

PROPOSAL  
FOR  
DELIBERATION ON THE PROPOSED DISTRIBUTION OF EARNINGS  
(refers to **Item Three** in the Agenda of the Annual General Meeting of April 17th, 2006)

The Board of Directors of BANCO ESPÍRITO SANTO, S.A. proposes that:

- A) Under the terms and for the purposes of article 376 (b) of the Companies Code, and in compliance with its Management Report, the net earnings of the Company, in the amount of euro 190,168,989.00, have the following application:

	<b>Euro</b>
FOR LEGAL RESERVE:	19,100,000.00
FOR DISTRIBUTION TO SHAREHOLDERS:	120,000,000.00
FOR OTHER RESERVES:	<u>51,068,989.00</u>
	190,168,989.00

- B) Under the terms and for the purposes of article 23 (3) and article 30 (1-c)) of the Company's Memorandum of Association, the amount of euro 4,086,000.00, already booked as costs under the new accounting regulations (IFRS\*) and deducted for purposes of determining the year's net earnings, be appropriated for the VARIABLE REMUNERATION OF THE EXECUTIVE BOARD MEMBERS; and that the amount of euro 19,554,000.00 be allocated for DISTRIBUTION TO THE EMPLOYEES.

Lisbon, March 9th, 2006

THE BOARD OF DIRECTORS

\* International Accounting Standard 19: Employee Benefits