

## **General Statement on the Anti Money Laundering Policies of BES**

Banco Espírito Santo, SA (BES) is a long established financial institution (since 1869) with headquarters in Portugal, registered as a credit institution with the Bank of Portugal - the supervisory body of financial institutions - and with the Portuguese Securities and Exchange Commission (CMVM) for the exercise of financial intermediation activities. All Banco Espírito Santo's branches, affiliates, subsidiaries or business units act cumulatively in accordance with the laws of Portugal and of their host regulators.

Portugal is a member of the European Union and a founding member of the Financial Action Task Force on Money Laundering (FATF/GAFI). As such, Banco Espírito Santo complies with the following:

### **International Standards:**

- FATF 40 Recommendations published in 1990 and revised in 1996 and 2003 which propose actions to prevent the use of the international financial system for the purpose of laundering proceeds from criminal activities;
- FATF 9 Special Recommendations issued on November 2001 and updated in 2004, regarding terrorist financing;
- European Union directives 2005/60/CE and 2006/70/CE, dated from October 26<sup>th</sup> 2005 and August 1<sup>st</sup> 2006, seeking to harmonise the EU members' provisions.

### **National Standards:**

- Law 25/2008 published by the Assembly of the Republic (National Parliament), transposing European Union directives 2005/60/CE and 2006/70/CE into National Portuguese Law;
- Notice 11/2005 (updated by Notice 2/2007) and Instruction 26/2005 (updated by Instruction 3/2007), both issued by the Bank of Portugal regarding money laundering, where the first specifically focuses on policies and procedures concerning account opening.

Banco Espírito Santo believes that effective policies for detecting and preventing money laundering and terrorist financing are greatly enhanced by efficiently managing available

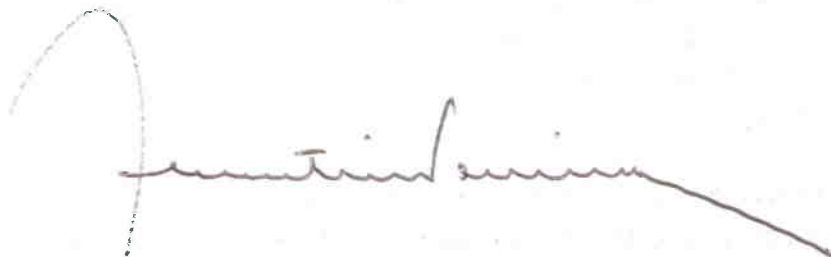
resources so that dispersion is reduced to a minimum and the appropriate focus is placed on pursuing an integrated knowledge of Counterparties, Transactions and Processes.

As such, Banco Espírito Santo has in place a grading model applied at the moment of account opening based on the characterizing elements of the customers, which enables the Compliance Department to previously scrutinize higher risk situations.

Identically, all transactions processed in customers' accounts are monitored automatically according to a potential risk scoring criteria, allowing for an ever increasing number of situations detected, either by behavioural transaction monitoring or by filtering against international lists, to be analysed by a dedicated team. All situations where there is ground for suspicion are, in strict compliance with applicable laws, reported to the proper authorities.

We are, however, entirely conscious that no system is sufficiently intelligent or effective to detect situations which are made up of a wide range of small details, which is why we consider proper training to be one of the fundamental pillars upon which all else must stand and, ultimately, the truly most effective method of preventing money laundering and terrorist financing. As such, we bestow great importance on enriching the knowledge of everyone at BES concerning such matters through our e-learning platform where compulsory courses must be attended, by all, each year. Nonetheless, and because we believe that remote training is not sufficient in certain circumstances, face-to-face sessions must also be attended by those working on commercial areas most exposed to potential cases of money laundering or terrorist financing.

Banco Espírito Santo is well aware that an overall suspicion of money laundering and terrorist financing is something which undermines trust and confidence on the financial system as a whole, which is why we are determined to continuously improve our internal know-how in such a way as to allow us to not only swiftly adapt to an ever-changing reality, but also anticipate future trends and developments, determined to take on a proactive and front line stance in the struggle against such practices.



**João Martins Pereira**

Compliance Officer / Assessor do Conselho de Administração

Banco Espírito Santo