

PROPOSAL

CONSIDER THE STATEMENT ISSUED BY THE REMUNERATION COMMITTEE ON THE REMUNERATION POLICY OF THE CORPORATE BODIES AND OTHER MANAGERS OF THE BANK

(with reference to **Point Seven** of the agenda for the Annual General Meeting of 31 March 2008)

In view of:

- a) the fact that the BES Remuneration Committee, under the terms of the articles of association, has the authority to set the fixed and variable remuneration of each of the directors, also determining the remuneration to be attributed to the other company bodies;
- b) the fact that the Remuneration Committee exercises such authority in the name of the General Meeting of Shareholders;
- c) the fact that, to ensure the transparency and legitimation of the setting of remuneration for the members of the company bodies, the Remuneration Committee must submit a document for the appreciation of the General Meeting containing the guidelines to be observed by this Committee in the actually setting of the amounts to be attributed to the members of the various company bodies;
- d) the recent recommendations of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) in the area of Corporate Governance determine that, even though it is not the legal competence of the Remuneration Committee, that the above mentioned document also contains a declaration regarding the remuneration policy of the Bank's management, understood as those who have regular access to the privileged information and participate in the decision making process of the management and business strategy of BES.

Following the proposal presented for the first time in 2006, the BES Remuneration Committee proposes that the General Meeting of Shareholders approve the following remuneration policy:

1. The **members of the Chair of the General Meeting** should receive a fixed monthly remuneration paid twelve times per year.
2. The **Members of the Audit Committee** should receive a fixed remuneration paid fourteen times a year.
3. The **Members of the Board of Directors** shall be remunerated under the following terms:
 - a) The remuneration of the members of the **Executive Committee** shall consist of a fixed component and possibly a variable component, which may never exceed five percent of the individual net income for the financial year.
 - b) The members of the **Executive Committee** also benefit from the Variable Remuneration Plan for the time period of 2008 to 2010 (PPRV-2008-2010), that consists of attribution of the rights to receive a variable remuneration indexed to BES share price increase.
 - c) The members of the **Executive Committee** carrying out executive functions in company management bodies in a controlling/group relationship with BES may be remunerated by these companies, in which case they may not be remunerated for carrying out executive functions within BES.
 - d) The fixed and variable remuneration of the members of the Executive Committee shall be aligned with the strategic objectives of the Group, without however neglecting practices in the Portuguese market.
 - e) The 2007 financial year ended with a notable success, with the executive management of the company ensuring a set of results in line with announced strategic objectives:

1. Net income reached EUR 607.1 million in 2007, corresponding to a 44.3% year on year growth and a 16.6% ROE.
 2. As a result of rationalization and integration measures that have been implemented the operational costs increased by 6.7%. Nevertheless, there were productivity and efficiency gains: cost-to-income decreased from 52.3% in 2006 to 47.5% in 2007.
 3. The international activity has been developing at a good pace with positive effects on commercial banking product, which increased from 23.1% in 2006 to 32% in 2007. International area contributed with EUR 141.5 million (+51.9%) to the consolidated results.
 4. The market share increased from 19% in 2006 to 20.4% in 2007.
- f) As a result of the alignment between the results of company activity during 2007 and the approved strategic objectives, the Remuneration Committee decided to set the variable remuneration percentage to be attributed to members of the Executive Committee at 1.64% of individual net income for the financial year.
- g) As for the variable component of the remuneration, Shareholders should note that with the introduction of the Adjusted Accounting Regulations (NCA) – Notice 1/2005 by the Bank of Portugal, profit sharing by members of the Executive Committee began to follow the accounting principles arising from ‘NIC 19 – Employee Benefits’, which obliges the company to register the same as current costs. For this reason, the individual profits of the Bank, as presented to Shareholders, have already been deducted from the funds relating to the variable remuneration of members of the Executive Committee.
- h) **Non-Executive members of the Board of Directors** who are not part of the Audit Committee, receive the following remuneration:
- a. Non-executive Board Members will receive a fixed amount attendance fee for each Board Meeting;
 - b. Independent Non-executive Board Members will receive a fixed monthly remuneration, paid twelve times per year;

- c. Members who carry out executive functions within the bodies of companies which are either controlled by and/or are members of the BES Group, or who carry out specific functions at the indication of the Board of Directors may be remunerated by the referred companies or by BES, in accordance with the profile of the duties which they carry out.
4. The Remuneration Committee also recommends to the Board of Directors, **with respect to the remuneration of the management of the Bank**, that these are remunerated as follows:
- a. in accordance with the respective employment contracts, respecting the Banks salary policy;
 - b. similar to the practice in the past, receive an annual bonus consisting of the profit sharing of the Bank, which is recommended to be approved based on the performance of each Manager and approved by the independent members of the Board of Directors;
 - c. should be able to qualify as beneficiaries of the Variable Remuneration Plan for the time period of 2008 to 2010 (PPRV-2008-2010), that consists of attribution of the rights to receive a variable remuneration indexed to BES share price increase.
5. The **Remuneration Committee** will receive the remuneration attributed at the General Meeting.

Lisbon, 26 February 2008

THE REMUNERATION COMMITTEE