

DECLARATION OF THE REMUNERATION COMMITTEE  
ON THE REMUNERATION POLICY FOR THE COMPANY BODIES  
OF "BANCO ESPÍRITO SANTO, S. A.

(with reference to **Point Six** of the agenda for the  
Annual General Meeting of 29 March 2007)

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;

Following the proposal presented for the first time in 2006, the BES Remuneration Committee proposed that the General Meeting of Shareholders approve the following remuneration policy, to be observed during the current mandate of the company bodies:

1. The members of the Chair of the General Meeting should receive a fixed fee for each General Meeting in which they participate.
2. The Members of the Board of Auditors should receive a fixed fee, to be 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 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.
  - c) 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.
  - d) The strategic objectives of the BES Group are as follows:
    - 1. Growth in activity, manifested in an increase in average market share for the various products sold by the group. The Group currently intends to achieve an average market share of 20% by 2009, compared to an average share of 8.5% in 1992, when the Bank was privatised.
    - 2. Average growth in earnings of 20% per year between 2006 and 2009, based on growth in domestic activity complemented by international expansion into markets with cultural or economic affinities with Portugal, or markets with high business growth potential, including Spain, Angola, Brazil and the United Kingdom. International activity should account for 35% of BES' consolidated results.
    - 3. Maintenance of an average return on equity of over 15% between 2006 and 2009.
    - 4. Increased efficiency, manifested in a reduction in the cost to income ratio to 50% in 2009.

- e) The financial year 2006 ended with a notable success, with the executive management of the company ensuring a set of results in line with announced strategic objectives:
1. It was estimated that at the end of 2006, the Group had a market share of around 19%, against a share of 18% at the end of 2005;
  2. 2006 results grew by 50%;
  3. Return on equity was 14.7% (13.5% in 2005).
  4. The *Cost to income* ratio fell from 56% to 52.3%.
- f) As a result of the alignment between the results of company activity during 2006 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 2.42% of individual net income for the financial year.
- g) For the variable component of 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) Members of the Executive Committee are still covered by the Incentive System Based on Shares (SIBA), in effect within BES.
- i) Non-Executive members of the Board of Directors who are not part of the Audit Committee, are remunerated in the form of attendance forms, except for those members who carry out executive functions within the bodies of companies which either control and/or are members of the BES Group, or who carry out specific functions at the indication of the Board of Directors, in which cases, they may be

remunerated by the companies in question or by BES, in accordance with the profile of the duties which they carry out.

Lisbon, 27 February 2007

THE REMUNERATION COMMITTEE