuneration.

II.35. Irregularities disclosure policy

Information on the irregularities disclosure policy adopted by the Company.

The broad guidelines of BES's policy for the reporting of irregularities are given below:

- a) Complementary nature: the reporting of irregularities by BES employees shall only take place when the institutional mechanisms (audits and inspections) fail to function or do not function in a timely manner;
- b) Universal nature: all BES employees are subject to the obligation to inform.
- c) Anonymous reporting: anonymous communications shall not be admitted or taken into account, however absolute confidentiality is guaranteed with regard to the identity of the reporting employee, providing he/she so requests.
- d) Non retaliation: no measures whatsoever shall be taken against employees who report irregular behaviours. However, they should bear in mind that when reporting such practices, specific behaviours and the alleged cause of irregularity must be indicated, no vague allegations against people being admitted;
- e) Entity that collects the notifications: the Audit Committee, under the terms of the law. Notifications can be addressed in any form;
- f) Entity that investigates the notifications: depending on the matter in hand, the Audit Committee entrusts the investigation process to the Internal Audit Department or to the Compliance Department;
- g) Notifications file: notifications that clearly lack credibility are immediately destroyed. When an internal investigation process occurs, they are filed and remain confidential until the respective processes are

concluded. When the investigations do not lead to further proceedings, whether disciplinary or legal, the notifications are destroyed within 3 months of the date of conclusion of the investigation.

II.36. Identification of the members of the Corporate Governance Committee

Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive directors, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the director position.

BES's Corporate Governance Committee has the following composition (see II.1 and II.16):

Isabel Maria Osório de Antas Mégre de Sousa Coutinho (Chairman)

Nuno Maria Monteiro Godinho de Matos

José de Albuquerque Epifânio da Franca⁷

II.37. Number of meetings held by the committees

Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings.

The Executive Committee held 81 meetings and the Audit Committee 11 meetings. The Corporate Governance Committee held 5 meetings. Minutes were drawn up of all these meetings.

⁷ Board member Mr. José de Albuquerque Epifânio da Franca resigned his position in January 2012, effective at the end of February.

II.38. Remuneration Committee

Reference to the fact that one member of the remuneration committee has knowledge and experience in remuneration policy issues.

BES's Remuneration Committee, elected by the General Meeting of March 31st, 2008 for the 2008/2011 four-year mandate, has the following composition:

Rita Maria Lagos do Amaral Cabral

A practicing lawyer, Rita Maria Lagos do Amaral Cabral is a partner and director in Sociedade Amaral Cabral & Associados, a law firm; she is invited assistant professor at the Law School of the Portuguese Catholic University, member of the National Ethics Council for the Life Sciences and a non executive director of Cimigest, SGPS, S.A. and Semapa – Sociedade de Investimento e Gestão, SGPS, S.A..

Daniel Proença de Carvalho

A practising lawyer, Daniel Proença de Carvalho was Chairman of the Strategic Board of Hospital Amadora-Sintra Sociedade Gestora, S.A from 2007 to 2008, and is currently Chairman of the Board of Directors of ZON Multimédia, Chairman of the Advisory Board of Explorer Investments - Sociedade de Capital de Risco, a venture capital firm, member of the Board of Directors or SINDCOM - Sociedade de Investimentos na Indústria e Comércio and Chairman of the Board of Curators of the D. Anna de Sommer Champalimaud e Dr. Carlos Montez Champalimaud Foundation since 2005.

Jacques dos Santos

Senior Partner with MAZARS AUDITORES PORTUGAL since 1991, Jacques dos Santos was Chairman of BES's Fiscal Board from 1992 to 2006 and is Chairman of the Fiscal Board of BESPARG since 1992. He is also Chairman of the Fiscal Boards of Fromageries BEL (since 1995) and Solubema – Sociedade Luso-Belga de Mármore (since 1993). He is a member of the Fiscal Board of ESAF – SGPS SA.

All the members of the Remuneration Committee have knowledge and experience in remuneration policy issues.

II.39. Independence of the members of the Remuneration Committee

Reference to the independence of natural or legal persons with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.

None of the members of the Remuneration Committee is a member of BES's Board of Directors or has any family connection with any of its members.

In 2010 the Remuneration Committee commissioned Mercer Ltd, an independent consultancy firm, to make a survey on current executive compensation practices and respective remuneration structures, making a comparison between the remuneration of BES's executive directors and the remunerations paid by a group of financial institutions of similar size and stock market capitalisation, taken as a benchmark by that consultancy firm. This survey was taken as the basis for the proposals on BES's remuneration policies submitted by the Remuneration Committee to the 2010 and 2011 Annual General Meetings.

Said consultancy firm provides additional services to BES in the area of human resources.

III. Information and Auditing

III.1. Equity structure

The equity structure including those shares that are not admitted to trading, the different categories of shares, rights and duties of these shares and the equity percentage that each category represents.

BES has share capital of EUR 4,030,232,150.40, represented by a total of 1,461,240,084 ordinary, book-entry, registered shares with no par value. BES shares are listed on the NYSE Euronext Lisbon.

BES does not have:

- a) capital subscribed and not paid up or non-issued authorised capital;
- b) convertible bonds, warrants and/or shares conferring special rights or privileges;
- c) forms of exponentially increasing the influence of shareholders, or figures such as golden shares or priority shares;
- d) shareholder agreements on the exercise of voting rights, as far as BES is aware;
- e) shares carrying multiple voting rights;
- f) limits on the exercise of voting rights;
- g) statutory restrictions on the acquisition or transferability of shares;
- h) Since the Extraordinary General Meeting of June 9th, 2011, which approved a partial amendment of the articles of association, the Board of Directors is authorised, upon favourable opinion of the Audit Committee, to increase the share capital through cash contributions, one or more times, through the issuance of ordinary shares or preferential shares, redeemable or non-redeemable, under the terms and conditions to be defined. The maximum amount authorized, in addition to the share capital amount, is of EUR 7,500,000,000.00, this authorisation being valid for a period of five years.

BES Group also has 215,621 non-voting preference shares issued by the subsidiary BES Finance, Ltd. (a wholly owned subsidiary of BES) with nominal value of EUR 1,000 each. This issue is fully guaranteed by BES. These preference shares are listed on the Luxembourg Stock Exchange.

III.2. Qualified holdings

Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.

QUALIFIED STAKES	31 December 2011	
	N Shares	% Voting Rights
ESPIRITO SANTO FINANCIAL GROUP, S.A (Luxembourg)		
- directly	33 192 388	2.27%
- through BESPARG, SGPS, S.A (controlled by Espírito Santo Financial (Portugal), SGPS, S.A., fully owned by Espírito Santo Financial Group S.A)	511 434 029	35.00%
- through members of its Board of Directors and Supervisory Bodies	3 655 298	0.25%
- through companies controlled directly and indirectly and/or members of its Board of Directors and Supervisory Bodies	8 166 666	0.56%
Total attributable	556 448 381	38.08%
CRÉDIT AGRICOLE, S.A (France)		
- directly	126 076 650	8.63%
- through BES Vida - Companhia de Seguros	25 005 812	1.71%
Total attributable	126 076 650	10.34%
BRADPORT, SGPS, S.A*		
- directly	70 583 333	4.83%
Total attributable	70 583 333	4.83%
SILCHESTER INTERNATIONAL INVESTORS LIMITED (UK)		
- directly	82 852 227	5.67%
Total attributable	82 852 227	5.67%
PORTUGAL TELECOM, SGPS, S.A		
- through PT Prestações - Mandatária de aquisições e gestão de bens, S.A.	30 585 108	2.09%
- through members of its Board of Directors and Supervisory Bodies	129 056	0.01%
Total attributable	30 714 164	2.10%
ESPIRITO SANTO ACTIVOS FINANCEIROS, SGPS, S.A.		
-through ES Premium Fund	32 873 372	2.25%
Total attributable	32 873 372	2.25%

* Portuguese company fully owned by Banco Bradesco (Brasil)

III.3. Shareholders with special rights

Identification of the shareholders that detain special rights and a description of those rights

No shareholders detain special rights.

III.4. Transferability of shares

Possible restrictions on share-transfer, i.e. consent clauses for their disposal or restrictions on share-ownership

There are no restrictions to the transfer of shares.

III.5. Shareholder agreements

Shareholder agreements of which the company may be aware and that may restrict the transfer of securities or voting rights.

The Company is unaware of any shareholder agreements such as may restrict the transfer of securities or voting rights.

III.6. Amendment of BES's bylaws

Rules applicable to the amendment of the bylaws.

As a rule, any amendment of BES's bylaws, namely concerning resolutions on changes to the share capital, must be submitted to the General Meeting, for approval.

However, the Extraordinary General Meeting of June 9th, 2011 approved a partial amendment to the company's articles of association to the effect of authorising the Board of Directors to, upon favourable opinion of the Audit Committee, increase the share capital through cash contributions, one or more times, through the issuance of ordinary shares or preferential shares, redeemable or non-redeemable, under the terms and conditions to be defined. The maximum amount authorized, in addition to the share capital amount, is of EUR 7,500,000,000.00, this authorisation being valid for a period of five years.

Resolutions concerning changes in the articles of association must be approved by two thirds of the votes expressed, whether the General Meeting is held on first or second call. When held on first call, the General Meeting can only pass resolutions if Shareholders holding at least fifty per cent of the share capital are present or represented. When held on second call, the General Meeting may pass resolutions regardless of the number of Shareholders present or the percentage of the share capital represented by them.

III.7. Control mechanisms

Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.

No such control mechanisms exist.

III.8. Evolution of BES's share price

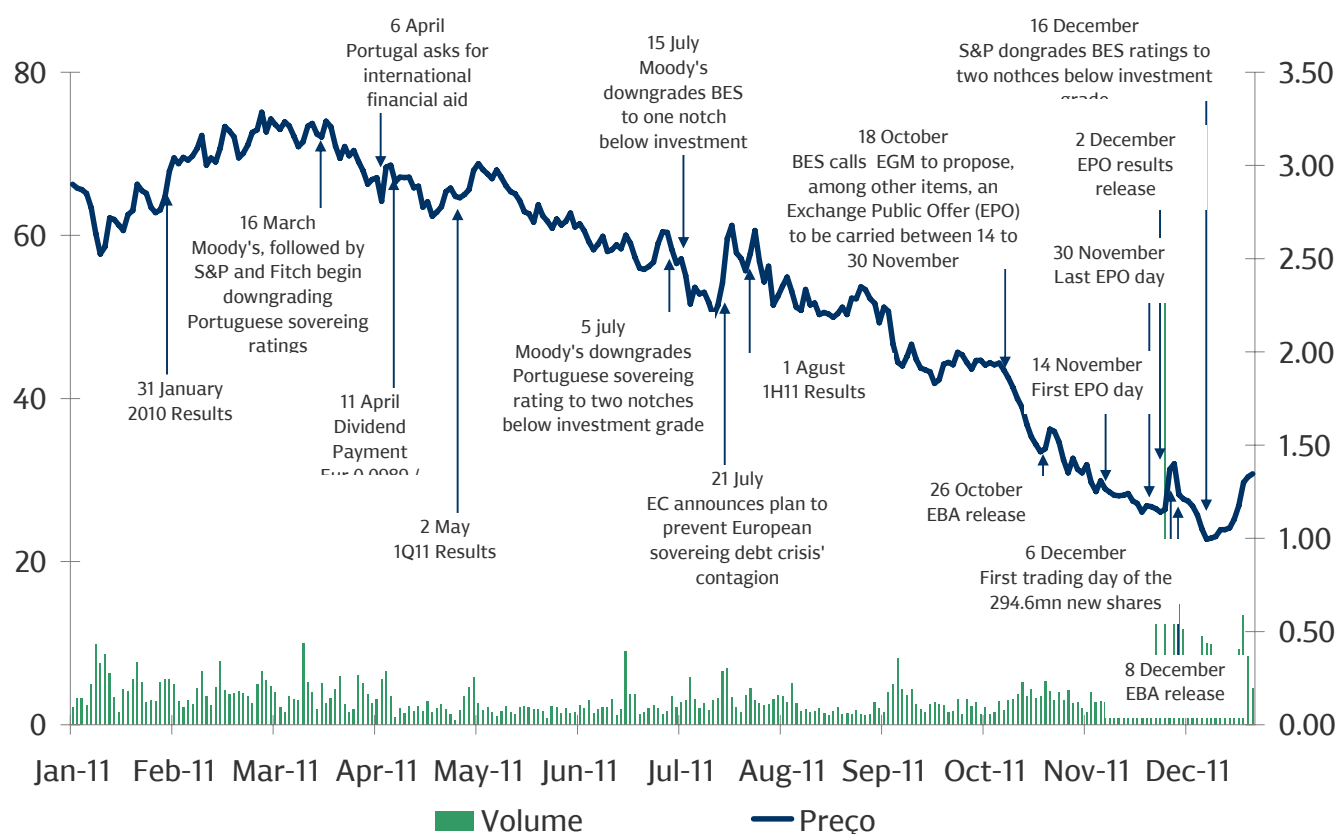
Description concerning the evolution of the issuer's share price and taking the following into account: a) The issuance of shares or other securities that entitle to subscription or acquisition of shares; b) The announcement of results; c) The dividend payment for each share category including the net value per share.

The sovereign debt crisis and its ramifications were the key factor in market's negative performance in 2011, mainly affecting the European banking sector, which underperformed general markets. The Portuguese banking sector was no exception, especially after Portugal's request for international financial assistance. At the end of 2011 BES shares were outperforming the Portuguese banking sector. On December 30th, 2011 BES was the largest Portuguese listed bank, with a market cap of EUR 1,973 million (close price at December 30th, 2011: EUR 1.35).

The agreement entered with the European Union, the European Central Bank and the International Monetary Fund concerning the programme of financial assistance granted to Portugal established a set of economic adjustment measures that also included the adjustment of the national banking sector. In this context, and specifically in what concerns the banking sector's solvency levels, the Bank of Portugal, in agreement with the European Union, the European Central Bank and the International Monetary Fund require that Portuguese banks have a minimum Core Tier I ratio of 9% in December 2011 and 10% in December 2012.

To meet these requirements, namely a Core Tier I ratio of 9% in December 2011, BES carried out a capital increase in the form of an exchange offer of shares for bonds totalling EUR 619 million, which took place from November 14th to 30th. After conclusion of this operation, on December 6th, 2011, 249.6 million new shares were issued and listed, increasing BES's share capital to EUR 4,030,232,150.40, represented by 1,461,240,084 shares with no par value.

BES share price and trading volume in 2011



III.9. Dividend policy

Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.

In drawing up the dividend distribution proposal to be submitted to the General Meeting, the criterion followed by the Board of Directors is to establish a balanced relation between financial strength (reinforcement of solvency ratios through the retention of earnings) and an adequate remuneration to shareholders.

The Board of Directors will submit to the General Meeting, for approval, a proposal to include the net loss determined for the 2011 financial year (individual accounts), in the amount of EUR 133,089,418.85, under the balance sheet item “Other Reserves and Retained Earnings”.

Dividend distribution in the last five years:

	Gross dividend (EUR)	Shares outstanding	Gross dividend per Share (EUR)	Payout Ratio	
				Individual	Consolidated
2007	240 000 000	500 000 000	0.480	48.5%	39.5%*
2008	80 000 000	500 000 000	0.160	37.8%	19.9%
2009	163 333 333	1 166 666 666	0.140	44.3%	31.3%*
2010	147 000 000	1 166 666 666	0.126	57.42	28.8%
2011	NA	1 461 240 084	NA	NA	NA

* Excluding non recurrent items (extraordinary results) the consolidated payout ratio would be 43.0% in 2007 and 35.4% in 2009.

III.10. Share and stock option plans

Description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

Indication of (a) the number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question; (b) the number of allotted, exercisable and extinct shares during the year; (c) the General Meetings' appraisal of the plans adopted or in force during the period in question.

As referred in point I.17 (see also II.32 and II.33), the General Meeting of April 6th, 2010 approved two "Variable Remuneration Plans based on Financial Instruments", one applying to the members of BES's Executive Committee, and the other to the Bank's senior officers. These plans were implemented for the first time in 2011, only applying to the members of the Executive Committee.

III.11. Transactions between the company and members of the management and supervisory bodies, owners of qualified holdings, or companies in a control or group relationship

A description of the main data on business deals and transactions carried out between the company and the members of the management or supervisory bodies, the owners of qualified holdings or companies in a control or group relationship in an amount that is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.

All the business deals and transactions carried out by the Company with members of its Board of Directors and Audit Committee, with holders of qualified stakes or with companies under a parent-subsidiary or group relationship with it are cumulatively undertaken under normal market conditions for similar operations and are part of the Bank's day-to-day activity.

III.12. Description of the business deals and transactions carried out between the company and owners of qualifying holdings outside normal market conditions

A description of the main data on business deals and transactions carried out outside normal market conditions between the company and owners of qualifying holdings or entities under any type of relationship with the latter, as envisaged in article 20 of the Securities Code.

No such business deals and transactions exist.

III.13. Procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings

A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entities under any type of relationship with the latter, as envisaged in article 20 of the Securities Code.

The granting of credit to members of the corporate bodies, where such is permitted, or to holders of qualifying holdings in BES, is always dependent upon the approval of each specific transaction by a qualified majority of at least three thirds of the votes of the members of the Board of Directors, and the favourable opinion of BES's Audit Committee. This rule has not been formally extended to other business deals of significant importance.

This rule applies to all credit institutions subject to supervision by the Bank of Portugal.

III.14. Statistical data on the business deals subject to preliminary opinion by the supervisory body

A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory body.

In 2011 the Audit Committee issued preliminary opinions on three loans totalling EUR 6.55 million, in the average amount of EUR 2.18 million each, the maximum amount being EUR 5 million. These loans were granted to a non executive member of the Board of Directors and to companies fully owned, directly or indirectly, by this director and members of his family.

III.15. Audit Committee Activity Report

Indication of the availability on the company's website, of annual reports on the activity carried out by the general and supervisory board, the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.

The annual report on the activity carried out by the Audit Committee is available at www.bes.pt/ir.

III.16. Investor Relations

Reference to an Investor Assistance Unit or a similar service, describing:

- a) the role of said office;*
- b) type of information made available;*
- c) access means to said office;*
- d) the company's website;*
- e) the market liaison officer's credentials.*

Investor Relations communicates to the market all the information on results, events or any other facts concerning BES Group that may be of interest to the financial community in general, and replies directly to any requests for information made by shareholders, investors and analysts. It is also responsible for coordinating the information provided to the international rating agencies, and for BES's relationship with the Portuguese Securities Market Commission (CMVM).

Investor Relations regularly issues presentations, notices or press releases on quarterly, interim and annual results, as well as on any other facts concerning the life of the Company that may be of interest to the financial community in general, and to the shareholders and investors in particular. Regular meetings are also arranged with shareholders and potential investors. BES also participates in a number of international conferences organised by investment banks.

The website (www.bes.pt/investidor for information in Portuguese and www.bes.pt/ir for information in English) as well as "ValorBES", a quarterly newsletter for shareholders, are used as favoured tools for disclosing relevant information about BES Group. In addition to information of obligatory disclosure in Portuguese and English, BES also publishes in its website extensive financial information of interest to shareholders and potential investors. The company's corporate governance model and practices, including information about the general meetings, and a calendar of company events, can also be found on BES's website.

In addition to the website, e-mail (accionista@bes.pt or investor.relations@bes.pt) is also used to answer or clarify questions addressed to BES.

Shareholders, investors and analysts may contact the Investor Relations Office to:

Elsa Santana Ramalho
Avenida da Liberdade, 195 – 11.º
1250-142 Lisboa
Portugal
Tel. / Fax: (351) 21 359 7390 / (351) 21 359 7001
E-mail: investor.relations@bes.pt
Website: <http://www.bes.pt/ir>

III.17. Value of services provided by the external auditor / statutory auditor («EA/SA»)

Indication of the annual remuneration paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any legal person under a parent-subsiary or group relationship with it and the percentage of the total amount paid for the following services:

- a) statutory account review services;*
- b) other reliability assurance services;*
- c) tax consultancy services;*
- d) other non audit services.*

A description of the auditor's independence safeguarding measures is required, should the auditor provide any of the services described in subparagraphs c) and d).

For the purposes of this information, the 'network' concept derives from the European Commission Recommendation No. C (2002) 1873 of 16th May.

The table below lists the services provided to BES Group by the EA/SA and the remuneration paid for these services:

	(Amounts in Euro)			
	2011	%	2010	%
Audit and legal review of the accounts services	2 603 884	46%	2 303 896	41%
Other reliability assurance services related to the statutory auditing function	1 543 934	27%	1 567 367	28%
1. Total Audit services	4 147 818	73% [▼]	3 871 263	69%
Tax consulting services	590 558	10%	644 813	12%
Other, non audit services	949 294	17%	1 067 122	19%
2. Total other services	1 539 852 [▼]	27%	1 711 935	31%
	5 687 670 [▼]	100%	5 583 198	100%

In the table above, 'Other reliability assurance services' refer exclusively to the function performed by KPMG as the EA/SA of BES Group, and therefore the amount paid for these services was added to the amount of fees paid for 'Audit and legal review of the accounts service' in order to calculate the total amount of the annual remuneration paid for auditing services provided by the EA/SA or other entities that belong to the same network or are under a parent-subsiary or group relationship with it (the 'network' concept derives from the European Commission Recommendation No. C (2002) 1873 of 16th May).

Auditing services represented 73% of the total fees paid in 2011 to KPMG and related entities by BES Group in Portugal and in other countries. The other 27% concern tax consultancy services (10%) and other non audit services (17%), the latter mainly relating to technical support provided within the scope of the Basel II and Solvency II projects, other regulatory issues, and also sustainability-related services.

The award to KPMG or related entities of non-audit services requested by BES Group entities is subject to previous assessment and approval by BES's Audit Committee, which to this end not only takes into account (i) the invoked operational and risk/return optimisation advantages of awarding these services to KPMG, but also (ii) confirms that not only the nature of the services to be provided but also the amount of these services relative to the total amount of the annual fees paid by BES Group to KPMG does not affect the independence of KPMG as the external auditors/statutory auditors of BES Group, namely with regard to compliance with CMVM Recommendation III.1.5 set forth in its Corporate Governance Code.

In 2011 the value of non-audit services did not exceed the formal limit of 30% of the total value of services provided to the company. BES therefore considered this Recommendation as complied with.

Responsibility for the means of safeguarding the independence of the EA/SA lies both with BES Group and with KPMG, and may be summed up as follows:

a. At BES Group level

Viewing compliance with the rules or recommendations on the independence of the EA/SA, BES's Audit Committee has defined a set of criteria that must be followed in the approval of non-audit services to be provided by KPMG to BES Group.

Accordingly, all proposals concerning the provision of tax consultancy or other non-audit services must obligatorily be subject to the analysis and prior approval of the Audit Committee with a view to safeguarding the professional independence of the External Auditors.

For practical reasons, the Audit Committee has defined a set of non-audit services which, on account of their nature, do not require prior analysis and approval providing that the remuneration paid for such services falls below a pre-established amount. However, the Audit Committee has also determined not only that it must obligatorily be informed of these automatically approved proposals, for ratification, on a quarterly basis, but also that all the proposals submitted by the EA/SA concerning the provision of non-audit services whose remuneration exceeds the pre-established limit and/or which, due to their nature, are not liable to automatic approval be subject to prior analysis and approval by that

Committee. In addition, the Audit Committee maintains a permanent monitoring of the relative value of KPMG's fees for non-audit services, which is regularly validated by KPMG, in order to guarantee that the annual limit of 30% recommended by the CMVM, as referred above, is not surpassed.

b. At the level of BES Group's Statutory Auditor/External Auditor («EA/SA»)

KPMG, BES Group's EA/SA, has drawn up specific internal instructions concerning the procedures that must obligatorily be followed by all the entities included in their professional network whenever they propose to provide services to any entity of the BES Group. To this end, the network concept deriving from the European Commission Recommendation No. C (2002) 1873 of 16th May was adopted.

In addition, the international network to which KPMG belongs has implemented an intranet service (called "Sentinel") under which no service can be provided by any entity of that network to any client with listed securities without the previous authorisation of the Global Lead Partner responsible for that client. This procedure obliges any partner of KPMG, or of any other entity belonging to the same professional network, which proposes to provide a service to an audit client, to previously request the respective Global Lead Partner's authorisation to provide that service. In that request for authorisation, the KPMG's partner responsible for submitting the proposal to the client is obliged to justify the reasons why it considers that not only the nature of the service to be provided to the audit client does not jeopardise the independence of KPMG in relation to that client, but also that it complies with applicable rules on professional risk management.

Furthermore, before authorising the submission of any proposal to provide services to BES Group, KPMG's Global Lead Partner in charge of KPMG's professional relations with BES Group must ascertain if the services to be proposed meet, in terms of their nature and/or value, the pre-approval requirements for non-audit services, and where necessary, take the necessary steps in order to obtain assurance from the BES Group entity to which the proposal is addressed that the independence rules applicable to and adopted by BES Group are strictly complied with. In case of doubt, the Global Lead Partner should also consult with its Risk Management Partner.

Finally, it should also be noted that all these procedures are subject to compliance tests within the scope of the internal Quality Control process carried out every year by KPMG at international level.

III.18. Rotation of the external auditor / statutory auditor

Reference to the external auditor's rotation period

The external auditor concluded its four-year mandate in 2011. The Audit Committee will propose to the 2012 Annual General Meeting, on the basis on an opinion duly substantiated in light of CMVM Recommendation II.1.3., that KPMG & Associados, SROC, SA remain in office for their third 4-year mandate (2012/2015).

Appendix I: Share and bond holdings of the members of the corporate bodies and senior officers as of December 31st, 2011 and list of all transactions carried out by them

Share holdings of the Members of the Corporate Bodies

Shareholder	Shares	Nº of shares as of 31/12/2010	Transactions in 2011				Nº of shares as of 31/12/2011
			date	acquisitions	disposals	unit price (EUR)	
Ricardo Espírito Santo Silva Salgado	BES shares	1 384 333					1 384 333
José Manuel Pinheiro E. S. Silva	BES shares	357 008	12-04-2011	10 000		2.93	367 008
António José Baptista do Souto	BES shares	38 575					38 575
Jorge Alberto Carvalho Martins	BES shares	132 385	15-09-2011		30 000	2.00	102 385
			29-09-2011		9 096	2.00	93 289
			30-09-2011		40 904	2.00	52 385
Aníbal da Costa Reis de Oliveira	BES shares	810 000	05-12-2011	199 999		1.80	1 009 999
			06-12-2011	1		1.30	1 010 000
Manuel F. Moniz G. E.S. Silva	BES shares	2 484					2 484
José Maria Espírito Santo S. Ricciardi	BES shares	21 789					21 789
Jean-Luc Louis Marie Guinoiseau	BES shares	110 363	25-02-2011		33 455	3.20	76 908
			15-06-2011		76 908	2.50	0
Rui Manuel Duarte Sousa da Silveira	BES shares	2 315					2 315
Joaquim Aníbal B. Freixial de Goes	BES shares	88 805					88 805
Ricardo Abecassis Espírito Santo Silva	BES shares	50 000					50 000
Amílcar Carlos Ferreira de Morais Pires	BES shares	40 251					40 251
			13-10-2011	25*		1.90	40 276
João Eduardo Moura Silva Freixa	BES shares	30 000					30 000
Pedro Mosqueira do Amaral	BES shares	0	02-08-2011	70 000		2.62	70 000

* shares attributed for 25 years in BES

Bond holdings of the Members of the Corporate Bodies

Bondholder	Securities	Nº of securities as of 31/12/2010	Transactions in 2011				Nº of securities as of 31/12/2011
			date	acquisitions	disposals	unit price (EUR)	
Alberto Alves de Oliveira Pinto	BES Finance (XS0485879414)	0	11-04-2011	151 000		70.00%	
			26-10-2011		151 000.00	70.1397%	0
	BES Finance (XS0466899688)	0	13-04-2011	150 000		70.0050%	150 000
	BES Finance (XS0485879414)	0	20-05-2011	141 000		70.0050%	141 000
	BES Finance 08/11 (XS0515816956)	0	08-08-2011	35 000		70.0050%	35 000
	BES Finance 10/11 (XS0550967169)	0	26-10-2011	152 000		70.0016%	152 000
José Manuel Espírito Santo Silva	BES 5,625% DUE Junho 2014	200 000					200 000
	BES Finance (XS0497310606)	0	29-04-2011	284 000		70.0083%	284 000
			27-07-2011		284 000	70.0807%	0
António José Baptista do Souto	BES 3,75% 19-01-2012	50 000					50 000
	BES 5,625% DUE Junho 2014	50 000					50 000
	BES Finance (XS0442126925)	282 000					282 000
	BES Finance 08/11 (XS0466899688)	0	26-08-2011	208 000		70.0066%	208 000
	BES Finance (XS0550967169)	142 000	27-07-2011		142 000	70.2092%	0
	BES Finance (XS0493522048)	206 000	26-08-2011		206 000	70.2563%	0
Jorge Alberto Carvalho Martins	BES 2009/ 05-06-2014	250 000					250 000
Aníbal da Costa Reis de Oliveira	BESI 8,5%	116 000	05-12-2011		116 000	100%	0
	BES Finance 02/07/2014	400 000	05-12-2011		400 000	61%	0
	BES DUE 2012	0	26-09-2011	250 000		96,25%	250 000
	BES 5,625% DUE Junho 2014	400 000					400 000
	BES Finance 07/02/2035	200 000					200 000
Rui Manuel Duarte Sousa da Silveira	BES Fiannce (XS0505467729)	138 000	27-07-2011			70.1172%	0
	BES Finance (XS0500975957)	0	27-07-2011	240 000		70.0000%	240 000
			26-10-2011		240 000	70.1915%	0
Joaquim Aníbal B. Freixial de Goes	BES 3,75% 19-01-2012	0	03-10-2011	200 000		99.0000%	200 000
			10-10-2011		150 000	99.0000%	50 000
	BES 5,625% DUE Junho 2014	0	03-01-2011	1			1
	BES Finance (XS0493522048)	261 000	26-08-2011		261 000	70.2563%	0
Amílcar Carlos Ferreira de Morais Pires	BES DUE 3,875% 2015	250 000					250 000
	BES DUE 5,625% Junho 2014	250 000					250 000
José Manuel Ruivo da Pena	BES Finance 2035	60 000					60 000
	BES Finance 6,25%	50 000	17-05-2011		50 000	100%	0
	BES Finance	358 000	25-02-2011		358 000	25.4343%	0
	BES DUE 2012	0	02-09-2011	50 000		96.3000%	50 000
	BES DUE 2013	0	02-09-2011	50 000		83.6000%	50 000
	BES Finance (XS0544432007)	0	25-02-2011	98 000		70.0016%	98 000
	BES Finance (XS0466899688)	0	25-08-2011	70 000		70.0050%	700 000
			26-08-2011		70 000	70.2123%	0
	BESFinance (XS0515816956)	0	20-05-2011	116 000		70.0050%	116 000
			26-08-2011		116 000	70.1546%	0
João Eduardo Moura Silva Freixa	BES DUE 2012	0	12-12-2011	400 000		98.4000%	400 000

List of all transactions carried out in the 2nd Halfo of 2011

	date	transaction	deal nº	nº of shares	price
Aníbal da Costa Reis de Oliveira	06-12-2011	acquisition	1075	1	1.302
Jorge Alberto Carvalho Martins	15-09-2011	disposal	685	2 000	2
			686	651	2
			687	2 282	2
			688	3 327	2
			689	3 813	2
			690	2 210	2
			691	2 500	2
			694	2 000	2
			704	2 000	2
			705	9 217	2
	29-09-2011	disposal	704	4 096	2
			705	5 000	2
	30-09-2011	disposal	93	10 000	2
			94	9 400	2
			95	21 504	2
Carlos Manuel Garcia Calvário	09-11-2011	disposal	603	312	1.312
			604	1 674	1.311
			605	1 510	1.311
			606	1 389	1.311
			607	458	1.311
			608	200	1.31
			609	1 000	1.31
			617	7 231	1.31
			618	500	1.31
			621	1 065	1.31
			690	10 938	1.31

Appendix II: Remuneration Policy of the Corporate Bodies

Remuneration Policy of the Corporate Bodies of Banco Espírito Santo, S.A.

(«BES»)

1. Procedure for the approval of the remuneration policy

a) Approval

The remuneration policy of BES's corporate bodies was approved by the Remuneration Committee on February 25th, 2010.

b) Mandate of the Remuneration Committee

Under the terms of Article 24 of the Company's bylaws, it is up to the Remuneration Committee to establish the remuneration of BES's directors.

The Remuneration Committee is currently composed of three members, elected by the General Meeting of March 31st, 2008 for a four-year mandate.

c) Composition of the Remuneration Committee

Rita Maria Lagos do Amaral Cabral

A practicing lawyer, Rita Maria Lagos do Amaral Cabral was a founder and is the Director of Sociedade Amaral Cabral & Associados, a law firm; she is invited assistant professor at the Law School of the Portuguese Catholic University, member of the National Ethics Council for the Life Sciences and a non-executive director of Cimigest, SGPS, S.A. and Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.

Daniel Proença de Carvalho

A practising lawyer, Daniel Proença de Carvalho was Chairman of the Strategic Board of Hospital Amadora-Sintra Sociedade Gestora, S.A. from 2007 to 2008, and is currently Chairman of the Board of Directors of ZON Multimédia, Chairman of the Advisory Board of Explorer Investments - Sociedade de Capital de Risco, a venture capital firm, member of the Board of Directors of SINDCOM - Sociedade de Investimentos na Indústria e Comércio and Chairman of the Board of Curators of the D. Anna de Sommer Champalimaud e Dr. Carlos Montez Champalimaud Foundation since 2005.

Jacques dos Santos

Partner and Senior Partner with MAZARS AUDITORES PORTUGAL since 1991, Jacques dos Santos was Chairman of the Fiscal Board of Banco Espírito Santo from 1992 to 2006 and is Chairman of the Fiscal Board of BESPAS since

1992. He is also Chairman of the Fiscal Boards of Fromageries BEL (since 1995) and Solubema – Sociedade luso-belga de Mármore (since 1993). He is a member of the Fiscal Board of ESAF – SGPS SA.

None of the members of BES's Remuneration Committee is a member of the Board of Directors or has any family connection with any of its members.

A representative of the Remuneration Committee is present in every General Shareholders' Meeting.

d) External Consultants

The external consultant chosen to assist the Remuneration Committee in the definition of the remuneration policy of BES's Corporate Bodies was Mercer Ltd.

This consultancy firm provides other services to BES in the area of human resources.

e) Groups of companies taken as comparison elements

The elements used for comparison were the financial institutions of equivalent size to BES operating in the Portuguese market and a group of financial institutions of similar size and stock market capitalisation to BES, taken from a survey conducted by Mercer Ltd in 2009 entitled "Mercer's Pan European Financial Services Survey".

2. Remuneration of the members of the Board of the General Meeting

The members of the Board of the General Meeting receive a fixed monthly remuneration paid twelve times per year.

3. Members of the Audit Committee

The members of the Audit Committee receive a fixed monthly remuneration paid fourteen times per year.

4. Chairman of the Board of Directors

The Chairman of the Board of Directors receives a fixed monthly remuneration paid twelve times per year.

5. Non executive members of the Board of Directors: non independent directors

The non executive Directors who are not part of the Audit Committee and are not qualified as independent receive a fixed amount attendance fee for each Board meeting attendance.

Non executive Directors who hold executive positions in the management body of companies in a control and/or group relationship with BES, or who carry out specific functions assigned to them by the Board of Directors, may be remunerated by these companies or by BES, in accordance with the nature of these functions.

6. Non executive members of the Board of Directors: independent directors

The non executive members of the Board of Directors qualified as independent directors in accordance to legal criteria receive a fixed monthly remuneration, paid twelve times per year.

7. Members of the Executive Committee

a) Equal remuneration

All the members of the Executive Committee receive the same remuneration, except for the Chairman. However the variable component of the remuneration may differ among the members of the Executive Committee.

b) Composition of the remuneration

The remuneration consists of a fixed component and a variable component.

The remuneration of the members of the Executive Committee is set by the Remuneration Committee up to the end of April of every year, based on the assessment of the performance in the previous year.

c) Remuneration Limits

The fixed component shall be subject to the limits established by the Remuneration Committee, and represents approximately 45% of the Total Annual Remuneration.

The fixed component consists of the salary of the members of the Executive Committee, plus the supplements that are attributed to all the employees of the Bank, such as seniority payments or other allowances.

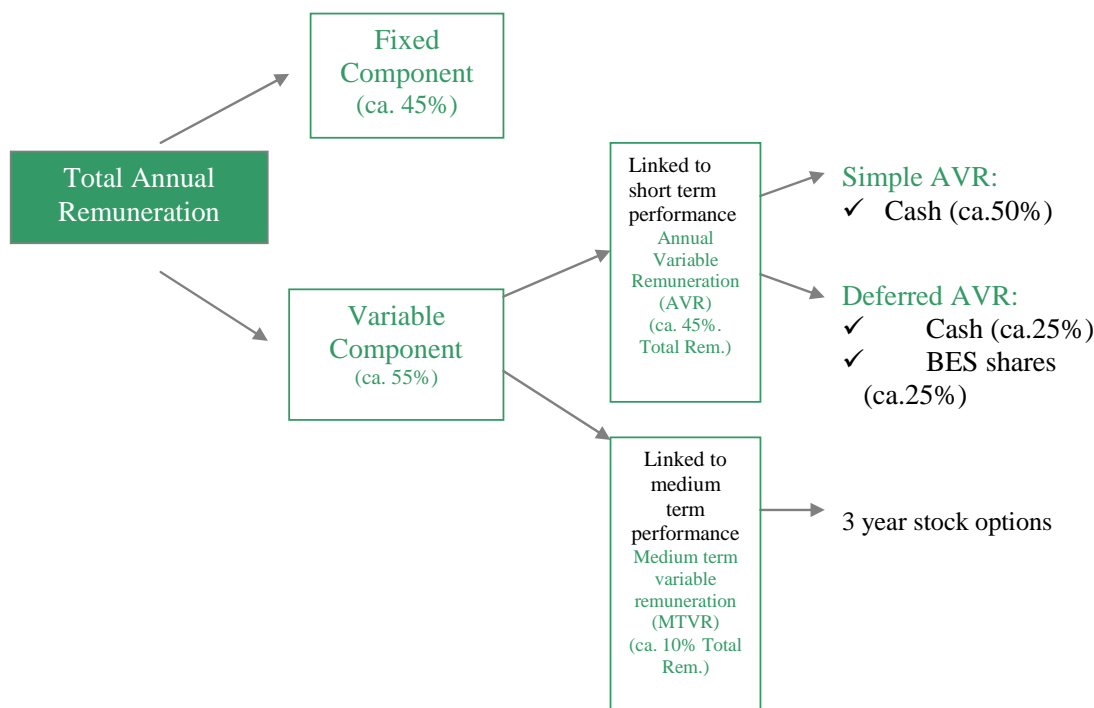
The variable component established for 2012 is subject to an upper limit corresponding to 1.4% of the consolidated earnings of BES Group.

d) Balanced remuneration

The fixed component shall represent at least approximately 45% of the total remuneration, the remaining 55% being attributed as a variable component, providing the requirements for such attribution are met.

Providing that the net results for the year are positive, the exact amount of the variable component will vary in each year in accordance with the level of achievement of the main annual objectives set in the annual budget, as approved by the Board of Directors

e) Criteria for defining the variable component and respective time of payment



The variable component is divided into two sub-components.

A) Short term performance (Annual Variable Remuneration)

The **Annual Variable Remuneration** («AVR») is linked to **short term performance** and will correspond to approximately 45% of the Total Annual Remuneration.

The **AVR** will be calculated at the beginning of each year by the Remuneration Committee, in accordance with the following factors:

- level of achievement of the main annual objectives set in the annual budget for the previous year, as approved by the Board of Directors, concerning: Net Income for the year, Cost to Income (ratio of operating costs to total banking income), and Return on Equity (ratio of net income to equity);
- Performance assessed by non financial criteria, including the individual performance of each member of the Executive Committee (each Executive Committee member has several established areas of responsibility, namely over departments whose performance is measured objectively and quantitatively), the evolution of indicators linked to the sustainability of the Bank's growth (such as the loan to deposits ratio, the Core Tier 1 ratio, the main service quality indicators, as well as compliance with the main rules applying to the institution's activity).

The amount of the AVR will be determined according to the assessment made of the evolution of the aforementioned factors.

In case the Net Income for the year is higher than budgeted, the amount of the AVR will correspond to 1.1% of the Net Income for the year (proportion of the AVR at the upper limit described above for the total variable remuneration, which in 2011 corresponded to 1.4% of the year's net income).

The AVR is divided into an immediate portion («**Immediate AVR**»), which is paid after the accounts for the year in question have been approved, and another portion that is deferred for a period of three years (the **Deferred Annual Variable Remuneration** («**Deferred AVR**»)).

The Immediate AVR and the Deferred AVR are both divided into two equal parts (one in cash and another in kind, the latter consisting of BES shares),

B) Medium Term Performance (Medium Term Variable Remuneration)

The **Medium Term Variable Remuneration** («**MTVR**») is linked to **Medium Term Performance** and will correspond to approximately 10% of the Total Annual Remuneration.

The MTVR will be determined by the Remuneration Committee at the beginning of each year based on the assessment of the previous year's performance. It will be paid through the attribution of stock options which can only be exercised at least three years after their date of attribution, thus implying the accrual of their cost until such time as they are exercised.

The MTVR will be linked to the sustainability of BES's indicators, and calculated in accordance with the global return afforded to the shareholders over the period of its attribution, such return deriving from dividends paid and stock market capitalisation. The exercise price of the MTVR's underlying Stock Options at the end of the exercise period will be 10% higher than the market price at the beginning of this period.

Applying this assumption of evolution of the share's market price to the reference price used to structure the Stock Options will permit to establish the exercise value of those options and consequently to determine the number of stock options to be attributed each year to each director.

C) Regulation on the attribution of Shares and Options

The rules on attribution of shares and stock options to the members of the Executive Committee are set out in a specific Regulation.

f) Mechanisms of Limitation of the Variable Remuneration

The Deferred Annual Variable Remuneration («**DAVR**») is subject to two general limitations: on the one hand, its payment is deferred over a period of three years; on the other hand it will no longer be due in the case of a structural deterioration of BES's performance. It is the responsibility of the Remuneration Committee to ascertain and determine that there is a structural deterioration, which among others shall consist in the reduction of return on equity to below 5%.

By definition, the Medium Term Variable Remuneration («**MTVR**») is limited by the performance of the BES shares. This remuneration will have no value unless the share price increases by at least 10% in the period in question.

g) Criteria for performance assessment

The assessment of the performance of the executive directors will be based on the following financial and non financial criteria:

- **Cost to Income** (ratio of operating costs to total banking income) – an indicator of the Bank's operational activity, this ratio measures its capacity to generate revenues against operating costs.
- **Net Income for the year** – this indicator translates the contribution to shareholders, already deducted of elements not included in the cost to income, such as the cost of risk, taxes and minority interests;
- **Return on Equity** (ratio of net income to equity) – this indicator measures the amount of net income generated as a percentage of the funds invested by the shareholders;
- **Stock market capitalisation** – an unequivocal indication of the market's assessment of BES's performance, it reflects the wealth effectively created for the shareholders. This indicator permits to align the shareholders' perspective to the markets' perspective;
- **Individual performance** of each member of the Executive Committee - this permits to identify the relative contribution of each executive director to BES's overall results; it is objectively assessed through the analysis of the performance of the functions and departments under their responsibility, as well as from their individual contribution to decisions taken collectively;
- **Loan to Deposits Ratio** - this ratio gauges the level of balance of BES's growth trajectory, permitting to assess whether this growth enables compliance with the regulatory requirements concerning the deleveraging of the financial sector;
- **Core Tier 1 Ratio** - the main indicator used to measure solvency from the regulatory standpoint (based on references established both by the Bank of Portugal and the European Banking Authority – EBA);
- **Service Quality Indicators** - these indicators permit to factor in the opinion of BES's client base about the level of protection of their interests;
- **Compliance with the main rules applying to the institution's activity** - this is assessed by the Internal Control functions to identify any lack of conformity in the areas of risk, internal audit and compliance and the measures implemented to remedy such inadequacies, which are reported to the Bank of Portugal.

h) Criteria concerning the retention by the executive directors of shares allocated to them

The members of the Executive Committee are attributed a variable remuneration payable in kind, through allocation of a certain number of BES shares. This payment in kind is deferred for a period of three years.

The members of the Executive Committee are also attributed stock options, which can only be exercised after a period of at least three years.

Up to the end of their term of office, the members of the Executive Committee shall hold, up to a minimum of twice the value of the total annual remuneration, the shares that were acquired by virtue of the payment of the variable remuneration, with the exception of those shares that must be sold for the payment of taxes on the gains of said shares.

i) Criteria governing agreements on the shares attributed

No agreements concerning the shares attributed to the members of the Executive Committee, including hedging contracts or other risk transfer contracts, shall be permitted.

This rule is included in the Internal Regulation of the Board of Directors.

j) Main parameters and rationale for any annual bonus scheme and any other non-cash benefits

There are no other forms of remuneration in place besides the fixed and variable remuneration described in this remuneration policy.

k) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits

There are no other forms of remuneration in place besides the fixed and variable remuneration described in this remuneration policy.

l) Compensation paid or owed to former executive directors in relation to early contract termination

No compensation has been paid or is owed to former members of the Executive Committee in relation to early contract terminations.

m) Contractual limitations on compensation due for directors' dismissal without due cause and relationship with the variable component of the remuneration

There are no agreements in place that establish amounts to be paid to members of the Executive Committee in case of dismissal without due cause.

n) Main characteristics of the supplementary pension or retirement schemes set up for directors, with indication of whether such schemes were submitted to the general meeting for assessment

The members of the Board of Directors are entitled to receive retirement pensions or complementary pension benefits if they were members of the Executive Committee.

The main points of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability may be summed up as follows:

- a) The right to receive a retirement pension or complementary pension benefits falls due on reaching sixty five years of age, or twenty five years of professional activity, or in the event of disability, when disability occurs.
- b) The right to receive retirement pension or complementary pension benefits may be brought forward to the age of fifty five, providing the board member has served on BES' Board of Directors for a minimum period of nine consecutive or non consecutive years. Positions held in the senior management or Board of Directors of the former "Banco Espírito Santo e Comercial de Lisboa, S.A." count for purposes of calculating seniority in the post.
- c) Complementary pension benefits may exist as a way of topping up other retirement schemes that may be granted under any other social security system, to the effect that the total pension reaches one hundred per cent of the last annual gross remuneration.

In any case, retirement pensions or complementary pension benefits shall never exceed the pensionable salary of the board member in question, although they may be of a lower amount. The pensionable salary corresponds to

the sum of the fixed annual remuneration and the variable remuneration received by the Board member in question in the year immediately preceding the year of retirement, deducted of any annual pension paid by any other social security system, as well as of the seniority payments received by that Board member. The variable remuneration shall correspond to at least the amount of the average variable remuneration received in the last twelve years by the Board member in question at retirement date.

The complementary retirement or survivor's pension benefits paid by the company shall be updated annually in accordance with the global percentage of increase of the remuneration of the Board members in active service, such as established by the Remuneration Committee; however the update rate may never be lower than the rate of change of the consumer price index or higher than twice that rate.

The current version of the regulation on the members of the Board of Directors' entitlement to receive retirement pensions or complementary pension benefits for old age or disability was approved by the General Meeting of Shareholders held on November 11th, 2011.

o) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above

There are no non-financial benefits attributed to the members of the Board of Directors.

8. Rules applicable to all the members of the Board of Directors

a) Payments for dismissal or voluntary termination of directors

There are no payments foreseen for the dismissal of directors, and any voluntary termination requires the previous approval of the Remuneration Committee with regard to the amounts in question.

b) Amounts paid in 2011 to the members of the corporate bodies, including amounts paid on any basis by other companies in a group relationship or exercising control over the company

i. Members of the corporate bodies (with the exception of the Executive Committee)

Remunerations 2011
EUR thousand

EUR thousand

	BES			Total BES
	Fixed		Change	
	Salary	Subsidies and other		
Aundit Committee				
José Manuel Ruivo da Pena	246			246
Luis Daun e Lorena	246			246
João Faria Rodrigues	246			246
Total Audit Committee	739	0	0	739
Other non executive Board Members				
Alberto Alves de Oliveira Pinto	185			185
Aníbal da Costa Reis de Oliveira	0	7		7
Manuel Fernando Moniz Galvão Espírito Santo Silva	0	19		19
Nuno Maria Monteiro Godinho de Matos	42			42
Ricardo Abecassis Espírito Santo Silva	0	19		19
Pedro Mosqueira do Amaral	134	22		157
José de Albuquerque Epifânio da Franca	42			42
Isabel Maria Osório de Antas Mégre de Sousa Coutinho	42			42
Michel Joseph Goutorbe	0	4		4
Michel Jacques Mathieu	0	4		4
Vincent Claude Paul Pacaud	0	11		11
Total Other non executive Board Members	446	86	0	532
Board of the General Meeting				
Paulo Manuel de Pitta e Cunha	19			19
Fernão de Carvalho Fernandes Thomaz	12			12
Nuno Miguel Matos Silva Pires Pombo	9			9
Total Board of the General Meeting	40	0	0	40
Remuneration Committee				
Daniel Proença de Carvalho	18			18
Rita Maria Lagos do Amaral Cabral	18			18
Joaquim Jesus Taveira Santos	18			18
Total Remuneration Committee	54	0	0	54
Total Corporate Bodies (excluding executive members)	1 278	86	0	1 364

ii. Members of the Executive Committee

1. The amounts paid in 2011 to the members of the Executive Committee include payments relating to two different financial years: the variable component concerns the distribution of 2010 profits, while the fixed component relates to 2011.
2. The total remuneration paid to the executive Directors in 2011 was 35% lower than in 2010.
3. As shown in the table below, the total remuneration that will be paid in 2012 to the executive Directors will be reduced by 47% compared to the remuneration paid in 2011.

Remunerations 2011 vs. 2012
EUR thousand

	2 011				2 012				Change 2010/2011
	Fixed		Chg	Total BES	Fixed		Chg	Total BES	
	Salary	Subsidies and other			Salary	Subsidies and other			
Ricardo Espírito Santo Silva Salgado	546	2	253	801	546	2	0	548	-32%
José Manuel Pinheiro Espírito Santo Silva	461	2	212	674	461	2	0	463	-31%
António José Baptista do Souto	457	2	212	671	457	2	0	459	-32%
Jorge Alberto Carvalho Martins (1)	454	99	212	765	454	2	0	456	-40%
José Maria Espírito Santo Silva Ricciardi	0	0	0	0	0	0	0	0	
Jean-Luc Louis Marie Guinoiseau (2)	438	57	318	813	0	0	44	44	-95%
Rui Manuel Duarte Sousa da Silveira	454	2	212	668	454	2	0	456	-32%
Joaquim Aníbal Brito Freixial de Goes	454	2	212	668	454	2	0	456	-32%
Pedro José de Sousa Fernandes Homem (2)	452	1	318	772	0	32	44	76	-90%
Amílcar Carlos Ferreira de Morais Pires (1)	454	67	212	733	454	2	0	456	-38%
João Eduardo Moura da Silva Freixa	452	2	212	666	452	2	0	454	-32%
Total Executive Committee	4 621	237	2 372	7 230	3 731	48	88	3 868	-47%

(1) Includes seniority bonuses

(2) Includes adjustment payments and the total amount of the 2012 variable remuneration that had been deferred until 2014

Remunerations 2011
EUR thousand

EUR thousand

	Other BES Group companies			
	Fixed			Total Other
	Salary	Subsidies and other	Chg.	
Ricardo Espírito Santo Silva Salgado				0
José Manuel Pinheiro Espírito Santo Silva				0
António José Baptista do Souto				0
Jorge Alberto Carvalho Martins				0
José Maria Espírito Santo Silva Ricciardi *	451	64	212	727
Jean-Luc Louis Marie Guinoiseau				0
Rui Manuel Duarte Sousa da Silveira				0
Joaquim Aníbal Brito Freixial de Goes				0
Pedro José de Sousa Fernandes Homem				0
Amílcar Carlos Ferreira de Moraes Pires				0
João Eduardo Moura da Silva Freixa		3		3
Total Executive Committee	451	67	212	730

* includes seniority bonus

Concerning the variable remuneration approved in 2011 for the members of the Executive Committee, the Remuneration Committee decided in that same year to defer the payment of 50% of the variable part of the Total Annual Remuneration (the Deferred Annual Variable Remuneration), attributing the remuneration of EUR 2,161,000 with deferred payment in 2012, 2013 and 2014 (one third of the total in each year), subject to there being no structural deterioration in the economic and financial situation, and to attribute a Medium Term Variable Remuneration in the overall amount of EUR 1,130,000 consisting in the allocation of options on BES's shares which can only be exercised three years after their date of attribution (end of March 2014) and providing that the price of the BES shares has risen by at least 10% in the referred 3-year period, all in the following terms:

Eur thousand

	Deferred Cash (2012-2014)	Deferred Stock (2012-2014)	Subtotal	Deferred Options (2012-2014)
Ricardo Espírito Santo Salgado	127	127	253	130
José Manuel Espírito Santo	106	106	212	100
António Souto	106	106	212	100
Jorge Martins	106	106	212	100
José Maria Espírito Santo Ricciardi	0	0	0	100
Jean-Luc Guinoiseau	106	106	212	100
Rui Silveira	106	106	212	100
Joaquim Goes	106	106	212	100
Pedro Homem	106	106	212	100
Amílcar Morais Pires	106	106	212	100
João Freixa	106	106	212	100
Total Executive Committee	1080	1080	2161	1130

Considering that a structural deterioration in the economic and financial situation, as referred above, occurred in 2012 in a context of financial crisis in the Euro Zone and severe restrictions to funding sources, with the national crisis and the strict and demanding deleveraging programme imposed by the Troika leading to a sharp reduction of activity, there will be no payment of the instalments foreseen for 2012 (Chairman of the Executive Committee: EUR 42 thousand in cash and EUR 42 thousand in shares at the market price at the time of attribution; other members of the Executive Committee: EUR 35 thousand in cash and EUR 35 thousand in shares at the market price at the time of attribution), and the deferred instalments shall be suspended for as long as said structural deterioration persists.

Lisbon, February 29th, 2012

The Remuneration Committee

Appendix III : Remuneration policy of the senior officers

REMUNERATION POLICY OF THE SENIOR OFFICERS OF BANCO ESPÍRITO SANTO, S.A. («BES»)

I. Scope of application and fundamental principles

The present remuneration policy applies not only to the senior officers in a broad sense, which include: (i) General Managers, (ii) Advisors, and (iii) Coordinating Managers, regardless of the area in which they carry out their activity, but also to the Management Officers (Managers, Assistant Managers and Deputy Managers) within the strict circle of control functions - Internal Audit, Compliance and Global Risk.

In fact, it is easy to understand that, besides the members of the corporate bodies, in the specific case of BES these officers are those whose performance has a material impact on the Bank's risk profile.

II. The remuneration policy of BES's senior officers

1. Procedure for the approval of the remuneration policy

a) Approval

The process of approval of the remuneration policy of the employees considered herein starts with a proposal submitted by the Board of Directors. The statement on the remuneration policy of the senior officers is submitted to the General Meeting, for approval, pursuant to Law no. 28/2009, of 19 June. Finally, the exact setting of the remuneration is approved by the Board of Directors.

b) Mandate of the Board of Directors

Under the terms of the law and the Company's bylaws, the setting of the remuneration of BES's senior officers is the responsibility of the Board of Directors, within the scope of their management of the human resources and incentives policies, and aiming the achievement of the Bank's strategic objectives.

c) Composition of the Board of Directors

Current composition of the Board of Directors:

Alberto Alves de Oliveira Pinto (Chairman)
Ricardo Espírito Santo Silva Salgado (Vice-Chairman)
Bruno Laage de Meux (Vice-Chairman)
José Manuel Pinheiro Espírito Santo Silva
António José Baptista do Souto
Jorge Alberto Carvalho Martins
Aníbal da Costa Reis de Oliveira
Manuel Fernando Moniz Galvão Espírito Santo Silva
José Maria Espírito Santo Silva Ricciardi
Rui Manuel Duarte Sousa da Silveira
Joaquim Aníbal Brito Freixial de Goes
Luís António Burnay Pinto de Carvalho Daun e Lorena
Ricardo Abecassis Espírito Santo Silva
José Manuel Ruivo da Pena
Amílcar Carlos Ferreira de Moraes Pires
Nuno Maria Monteiro Godinho de Matos
João Eduardo Moura da Silva Freixa
Vincent Pacaud
Pedro Mosqueira do Amaral
Isabel Maria Osório de Antas Mégre de Sousa Coutinho
João de Faria Rodrigues
José de Albuquerque Epifânio da Franca
Michel Jacques Mathieu
António Bornia
Marc Olivier Tristan Oppenheim

d) External Consultants

The external consultants recruited in 2009 to assist the Board of Directors in the drafting of the remuneration policy of BES's senior officers were Mercer (Portugal),Lda and Sérvulo & Associados – Sociedade de Advogados, RL.

Mercer (Portugal), Lda provides other services to BES in the area of human resources.

2. General Managers, Advisors and Coordinating Managers

a) Composition of the remuneration

The remuneration consists of a fixed component and a variable component.

The Bank's overall remuneration policy is revised every year by the Board of Directors until the end of May. This entails the annual revision of the fixed remuneration in accordance with indicators such as the rate of inflation and the rate of salary increase set by the collective wage agreement (ACTV) for the banking sector, and the setting of a variable component, also before the end of May of each year, based on the assessment of performance in the previous year.

b) Remuneration limits

The fixed component shall be subject to the limits established by the Board of Directors, and represent on average approximately 75% of the Total Annual Remuneration.

The fixed component consists of the basic salary, plus the supplements that are attributed to all the employees of the Bank, such as seniority payments or other allowances.

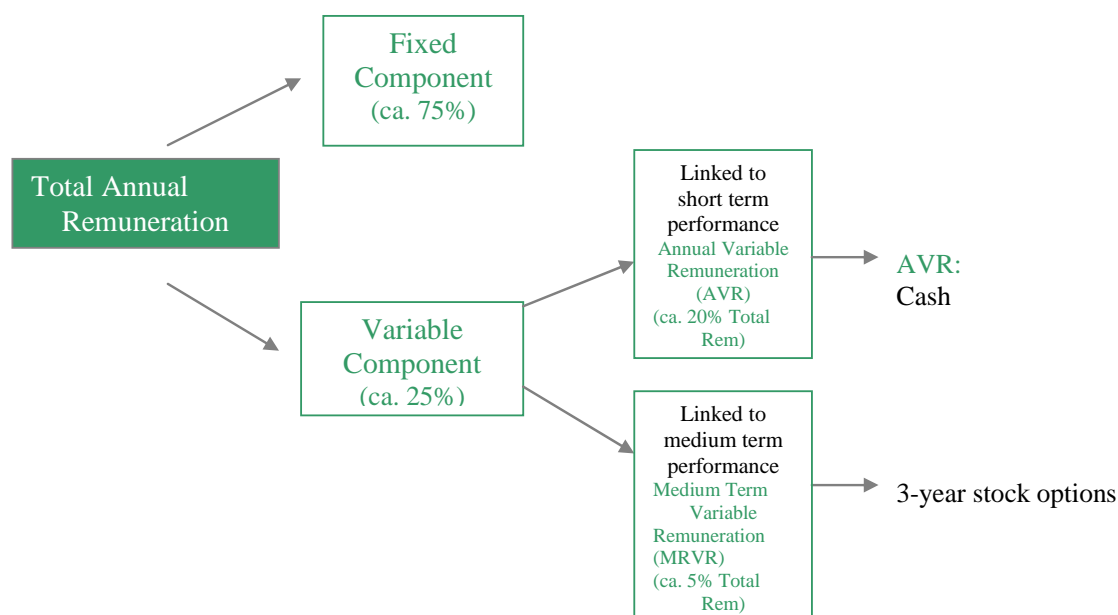
The variable component established for 2012 corresponds to 25% of the average Total Annual Remuneration, although it may reach up to 50% of individual total Remuneration.

c) Balanced remuneration

The fixed component shall represent on average approximately 75% of the total remuneration, the remaining 25% being attributed as a variable component.

The exact amount of the variable component will vary each year in accordance with the level of achievement of the main annual objectives set individually (quantitative and qualitative) and for the unit as a whole, in accordance with BES's performance assessment model approved by the Board of Directors.

d) Criteria for defining the variable component and respective time of payment



The variable component is divided into two sub-components.

A) Short term performance (Annual Variable Remuneration)

The **Annual Variable Remuneration** («AVR») is linked to **Short Term Performance** and will correspond on average to approximately 20% of the Total Annual Remuneration.

The **AVR** will be set by the Board of Directors at the beginning of each year, and calculated based on the Objectives and Incentives System (“SOL”) established for each type of area, in accordance with the level of achievement of the main objectives set by the Board of Directors, based on the following indicators:

- Commercial Areas – Volume indicators, Banking Income, Quality Indicators and Cost to Income;
- Central Areas – Operational Risk, Activity Indicators, Quality Indicators and Cost to Income.

The AVR is paid in cash in the first year after the reference date of results, upon approval of the accounts for the year in question.

B) Medium Term Performance (Medium Term Variable Remuneration)

The **Medium Term Variable Remuneration** («MTVR») is linked to **Medium Term Performance** and will correspond to approximately 5% of the Total Annual Remuneration.

The MTRV is determined by the Board of Directors at the beginning of each year based on the assessment of the previous year's performance. It will be paid through the attribution of stock options which can only be exercised at least three years after their date of attribution, thus implying the accrual of their cost until such time as they are exercised.

The MTRV will be linked to the sustainability of BES's indicators, and calculated in accordance with the global return afforded to the shareholders over the period of its attribution, such return deriving from dividends paid and stock market capitalisation. The exercise price of the MTRV's underlying Stock Options at the end of the exercise period will be 10% higher than the market price at the beginning of this period.

Applying this assumption of evolution of the share's market price to the reference price used to structure the Stock Options will permit to establish the exercise value of those options and consequently to determine the number of stock options to be attributed each year to each senior officer.

As resolved in 2011, the Board of Directors decided that there would be no Medium Term Variable Remuneration for the senior officers in 2012.

C) Regulation on the attribution of Options

The rules on attribution of stock options are set out in a specific Regulation, which was approved by the 2010 Annual General Meeting.

e) Mechanisms of Limitation of the Variable Remuneration

By definition, the Medium Term Variable Remuneration («MTRV») is limited by the performance of the BES shares, and the exercise of the options is subject to a deferral period. This remuneration will have no value unless the share price increases by at least 10% over the period in question.

f) Criteria for performance assessment

Senior officers working in the Commercial areas are assessed based on five variables:

- **Results** - set of indicators translating the results of the area;
- **Banking Income**;
- **Quality** - determined by metrics that assess the quality of service provided to the internal/external client;
- **Cost-to-Income** - (ratio of operating costs to total banking income) – an indicator of the Bank's operational activity, this ratio measures its capacity to generate revenues setting it against the operating costs incurred;
- **Stock market capitalisation** - an indication of the market's assessment of BES's performance, this indicator permits to align the shareholders' perspective to the markets' perspective.

Senior officers working in the Central areas are assessed based on five variables:

- **Activity** – set of indicators translating the results of the area;
- **Operational Risk;**
- **Quality;**
- **Cost-to-Income;**
- **Stock market capitalisation.**

g) Criteria for the retention of the shares allocated

The stock options granted to the senior officers can only be exercised after a period of at least three years.

The Board of Directors may establish rules on the retention or maintenance of the shares acquired.

3. Management Officers (Managers, Assistant Managers and Deputy Managers) in control functions

a) Composition of the remuneration

The remuneration consists of a fixed component and a variable component.

The Bank's overall remuneration policy is revised every year by the Board of Directors until the end of May. This entails the annual revision of the fixed remuneration in accordance with indicators such as the rate of inflation and the rate of salary increase set by the collective wage agreement (ACTV) for the banking sector, and the setting of a variable component, also before the end of May of each year, based on the assessment of performance in the previous year.

b) Remuneration limits

The fixed component shall be subject to the limits established by the Board of Directors, and represent on average approximately 85% of the Total Annual Remuneration.

The fixed component consists of the basic salary, plus the supplements that are attributed to all the employees of the Bank, such as seniority payments or other allowances.

The variable component established for 2012 corresponds to 15% of the average Total Annual Remuneration, although it may reach up to 30% of individual total Remuneration.

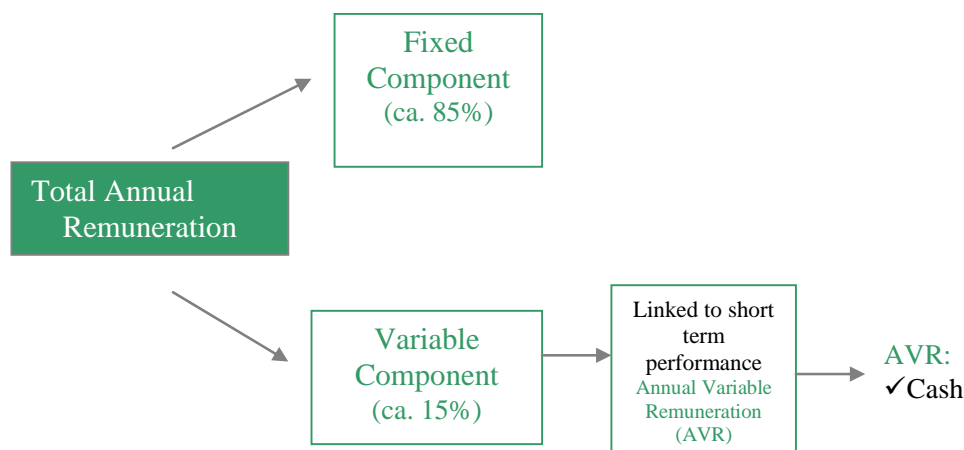
c) Balanced remuneration

The fixed component shall represent on average approximately 85% of the total remuneration, the remaining 15% being attributed as a variable component.

The exact amount of the variable component will vary each year in accordance with the level of achievement of the main annual objectives set individually (quantitative and qualitative) and for the unit as a whole, in accordance with BES's performance assessment model approved by the Board of Directors.

d) Criteria for defining the variable component and respective time of payment

The variable component is divided into two sub-components.



The **Annual Variable Remuneration** («AVR») is linked to **Short Term Performance** and will correspond on average to approximately 15% of the Total Annual Remuneration.

The **AVR** will be set at the beginning of each year by the Board of Directors, being calculated based on the Objectives and Incentives System (“SOI”) established for the department, in accordance with the level of achievement of the main objectives approved by the Board of Directors, determined on the basis of indicators such as Activity, Costs, Risk and Quality.

This objectives matrix also applies to the General Managers, Advisors and Coordinating Managers in control functions.

The AVR is paid in cash on the dividend payment date in the first year after the reference date of results, upon approval of the accounts for the year in question.

e) Performance assessment criteria

The Management officers and the General Managers, Advisors and Coordinating Managers in control functions are assessed based on the four variables listed in point 2 (f), namely Activity, Costs, Risk and Quality.

4. Main parameters and rationale for any annual bonus scheme and any other non cash benefits attributed to the senior officers

In addition to the fixed and variable components described in this remuneration policy, senior officers are granted the following benefits:

- Life Insurance, as defined in article 142 of the ACTV for the banking sector (SAMS⁸);
- Health Insurance, as defined in article 144 of the ACTV for the banking sector (SAMS);
- Personal Accident Insurance, as defined in article 38 of the ACTV for the banking sector (SAMS).

5. Main characteristics of the supplementary pension schemes set up for senior officers

In accordance with the Collective Wage Agreement (“ACTV”), senior officers are currently entitled to receive a retirement pension which is calculated on the basic salary (salary level and seniority payments) and number of years of service in banking, and which does not take into account the full remuneration and/or allowances for fixed working hours exemption. In addition, and considering that all bank employees are since 2011 registered with the Social Security, and that by law all the employees who are members of the pension fund must obligatorily be informed every year about the amount of the pension to which they are entitled at the end of each year, BES decided to set up a defined contribution supplementary pension plan for this group of employees. In order to benefit from this plan, which is optional, the employees have to make a monthly contribution of 3% of their basic salary to an individual retirement savings plan (“PPR”). BES contributes with 3% of the basic salary to individual PPRs plus a certain percentage to a Group PPR, the aim being to reach at pensions corresponding to a certain percentage of the salary, as described below.

Hence, under this plan, retirement pensions will correspond to the following estimated percentages of the last global salary earned: General Managers, Advisors and Coordinating Managers - 85%; Managers and Assistant Managers - 75%; and Deputy Managers - 70%.

⁸ SAMS - medical and healthcare services for banking sector employees

6. Amounts paid in 2011 to BES's Senior Officers

EUR			
	Senior Officers		
	General Managers	BD Advisors	Coordinating Managers
No. of employees	2	19	36
Total fixed remuneration	333 711	2 928 593	4 457 099
Total variable remuneration	125 947	866 090	1 246 312
Share of variable remuneration	27.4%	22.8%	21.9%

EUR			
	Management		
	Managers	Assistant Managers	Deputy Managers
No. of employees	11	8	14
Total fixed remuneration	879 534	496 613	643 825
Total variable remuneration	186 882	77 798	126 796
Share of variable remuneration	17.5%	13.5%	16.5%

Lisbon, February 29th, 2012.

THE BOARD OF DIRECTORS

Appendix IV: Statement of the Audit Committee



CONSELHO DE ADMINISTRAÇÃO
Comissão de Auditoria
Av. da Liberdade, 195-8º
1250-142 Lisboa

STATEMENT OF THE AUDIT COMMITTEE on the content of the Corporate Governance Report for the year ended 31 December 2011

To the Shareholders of
Banco Espírito Santo, S.A.

The Audit Committee has reviewed the Corporate Governance Report of **Banco Espírito Santo, S.A.**, which is part of the 2011 Annual Report of the bank, in order to assess whether or not it includes all the information on the structure and corporate governance practices of the bank as specified in article 245.º-A of the Portuguese Securities Code (*Código de Valores Mobiliários*).

As required in paragraph 5 of article 420.º, by remission of article 423.º-F, both of the Portuguese Companies Code (*Código das Sociedades Comerciais*), the Audit Committee attests that the Corporate Governance Report referred to in the preceding paragraph includes all the abovementioned information for the year ended 31 December 2011 as required and applicable to **Banco Espírito Santo, S.A.**

Lisbon, 29 February 2012

The Audit Committee

José Manuel Ruivo da Pena (Chairman)

Luís Daun e Lorena

João de Faria Rodrigues