ESPIRITO SANTO FINANCIAL GROUP

ESPÍRITO SANTO FINANCIAL GROUP S.A. ANNOUNCES ITS UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2012

Luxembourg/Portugal – 26 November 2012 - Espírito Santo Financial Group S.A. ('ESFG' or the 'Company') (NYSE Euronext Lisbon: ESF; Bloomberg: ESF PL; Reuters: ESF LS) today announces its unaudited consolidated results for the first nine months of 2012. The report is compiled under IFRS, as implemented by the EU.

HIGHLIGHTS FOR THE REPORTING PERIOD

Espírito Santo Financial Group S.A.'s. key highlights for the reporting period are:

- Consolidated **Net Income** for the first nine months of 2012 reached EUR 254.4 million (EUR 39.4 million[1] in September 2011). Positive results from banking and insurance operations were reinforced by the consolidation of BES Vida.
- Consolidated **Commercial Banking Income** at the Company rose by 4.9% to EUR 1.61 billion, (EUR 1.53 billion in September 2011);
- Consolidated **Net Interest Income** increased to EUR 964.5 million, (EUR 914.6 million in September 2011), a 5.5% rise year-on-year;
- Consolidated **Net Fees and Commissions** rose 4.1% YoY to EUR 640.7 million, (EUR 615.5 million in September 2011). ESFG's focus is its continued support of enterprises abroad;
- Consolidated **Market Results[2] and Other Operating Income** rose by 59.4% to EUR 690.3 million, (EUR 433.1 million in September 2011);
- Consolidated **Insurance Earned Premiums Net of Reinsurance** rose 14.4% year-on-year to EUR 300.7 million, (EUR 262.8 million in September 2011);
- Consolidated **Claims Incurred and Changes on Technical Reserves (Net of Reinsurance) and Commissions** rose by 20.2% to EUR 246.3 million, (EUR 204.9 million in September 2011), with the full consolidation of BES Vida;
- Consolidated **Operating Expenses** rose by 10.8% to EUR 2.30 billion, (EUR 2.08 billion[1] in September 2011), on the back of prudent provisioning;
- Consolidated **Staff Costs and General Administrative Expenses** increased by 4.4% to EUR 958.3 million, (EUR 918.0 million[1] in September 2011);
- As of the 30 September 2012 ESFG's **Core Tier 1** ratio reached 10.1% and therefore exceeds the Bank of Portugal's requirement of 10.0% by year-end.

[1] In December 2011 ESFG changed the accounting policy related to actuarial deviations determined in post-employment benefits. Accordingly, the financial information now presented for the period (2011) has been restated for comparison purposes. For details on this accounting policies please refer to the Annual Report 2011 at www.esfg.com .
[2] Aggregate of Net Gains/Losses from Financial Assets at Fair Value through Profit and Loss; Net Gains on Available for Sale Financial Assets, Net Gains from Foreign Exchange Differences and Net Gains/Losses from the Sale of Other Assets

CONFERENCE CALL

A conference call for investors and analysts will be held today at 3pm (GMT) / 4pm (CET) / 10am (EDT). An instant replay of the call will be available for two weeks. For details, contact Miles Chapman at Taylor Rafferty on +44 (0) 207 614 2900.

INCOME STATEMENT SUMMARY

FIG. I

(EUR Thousands)	9M11	9M12	% Δ
+ Net Interest Income	914 580	964 475	5.5%
+ Net Fees and Commissions	615 540	640 671	4.1%
= Commercial Banking Income	**1 530 120**	**1 605 146**	**4.9%**
+ Capital Markets Results + Other Operating Income	433 135	690 321	59.4%
+ Insurance Earned Premiums*	262 845	300 746	14.4%
+ Dividend Income	142 965	71 166	(50.2%)
= Operating Income	**2 369 065**	**2 667 379**	**12.6%**
- Staff Costs and General Expenses[1]	917 983	958 321	4.4%
- Depreciation, Provisioning and Impairments	764 666	857 651	12.2%
- Claims* , Technical Reserves & Commissions	204 864	246 275	20.2%
- Other Expenses	192 676	242 664	25.9%
- **Operating Expenses**	**2 080 189**	**2 304 911**	**10.8%**
= Profit before Tax (Inc. Gains from Financial Investments & Share of profit of Associates)	291 887	458 467	57.1%
- Direct Taxes	76 784	99 141	29.1%
- Deferred Taxes	(45 906)	27 295	-
- Minority Interests	221 593	77 155	(65.2%)
= Net Income	**39 416**	**254 374**	**-**

* Net of Reinsurance

[1] In December 2011 ESFG changed the accounting policy related to actuarial deviations determined in post-employment benefits. Accordingly, the financial information now presented for the period (2011) has been restated for comparison purposes. For details on this accounting policies please refer to the 2011 Annual Report 2011 at www.esfg.com .

MACROECONOMIC ENVIRONMENT

Despite continued negative risks resulting from the Eurozone crisis, the threat of a fiscal cliff in the United States and the slowdown of economic activity in China, the third quarter was marked by an improvement in confidence and a greater propensity for risk by investors. This was chiefly the result of the strong expansionary stance of the main central banks, namely the adoption by the US Federal Reserve of a third quantitative easing programme and the ECB's announcement of its Outright Monetary Transactions programme, which opened the possibility for unlimited purchases of Eurozone public debt securities, as a complement to a possible formal financial assistance programme under the European Stability Mechanism.

This saw a sharp decline in peripheral Europe's sovereign debt yields as well as in their spreads relative to the Bund. In Spain, the yields of the 10-year public debt securities shrank from 7.62% at the end of July to 5.9% at the end of September, while in Portugal 10-year yields fell from 11.2% to 9.0%. They declined further in October, to a low of 7.5% before rising to 8.2% by the beginning of November. The demand for greater risk by investors was also implicit in the performance of the main stock market indices: in Europe, the DAX, CAC40, IBEX and PSI20 posted gains in the quarter of 12.47%, 4.95%, 8.54% and 10.75%, respectively, while in the United States the S&P500 and NASDAQ advanced by 5.76% and 6.17%.

The Euro rose by 1.78% against the dollar, to EUR/USD 1.2876. However, during the quarter, economic activity weakened as industrial activity fell globally. This reflected the deceleration of demand in several economies and the very subdued growth of world trade flows. In the Eurozone, GDP is thought to have contracted by 0.3% in the quarter, the result of high unemployment, (11.4% of the labour force), the ongoing deleveraging process in both public and private sectors and continued restrictive funding conditions in various countries. As a result, the ECB cut the reference interest rate by 25 basis points in July. The 3-month Euribor fell from 0.653% to 0.22% in the quarter.

In Portugal, despite the significant decline in sovereign bond yields, the overall situation was marked by a sharp deterioration in confidence levels, with expectations of an even more restrictive fiscal policy to come. The deleveraging process in the private sector and the rising level of unemployment, private consumption and investment has all contributed to further economic contraction.

OVERVIEW OF OPERATIONS

ESFG's unaudited consolidated net profit for the first nine months of 2012, attributable to equity holders of the Company rose to EUR 254.4 million. The strong results reflect:

- Results of the business' core operations remain positive, but were constrained by the challenges of the Eurozone crisis and the impact of the Financial Adjustments' Programme adopted by Portugal, as well as demands for stronger capital ratios from the EBA and the Bank of Portugal.

- The acquisition by BES on 11 May 2012 of the remaining 50.0% stake of BES Vida from Crédit Agricole, as reported in ESFG's half year results, led to the recognition of previously unrecognised gains as reported in the Profit and Loss table, (see appendix), under "Gains arising on business combinations achieved in stages".

On Tuesday 13 November 2012, BES, (or the 'Bank'), ESFG's principal banking subsidiary, reported on its positive net income for the first nine months of the year at EUR 90.4 million. The Bank continues to take steps to mitigate the negative operating environment, namely through the 0.46pp year-on-year increase of provisioning charges to 1.62%, a 1.03pp year-on-year rise in provisions for credit versus gross loans to 5.07%, and a steady decrease in the Bank's loans to deposit ratio (LDR) to 142.0%. The Bank strengthened provisions for impairments in its activities with a special focus on the coverage of risks relating to its loans' book.

The credit provisions charge for the first nine months of 2012 at the Bank reached EUR 618.9 million. The balance of provisions reserve rose to EUR 2.58 billion from EUR 2.10 billion a year earlier. Gross loans at the Bank fell by EUR 1.22 billion to EUR 50.81 billion from EUR 52.03 billion in September 2011. The BES loans' book focuses primarily on Exporting SME's and the corporate segment in Portugal. The deleveraging programme and provisioning for impairments weighed on the consolidated results at ESFG in the first nine months of the year.

The deleveraging programme at BES, which began in 2010 and pre-empted the Portuguese government's request for assistance, has continued into the third quarter of 2012. ESFG's banking subsidiary's aim is to reach an LDR of below 120.0% by the end of 2014; at the end of 9M12, BES achieved an LDR of 142.0%, which fell from 147.0% in H112. Deposits increased by EUR 475.0 million in the quarter, despite the Bank of Portugal's restrictions on pricing policies from April 2012. Credit provided by the Bank fell by EUR 365.0 million.

Total consolidated assets at ESFG as at the end of the third quarter of 2012 remained unchanged when compared against the same restated figures in 2011 at EUR 86.0 billion.

Although overall asset quality remained resilient, the worsening economic situation affected the levels of overdue loans both in Portugal and internationally. Non-Performing Loans (NPL), at BES' domestic operations, of over 30 days, rose to 4.2%, (NPL over 90 days reached 3.75%), by the end of the reporting period. The figure remains well below the Portuguese market average of 6.2%.

ESFG posted an increase in consolidated Net Interest Income (NII) and Net Fees and Commissions. During the period, NII rose to EUR 964.5 million, despite the increase in funding costs and the volume reduction caused by the deleveraging process. Fees and commissions totalled EUR 640.7 million and Capital Market results reached EUR 288.9 million, on the back of AFS gains at BES, following their prudent decision to invest in Portuguese Sovereign Debt earlier in the year. Overall, recurrent income remained healthy and, despite a very difficult operating environment, commercial banking income, which excludes non-recurrent trading gains, rose 4.9% year-on-year to EUR 1.61 billion.

Operating expenses during the period grew by 10.8% year-on-year on the back of ESFG's prudent provisioning policy. Staff costs rose by 4.7% to EUR 588.6 million, reflecting ESFG's continued organic drive towards business outside of its traditional markets whilst containing Staff Costs in its established markets. Staff Costs in 9M11 were adjusted downwards to reflect a decrease in pension liabilities at BES. Without this adjustment, staff costs would have fallen year-on-year by 1.3%.

Staff costs at BES remain stable on a year-on-year basis; staff costs outside of Portugal, however, increased by 8.7% driven by the opening of new branches namely in Luxembourg and Venezuela. International staff numbers rose by 60 during the period. Staff costs in Portugal rose by 3.4%, but this includes the full consolidation of its Life insurance business, BES Vida. There has been a decrease in variable remunerations and in the burden of pension liabilities on staff in Portugal. When excluding the consolidation of BES Vida, domestic staff costs at the banking operation fell by 4.2%, which resulted from, in part, a reduction of 136 personnel. ESFG continues to focus on streamlining its business costs whilst maintaining its drive for further international business.

Retail banking at BES, supported by a domestic branch network of 674 branches and a net reduction of 27 branches over the past twelve months, benefits from the Bank's partnership with ESFG's insurance agents at Companhia de Seguros Tranquilidade (Tranquilidade) under the *assurfinance* programme. Cross-selling activities, including the drive to attract and or retain customer funds, have helped mitigate the impact of non-performing loans.

International operations at BES continue to contribute positively to consolidated net income, but to a lesser degree than previous quarters; international fees and commissions however rose by 46.5% to EUR 219.2 million. International banking income fell by 3.8% to EUR 543.0 million as international NII, namely from BES Africa, decreased in the period. Domestic banking income rose by 8.1% to EUR 1.33 billion as domestic NII increased; capital markets and other results declined by 5.9% but improved sharply in the last quarter. Domestic NII grew by 33.3% year-on-year to EUR 636.1 million from EUR 477.3 million a year earlier.

International operations, through BES and through ESFG’s other banking operations, will continue to play a key role in ESFG’s strategy of diversification.

In France, Banque Espírito Santo et de la Vènetie (BESV) net income remained stable at EUR 4.3 million in the period, a decrease of 0.9% year-on-year. The negative impact of low interest rates combined with increasingly high refinancing costs was countered by the improved performance in commercial banking and by the increase in credit spreads, coupled with increased fee revenues. Individual banking income declined by 9.0% year-on-year, however, to EUR 31.7 million. Operating Costs rose by 6.0% year-on-year to EUR 19.4 million, as a result of investments in the support structure.

Banque Privée Espírito Santo S.A. (BPES), which focuses on wealth management, continues to support ESFG’s consolidated results in the first nine months of the year, with individual income rising by 1.1% to CHF 3.3 million, net of provisioning. Assets under management (AuM) grew to CHF 4.84 billion, an increase of 4.4% from the beginning of the year. The increase was driven by positive net inflows of CHF 69.0 million and market performance but impacted by the continued strength of the Swiss Franc versus the Euro (EUR/CHF).

Net Interest Income at BPES rose by 18.2% year-on-year to CHF 4.5 million, the improvement served to mitigate the effect of ongoing risk aversion and to lower trading volumes by clients, which have led to 5.5% decrease in Banking Income to CHF 36.0 million. Operating expenses were kept under control at CHF 33.8 million, a reduction of 3.8% against the same period in 2011.

In October 2012, the Luxembourg authorities granted an investment advisory and asset management licence to Espírito Santo Wealth Management (Europe) S.A. (ES Wealth Management). ESFG’s new subsidiary, which will be controlled through BPES, will help broaden the Group’s pan-European wealth management business. ES Wealth Management, located in the Grand Duchy, is expected to begin full operations in January 2013.

Net income at ES Bankers (Dubai) Limited (ESBD) rose by 8.5% year-on-year to USD 5.9 million from USD 5.5 million in H112. Net Fees Income rose to USD 7.1 million from USD 6.4 million in H112. (Asset Management fees grew by 43.0%, Custodian Fees by 31.0% and other commissions by 23.0% year-on-year.) Banking Income rose 18.4% to USD 11.7 million from USD 9.9 million a year earlier. AuM fell during the first nine months of the year to USD 1.22 billion however the September 2012 figure represents a 14.5% increase from the year end AuM figure of USD 1.07 billion. ROE remains stable at 21.5%.

Business activity at the fully owned subsidiary of Espírito Santo Bank (Panama) S.A. (ESBP) remains strong. Individual net income rose to USD 14.5 million from USD 11.2 million a year earlier. This reflects a 14.9% increase in NII to USD 14.3 million. Net Fee Income also rose sharply to USD 2.5 million from USD 658 thousand a year earlier. Operating income rose by 27.3% year-on-year to USD 17.0 million.

Investment banking activities at ESFG, primarily through investment banking subsidiary Espírito Santo Investment Bank (BESI), include advisory services in project finance, mergers and acquisitions, placements of shares and bonds, stock broking and other investment banking services. Banking Income at BESI rose by 5.4% year-on-year to EUR 155.8 million with capital markets and other results rising sharply to EUR 36.7 million from EUR 19.2 million a year earlier. Pre-tax profits, reported by BES for its global investment banking activities for the period, rose strongly to EUR 31.5 million. Income, net of taxes, at BESI reached EUR 19.0 million for the period.

Despite less favourable market conditions, ESFG’s life and non-life insurance operations contributed positively to the overall net profit of the Group as of the end of September 2012. When combining both Life and non-Life business ESFG ranks as the second largest insurance group in Portugal, with a combined market share of 15.3%. The combined market share in the Life business of T-Vida and BES Vida stood at 18.4%, (4.2% in 9M11), and is now the second largest Life group in Portugal. ESFG's market share in the non-Life sector, through Tranquilidade, BES Seguros and Seguros LOGO (LOGO), increased to 10.6% by the end of September, and is also the second largest non-Life group in Portugal.

Tranquilidade's net individual income rose to EUR 16.0 million, an 11.9% year-on-year increase. Technical results stood at EUR 47.6 million. Financial results rose to EUR 23.9 million, and operating costs fell by 1.3% year-on-year to EUR 48.8 million. Tranquilidade’s market share rose to 8.3% from 8.1% a year earlier. Tranquilidade's market share in workers compensation, fire and other damage and motor increased from 9.8%, 8.0% and 8.4% in September 2011 to 10.4%, 8.4% and 8.7% in September 2012, respectively.

The assurfinance programme of cross-selling banking products through its agents accounted for 19.5% of new clients at BES and represents 9.1% of the increase in total retail AuM. Tranquilidade's distribution chain is made up of more than 1,700 points of sale, of which 38 are own branches and 185 tied agents' stores.

The private healthcare sector proved resilient in 2012 in contrast to the public healthcare sector in Portugal, which continues to suffer from ongoing budgetary constraints. The private healthcare sector, in which ESFG's healthcare subsidiary Espírito Santo Saúde (ESS) is a market leader, saw an increase in top-line growth as demand shifts towards private healthcare services.

Year-on-year operating revenues at operator ESS rose by 22.7% year-on-year to EUR 249.6 million from EUR 203.5 million in the same period in 2011. First nine month's Net Income, however, fell to -EUR 1.2 million from EUR 2.8 million a year earlier though results improved quarter-on-quarter by EUR 900 thousand. EBITDA reached EUR 30.2 million from EUR 33.1 million in 9M11 with EBITDA margin falling 4.2 p.p. to 12.1%, again the quarter-on-quarter results improved with the margin rising from 11.4% as reported at the end of June 2012. The expected decline in profitability in the period coincides with the launch of ESS' newest hospital, in Loures, and the consequent rise in costs.

Operating costs rose by 28.7% year-on-year to EUR 219.4 million, though significant savings were generated through negotiations with suppliers, the adherence to a centralised buyers' catalogue as well as improved human resources management. Operations at the new PPP project Hospital Beatriz Ângelo began in January. Opening costs of Hospital Beatriz Ângelo weighed on ES Saúde's profitability in the period. The hospital is the largest hospital controlled by the medical care unit with 424 beds, 63,000m^2 of operating space and 1,200 employees. Total revenues at Hospital da Luz, the largest private hospital in Portugal and key investment at ESS as well as Hospital da Arrábida and Cliria rose by 6.2% year-on-year. The healthcare operator's positive performance is one of the key growth drivers reported in consolidated Other Operating Income.

ITEM ANALYSIS

ESFG is a financial holding company, with its shares quoted on the Luxembourg, London and NYSE Euronext Lisbon exchanges. It consolidates the financial results from its broad range of banking, insurance and healthcare activities.

Banking Income:

Consolidated **Net Interest Income (NII)** rose by 5.5% year-on-year to EUR 964.5 million from EUR 914.6 million in 9M11.

Net Interest Income at BES in 9M12 rose 3.7% to EUR 906.7 million from EUR 874.2 million a year earlier. The domestically driven increase, NII in Portugal rose by 33.3% year-on-year, in spite of the adjustment of credit spreads to reflect perceived risk, coupled with the reduction in volume resulting from the deleveraging process. NIM rose by 9 bps to 1.66% from 1.75% in September 2012. The average rate on interest earning assets at BES increased to 5.3%, underpinned by an increase of 96 bps in the average rate received on securities and other investments to 5.80% associated with the Bank's Portuguese public debt portfolio. The average rate on interest bearing liabilities increased to 3.6%.

Funding from the ECB by BES, net of deposits, was reduced by EUR 3.9 billion, a fall of 28.0% in the quarter, to EUR 9.8 billion. This sharp decrease was achieved by the sale of assets totalling EUR 3.4 billion. In the fourth quarter BES successfully placed EUR 750 million of unsecured 3-year senior debt with a broad range of principally international institutional investors. The wholesale placement is the first of its kind by a Portuguese bank in over 2 ½ years.

Consolidated **Fees and Commissions** (Net of Expenses) saw an increase of 4.1% year-on-year to EUR 640.7 million, (EUR 615.5 million in 9M11). The first nine months of 2012 saw a growth in fees on documentary credit driven by corporate banking and trade finance business, guarantees and *bancassurance* business. Fees on cards also grew during the period. Other areas, including securities and asset management also contributed positively, but their contribution fell when compared to a year earlier.

Consolidated **Capital Markets and Other Operating Income** totalled EUR 690.3 million in 9M12 from EUR 433.1 million reported in 9M11. BES reported that it had taken steps to sell part of its Portuguese government bond portfolio, following the extraordinary recovery in bond yields in the period. BES reported gains of EUR 516.0 million from interest rate instruments. Consolidated capital market results at BES, when taking into account the negative results of equity trading, rose by 5.3% year-on-year to EUR 341.9 million.

Consolidated **Dividend Income** at ESFG decreased by 50.2% year-on-year to EUR 71.2 million from EUR 143.0 million a year.

Insurance Income:

Consolidated Insurance Earned Premiums Net of Reinsurance rose by 14.4% to EUR 300.7 million in September 2012 from EUR 262.8 million a year earlier. **Claims Incurred and Changes on Technical Reserves (Net of Reinsurance) and Commissions** rose to EUR 246.3 million in September of 2012, compared to EUR 204.9 million in September 2011 which reflects the full consolidation of BES Vida.

The assurfinance programme of cross-selling banking products through its agents accounted for 19.5% of new clients at BES and represents 9.1% of the total retail AuM increase. Tranquilidade's distribution chain is made up of more than 1,700 points of sale, of which 38 are own branches and 185 tied agents' stores

The combined ratio at Tranquilidade increased from 99.8% to 100.5%. The expense ratio remains at 28.5%, reflecting the ongoing cost reduction programme which includes a 1.3% fall in expenses.

Tranquilidade's direct insurance business, LOGO, reported that its customer base had reached 115,568 clients and gross written premiums of EUR 16.1 million. LOGO is currently the third largest direct insurer in Portugal.

T-Vida reported an individual net income of EUR 3.1 million. Premiums increased by 49.7%. Risk products continue to be the main focus for ESFG's insurance operations in Life, but the biggest growth was in capitalisation products due to the new product "T-Vida Aforro 2012". The technical margin decreased by 16.5%, (from EUR 5.9 million to EUR 4.9 million), which was mainly due to the reduction in sales of risk products, group risk and mortgage loans. Operating costs decreased 0.8% year-on-year to EUR 4.4 million.

Pastor Vida posted individual net profits of EUR 7.2 million, which represents a 27.1% year-on-year increase. This performance is mainly related to an improvement in technical results and to the development of risk products. In the second quarter of 2012, following the announcement by Banco Popular of its intention to fully acquire Banco Pastor, and the resulting change of control at the banking level, Tranquilidade took the decision, as permitted within the agreement between the two parties, to exercise its option to withdraw from the joint Life business operation. The sale of Tranquilidade's stake is now concluded between the two parties. The sale took place in the fourth reporting quarter and was sold back to Banco Pastor, (now acquired by Banco Popular).

AdvanceCare, ESFG's managed care platform for healthcare insurers provides the link between the Company's insurance and healthcare operations. AdvanceCare continues to provide positive results, but in the period net individual income decreased by 4.0% to EUR 1.39 million from EUR 1.44 million a year earlier.

Healthcare:

Espírito Santo Saúde, which contributes to Other Operating Income, operates 18 hospitals (of which it owns 17), out-patient clinics, residential hospitals, senior care residencies, as well as participating in the Public-Private Partnership at the Loures Hospital in Portugal. EBITDA fell to EUR 30.2 million in the period; net individual income fell to -EUR 1.2 million though ESS saw a strong improvement in results over the last quarter from -EUR 2.1 million reported at the end of the first half of 2012. Operating revenues were up by 21.9% year-on-year to EUR 249.6 million from EUR 203.5 million a year earlier. Operations at Hospital Beatriz Ãngelo, which began at the beginning of 2012, weighed on otherwise positive healthcare operations.

ESFG holds a 32.1% economic interest in ESS, or 42.9% voting rights when consolidating participations held by ESFG's subsidiaries. The remaining principal stake is held by Rioforte which, as of 23 November 2012, holds a 44.5% economic interest in ESS, (44.5% voting rights). As Rioforte now holds the majority stake, ESFG cedes management control. ESFG maintains its investment in ESS but will now include the health business within its consolidated accounts as an equity investment only.

Costs:

Consolidated Staff costs and General Administrative Expenses rose by 4.4% to EUR 958.3 million from EUR 918.0[1] million in 9M11. Staff Costs for the same reporting period in 2011 was restated to reflect the reduction in Pension Liabilities at BES. ESFG's subsidiaries continue to exercise strict control over variable salaries, both in Portugal and throughout the 27 countries in which ESFG operates. Staff costs rose as international operations continue to expand, namely in Luxembourg and Venezuela, during the period.

Other Expenses increased to EUR 242.7 million from EUR 192.7 million in 9M11, a rise of 25.9%; costs include the business and running costs at ESS, as well as other expenses consolidated from the BES banking operations.

[1] In December 2011 ESFG changed the accounting policy related to actuarial deviations determined in post-employment benefits. Accordingly, the financial information now presented for the period (2011) has been restated for comparison purposes. For details on this accounting policies please refer to the 2011 Annual Report 2011 at www.esfg.com .

Core Tier 1 Solvency and Capital Increase:

The ESFG Group, (including its subsidiaries BES and BESI), is authorised by the Bank of Portugal to use the Internal Ratings Based (IRB) approach for credit risk and the Standardised Approach (TSA) for operational risk. ESFG provides the Bank of Portugal with relevant information on the Group's consolidated Risk Weighted Assets, regulatory capital and solvency ratios. As of the end of September 2012, ESFG had further improved its solvency position to a Core Tier 1 of 10.1%, (see Fig. II), by the continued reduction of risk weighted assets and therefore exceeds the year-end requirement set by the Bank of Portugal.

On the 3 October 2012, the European Banking Authority (EBA) and the Bank of Portugal announced the conclusion of the capital assessment exercise and ESFG's fulfilment of the EBA December 2011 recommendation, which required a 9.0% Core Tier 1 level by June 2012. As at 30 June 2012, ESFG's Core Tier 1 capital ratio, under the EBA guidelines, which included the sovereign buffer, reached 9.6%.

ESFG's consolidated core capital position was significantly improved by a EUR 500 million capital increase and a rights issue of EUR 1.01 billion at its fully consolidated banking subsidiary BES. In its September 2012 report, BES confirmed its CET1 had improved to 10.7% under the Bank of Portugal methodology.

Whilst it improved the total equity of the Company, the revaluation to market of the 50.0% of BES Vida previously held did not increase the solvency position of ESFG. Alternatively, the purchase of the additional 50.0% generated goodwill, but consequently reduced Core Tier I by EUR 158 million.

Fig. II

Solvency (Basel II IRB Foundation)	**FY11**	**H112**	**9M12**	**BoP Dec 2012**
Core Tier I	8.3%	9.9%	10.1%	10.0%
Tier I	8.6%	9.8%	9.9%	
Total	9.4%	10.5%	10.5%	
RWA (EUR million)	66,967	66,743	66,165	

Credit Rating:

ESFG is rated by two international rating agencies; DBRS and Moody's. On the 31 October 2012, DBRS informed that it would maintain its rating of ESFG at BBB (low); ESFG's short term credit rating also remained stable at R-2 (middle). ESFG's DBRS rating, both in the long and short term, remains investment grade. On the 29 March 2012, Moody's announced the downgrade of ESFG's long-term debt rating to B2 from B1. The downgrade followed Moody's rating action on all of Portugal's Banks, including that of BES, as well as Portugal's sovereign rating.

Developments for the First Nine Months of 2012 and Subsequent Events:

- On 1 February 2012, ESFG announced that on 31 January 2012, DBRS had in the wake of its downgrade on Portugal, downgraded ESFG to BBB (low); ESFG's short term credit rating was moved to R-2 (middle).
- On 1 March 2012, the NYSE Euronext Lisbon announced that ESFG would enter the Portuguese PSI20 index on 19 March 2012.
- On 1 March 2012, the BoP announced the completion of the third stage of the Special Inspections Programme (SIP). ESFG's evaluation was confirmed as 'clearly adequate'; the highest classification in the scale.
- On 23 March 2012, DBRS informed that it would maintain its rating of ESFG at BBB (low); ESFG's short term credit rating also remained stable at R-2 (middle).
- On 29 March 2012, Moody's announced the downgrade of ESFG's long term debt rating to B2 from B1. The downgrade followed Moody's rating action on all Portuguese Banks, including that of BES.
- On 12 April 2012, ESFG announced its intention to raise up to EUR 400 million of new equity through a capital raise and issuance of new shares.
- On 26 April 2012, ESFG announced that it had raised EUR 500 million through the issuance of 102,040,816 new shares. The order book was increased from EUR 400 million on the back of an increase in demand. The price of the new shares was set at EUR 4.90 per share.
- On 16 August 2012, ESFG announced its first half 2012 results.
- On 3 October 2012, the EBA and the Bank of Portugal announced that ESFG had fulfilled the EBA December 2011 recommendation by exceeding the 9.0% Core Tier 1 ratio which included the sovereign buffer.
- On 31 October 2012, DBRS confirmed ESFG's long and short term ratings as BBBL and R-2 (Middle) respectively
- On 23 November 2012, ESFG, (42.9% consolidated stake), ceded management control of ESS to Rio Forte (44.5% stake).

CONTACTS

Espírito Santo Financial Group	Taylor Rafferty
Filipe Worsdell	Faisal Kanth
+44 (0) 203 4292 100	+44 (0) 207 614 2900
fworsdell@esfg.com	faisal.kanth@taylor-rafferty.com

The Espírito Santo Financial Group provides, through its subsidiaries, a global and diversified range of financial services to its clients including Commercial banking, Insurance, Investment banking, Stock-brokerage, Healthcare services and Asset management in over 27 countries globally. For additional information on Espírito Santo Financial Group, its subsidiaries, operations and results, please visit the Company's website on www.esfg.com.

– Tables to follow –

ESPÍRITO SANTO FINANCIAL GROUP SA

CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012 AND 2011

	30/09/2012	30/09/2011	30/09/2011
		restated	reported
	unaudited	unaudited	unaudited
		(in thousands of euro)	
Interest and similar income	3 144 587	3 121 934	3 121 934
Interest expense and similar charges	2 180 112	2 207 354	2 207 354
Net interest income	**964 475**	**914 580**	**914 580**
Dividend income	71 166	142 965	142 965
Fee and commission income	786 597	719 647	719 647
Fee and commission expenses	(145 926)	(104 107)	(104 107)
Net gains / (losses) from financial assets and financial liabilities at fair value through profit or loss	(15 457)	(168 127)	(168 127)
Net gains from available-for-sale financial assets	337 368	88 007	88 007
Net gains / (losses) from foreign exchange differences	1 141	(32 286)	(32 286)
Net gains / (losses) from the sale of other assets	(34 147)	(69 316)	(69 316)
Insurance earned premiums net of reinsurance	300 746	262 845	262 845
Other operating income	401 416	614 857	614 857
Operating income	**2 667 379**	**2 369 065**	**2 369 065**
Staff costs	588 645	561 993	596 014
General and administrative expenses	369 676	355 990	355 990
Claims incurred net of reinsurance	443 378	214 057	214 057
Change on the technical reserves net of reinsurance	(225 521)	(36 911)	(36 911)
Insurance commissions	28 418	27 718	27 718
Depreciation and amortisation	114 791	106 913	106 913
Provisions net of reversals	33 249	14 490	14 490
Loans impairment net of reversals and recoveries	604 883	435 097	435 097
Impairment on other financial assets net of reversals	33 644	70 909	70 909
Impairment on other assets net of reversals	71 084	137 257	137 257
Other operating expenses	242 664	192 676	192 676
Operating expenses	**2 304 911**	**2 080 189**	**2 114 210**
Gains on disposal of investments in subsidiaries and associates	1 874	-	-
Gains arising on business combinations achieved in stages	87 273	-	-
Share of profit of associates	6 852	3 011	3 011
Profit before income tax	**458 467**	**291 887**	**257 866**
Income tax			
Current tax	99 141	76 784	76 784
Deferred tax	27 797	(45 906)	(45 906)
	126 938	**30 878**	**30 878**
Profit for the period	**331 529**	**261 009**	**226 988**
Attributable to equity holders of the company	**254 374**	**39 416**	**29 139**
Attributable to non-controlling interest	**77 155**	**221 593**	**197 849**
	331 529	**261 009**	**226 988**

ESPÍRITO SANTO FINANCIAL GROUP SA

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012, 30 SEPTEMBER 2011 AND 31 DECEMBER 2011

	30/09/2012	30/09/2011	30/09/2011	31/12/2011
	unaudited	reported unaudited	restated unaudited	audited
		(in thousands of euro)		
Assets				
Cash and deposits at central banks	1 226 134	1 035 161	1 035 161	1 130 515
Deposits with banks	1 167 007	916 619	916 619	998 345
Financial assets held for trading	4 017 877	3 470 348	3 470 348	3 466 900
Other financial assets at fair value through profit or loss	2 589 188	1 507 555	1 507 555	1 714 092
Available-for-sale financial assets	12 261 366	12 674 454	12 674 454	12 024 435
Loans and advances to banks	1 582 426	2 829 197	2 829 197	2 020 113
Loans and advances to customers	51 087 670	52 443 214	52 443 214	51 881 875
Held-to-maturity investments	1 144 604	2 328 513	2 328 513	1 751 193
Derivatives for risk management purposes	483 150	435 362	435 362	510 090
Non-current assets held for sale	2 198 689	674 451	674 451	1 646 683
Property and equipment	1 265 359	1 166 838	1 166 838	1 175 546
Investment properties	763 120	338 626	338 626	318 038
Intangible assets	806 912	546 812	546 812	549 196
Investments in associates	534 011	572 952	572 952	578 327
Technical reserves of reinsurance ceded	68 304	71 846	71 846	65 520
Current income tax assets	33 680	46 427	46 427	34 060
Deferred income tax assets	699 936	408 352	667 626	769 672
Other assets	4 073 710	5 172 759	4 280 711	3 384 904
Total assets	**86 003 143**	**86 639 486**	**86 006 712**	**84 019 504**
Liabilities				
Deposits from central banks	11 271 547	11 422 370	11 422 370	10 013 719
Financial liabilities held for trading	2 191 170	2 150 616	2 150 616	2 176 258
Deposits from banks	5 170 225	6 161 602	6 161 602	6 216 006
Due to customers	34 165 770	34 413 421	34 413 421	34 951 984
Debt securities issued	15 928 240	19 850 706	19 850 706	19 509 623
Derivatives for risk management purposes	117 906	224 890	224 890	238 633
Investment contracts	2 687 224	428 001	428 001	148 764
Non-current liabilities held for sale	156 243	5 411	5 411	140 950
Provisions	238 140	223 075	223 075	212 796
Technical reserves of direct insurance	2 589 048	1 112 846	1 112 846	1 089 915
Current income tax liabilities	106 170	56 728	56 728	80 761
Deferred income tax liabilities	161 399	97 321	97 321	120 891
Subordinated debt	1 186 267	1 578 614	1 578 614	1 322 579
Other liabilities	1 842 214	2 200 152	2 200 152	1 556 802
Total liabilities	**77 811 563**	**79 925 753**	**79 925 753**	**77 779 681**
Equity				
Share capital	207 075	778 549	778 549	105 035
Treasury shares	(3 434)	-	-	-
Share premium	885 381	253 656	253 656	492 912
Preference shares	56 163	394 514	394 514	72 428
Other equity components	57 663	115 109	115 109	58 574
Capital reserve not available for distribution	700 970	-	-	700 970
Fair value reserve	(7 278)	(182 407)	(182 407)	(165 624)
Other reserves and retained earnings	52 774	835	(200 473)	(118 847)
Profit for the period attributable to equity holders of the Company	254 374	29 139	39 416	121 352
Total equity attributable to equity holders of the Company	**2 203 688**	**1 389 395**	**1 198 364**	**1 266 800**
Non-controlling interest	5 987 892	5 324 338	4 882 595	4 973 023
Total equity	**8 191 580**	**6 713 733**	**6 080 959**	**6 239 823**
Total equity and liabilities	**86 003 143**	**86 639 486**	**86 006 712**	**84 019 504**