ESPIRITO SANTO INVESTMENT BANK

GLOBAL MARKET STRATEGY

FIT FOR A NEW ERA

ESIB, LONDON

51°30'54.2"N 0°05'56.5"W

2013 ANNUAL REPORT SUMMARY

INDEX

Espírito Santo Investment Bank maintains growth path

A DECADE OF PROFITS

2013 was no exception! For 10 consecutive years Espírito Santo Investment Bank has posted positive results and remained the Investment Banking Leader in Portugal.

The Bank currently operates in the most relevant financial markets in the world and participates in transactions involving some of the main global players (companies and investors).

Espírito Santo Investment Bank is the Investment Banking financial institution of Banco Espírito Santo Group (BES Group), one of the largest and most credible private financial institutions in Portugal.

Present in four continents and employing roughly one thousand people, the Bank currently covers its European home markets as well as the world's main emerging markets. Through its platforms in London, New York and Hong Kong, provides its Clients exclusive access to the main international financial centres.

Note: "Espírito Santo Investment Bank" Banco Espírito Santo de Investimento, "Bank" or "ESIB" should be understood as Espírito Santo Investment Bank and/or any of its Branches, Subsidiaries, or Representation Offices, regardless of whether they are considered jointly or separately.

LETTER

"Overall, 2013 ended on a positive note with economic activity gradually recovering, most noticeably in the main developed economies but also in Europe's peripheral countries, which also resumed positive growth in the second half of the year. However, a climate of uncertainty and volatility in the markets persisted during the year, fuelled by fears about economic deceleration in the emerging economies, particularly in China, political and social tensions in various regions of the globe, including Portugal, and doubts concerning the unfolding of the economic and financial crisis in the Eurozone.

Espírito Santo Investment Bank's ("the Bank") activity in 2013 was globally positive even if the economic and financial context was often unfavourable, at both local and international levels. The Bank intensified its involvement in some of the main emerging markets, leading several transactions in Mexico, Poland and Brazil which cushioned the downturn in activity in the more developed markets. Its participation in Portugal's privatisations programme and in the sovereign's return to the international long-term bond markets and also the buoyancy of the Capital Markets business area (completion of more than 50 transactions for a total amount of EUR 15 billion) helped compensate for lower growth in certain business areas more exposed to the adverse market conditions. Banking income, amounting to EUR 246.9 million, was 5.5% lower than in 2012, while operating costs dropped by 2.3%. The year's Net Income totalled EUR 7.1 million, being sharply penalised by an increase in credit impairments.

"In Portugal, the Bank was a major player in the Capital Market business area, leading several senior debt issues by large Portuguese companies and reaching 1st place in the Portuguese Debt Capital Markets ranking."

In Portugal, the Bank was a major player in the Capital Market business area, leading several senior debt issues by large Portuguese companies and reaching 1st place in the Portuguese Debt Capital Markets ranking (by Bookrunner Parent). The Bank also played a very prominent role in the privatisations process, concluding the advisory services to the Portuguese State on the sale of 100% of ANA – Aeroportos de Portugal, S.A. to Vinci Concessions, and acting as Co-Lead Manager on the sale, through an IPO, of 70% of CTT - Correios de Portugal, S.A. share capital, the Portuguese mail service. In the Mergers & Acquisitions business area we were again market leader, and maintained a relevant position in equities trading on the NYSE Euronext Lisbon.

The Bank's performance and initiatives drew attention and recognition from several international entities, resulting in the following awards:

- Best Investment Bank in Portugal, from Global Finance magazine
- Best M&A House in Portugal, from EMEA Finance magazine
- Best Investment Bank in Portugal, from Euromoney magazine

Throughout the year we pursued our international expansion that accounted for 59% of consolidated banking income, while consistently adjusting our development model to suit market conditions. We focused our activity on less capital and liquidity intensive businesses and on the development of operating partnerships, under which we sought to share resources and Clients. In 2013, Espírito Santo Investment Bank entered a strategic joint venture in Southeast Asia with RHB, one of the three largest banks in the region, which should provide broad equities coverage in Asia and a strong complement to the platforms in India and Hong Kong. In Turkey, the Bank established a strategic joint venture with Global Securities, expanding coverage to 50 local listed companies and providing access to local execution.

In Spain, we leveraged our growing international presence and close cooperation with the structures of Banco Espírito Santo to pursue penetration efforts in the corporate segment, viewing the intensification of cross-border business and the development of Capital Markets and Mergers & Acquisitions activities. Despite the restraints in the Spanish market during the year, we maintained 2nd place on the Iberian M&A ranking and were placed among the Top 10 in the Spanish brokerage market.

In Brazil we achieved a positive performance. The Capital Markets division was very dynamic, especially on the debt front, allowing the Bank to rank among the Top 10 in ANBIMA Long-Term Fixed-Income Origination League Table for 2013. We advised Portugal Telecom on its ongoing merger with Oi while playing a relevant advising role on various Project Finance transactions, particularly in the energy and transport infrastructure sectors. We also continued to develop our more recent business areas, namely Wealth Management and Private Equity. In the latter the highlight was the conclusion of the subscription of the 2bCapital Fund, which reached BRL 405 million.

Ricardo Espírito Santo Silva Salgado
Chairman of the Board of Directors

José Maria Espírito Santo Silva Ricciardi
Vice-chairman of the Board of Directors and Chief Executive Officer

In the United Kingdom, we hold 100% of Espírito Santo Investment Holding Ltd. since May 2013. We focused on the full integration of this unit, a work that involved resizing the businesses and the teams, concentrating the Pan-European Brokerage activity (research and trading of UK and continental European shares) in a smaller number of industry sectors, selling non-core businesses (Reinsurance) and launching new activities (Market Making and Proprietary Trading). In addition, we concluded several Capital Markets transactions during the year.

In Poland, we concentrated on cross-border Mergers & Acquisitions and Capital Markets activities, while continuing to support our local and international Clients, mainly through the issuance of bank guarantees. We consolidated our credentials in this market, where we achieved 3rd place in the ranking of IPOs by value, namely through our participation in the sale of 12.25% of the largest Polish bank PKO Bank Polski share capital, which was the major accelerated bookbuilding deal in the history of the Warsaw Stock Exchange (PLN 5,243 million), and in the IPO of Energa, the largest in the last two years (PLN 2,405 million).

In the United States, we worked during the year on the development of advisory and distribution activities reinforcing our role in this market as a distribution platform for products originated in other regions where the Bank is present.

In Mexico, we strengthened our presence through the creation of Lusitania Capital, a non-banking subsidiary firm with the capacity to provide advisory services and financial support to projects in local currency. This new subsidiary represents a very important strategic step that will allow the Bank to increase its local Client base and boost the Project Finance activity in this market, where in 2013 we participated in several financing transactions in local currency. We also participated in a number of Capital Markets transactions, namely leading a USD 500 million bond issue by TV Azteca.

In India, we expanded our scope of activity to Mergers & Acquisitions and Capital Markets businesses, aiming to leverage the local deal origination capacity through our international distribution platforms, namely London.

In Hong Kong, where we operate through a broker, we are studying alternatives to extend the scope of our presence.

In Africa, we continued to strive for a stronger presence in some of the main markets in the region, particularly in Angola, were we operate through an Investment Banking Office within BESA and intend to establish a local broker dealer, and in Mozambique, where we aim to develop investment banking activities under a partnership with Moza Banco.

Our vision for 2014 is moderately optimistic. It is based on the expected recovery of the global economy, of which some signs are already visible, and international investors' growing interest in the Iberian Peninsula, which should lead to encouraging business opportunities. We will pursue the implementation of our strategy, pooling our efforts into the growth of our international activity, promoting business opportunities in the markets where we are present and supporting our Clients in their drive for international expansion.

We wish to thank our Clients for their preference, which we will strive to maintain and reward with differentiated and innovative services. To our Employees, a word of recognition for their commitment and professionalism, which we are aware is of the utmost importance in the current context.

Finally, we wish to express our appreciation to the Supervisory Board and our Auditors for their contribution to the increasingly high standards in accounting and management information reporting and also to the Bank of Portugal, the Portuguese Securities Market Commission and the supervision authorities in the countries where we are present, for their constant cooperation and the trust placed in Espírito Santo Investment Bank."

"Our vision for 2014 is moderately optimistic. It is based on the expected recovery of the global economy..."

PRINCIPLES AND VALUES

Espírito Santo Investment Bank business is built upon the following set of Principles and Values:

OWNERSHIP

Our Managers and Employees identify with the Bank's mission and corporate values and have a strong sense of belonging to a team. Our people have a sense of ownership in the Bank's activities and participate intensely in its successes and failures. This involves a strong sense of responsibility in terms of performance and risks in relation to both the Bank and its Clients.

CLIENT FOCUS

We strive to maintain and develop Clients' trust by means of our professional attitude, and our intense focus on their need. We delight in exceeding expectations, by defining strategies to maximise value and establish true partnerships.

EXCELLENCE

We provide quality services and innovative and creative solutions. We constantly seek perfection by paying close attention to detail towards obtaining results that exceed expectations.

PEOPLE ORIENTATION

We treat Employees with dignity, respecting individual knowledge and skills. We continuously provide opportunities for personal and professional growth.

LEARNING ORGANISATION

We practice an attitude of continuous learning and innovation, and promote the diversity of ideas and the sharing of information. We are constantly engaged in the search for greater knowledge, and strive to make the Bank a source of distinctive know-how and thought leadership.

PASSION TO WIN

We are determined to keep growing and improving, using exceptional levels of energy and motivation.

COMMUNICATION

We express our opinions and points of view objectively and clearly, while at the same time providing others with the space to affirm and express themselves. We aim to enhance the value of information through assertiveness and active listening, and create a non-hierarchical and open-door organization that values people at every level and embodies transparency.

THINK AND ACT INTERNATIONALLY

We stay abreast of global trends and use this knowledge to assess and estimate how global events may impact local business. At the same time, we respect the differences between the regions where the Bank operates, and honour the cultural practices in each.

ETHICS AND TRANSPARENCY

We continuously align our corporate thought and behaviour to respond appropriately to the need for human solidarity and respect for human dignity. We respect local regulations and implement corporate rules when developing businesses, and always behave ethically in the best interests of the Bank. We maintain a high level of transparency in terms of annual reports, financial accounts and other corporate documents, and ensure that Employees, the Shareholder, Regulators, Clients and the market in general are provided with adequate information.


EXPERIENCE
LEADERSHIP
SUCCESS

OUR STRATEGY

Espírito Santo Investment Bank is the Investment Banking financial institution of Banco Espírito Santo Group (BES Group), and leader in this area in Portugal for more than a decade.

The Bank's business expansion plan is supported by its single shareholder, Banco Espírito Santo (BES), and is part of BES Group's international development strategy, which targets markets with economic and cultural affinities with Portugal and high growth potential. The Bank's first international expansion phase, in 1999-2000, had as destinations Spain and Brazil, with the objective to follow and promote the large flow of investment of its main Clients in these markets.

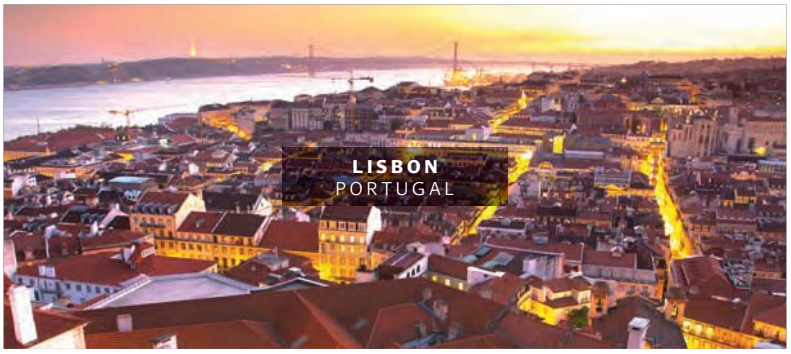
As from 2005 the Bank decided to extend its reach to emerging markets with strong growth potential, namely Poland (2005), Mexico (2010), Hong Kong (2010) and India (2012). The objective was to tap the growing capital and investment flows between Latin America, Europe, Africa and Asia.

The need to create distribution platforms for the products and services originated in the various markets led the Bank to establish a branch in the American market (Espírito Santo Investment Bank New York) in 2009 and to reinforce it's presence in the United Kingdom, where in 2010 it acquired a 51% stake in Execution Noble (which was already operating indirectly in Honk Kong), and gradually increased it to 100%.

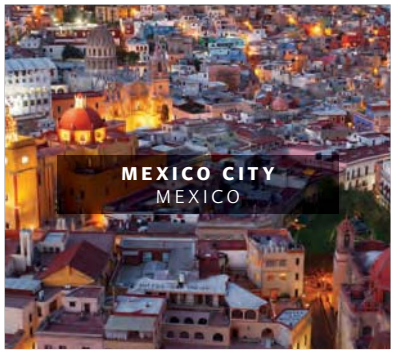
The Bank will continue to adapt its development model to market conditions, privileging less capital-and liquidity-intensive businesses, seeking moderate growth in the loan portfolio and faster balance sheet rotation, and to establish operational partnerships under which it may share resources and Clients.

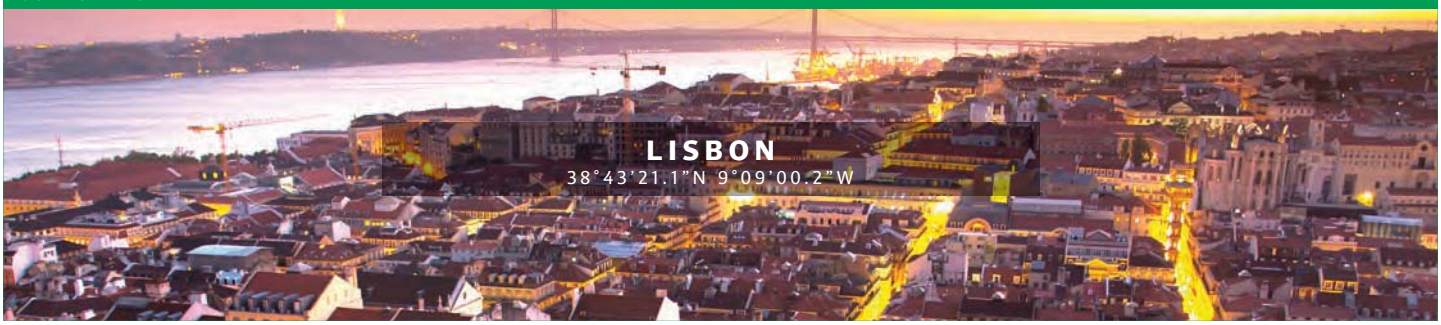
ENABLING GROWTH IN THE WORLD MARKETS

16 COUNTRIES



4 CONTINENTS





CONSOLIDATED FINANCIAL HIGHLIGHTS

(EUR thousands)

Consolidated Income Statement	2013	2012	Change
Consolidated Banking Income	**246,899**	**261,267**	**(5.5%)**
Fees and Commissions Income	102,274	101,110	1.2%
Net Interest Income and Market Results	144,625	160,157	(9.7%)
Total Operating Expenses	**(171,976)**	**(176,053)**	**(2.3%)**
Staff Costs	(104,880)	(111,399)	(5.9%)
General and Administrative Expenses	(60,370)	(58,876)	2.5%
Depreciation and Amortisation	(6,726)	(5,778)	16.4%
Operating Income	**74,923**	**85,214**	**(12.1%)**
Impairment and Provisions	(59,497)	(46,201)	28.8%
PROFIT BEFORE INCOME TAX	**15,426**	**39,013**	**(60.5%)**
Income Tax	(8,063)	(18,471)	(56.3%)
Non-controlling interests	(301)	1,486	n.a.
Consolidated Net Profit	7,062	22,028	(67.9%)

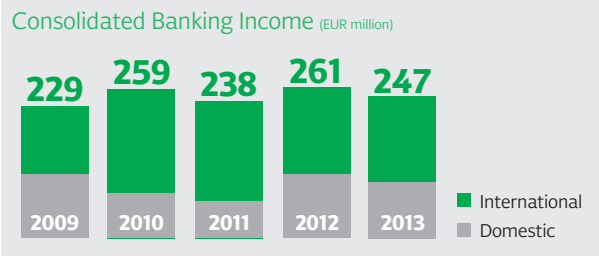
(EUR thousands

Consolidated Balance Sheet	2013	2012	Change
Financial assets held for trading	1,604,606	2,439,729	(34.2%)
- Securities	1,025,938	1,560,951	(34.3%)
Available-for-sale-financial assets	783,352	485,917	61.2%
Loans and advances to banks	433,623	243,755	77.9%
Loans and advances to costumers	1,946,582	2,187,524	(11.0%)
Held-to-maturity investments	314,329	107,202	193.2%
Other assets	879,307	1,017,736	(13.6%)
Total Assets	5,961,799	6,481,863	(8.0%)
Share Capital	326,269	326,269	0.0%
Share premium and other equity instruments	12,527	12,527	0.0%
Reserves	221,753	269,649	(17.8%)
Net Profit	7,062	22,028	(67.9%)
Non-controlling interests	51,884	75,532	(31.3%)
TOTAL EQUITY	619,495	706,005	(12.3%)
Financial liabilities held for trading	480,688	751,715	(36.1%)
Deposits from banks	1,680,584	2,020,686	(16.8%)
Due to costumers	1,054,389	967,374	9.0%
Debt securities issued	1,449,549	1,382,888	4.8%
Other liabilities	677,094	653,195	3.7%
TOTAL LIABILITIES	5,342,304	5,775,858	(7.5%)
Total Equity and Liabilities	5,961,799	6,481,863	(8.0%)

FINANCIAL OVERVIEW

The Bank's activity and Results in 2013 were penalised by the macroeconomic context, and particularly by the slowdown of activity in Brazil and Spain. Banking Income totalled EUR 246.9 million, 5.5% less than in 2012. On the other hand, Fees and Commissions remained practically flat, as the buoyancy of the Capital Markets area and the Bank's participation in Portugal's privatisation processes helped to compensate for lower growth in certain business areas more exposed to the adverse context.

Net Interest Income dropped by 13.0% year-on-year, to EUR 82.3 million, as a result of the increase in funding costs and the contraction of the Loan Portfolio. Capital Markets results decreased by 5%, to EUR 62.4 million.



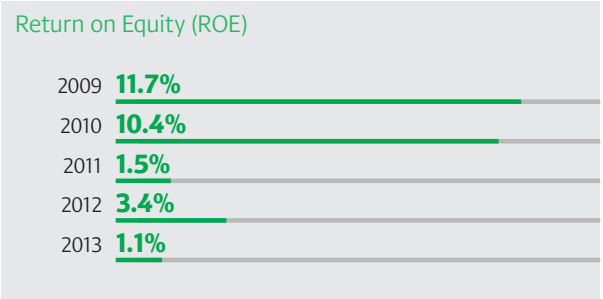
Source: Espírito Santo Investment Bank

Operating Costs dropped by 2.3% year-on-year due to lower Staff Costs, totalling EUR 172.0 million. This reduction was mainly achieved through the reshaping of certain activities according to the new business reality. It should be noted that this contraction, particularly in the "mature" markets, was naturally influenced by the programme currently under way at Banco Espírito Santo Group to gradually rationalise and reduce operating costs over the 2013-2015 period (total reduction of EUR 100 million, of which 3% in 2013, 5% in 2014 and 6% in 2015).

The reduction in Operating Costs permitted to mitigate the negative impact in the Cost to Income (70% in 2013 vs. 67% in 2012) resulting from the decrease in Banking Income.

The Net Income for the year, EUR 7.1 million, was sharply penalised by the increase in credit impairment and provision charges, which were up by 28.8% year-on-year.

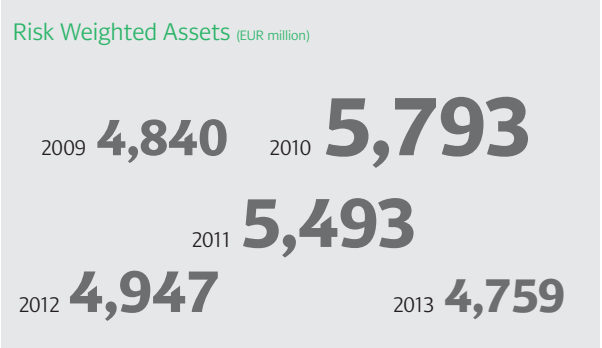
Source: Espírito Santo Investment Bank



Source: Espírito Santo Investment Bank

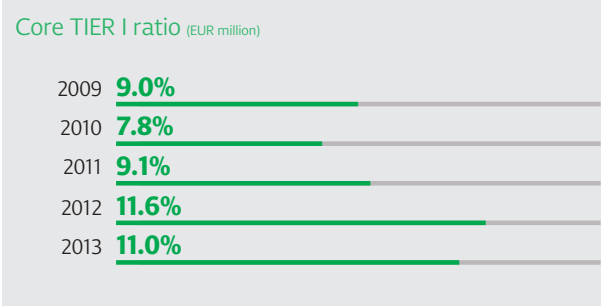
Total Assets decreased by 8%, to EUR 6 billion, as a result of reductions in Financial assets held for trade and in the Loan Portfolio.

Risk Weighted Assets dropped by 3.8%, to EUR 4,759 million, mainly through the reduction in market risk.



Source: Espírito Santo Investment Bank

The capital ratios slightly deteriorated in 2013 due to the reduction in Core Tier I capital, impacted by the devaluation of the BRL against the EUR, since the Bank has an important capital amount invested in Brazil. The Core TIER I ratio dropped by 57 bps to 11.03% and the Solvency ratio by 96 bps to 11.09%.



Source: Espírito Santo Investment Bank

RATING

On July 5th, 2013 affirmed the long-term rating of the Republic of Portugal at BB but revised its outlook from stable to negative, namely to reflect the recent ministerial resignations. On July 26th, 2013 S&P affirmed the ratings of Banco Espírito Santo and Banco Espírito Santo de Investimento at BB-/B (long- and short-term), maintaining the negative outlook on both.

On November 8th, 2013 Moody's affirmed the long-term rating of the Republic of Portugal at Ba3, revising the outlook from negative to stable. On December 10th, 2013 Moody's affirmed the long-term rating of Banco Espírito Santo at Ba3, maintaining the negative outlook.

On January 17th, 2014 S&P affirmed the long-term rating of the Republic of Portugal at BB, removing it from creditwatch negative but maintaining the negative outlook. Portugal's rating had been put on creditwatch on September 19th, 2013 due to the deterioration of the political environment. The negative outlook reflects the social and political risks associated with the deleveraging efforts by Portugal's private and public sectors, as well as uncertainties related to Portugal's exit from the Troika programme, scheduled for May 2014. On the same date S&P removed the long- and short-term ratings of Banco Espírito Santo and Banco Espírito Santo de Investimento from creditwatch negative, but maintained the negative outlook. Both bank's ratings had been put on creditwatch negative on September 20th, 2013, in line with the sovereign rating.

As regards the Bank's subsidiaries, on February 26th, 2013 Moody's affirmed the ratings of BES Investimento do Brasil at A2.br/BR-2 (Brazilian local scale) and Ba3/Not Prime (local currency deposits), both with negative outlook. The rating on the external debt issue in foreign currency was also affirmed at Ba3/Not Prime.

On March 28th, 2013 S&P affirmed the ratings of BES Investimento do Brasil at BB-/B (global scale) and brA/brA-2 (Brazilian local scale), both with negative outlook. The rating on the external debt issue in foreign currency was kept at BB-.

On January 23rd, 2014 S&P affirmed the short- and long-term ratings of BES Investimento do Brasil at BB-/B (global scale) and brA/brA-2 (Brazilian local scale), removing them from creditwatch negative, in line with the agency's move regarding the parent company. The negative outlook reflects the parent company's outlook, indicating that any downgrade will have effects on the rating of the Brazilian subsidiary.

EARNINGS DISTRIBUTION PROPOSAL

Considering that the individual income statement of Banco Espírito Santo de Investimento, S.A. for the year ended on December 31st, 2013 showed a net loss of EUR 2,548,231.29 (two million five hundred forty eight thousand two hundred thirty one euros and twenty nine cents) the Board of Directors submits to the Annual General Meeting the following proposal for the distribution of the year's results:

› TO OTHER RESERVES AND RETAINED EARNINGS:
EUR -2,548,231.29 (net loss of two million five hundred forty eight thousand two hundred thirty one euros and twenty nine cents).

DECLARATION OF CONFORMITY

In accordance with Article 245, number 1, paragraph c, of the Portuguese Securities Code, the Members of the Board of Directors of Banco Espírito Santo de Investimento, S.A. hereby declare that, to the best of their knowledge:

a) The individual financial statements of Banco Espírito Santo de Investimento, S.A. for the year ended on December 31st, 2013 were prepared in accordance with the legally applicable accounting standards and the Portuguese legislation, as set forth in Article 245, number 3, of the Portuguese Securities Code;

b) The consolidated financial statements of Banco Espírito Santo de Investimento, S.A. for the year ended on December 31st, 2013 were prepared in accordance with the legally applicable accounting standards and with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of July 19th, as set forth in Article 245, number 3, of the Portuguese Securities Code;

c) The financial statements referred to in paragraphs a) and b) above provide a true and appropriate image of Banco Espírito Santo de Investimento, S.A. and consolidated companies' assets, liabilities, equity and earnings;

d) The Management Report describes faithfully Banco Espírito Santo de Investimento, S.A. and consolidated companies' business evolution, performance and financial position for the year ended on December 31st, 2013, and includes a description of the main risks and uncertainties that could affect the business.

Lisbon, March 20th, 2014

Q&A
MACROECONOMIC ENVIRONMENT IN 2013

WHAT CHARACTERISED THE PERFORMANCE OF THE GLOBAL ECONOMY IN 2013?

2013 was marked by a recovery of global economic activity that was most noticeable in the main advanced economies. The United States of America's economy accelerated in the second half of the year, driven by the rebound of the labour and housing markets, the waning of fiscal risks and strong monetary policy stimuli – a fed funds target rate close to zero and an aggressive quantitative easing policy. In the full year the US economy grew by 1.9%. The good performance of the advanced economies was also supported by a recovery of activity in Europe, underpinned by strong monetary stimuli, progress in the deleveraging of companies and families in the United Kingdom and also a sharp abatement of the systemic risks associated to the sovereign debt crisis in the Eurozone.

WHAT WERE THE PRINCIPAL EFFECTS OF THE MAIN CENTRAL BANKS' INTERVENTION?

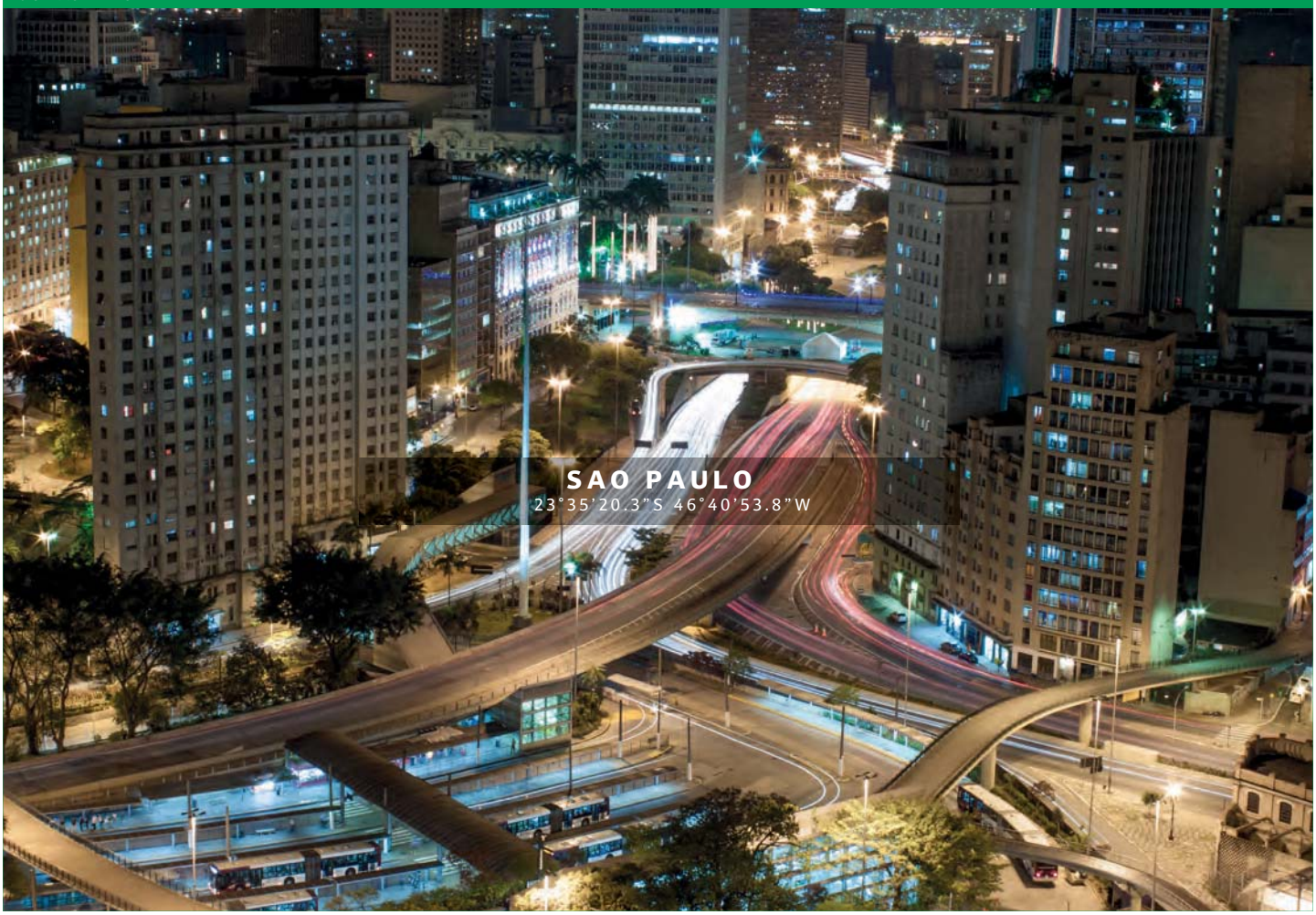
In the US and Europe, the rebound of growth and confidence in a context of expansionary monetary policies was particularly favourable for the equity market. In the US, the S&P500 and Nasdaq indices gained 29.6% and 38.3%, while in Europe the DAX, CAC and IBEX advanced by 25.5%, 18% and 21.4%, respectively. In light of persisting deflationary risks, in November the European Central Bank cut the rate on the main refinancing operations from 0.5% to 0.25%. The EUR gained close to 4.5% to the USD, reaching EUR/USD 1,379. The absence of inflationary pressures was sustained by the stability of oil prices. With activity picking up and the Federal Reserve signalling a reduction in quantitative easing, the yields on the 10-year Treasuries and Bunds rose in 2013 from 1.758% to 3.029%, and from 1.316% to 1.929%, respectively.

WHAT WERE THE MAIN DEVELOPMENTS IN THE EUROZONE?

Though registering an annual drop of 0.4% in 2013, the Eurozone GDP resumed positive quarterly growth in the second quarter, supporting expectations for an increase of around 1% in 2014. It should be stressed that the recovery of economic activity was extensive to the peripheral economies, which also resumed positive growth in the second half of the year. Spain and Portugal's GDP still shrank in full 2013 (-1.2% and -1.4%, respectively) due to the contraction of activity in the earlier part of the year, but the second half already saw a clear recovery of confidence indicators, an expansion of activity and a stabilisation of financial conditions, with public debt yields sharply retreating in both countries.

WHAT CHARACTERISED THE PERFORMANCE OF THE EMERGING ECONOMIES?

Expectations of a future hike in market interest rates in the US economy, of a rise in the dollar and of a squeeze on access to liquidity led to increased volatility in the financial markets as from May, which was particularly penalising for the emerging markets. In Brazil, which boasts a buoyant domestic demand and faces inflationary pressures, the Central Bank lifted the benchmark interest rate from 7.25% to 10% in 2013. The emerging markets were further penalised by fears about a slowdown of economic activity in China, especially during the first half of the year. Even so, the stabilisation measures implemented allowed the Chinese economy to grow by 7.7% in 2013, the same as in 2012.



COMPANY EVENTS

FEBRUARY 2013

The share capital of Espírito Santo Serviços Financeiros DTVM was increased by BRL 6,000,000.00 (six million reais) to BRL 12,300,000.00 (twelve million three hundred thousand reais). At the same date Lusitania Capital, S.A.P.I. de C.V., SOFOM, E.N.R. was set up in Mexico. The new subsidiary will develop investment banking activities in the Mexican market.

MARCH 2013

The share capital of BESAF – BES Activos Financeiros Ltda. was increased by BRL 4,000,000.00 (four million reais) to BRL 12,650,000.00 (twelve million six hundred and fifty thousand reais) and the Corporate Bodies of the Bank were elected for the 2013/2016 four-year period.

APRIL 2013

The subsidiary Espírito Santo Securities India Private Limited was granted a merchant banking license, authorising it to develop investment banking services in the Indian market, particularly Mergers & Acquisitions.

MAY 2013

The Bank became the sole (indirect) shareholder of Espírito Santo Investment Holding Ltd.

JULY 2013

The R Consult Participações Ltda. and R Invest Ltda. were incorporated into Espírito Santo Serviços Financeiros DTVM, in accounting terms.

AUGUST 2013

The ESSI Comunicações, SGPS, S.A. was merged by incorporation into Banco Espírito Santo de Investimento, S.A., in accounting terms.

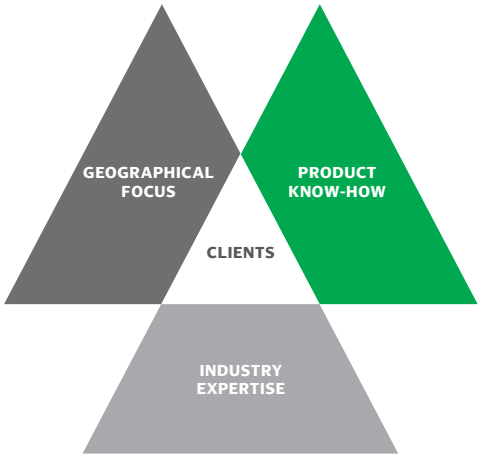
INVESTMENT BANKING BUSINESS

Espírito Santo Investment Bank´s main objective is to provide services to medium-sized and large companies, institutional Clients, and in some specific segments, Private Clients. The Bank's main source of revenues is derived from commissions from advisory services, brokerage and securities placement and from revenues generated by structured credit underwriting and asset and risk management.

The Bank has adopted in the various geographies where it operates a matrix-based team structure with the Client origination teams working closely together with the product and execution teams.

BUSINESS TEAMS

› Client Relationship
› Deal Origination
› Wholesale cross-selling with BES Group



PRODUCT TEAMS

› Capital Markets
› Equities
› Fixed Income
› Corporate Finance / M&A
› Mid-Cap Financial Advisory
› Capital Structure Advisory
› Project Finance and Securitisation
› Acquisition Finance and Other Lending
› Treasury
› Asset Management
› Private Equity

CLIENT ORIGINATION

Working closely with the corporate Clients, the Client Origination Team tracks unique opportunities at national and international level, supported by its extensive markets knowledge.

PRIVATE SOLUTIONS

Under a joint approach with Banco Espírito Santo's Private Banking, Espírito Santo Investment Bank offers a broad range of investment solutions that meet the most demanding requirements of high net worth private clients.

CAPITAL MARKETS

Espírito Santo Investment Bank's recognised track record in the Capital Markets is bolstered by its strong expansion into emerging markets and the development of its international distribution capabilities.

EQUITIES

Espírito Santo Investment Bank is a relevant player in the markets where it operates, with a strong distribution capabilities among its wide base of domestic and international Clients, both institutional and private.

FIXED INCOME

Ensuring a good distribution capacity and geographical coverage, the Fixed Income structuring and sales teams provide a wide range of services to the Bank's Institutional Clients.

CORPORATE FINANCE / M&A

Geographic diversification and industry specific expertise make Espírito Santo Investment Bank "The Reference Bank" in the provision of investment banking services.

MID-CAP FINANCIAL ADVISORY

Espírito Santo Assessoria Financeira works in partnership with the Mid-Cap Corporate Division of Banco Espírito Santo with the aim of providing investment banking services to the mid-cap corporate segment.

PROJECT FINANCE AND SECURITISATION

Through its local teams based in the main financial centres and its extensive and unique knowledge of the various markets, Espírito Santo Investment Bank offers a true competitive edge to its Clients.

ACQUISITION FINANCE AND OTHER LENDING

Espírito Santo Investment Bank is a reference player in loan structuring, underwriting and syndication for medium-sized and large corporate acquisitions.

ASSET MANAGEMENT

Espírito Santo Investment Bank adds value to its Clients' asset portfolios through a synergic combination between the teams' local expertise and a dynamic, flexible and balanced management.

PRIVATE EQUITY

Espírito Santo Capital has an experienced management team, focusing on development capital and equity buyout investments and the infrastructure and energy sectors.

CLIENT ORIGINATION

The Client Origination Team strives to originate transactions for all the Bank's product areas. It works closely with corporate Clients to identify their needs and projects, supported by its extensive knowledge of the national and international market opportunities.

The Client Origination Team is specialised by industry sectors in a proactive and innovative approach aimed at developing sustainable and lasting Client relationships.

While keeping focused on the Portuguese investment banking market, where it continues to cement its leadership, the Bank further reinforced its direct international presence in 2013, originating cross-border opportunities for its Clients.

The commitment and professionalism of the Bank's staff supported the efficiency and effectiveness of its commercial and product teams, a performance reflected in the significant deal flow and transactions in pipeline.

PRIVATE SOLUTIONS

Under a joint approach with Banco Espírito Santo's Private Banking, the Private Solutions Team combines distinctive technical and commercial capabilities in Wealth Management permitting to address the most demanding requirements of high net worth Private Clients.

2013 started on a note of improving investor confidence and consequently greater predisposition for risk-taking. This favourable context, which initially fostered a pipeline of potentially interesting deals, saw a reversal in the second half of the year, with signs of political instability in Portugal reawakening investors' fears about the country's economic and financial recovery.

The political crisis that flared up in June was solved and the last months of 2013 and beginning of 2014 are proving quite positive for Portugal's image in the world, as reflected by the gradual decline of debt yields and investors' appetite for Portuguese debt, for both corporate and sovereign debt. If this improving climate and outlook for positive growth in 2014 are maintained, one could expect a rapid shift in demand from the Bank's Client base towards other classes of assets, namely the so-called real assets which still offer much better risk versus return opportunities when compared to the traditional assets.

CAPITAL MARKETS

In 2013 the Bank maintained a high level of Capital Markets activity in the various regions where it operates, closing more than 50 transactions for a total of approximately EUR 15 billion.

As a result of its role in the Portuguese Debt Capital Markets, Espírito Santo Investment Bank led Dealogic's ranking of Portuguese Debt Capital Markets by Bookrunner Parent, both by volume (with a market share of 15.5%) and number of transactions.

In particular, the Bank acted as: Joint Lead Manager on the bond issues by the Portuguese Republic, BES, REN, Portugal Telecom, EDP Finance and ESFIL, for an overall amount of EUR 5.1 billion; Sole Lead Manager on the bond issues by Galp and Sonae Investimentos; Joint Bookrunner on BES's subordinated debt issue; Global Coordinator on Mota-Engil's bond issue and Joint Global Coordinator on Benfica SAD's bond issue.

Regarding equities and equity-linked operations, the Bank was Joint Bookrunner on ESFG's issue of bonds exchangeable into BES shares (EUR 200 million), Co-Lead Manager on CTT's IPO (EUR 579 million), and Sole Bookrunner on the placement of a block of shares of REN (EUR 23 million).

In Spain, the Bank was Joint Bookrunner on the high-yield bond issue by Empark's and Co-Lead Manager on the high-yield bond issue by NH Hoteles, for a total combined amount of EUR 635 million.

In Poland, the Bank was Joint Bookrunner on the sale of the existing shares of PKO Bank Polski (PLN 5,243 million), the largest Accelerated Bookbuilding deal in the history of the Warsaw Stock Exchange, and on the IPO of Energa (PLN 2,406 million), the largest IPO in the Warsaw Stock Exchange of the last two years. Moreover, the Bank was Global Coordinator on the Accelerated Bookbuilding of Kruk shares, Joint Bookrunner on Capital Park's IPO and Sole Arranger of the private placement of Marvipol shares. As a result of its role in these offerings, the Bank reached 3rd place in the Polish IPO ranking by value in 2013 published by Parkiet, a Polish daily financial newspaper.

In the United Kingdom, the Bank stood out for its role on the placement of shares of IQE Plc (as Joint Bookrunner, Joint Broker & Nominated Adviser), Ted Baker (as Sole Broker & Bookrunner), and the Employee Fund of Sports Direct.com (as Joint Bookrunner), on the capital increase of Vertu Motors Plc (as Joint Broker & Bookrunner) and on the IPO of Just Retirement Group (as Co-Lead Manager).

In Brazil, the Bank's Capital Markets team closed more than 12 transactions, particularly in the debt market, which placed it within the top 10 ranking for Long-Term Fixed-Income Origination in the local market in 2013, by ANBIMA. The Bank participated in six debentures and promissory notes issues, for a total of BRL 2,130 million, namely as Joint Bookrunner on Rodovias do Tietê, Santo Antônio Energia and IE Madeira project bonds issues and Sole Lead Manager on the debentures issues by Unidas and Abengoa Brasil.

As regards international offerings, the Bank participated in the inaugural bond issues by Andrade Gutierrez and OMNI, respectively as Joint Bookrunner and Sole Lead Manager, and as Arranger on the notes programme of Supersul (Yamada Group). In addition, the Bank also took part in structured transactions, namely as Joint Bookrunner on the Asset Backed Securities (" FIDCs") issue by OMNI and Lead Manager on the Certificates of Real Estate Receivables ("CRIs") by Gaia Sec – Suzano. On the equities market, the Bank was Joint Bookrunner on the Follow-on offering of BHG – Brazil Hospitality Group (BRL 355 million).

Benefiting from its presence in New York and Mexico, the Bank has been strategically expanding its activity into other Latin American countries besides Brazil. As a result, the Bank led for the first time International Fixed-Income issues in Mexico, where it acted as Sole Bookrunner on Famsa Group's USD 50 million issue of Euro Commercial Paper and Crediamigo's USD 30 million inaugural bond issue and as Joint Bookrunner on TV Azteca's USD 500 million bond issue.

In 2013 the Bank was licensed to develop merchant banking activities in India, which will permit to extend the investment banking services provided in this country to Capital Market transactions.

PORTUGAL

Tap of 4.35% Notes Due 2017

Joint Lead Manager

€ 2,500,000,000
2013
ESPIRITO SANTO INVESTMENT BANK

PORTUGAL

ctt

IPO

Co-Lead Manager

€ 579,021,895
2013
ESPIRITO SANTO INVESTMENT BANK

SPAIN

empark

6.75% Senior Secured Notes Due 2019
€ 235,000,000
Senior Secured Floating Rate Notes Due 2019
€ 150,000,000
Joint Bookrunner
2013
ESPIRITO SANTO INVESTMENT BANK

UNITED KINGDOM

justretirement

IPO

Co-Lead Manager

GBP 343,200,000
2013
ESPIRITO SANTO INVESTMENT BANK

POLAND

Bank Polski

Accelerated Bookbuilding of existing shares

Joint Bookrunner

PLN 5,243,768,537
2013
ESPIRITO SANTO INVESTMENT BANK

POLAND

Energa

IPO

Joint Bookrunner

PLN 2,405,875,139
2013
ESPIRITO SANTO INVESTMENT BANK

BRAZIL

BHG Brazil Hospitality Group

Follow on

Joint Bookrunner

R$ 355,490,520
2013
ESPIRITO SANTO INVESTMENT BANK

MEXICO

azteca

7.625% Notes Due 2020

Joint Bookrunner

US$ 500,000,000
2013
ESPIRITO SANTO INVESTMENT BANK

EQUITIES

In Portugal and Spain the year was marked by an optimist outlook resulting from a general return of investor confidence, something the market had not seen since 2007, which translated into a positive performance of the main stock market indices in both countries.

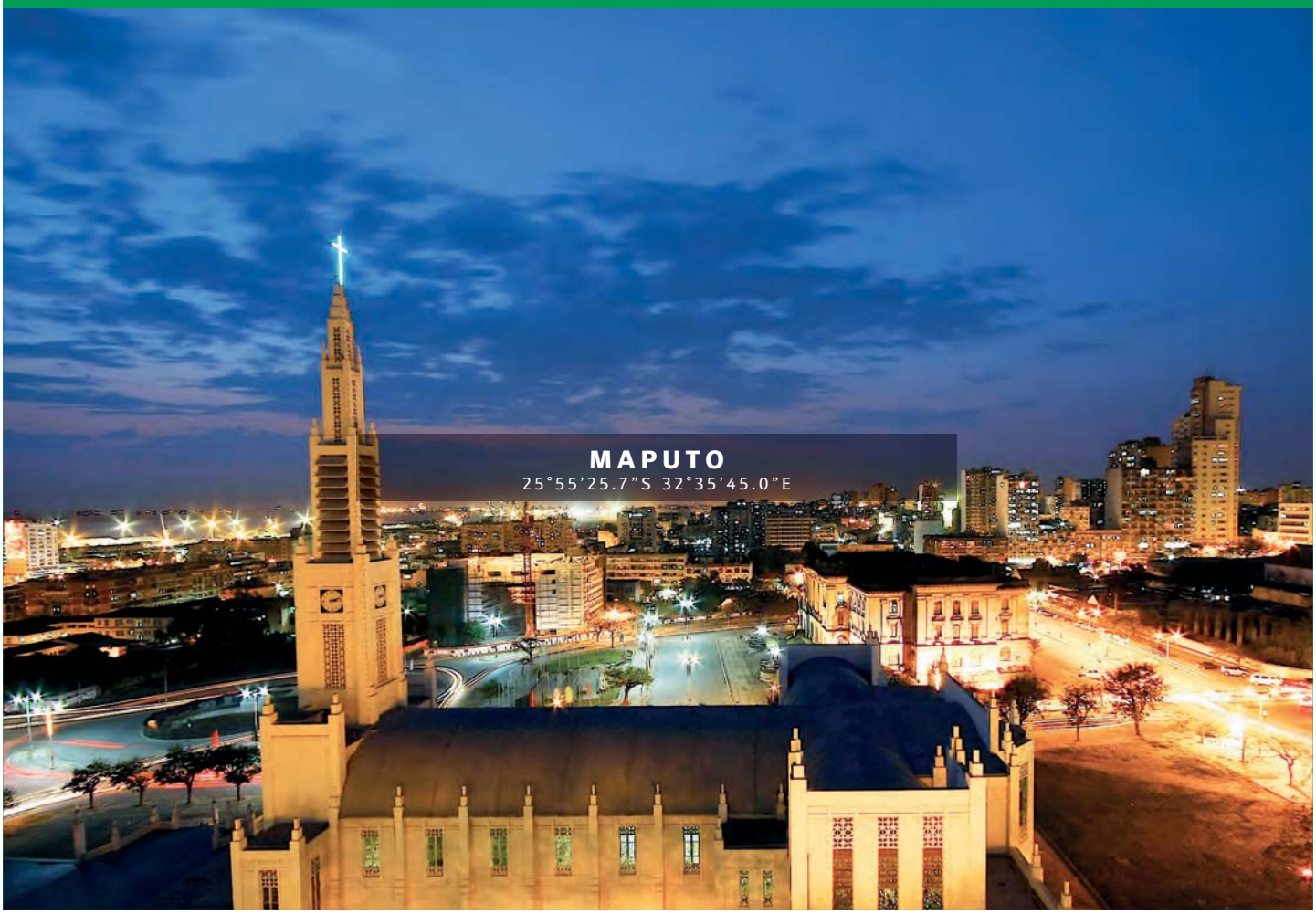
The United Kingdom also saw a significant upsurge in the market and strong interest from investors, particularly as from the second half of 2013, prompting the Bank to realign its local teams in order to reinforce its coverage of shares in key sectors.

In Poland, Espírito Santo Investment Bank maintained its strategy of selling its Polish equities research product to both local and international funds, through its London and New York platforms allowing for a significant increase in the secondary market commissions.

In Brazil, BES Securities do Brasil reached 23rd place in the Bovespa ranking with a market share close to 1% and has been gaining position in other segments, leading the forward market ranking, with a share of 12%. In the futures market, BES Securities do Brasil improved its position in the ranking to 19th, from 22nd in 2012, and hit the first position in cattle futures and the 3rd in general commodities futures.

In India, after operating in the brokerage business for six quarters, the Bank made significant progress within a volatile macroeconomic context, with its research team already covering more than 100 listed Indian companies.

In addition, Espírito Santo Investment Bank established several strategic partnerships in markets having strong complementarity with its geographical areas of operation, namely a strategic joint venture in Turkey with Global Securities, and another in Southeast Asia, with RHB, one of the three largest banks in the region, with a broad coverage of shares in Asia (ca. 150 listed companies) and a team of 64 analysts in Singapore, Malaysia, Hong Kong, Thailand and Indonesia.



FIXED INCOME

With financial managers increasingly losing their appetite for in interest-rate hedging, in 2013 the area of Risk Management for Corporate Clients made an additional effort to structure find risk-hedging solutions related to other assets, namely commodities and exchange rates. Towards the end of the year, as the first signs of an economic recovery emerged and interest rates gradually rose, requests for hedging proposals registered a significant increase.

Regarding Risk Management for Institutional Clients, the amount of structured debt products issued by the Bank in Iberia in 2013 registered an increase of nearly 35% over 2012. While products indexed to the credit and stock markets remained the most sought for, there was an increase in demand for equity-linked products, a trend that had already been anticipated given the improvement in the macroeconomic scenario.

In Brazil the Risk Management and Structuring activity was very positive in 2013, with revenues increasing above expectations. The Bank kept the focus of its strategy on 4 main pillars: increase the flow and the portfolio of the International Premium Unit (IPU); close ties to Clients with the potential for engaging in derivatives transactions; set up support structures to the operations of BES Investimento do Brasil's branch in the Cayman Islands; and structure transactions to optimise Asset and Liability Management (ALM).

For Trading & Sales, 2013 was a year of strong commercial activity, with a marked increase in secondary market business, driven by the growing participation of international Clients and the placement of new primary market issues from Europe and Latin America.

CORPORATE FINANCE/M&A

In 2013 the global Mergers & Acquisitions (M&A) activity increased by 4% in number of announced transactions and by 7% in value, to USD 2,366 billion.

In Europe the M&A market grew by 8% in number of announced transactions and by 9% in value, to USD 973 billion, according to Bloomberg data. Cross-border transactions represented 45% of total announced transactions at global level, remaining the main driver of the European M&A market.

M&A activity in Iberia had a good performance in 2013, in contrast to the two previous years, growing by 36% in number of announced transactions and by 7% in value, to USD 60 billion.

The Brazilian M&A market registered moderate growth in 2013 (to USD 78.8 billion), reflecting the deceleration of the Brazilian economy and the climate of uncertainty prevailing in the Capital Markets. Nevertheless, Brazil continued to be Latin American leader by volume of M&A transactions.

The M&A business in the United Kingdom registered a marginal year-on-year increase of 2%. A sluggish Capital Markets and difficult access to finance continued to account for the market's stagnation in volume.

In Poland economic activity cooled down in 2013, being sharply penalised by the performance of the Eurozone countries. In this context the number of announced deals remained flat year-on-year, while increasing by 11% in value, to USD 10 billion.

In 2013 the United States M&A market grew by 11% in number of announced transactions and by 18% in value, to USD 1,320 billion (Bloomberg data). The macroeconomic scenario and the recovery observed in 2013 were the main drivers of this performance.

In 2013 Espírito Santo Investment Bank acted as adviser on 12 M&A transactions, for a total value of approximately EUR 19 billion.

In Iberia, despite a harsh economic environment, Espírito Santo Investment Bank maintained the leadership of the Portuguese M&A market by number and value of concluded transactions, and ranked in 2nd place in Iberia, by value of concluded transactions. This performance confirms its position as a reference player in the provision of investment banking services in the region.

Notwithstanding its generalist strategy, the Bank maintained a strong presence in the energy and telecommunications sectors in Iberia, as well as a prominent role in the ongoing privatisations programme in Portugal.

In Brazil, Espírito Santo Investment Bank's M&A activity in 2013 broadly followed the trend of previous years, providing advisory services to domestic deals and transactions on Brazilian assets involving international investors from regions where the Bank is present. In 2013 the Bank placed in 8th position in Brazil's ranking of announced deals, by value (Bloomberg data).

LEAGUE TABLE

Bloomberg

1st Place M&A Financial Advisory Portugal
(Value and number of completed deals)

2013

ESPIRITO SANTO INVESTMENT BANK

LEAGUE TABLE

Bloomberg

2nd Place M&A Financial Advisory Iberia
(Value of completed deals)

2013

ESPIRITO SANTO INVESTMENT BANK

PORTUGAL

PARPÚBLICA
PARTICIPAÇÕES PÚBLICAS (SGPS) S.A.

Privatisation of 100% of Ana - Aeroportos de Portugal, S.A.

Financial Adviser

€ 3,080,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

UNITED KINGDOM

IQE

Acquisition of Kopin Wireless

Financial Adviser, Joint Broker & Bookrunner

GBP 75,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

BRAZIL

PT

Merger with Oi S.A. (ongoing)

Financial Adviser

2013

ESPIRITO SANTO INVESTMENT BANK

SPAIN/USA

EUROPASTRY

Acquisition of 24% of Wenner Bread

Financial Adviser

2013

ESPIRITO SANTO INVESTMENT BANK

Espírito Santo Investment Bank is today a top-line player in Poland. In 2013 the Bank consolidated its M&A activity where its local team worked on various operations, namely in the financial, construction, telecommunications, renewable energy and manufacturing sectors.

The Bank's M&A team in the United Kingdom is particularly well positioned to attract the interest of international investors in both the mature and the emerging markets where the Bank is present, promoting cross-border deals, especially in the middle market segment.

The M&A activity in the United States of America mainly concentrated on cross-border transactions with Europe and India and Latin America, where increasing interest and a growing number of opportunities are expected to emerge.

The sustained growth of M&A in the last months of 2013 and early 2014 marks a turning point in the previous trend and raises expectations that 2014 could be a year of recovery in this business at world level. Industrial investors are favouring a new cycle of investments following a better economic outlook, while Private Equity firms are renewing their interest in South European assets.

The Bank will continue to target those sectors which have proven more resilient to the economic downturn and where it has developed strong competencies, namely energy, telecommunications and infrastructures.

Geographically, the Bank will continue to target cross-border transactions in the markets where it operates, banking on the growth potential of the emerging markets and harnessing value opportunities arising in the more mature markets, namely taking part and providing advisory services in the ongoing privatisation programmes.

MID-CAP FINANCIAL ADVISORY

Espírito Santo Assessoria Financeira provides investment banking services to the mid-cap corporate segment, including financial advisory services for Mergers and Acquisitions and for financial restructuring processes, as well as pure financial consulting services, namely valuations and economic and financial feasibility studies.

Commercial efforts are primarily undertaken by Banco Espírito Santo's Corporate Banking Centres, which are important sources of business for Espírito Santo Assessoria Financeira.

In order to expand its business sourcing channels, Espírito Santo Assessoria Financeira has established a cooperation agreement with the Private Banking Division of Banco Espírito Santo. The aim is to offer Financial Advisory services that will support private banking Clients in the development of their investment projects as well as in the acquisition or disposal of equity holdings.

Overall, business and revenues in 2013 were in-line with expectations. A total of eight mandates were originated and the following transactions were concluded:

PORTUGAL

Fundraising and Financial Restructuring of Pelicano

Financial Adviser

2013

ESPIRITO SANTO Assessoria Financeira

PORTUGAL

Valuation of Liquidation vs. Privatisation of Estaleiros Navais de Viana do Castelo

Financial Adviser

2013

ESPIRITO SANTO Assessoria Financeira

PORTUGAL

Valuation of Porto Bay Group

Financial Adviser

2013

ESPIRITO SANTO Assessoria Financeira

PROJECT FINANCE AND SECURITISATION

Espírito Santo Investment Bank's presence in geographies considered strategic allied to its know-how and expertise give it access to transactions and projects with high profile and attractiveness.

In 2013 the Bank focused its international expansion on newly emerging geographies, especially in Latin America, particularly in Mexico, Colombia, Peru and Brazil, where it was considered a reference in the infrastructure sector.

The Bank closed several transactions in the infrastructure sector across the various regions where it operates. In Brazil, the Project Finance team, together with the Capital Markets team, structured project bond issues in the energy generation and transmission and motorway concessions sectors, witnessing an increase in the volume of credit through the onlending of funds of Banco Nacional de Desenvolvimento Econômico e Social (BNDES).

In Mexico the Bank closed 5 operations in the power generation and motorway sectors and entered joint ventures and agreements with local multi-lateral agents with the objective of financing projects in the country.

In Portugal, the structuring of transactions in the renewable energy and motorway concessions sectors also contributed to the business's areas positive performance. In 2014 the Bank will pursue its strategy of consolidation in the regions where it is present, paying particular attention to Africa and specifically to Mozambique and Angola. To this end, the focus will be maintained on the integration of the local teams so as to adequately meet the different needs of each market.

BRAZIL

VIABAHIA

Viabahia Concessionária de Rodovias

BNDES Onlending

R$ 120,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

MEXICO

ICA

Standby Letter of Credit to guarantee Dipesa future capital requirement in a road project in Mexico

LC Issuer

MXN 450,200,000
2013

ESPIRITO SANTO INVESTMENT BANK

MEXICO

ICA

Standby Letter of Credit to guarantee Autovía Querétaro's capital requirement in a road project in Mexico

LC Issuer

MXN 1,000,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

PORTUGAL

GLOBAL WATT

Refinancing to PV Loiral to increase of credit facilities granted to PV Loiral for the construction of a set of solar photovoltaic power generation facilities, with a total installed capacity of 11 MW (7MW + 2MW + 2MW) in Portugal

Mandated Lead Arranger

€ 18,700,000
2013

ESPIRITO SANTO INVESTMENT BANK

MEXICO

LA YESCA
Constructora Proyectos Hidroelectricos S.A. de C.V.

Working Capital Facility for the construction of a 750MW Hydroelectric plant in Mexico

Lender and Underwriter

US$ 30,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

BRAZIL

ie madeira

Infrastructure Debenture

Joint Bookrunner

R$ 350,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

PORTUGAL

ascendi

Refinancing of corporate debt

Mandated Lead Arranger

€ 471,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

ACQUISITION FINANCE AND OTHER LENDING

2013 marked a turnaround in the Acquisition Finance activity in the European market, with syndicated loan volume growing by 27.5% year-on-year.

In Iberia, the first half of the year was marked by scarce liquidity in the debt market and meagre investment opportunities. The second half already saw a slight improvement in the sector as a result of the decline in public debt interest rates and the increase in credit volume, namely in high-yield operations.

As regards the activity developed in Iberia in 2013, the Bank was Mandated Lead Arranger of the following transactions:

- EUR 21.2 million financing to Arena Atlântida – Gestão de Recintos de Espectáculos, S.A. for the acquisition of Meo Arena;
- USD 27 million financing to Vinair Aeroserviços, S.A.;
- EUR 211.5 million financing to Sodim, S.G.P.S., S.A. for the acquisition of shares Cimigest and Cimipar;
- EUR 30 million financing to Empark, S.A. for working capital needs in connection to a high-yield bond issue.

The Bank also acted as Financial Advisor on the financial restructuring of SAG-SGPS, S.A..

The Bank's activity in Poland has been mostly concentrated on the issuance of bank guarantee lines, which in 2013 totalled more than PLN 300 million.

Taking advantage of the existing liquidity in the market in 2013, the Other Lending activity in Brazil stepped up its interaction with the Clients, proposing better structured funding alternatives while consolidating the Bank's position as a player standing out from the competition.

As a result of this strategy the structured credit business expanded and the Bank intervened more in syndicated loans and club deals.

The Other Lending division closed a total of 144 structured deals in 2013, corresponding to an overall volume of lending of BRL 1.23 billion, an average amount per transaction of BRL 8.5 million. The structured credit activity in USD, conducted through BESI Brasil's subsidiary in the Cayman Islands, also grew in 2013. This business plays a strategic role in strengthening the Bank's relationship with major groups in Latin America, both Brazilian and Iberian.

PORTUGAL

SODIM, SGPS, S.A.

Acquisition Finance

Mandated Lead Arranger

€ 211,500,000
2013

ESPIRITO SANTO INVESTMENT BANK

SPAIN

empark

Superior Senior Revolving Credit Facility

Mandated Lead Arranger

€ 30,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

BRAZIL

sugalidal

Loan

Arranger

US$ 25,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

BRAZIL

IESA
Óleo & Gás S/A

CCE

Arranger

R$ 100,000,000
2013

ESPIRITO SANTO INVESTMENT BANK

ASSET MANAGEMENT

DISCRETIONARY PORTFOLIO MANAGEMENT

The improvement in the markets in 2013 had a double positive effect on the business, leading on the one hand to a considerable increase in portfolio's return (14% for normal profile and 20% for more aggressive profile) due to their exposure to the Eurozone, and on the other to a 35% year-on-year increase in Assets under Management, to EUR 212 million at the end of 2013, fuelled by a considerable amount of new inflows into Funds under Management, only possible in a climate of normalisation of investor confidence.

FUND MANAGEMENT

At the end of 2013 BESAF – BES Activos Financeiros had total Assets under Management of BRL 844 million, a year-on-year reduction of 16%.

BESAF pursued its strategy of product offer diversification and to this end established a partnership with ESV – Espírito Santo Venture Capital that led to the creation of an investment fund for start-ups. The process of merging the activities of BESAF and Espírito Santo Serviços Financeiros DTVM was started at the end of 2013.

In 2014 we will maintain our current market strategy focused on the search for new distributors, family offices and others for the placement of structured products.

WEALTH MANAGEMENT

Assets under Management at Espírito Santo Serviços Financeiros - DTVM remained flat in 2013, at BRL 1.2 billion, while the number of active Clients at year-end reached 360.

Portfolio management was capital-protection oriented, with a consequent improvement in performance. The strategy of investing in assets with no correlation with the Ibovespa proved right and permitted to reach positive nominal results in the equity portfolios.

Due to the events planned for 2014 - the FIFA World Cup and the Presidential Elections - DTVM will maintain a defensive investment strategy privileging risk diversification in the investment portfolios.

PRIVATE EQUITY

2013 was marked by the final closing of the subscription period of the 2bCapital fund targeting the Brazilian market, the conclusion of the investment period of the ESIF Fund, two new investments in the later stage segment in Portugal and also the significant increase in divestments as a result of an improvement in macroeconomic conditions and increased portfolio's maturity.

Total investment in 2013 amounted to approximately EUR 5.5 million namely in the capital increases of Epedal and Ramos Ferreira (both new investments) and in the follow-on offering of Globalwatt (construction of two new solar power plants with total capacity of 4 MW).

The two first investments by the 2bCapital fund (BRL 135 million) have been approved and should be concluded by the end of the first quarter of 2014.

The amount of divestment registered a sharp increase, including the sale of the holdings in Cades, Panicongelados and the BRB Group. Dividends received from the subsidiaries increased, translating the portfolio's growing maturity and its good operational performance.

Funds under management remained flat, at EUR 332 million, with the increase in the value of the 2bCapital fund offsetting the amount of divestment in the year.

After three very gloomy years, the second half of 2013 signalled a turning point, with a general improvement in the economic climate in Portugal and also in Spain. This perspective, which was already gaining some momentum in the first half of the year, permitted to initiate several divestment processes, which should be concluded during the first half of 2014.

In Brazil, key macroeconomic indicators have deteriorated across the board during the reporting year, with growth slowing down, inflation increasing and the real sharply devaluating. This, combined with investors' recent aversion for the emerging markets, raises some fears about 2014, even if we continue to believe that the Private Equity sector will maintain a strong dynamics and that the investment fundamentals of the 2bCapital fund will remain valid.

PORTUGAL

GLOBAL WATT

Development and operation of Solar Energy

20MW
Start up

2010-2013

ESPIRITO SANTO Capital

PORTUGAL

epedal

Automotive components

Development
16.5%

2013

ESPIRITO SANTO Capital

PORTUGAL

Ramos Ferreira

Electric Installations

Development
11.2%

2013

ESPIRITO SANTO Capital

RISK

The objective of the Risk Management function is to identify, assess, monitor and report all the material risks to which BES Group is subject, both internally and externally, so that such risks remain within the limits approved at the level of each institution and therefore do not affect that institution's or the Group's financial solvency.

Efficient Risk Management and control have always played a fundamental role in the balanced and sustained growth of BES Group, contributing to optimise risk/return across the various business lines while simultaneously providing a consistently conservative risk appetite in terms of solvency and liquidity.

GOVERNANCE AND RISK MANAGEMENT PRINCIPLES

› Independence of the risk function from the business units
› Management involvement at senior level through specialised committees
› Three Lines of Defense approach
› Integrated vision of risk
› Specialised technical structures

BACKGROUND

The economic recession that persist's in Portugal inevitably impacted the activity developed by the Group, with consequences in terms of the main risks to which it is exposed:

SOLVENCY

Core Tier I of 11.03%, comfortably above the Bank of Portugal's minimum requirement (10%).

Risk weighted assets dropped by 4%, to EUR 4,759 million, reflecting the Group's Risk Management Policy.

The ICAAP exercise carried out in 2013 with reference to 31st December,. 2012 concluded that the Bank has a conservative risk appetite ensuring high solvency levels equivalent to a minimum rating target of A (debt holder perspective).

CAPITAL RATIOS

Core Tier I

2012	11.6%
2013	11.03%

Risk-weighted Assets (EUR million)

	2013	2012
CREDIT RISK	3,714	3,643
MARKET RISK	593	832
OPERATIONAL RISK	452	472
TOTAL	4,759	4,947

CREDIT

The overdue loans (>90 days) ratio increased to 2.4% (Dec. 12: 0.7%) and the credit at risk ratio reached 11.9% (Dec.12: 9.8%).

Due to the increase in overdue loan levels, credit provisions were reinforced by EUR 37.9 million (1.89%), which compares with EUR 32.9 million (1.45%) in 2012.

Provisions on the balance sheet, after adding EUR 30.6 million, increased by 7% YoY, which left unchanged the prudent coverage ratios: the coverage of overdue loans (>90 days) and credit at risk were 265.7% and 40.7%, respectively, while the average provisioning rate 6.49% (Dec.12: 5.39%).

OVERDUE LOANS AND PROVISIONS

Overdue loans

		coverage
Overdue loans +90 days	2.4%	265.7%
Credit at risk	11.9%	40.7%

Provisions

Impairment cost	1.89%
Impairment rate	6.49%

Source: Espírito Santo Investment Bank

MARKET

Consolidated Value at Risk (VaR) in the trading book and concerning trading positions in commodities and FX positions totalled EUR 15.6 million in December 2013, which is EUR 7.1 million less than in December 2012.

The Group's banking book exposure to interest rate risk, assuming a parallel yield curve shift of 200 bps, shows a EUR 38.9 million negative impact, which compares with a EUR 1.4 million positive impact in December 2012.

REDUCTION OF MARKET VOLATILITY

Value at Risk (EUR thousand)

2012	2013
22,768	15,642

Interest Rate Risk (EUR thousand)

2012	2013
1,395	-38,953

LIQUIDITY

The reduction of the Loan to Deposits ratio to 233.89%, largely resulted from an 11% reduction in the loan portfolio.

PRUDENT MANAGEMENT OF LIQUIDITY RISK

Loan to Deposits Ratio

2012	257.5%
2013	233.89%

Source: Espírito Santo Investment Bank

CORPORATE BODIES, EXECUTIVE COMMITTEE AND PRODUCT DIVISIONS

CORPORATE BODIES

GENERAL MEETING BOARD

Chairman
Daniel Proença de Carvalho

Secretary
José Miguel Alecrim Duarte

BOARD OF DIRECTORS

Chairman
Ricardo Espírito Santo Silva Salgado

Vice-Chairmen
José Maria Espírito Santo Silva Ricciardi
Francisco Ravara Cary
Rafael Caldeira de Castel-Branco Valverde
Miguel António Igrejas Horta e Costa
Ricardo Abecassis Espírito Santo Silva

Members
Alan do Amaral Fernandes
Amílcar Carlos Ferreira de Morais Pires
Bernard Marcel Fernand Basecqz
Christian Georges Jacques Minzolini
Diogo Luís Ramos de Abreu[1]
Duarte José Borges Coutinho Espírito Santo Silva
Félix Aguirre Cabanyes
Frederico dos Reis de Arrochela Alegria
João Filipe Espírito Santo de Brito e Cunha
José Manuel Pinheiro Espírito Santo Silva
Luís Miguel Pina Alves Luna Vaz
Moses Dodo[1]
Nicholas Mark Finegold
Paulo José Lameiras Martins
Pedro Mosqueira do Amaral
Phillipe Gilles Fernand Guiral
Tiago Vaz Pinto Cyrne de Castro

EXECUTIVE COMMITTEE

Chief Executive Officer
José Maria Espírito Santo Silva Ricciardi

Deputy Chief Executive Officer (Deputy CEO)
Francisco Ravara Cary

Members
Rafael Caldeira de Castel-Branco Valverde
Miguel António Igrejas Horta e Costa
Ricardo Abecassis Espírito Santo Silva
Alan do Amaral Fernandes
Christian Georges Jacques Minzolini
Diogo Luís Ramos de Abreu[1]
Félix Aguirre Cabanyes
Frederico dos Reis de Arrochela Alegria
Luís Miguel Pina Alves Luna Vaz
Moses Dodo[1]
Paulo José Lameiras Martins
Tiago Vaz Pinto Cyrne de Castro

Senior Managing Directors with a seat on the Executive Committee
José Luís de Saldanha Ferreira Pinto Basto
Pedro Miguel Cordovil Toscano Rico
Nuno David Fernandes Cardoso

Executive Committee Secretary
Patrícia Salgado Goldschmidt Catanho Meneses

SUPERVISORY BOARD

Permanent Members
José Manuel Macedo Pereira (Chairman)
Tito Manuel das Neves Magalhães Basto
Mário Paulo Bettencourt de Oliveira

Deputy Member
Paulo Ribeiro da Silva

STATUTORY AUDITORS

Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas representada por Amável Alberto Freixo Calhau

EXTERNAL AUDITORS

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.

PRODUCT DIVISIONS

CLIENT ORIGINATION
Pedro Toscano Rico (Portugal)
Carolina Ibañez (Spain)
Miguel Lins (Brazil)
Bartlomiej Dmitruk (Poland)
Nuno Cardoso (United States of America and Mexico)
George Mathew (India)
Jorge Ramos (Angola)

PRIVATE SOLUTIONS
Lourenço Vieira de Campos

CORPORATE FINANCE/M&A
Leonor Dantas / Luís Vasconcelos (Portugal)
José Miguel Rego (Spain)
Maria Luísa Baroni (Brazil)
Paulo Barradas (United Kingdom)
Lukasz Pawlowski (Poland)
Maria Luísa Baroni / Daniel Pyne (United States of America)
George Mathew (India)

MID-CAP FINANCIAL ADVISORY
Leonor Dantas

ACQUISITION FINANCE AND OTHER LENDING
Rui Baptista / Pedro Ruas (Portugal)
Rui Baptista / Gonzalo de Liñán Amusátegui (Spain)
Alan Fernandes (Brazil)
Rui Baptista / Bartlomiej Dmitruk (Poland)
Nuno Cardoso (United States of America)

PROJECT FINANCE AND SECURITISATION
Luís Sousa Santos (Portugal and Poland)
Carlos Álvarez Fernández (Spain)
Alan Fernandes (Brazil)
Robin Earle (United Kingdom)
Nuno Cardoso (United States of America and Mexico)

CAPITAL MARKETS
Sílvia Costa (Portugal and Spain)
Miguel Guiomar (Brazil)
Erik Anderson (United Kingdom)
Tara Cemlyn-Jones (International)
Maciej Jacenko / Krzysztof Rosa (Poland)
Miguel Guiomar / Dennis Holtzapffel / Rodrigo Carvalho (United States of America and Mexico)
George Mathew (India)

FIXED INCOME
Carlos Ferreira Pinto (Portugal) – Global Coordinator
Sílvia Nadelar (Spain)
Roberto Simões (Brazil)
Marcus Ashworth (United Kingdom)
Krzysztof Rosa (Poland)
Garreth Hodgson (United States of America and Mexico)

TREASURY
Carlos Nogueira (Portugal)
Roberto Simões (Brazil)
Krzysztof Rosa (Poland)

CAPITAL STRUCTURE ADVISORY
Cristina Frazão (Portugal, Spain and Poland)

GLOBAL LOAN SYNDICATION
Lucas Martinez Vuillier (Europe)
Thomas Friebel (Americas)

GLOBAL MARKETS
Rui Borges de Sousa (Portugal and Spain)
Roberto Simões (Brazil)
Gonçalo Mendes de Almeida (United Kingdom)
Krzysztof Rosa (Poland)

EQUITIES
João Baptista Pereira (Portugal and Spain)
Rui Marques (Brazil)
Dipesh Patel (United Kingdom)
Szymon Ozog (Poland)
Garreth Hodgson (United States of America)
Premal Madhavji (India)
Nick Paulson-Ellis / Rui Marques (Emerging Markets – United Kingdom)

RESEARCH
Will Draper (Equity Research - Europe)
Filipe Rosa (Equity Research – Portugal and Spain)
Catarina Pedrosa (Equity Research – Brazil)
Konrad Księżopolski (Equity Research - Poland)
Saikiran Pulavarthi / Chirag Talati (Equity Research - India)
José Martins Soares (Cross Asset Research)

ASSET MANAGEMENT
Fernando Castro Solla (Discretionary Management - Portugal and Spain)
Paulo César Werneck (Asset Management - Brazil)
Domingos Espírito Santo Pereira Coutinho / José Carlos Mendes (Wealth Management - Brazil)

PRIVATE EQUITY
João Arantes e Oliveira

BRANCHES, SUBSIDIARIES AND REPRESENTATIVE OFFICES

BRANCHES

SPAIN
Félix Aguirre Cabanyes
Ricardo Domenech Zamora

LONDON
Rafael Caldeira de Castel-Branco Valverde
Aníbal Jorge Campos Paçó

NEW YORK
Moses Dodo[1]
Nuno David Fernandes Cardoso

POLAND
Christian Georges Jacques Minzolini
Krzysztof Rosa
Bartlomiej Dmitruk

CAYMAN ISLANDS (BRANCH OF BES INVESTIMENTO DO BRASIL)
Ricardo Abecassis Espírito Santo Silva
Mércia Carmeline Alves Bruno

SUBSIDIARIES

BES INVESTIMENTO DO BRASIL, S.A. – BANCO DE INVESTIMENTO (Brazil)
Ricardo Abecassis Espírito Santo Silva

BES SECURITIES DO BRASIL, S.A. – CORRETORA DE CÂMBIOS E VALORES MOBILIÁRIOS (Brazil)
Ricardo Abecassis Espírito Santo Silva

BESAF - BES ACTIVOS FINANCEIROS, LTDA. (Brazil)
Ricardo Abecassis Espírito Santo Silva

ESPÍRITO SANTO SERVIÇOS FINANCEIROS DTVM (Brazil)
Ricardo Abecassis Espírito Santo Silva

ESPÍRITO SANTO CAPITAL - SOCIEDADE DE CAPITAL DE RISCO, S.A. (Portugal)
Francisco Ravara Cary
João Carlos Mendes Reis Arantes e Oliveira

ESPÍRITO SANTO INVESTMENT P.L.C. (Ireland)
Tiago Vaz Pinto Cyrne de Castro
John Patrick Andrew Madigan

ESPÍRITO SANTO INVESTMENT HOLDING LTD (United Kingdom)
Luís Miguel Pina Alves Luna Vaz

EXECUTION NOBLE LIMITED (United Kingdom)
Luís Miguel Pina Alves Luna Vaz

EXECUTION NOBLE (Hong Kong) LIMITED
Luís Miguel Pina Alves Luna Vaz

ESPÍRITO SANTO SECURITIES INDIA PRIVATE LIMITED (India)
Luís Miguel Pina Alves Luna Vaz
George Mathew Verghese

LUSITANIA CAPITAL, S.A.P.I. DE C.V., SOFOM, E.N.R. (Mexico)
Moses Dodo[1]
Nuno David Fernandes Cardoso
Hugo António Villalobos Velasco
Tiago Vaz Pinto Cyrne de Castro

REPRESENTATIVE OFFICES

MEXICO CITY
Hugo António Villalobos Velasco

GERMANY
Mário Vieira de Carvalho

[1] Resigned his position as member of the Board of Directors and member of the Executive Committee.

BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.
Edifício Quartzo - Rua Alexandre Herculano nº 38 - 1269-161 Lisboa - Portugal
Registered Share Capital: 326 269 000 euros
Registered with Lisbon Commercial Registry Office Corporate Registration and Tax Payer Number 501 385 932

www.espiritosantoib.com