

STATEMENT ISSUED BY THE REMUNERATION COMMITTEE ON THE
REMUNERATION POLICY OF THE CORPORATE BODIES OF “BANCO ESPÍRITO
SANTO, S. A.”

Whereas:

a) under the terms of the Company's by-laws, BES's Remuneration Committee is competent to establish the fixed remuneration of each of the members of the Board of Directors, as well as to the establish the remuneration of the other corporate bodies;

b) the Remuneration Committee exercises such powers on behalf of the General Meeting of Shareholders;

c) in light of the benefits, in terms of transparency and legitimacy, of fixing the remuneration of the members of the corporate bodies, the Remuneration Committee should submit to the attention of the general meeting a document containing the guidelines to be observed by that committee for the concrete fixing of the amounts attributable to the members of the various corporate bodies;

BES's Remuneration Committee hereby submits to the approval of the General Shareholders' Meeting the following remuneration policy, for application during the current term of office of the corporate bodies:

1. The Members of the Board of the General Meeting will earn a fixed fee for each General Meeting attended.
2. The Members of the Fiscal Board will earn a fixed fee, distributed by fourteen annual payments.

3. The Members of the Board of Directors are remunerated under the following terms:
- a) The remuneration of the members of the Executive Committee is made up of a fixed part to which may add a variable part. This variable part can never exceed five per cent of the year's profit on an individual basis.
 - b) The members of the Executive Committee who exercise executive functions in the board of companies of a subsidiary of BES may earn a remuneration from such companies. In that case, they may not be remunerated for the exercise of executive functions in BES.
 - c) The criteria which must be followed when establishing the amount of the fixed remuneration of the members of the Executive Committee is the alignment of this remuneration to the strategic objectives of BES Group, as well as to the practice in the Portuguese market. More specifically, these are the strategic objectives which must be taken into consideration when assessing the performance of the Executive Committee:
 - a. Business growth, as translated by the increase in the average market share in the various products sold by the Group.
 - b. To maintain the return on equity ratio above the average for the banking sector.
 - c. To maintain a leading position (Top 3) in terms of efficiency amongst the main Iberian listed banks.
 - d) The members of the Executive Committee are covered by the stock-based incentive system (SIBA) in force in BES.

- e) The non-executive members of the Board of Directors who are members of the Audit Committee earn a fixed remuneration only, which is established for their supervisory functions.
- f) The remuneration of the other non-executive members of the Board of Directors consists in attendance fees, except when they exercise executive functions in the board of companies of a subsidiary of BES, in which case they may be remunerated by those companies in accordance with such companies' relative importance within the Group and the importance of the functions they exercise.

Lisbon, February 20th, 2006.

THE REMUNERATION COMMITTEE