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Banco Espírito Santo, S.A. informs on exposures to Espírito Santo Group

Banco Espírito Santo had as of March 31 2014, considering the results of the capital increase concluded in June, a consolidated capital buffer of EUR 2.1 billion above the minimum regulatory Common Equity Tier I (8%).

Banco Espírito Santo is waiting for the release of the restructuring plan of Espírito Santo Group in order to assess the potential losses related to its exposure to Espírito Santo Group. BES Executive Committee believes that the potential losses resulting from the exposure to Espírito Santo Group do not compromise the compliance with the regulatory capital requirements.

Board members who resigned from their positions at BES Board of Directors but were not yet replaced, declare themselves not legitimate to take part in any discussion and/or deliberation related to ESFG and Espírito Santo Group. Moreover, the referred Board members will be replaced after the approval of the interim accounts, which should occur until the July 28.

Banco Espírito Santo is committed not to increase its total exposure to Espírito Santo Group.

Banco Espírito Santo informs that its consolidated exposure to Espírito Santo Group entities as of June 30 2014, information to be published within the interim report (note on related party transactions) and considering the preliminary data as of today, not yet subject to review by the external auditor, is as follows:

(euro thousand)

	30.06.2014					
	Assets					
	Loans and Advances to Banks	Loans	Securities	Other	Total	Guarantees
Rio Forte and subsidiaries						
RIO FORTE	-	163.947	-	-	163.947	-
ES SAUDE	-	27.843	-	-	27.843	2.943
ES IRMÃOS	-	3.807	-	-	3.807	-
Herdade da Comporta	-	-	5.256	-	5.256	4.940
ATLANTIC MEALS	-	18.773	-	-	18.773	-
Other	-	4.589	-	38	4.627	2.037
	-	218.959	5.256	38	224.253	9.920
ESFG and Banks						
ES FINANCIAL GROUP	-	30.025	14.413	-	44.438	-
ESF PORTUGAL	-	-	41.184	-	41.184	-
ESPIRITO SANTO FINANCIÈRE, SA	-	470.349	9.619	1.976	481.944	-
BANQUE PRIVÉE ESPÍRITO SANTO	15.546	-	-	68	15.614	7.640
ES BANK PANAMA	342.175	-	-	61	342.236	-
ES BANKERS (DUBAI)	-	-	-	395	395	-
ESFG INTERNATIONAL	-	-	939	-	939	-
	357.721	500.374	66.155	2.500	926.750	7.640
Subtotal (1)	357.721	719.333	71.411	2.538	1.151.003	17.560
Other						
OPWAY	-	14.512	-	2.029	16.541	37.730
CONSTRUCCIONES SARRION	-	14.827	-	-	14.827	-
Other	-	570	-	-	570	1.601
	-	29.909	-	2.029	31.938	39.331
Subtotal (2)	-	29.909	-	2.029	31.938	39.331
TOTAL (1) + (2)	357.721	749.242	71.411	4.567	1.182.941	56.891

Banco Espírito Santo has an exposure to Tranquilidade Sub-Group entities which totals EUR 304.6 million, essentially related to securities issued by T-Vida (EUR 303.5 million), which corresponds to a unit link which underlying does not include any exposure to Espírito Santo Group entities.

Of the exposures referred to in the previous table, BES Group had as of June 30, 2014 exposure to Espírito Santo Financial Group and its subsidiaries ESF Portugal, ES Financière, Banque Privée Espírito Santo, Espírito Santo Bank Panama, ES Bankers (Dubai) and ESFG International amounting to EUR 858.1 million related to credits and loans and advances to banks.

Total exposure to Rioforte and its subsidiaries was EUR 224.3 million mainly related to credit.

Furthermore, and not included in the previous table, there is a gross exposure of EUR 297 million to ESCOM Group, which is a company that according to Espirito Santo Group was sold, process that has not yet been finalised but is expected to be concluded in the short term.

The amount of debt securities issued by entities of Espirito Santo Group and held directly by retail clients of BES Group, as at June 30 2014, was the following:

- Commercial paper issued by Espírito Santo International: EUR 255 million;
- Commercial paper issued by Rioforte: EUR 342 million;
- Commercial paper issued by Rioforte subsidiaries (ES Saúde and ES Property): EUR 44 million;
- Commercial paper and bonds issued by ESFG and its subsidiaries: EUR 212 million

Moreover, there are no material exposures to Espirito Santo Group companies held by funds managed by entities of BES Group.

ESFG issued an unconditional and irrevocable guarantee of EUR 700 million to secure the performance of Espirito Santo International (ESI) obligations under the debt instruments that were issued by ESI and distributed by BES Group to its retail clients. This guarantee currently covers debt instruments issued by other entities of Espírito Santo Group, namely Rioforte.

As of June 30, 2014 BES retail clients also held EUR 64 million of securities issued by ESCOM, a company that according to Espirito Santo Group was sold, process that has not yet been finalised but is expected to be concluded in the short term, and EUR 144 million bonds issued by Espírito Santo Tourism, a company that according to information provided by Espírito Santo Group was sold in 2013.

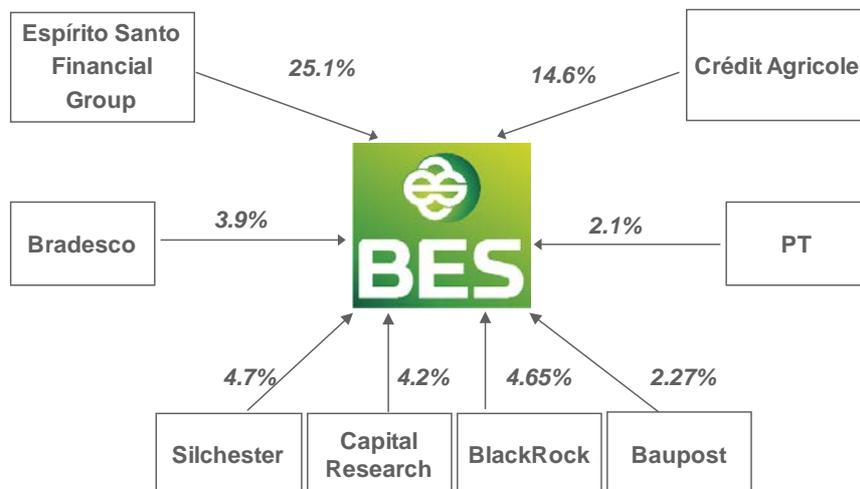
Debt securities issued by Espírito Santo Group entities and directly held by institutional clients and under custody of BES Group was, as of June 30, 2014 as follows:

- Issued by Espírito Santo International: EUR 511 million;

- Issued by Rioforte and subsidiaries: EUR 1.5 billion.

These investors are considered qualified investors, in accordance with applicable legal criteria, hence with more capacity to assess risk.

Shareholder structure of Banco Espírito Santo:



Notes: BlackRock stake disclosed on July 8, 2014, Baupost stake disclosed on July 10, 2014, remaining stakes as of June 17, 2014.

Lisbon, 10th of July 2014

BANCO ESPÍRITO SANTO, S.A.

Contacts

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