

Annual
Report
2001

PTE 500 - Note's Detail



BANCO ESPÍRITO SANTO



9.1 – Individual Financial Statements of Banco Espírito Santo

Balance Sheet at December 31, 2001

(euro thousand)

Assets	Notes	Year			Previous Year (Net)
		Gross Assets	Depreciation and Provisions	Net Assets	
1. Cash and cash equivalents held at Central Banks	4	484,103		484,103	606,356
2. Current accounts with credit institutions	5	951,701		951,701	675,382
3. Other assets with credit institutions	6	4,553,189	13,320	4,539,869	4,948,696
4. Loans and advances to customers	7	14,298,458	177,615	14,120,843	12,790,318
5. Bonds and other fixed income securities		4,083,296	67,112	4,016,184	4,425,856
a) - Bonds and other fixed income securities - public issuers	8	1,706,388	15,148	1,691,240	1,347,317
b) - Bonds and other fixed income securities - other issuers	8	2,376,908	51,964	2,324,944	3,078,539
(Of which: Own bonds)		(5)	(-)	(5)	36,632
6. Shares and other variable income securities	8	323,637	42,051	281,586	463,130
7. Equity holdings	9	872,434	71,192	801,242	737,746
8. Equity holdings in subsidiary companies	10	730,775		730,775	710,086
9. Intangible assets	11	367,086	221,070	146,016	132,479
10. Tangible assets	12	805,154	490,803	314,351	317,464
(Of which: Premises)		(487,025)	(256,081)	(230,944)	(236,741)
11. Unpaid capital					
12. Own shares or holdings of own equity					73,283
13. Other assets	13	374,891	2,909	371,982	244,166
15. Accruals and deferrals	14	831,182		831,182	691,862
16. Loss for the period					
Total		28,675,906	1,086,072	27,589,834	26,816,824

Off Balance Sheet Items	Notes	Year	Previous Year
1. Contingent Liabilities	25	8,075,881	6,431,767
Of which:			
– Acceptances and commitments by endorsement of rediscounted bills		0	0
– Bonds and assets given as security		220,153	281,128
2. Commitments	25	1,765,496	1,626,095
Of which:			
– Commitments arising from sales with option to repurchase			

**Manager of the Planning
and Accounting Department**

Carlos dos Santos Moita

The attached notes form an integral part of these financial statements

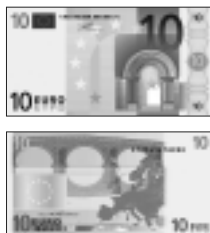
(euro thousand)

Liabilities and shareholders' equity	Notes	Year	Previous Year
1. Amounts due to credit institutions		9,598,525	9,667,135
a) - At sight	15	424,907	374,959
b) - Term or Notice	15	9,173,618	9,292,176
2. Amounts due to customers		11,938,170	11,386,224
a) - Savings deposits	16	2,462,115	2,407,098
b) - Other deposits		9,476,055	8,979,126
ba) - Sight deposits	16	5,696,375	5,325,054
bb) - Time deposits	16	3,779,680	3,654,072
3. Debt securities		2,575,512	2,350,906
a) - Outstanding bonds	17	784,618	689,586
b) - Other	17	1,790,894	1,661,320
4. Other liabilities	18	100,158	91,395
5. Accruals and deferrals	19	374,516	450,161
6. Provisions for risks and charges		229,855	177,261
a) - Provisions for pensions and similar charges			
b) - Other provisions	20	229,855	177,261
8. Subordinated debt	21	1,331,185	1,179,457
9. Subscribed capital	23	1,000,000	1,000,000
10. Share premium account	23	192,950	293,562
11. Reserves	23	107,823	86,348
12. Revaluation reserves	23		
13. Retained earnings			
14. Profit for the period	23	141,140	134,375
Total ...		27,589,834	26,816,824

The Board of Directors

António Luís Roquette Ricciardi
 Ricardo Espírito Santo Silva Salgado
 Jean Gaston Pierre Marie Victor Laurent
 Mário Mosqueira do Amaral
 José Manuel Pinheiro Espírito Santo Silva
 António José Baptista do Souto
 Jorge Alberto Carvalho Martins
 Manuel António Gomes de Almeida Pinho
 Yves Henri Camille Barsalou
 Aníbal da Costa Reis de Oliveira
 José Manuel Ferreira Neto
 Manuel de Magalhães Villas-Boas
 Manuel Fernando Moniz Galvão Espírito Santo Silva

Jackson Behr Gilbert
 Jean-Luc Marie Perron
 Manuel António Ribeiro Serzedelo de Almeida
 José Maria Espírito Santo Silva Ricciardi
 Jean-Luc Louis Marie Guinoiseau
 Gilles François Gramat
 Rui Manuel Duarte Sousa da Silveira
 Joaquim Aníbal Brito Freixial de Goes
 Francisco Luís Murteira Nabo
 Pedro José de Sousa Fernandes Homem
 Ilídio da Costa Leite de Pinho
 Herman Agneessens
 Patrick Gérard Daniel Coudène



Income Statement at December 31, 2001

(euro thousand)

Debit	Notes	Year	Previous Year
A. Costs			
1. Interest and similar costs	27	1,507,036	1,640,338
2. Commissions	27	20,345	16,995
3. Losses on financial operations	25 and 27	3,265,993	2,788,020
4. General administrative costs	27	354,781	331,699
a) Staff costs		180,688	168,448
Of which:			
(- wages and salaries)		(131,657)	(124,287)
(- social charges)		(47,979)	(43,136)
Of which:			
(- pensions)		(20,930)	(17,443)
b) Other administrative costs		174,093	163,251
5. Amortization and depreciation	11, 12 and 27	93,758	86,408
6. Other operating costs	27 and 29	2,330	2,949
7. Provisions for doubtful loans, past due loans and other risks	20 and 27	222,158	268,901
8. Provisions for financial investments	20 and 27	23,438	62,940
10. Result of current activity		(153,316)	(160,001)
11. Extraordinary losses	30	17,859	13,207
13. Income taxes	27 and 31		26,792
14. Other taxes		4,334	2,677
15. Profit for the period	27	141,140	134,375
Total ...		5,653,172	5,375,301

**Manager of the Planning
and Accounting Department**

Carlos dos Santos Moita

The attached notes form an integral part of these financial statements

(euro thousand)

Credit	Notes	Year	Previous Year
B. Revenues			
1. Interest and similar income	27	1,924,088	2,013,544
Of which:			
(- fixed income securities)		(233,233)	(250,150)
2. Income from securities	27	48,685	32,221
a) Income from shares, quotas and other variable income securities		2,086	6,083
b) Income from equity holdings		3,893	4,151
c) Income from equity holdings in subsidiary companies		42,706	21,987
3. Commissions	27	188,520	191,845
4. Profits from financial operations	25 and 27	3,341,111	2,957,103
5. Release of provisions relating to loans and advances			
to customers and provisions for contingent liabilities and commitments	20 and 27	103,075	109,108
6. Release of provisions relating to securities constituting			
financial assets, investments and equity holdings in subsidiary companies	20 and 27	418	15,533
7. Other operating revenues	27 and 29	37,258	38,897
8. Result of current activity			
9. Extraordinary income	30	10,017	17,050
11. Loss for the period			
Total ...		5,653,172	5,375,301

The Board of Directors

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List of Securities and Equity Holdings of BES (Individual)

December 2001

(euros)

Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
A. Trading Securities	12,626,951,935	241,039,867.66	254,349,023.52	254,198,067.46	254,198,067.46
Fixed income securities of resident issuers	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
Portuguese public debt instruments	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
- Medium & long term	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
Fixed income securities of non-resident issuers	9,305,202,719	198,011,695.79	202,085,548.38	201,021,496.68	201,021,496.68
Foreign public issuers	9,300,080,000	179,000,000.00	183,197,493.79	181,327,960.10	181,327,960.10
- Medium & long term	9,300,080,000	179,000,000.00	183,197,493.79	181,327,960.10	181,327,960.10
Other non-resident issuers	5,122,719	19,011,695.79	18,888,054.59	19,693,536.58	19,693,536.58
- Medium & long term	5,122,719	19,011,695.79	18,888,054.59	19,693,536.58	19,693,536.58
Variable income securities	1,984,288	9,830,522.67	18,737,728.28	18,822,893.87	18,822,893.87
Resident Issuers	1,965,726	9,809,469.58	17,052,790.90	17,106,387.12	17,106,387.12
- Participation Units	1,600,000	7,984,000.00	15,061,760.00	15,061,760.00	15,061,760.00
- Other securities	365,726	1,825,469.58	1,991,030.90	2,044,627.12	2,044,627.12
Non resident issuers	18,562	21,053.09	1,684,937.37	1,716,506.75	1,716,506.75
- Participation Units	13,067	14,817.98	1,588,562.35	1,588,562.35	1,588,562.35
- Shares	5,495	6,235.11	96,375.02	127,944.40	127,944.40
Own securities	498,805	4,987.98	5,014.20	5,016.84	5,016.84
Fixed income	498,798	4,987.98	4,987.98	4,990.62	4,990.62
- Medium & long term	498,798	4,987.98	4,987.98	4,990.62	4,990.62
Variable income	7	0.00	26.22	26.22	26.22
- Shares	7	0.00	26.22	26.22	26.22
B. Investment Securities	70,691,036,975	4,047,104,794.09	4,152,734,929.08	4,056,071,946.95	4,152,734,929.08
Fixed income securities by public issuers	49,943,283,420	1,444,406,520.34	1,490,711,724.65	1,470,410,989.19	1,490,711,724.65
Portuguese public debt instruments	38,742,197,714	387,421,977.14	404,429,072.14	398,587,327.20	404,429,072.14
- Medium & long term	38,742,197,714	387,421,977.14	404,429,072.14	398,587,327.20	404,429,072.14
Foreign public issuers	11,201,085,706	1,056,984,543.20	1,086,282,652.51	1,071,823,661.99	1,086,282,652.51

(euros)

Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
- Medium & long term	11,201,085,706	1,056,984,543.20	1,086,282,652.51	1,071,823,661.99	1,086,282,652.51
Fixed income securities of other issuers	20,583,097,366	2,364,505,106.29	2,357,209,192.26	2,319,503,676.36	2,357,209,192.26
Resident issuers	20,271,390,895	536,344,051.91	535,960,641.83	523,810,363.06	535,960,641.83
- Short term	1,541	76,869,327.45	76,869,327.45	76,929,230.31	76,869,327.45
- Medium & long term	20,271,389,354	459,474,724.46	459,091,314.38	446,881,132.75	459,091,314.38
Non-resident issuers	311,706,471	1,828,161,054.38	1,821,248,550.44	1,795,693,313.29	1,821,248,550.44
- International financial entities	1,800	20,427,863.00	10,818,492.35	3,971,969.11	10,818,492.35
- Other non-resident issuers	311,704,671	1,807,733,191.38	1,810,430,058.09	1,791,721,344.18	1,810,430,058.09
- Medium & long term	311,704,671	1,807,733,191.38	1,810,430,058.09	1,791,721,344.18	1,810,430,058.09
Variable income securities	164,656,189	238,193,167.46	304,814,012.17	266,157,281.40	304,814,012.17
Resident issuers	162,691,968	237,233,630.46	279,906,120.22	258,593,503.29	279,906,120.22
- Shares	37,350,152	50,030,599.40	93,278,105.41	72,460,195.22	93,278,105.41
- Quotas	2	1,808,009.20	1,808,009.20	1,796,786.25	1,808,009.20
- Participation certificates	92,177,866	921,778.51	1,060,946.33	566,248.54	1,060,946.33
- Participations Units	33,163,948	184,473,243.35	183,759,059.28	183,770,273.28	183,759,059.28
Non resident issuers	1,964,221	959,537.00	24,907,891.94	7,563,778.11	24,907,891.94
- Shares	1,964,171	959,487.00	24,907,841.94	7,563,728.11	24,907,841.94
- Other securities	50	50.00	50.00	50.00	50.00
C. Securities Held to Maturity	0	0.00	0,00	0.00	0.00
D. Financial Investments	16,299,673,610	1,004,045,791.99	1,688,484,396.53	1,446,738,852.17	1,688,484,396.53
Equity holdings	16,160,902,051	423,049,447.11	872,434,281.75	631,993,531.72	872,434,281.75
- In domestic credit institutions	20,340	1,014,559.20	1,014,554.92	1,014,557.29	1,014,554.92
- In credit institutions abroad	16,104,989,220	343,756,106.38	333,540,858.04	333,329,492.43	333,540,858.04
- In other domestic companies	55,876,604	72,862,516.23	532,391,738.26	292,162,351.16	532,391,738.26
- In other companies abroad	15,887	5,416,265.30	5,487,130.53	5,487,130.84	5,487,130.53
Equity holdings in subsidiary companies	138,771,543	495,720,799.91	730,774,569.80	730,774,665.97	730,774,569.80
- In domestic credit institutions	53,795,341	268,893,347.99	420,812,500.05	420,812,500.05	420,812,500.05
- In credit institutions abroad	26,261,050	135,105,261.80	195,491,725.20	195,491,725.20	195,491,725.20
- In other domestic companies	58,208,062	87,179,854.42	91,478,577.65	91,478,673.82	91,478,577.65
- In other companies abroad	507,090	4,542,335.70	22,991,766.90	22,991,766.90	22,991,766.90
Sub-total	16,299,673,594	918,770,247.02	1,603,208,851.55	1,362,768,197.69	1,603,208,851.55
Other financial investments	16	85,275,544.98	85,275,544.98	83,970,654.48	85,275,544.98
TOTAL	99,617,662,520	5,292,190,453.74	6,095,568,349.13	5,757,008,866.58	6,095,417,393.07

Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
A. Trading Securities	12,626,951,935	241,039,867.66	254,349,023.52	254,198,067.46	254,198,067.46
Fixed income securities of resident issuers	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
Portuguese public debt instruments	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
- Medium & long term	3,319,266,123	33,192,661.23	33,520,732.67	34,348,660.08	34,348,660.08
O.T. 10,625% JUNHO/2003	5,000,073	50,000.73	56,374.32	55,185.95	55,185.95
O.T. 8,875% JANEIRO/2004	72	0.72	10.58	0.84	0.84
O.T. 11,875% FEVEREIRO/2005	94	0.94	157.82	1.18	1.18
O.T. 9,5% FEVEREIRO/2006	98	0.98	1.70	1.18	1.18
O.T. 5,45% SETEMBRO/2013	256	2.56	852.29	2.59	2.59
O.T. 5,25% OUTUBRO/2005	29,800,000	298,000.00	307,384.44	308,538.18	308,538.18
O.T. 5,15% JUNHO/2011	1,329,801,000	13,298,010.00	13,390,494.82	13,816,395.50	13,816,395.50
O.T. 4,8125% ABRIL/2003	384,890,011	3,848,900.11	3,914,045.10	4,039,258.56	4,039,258.56
O.T. 3,625% AGOSTO/2004	1,304,899,900	13,048,999.00	12,961,002.79	13,116,952.05	13,116,952.05
O.T. 5,85% MAIO/2010	24,801,000	248,010.00	264,037.73	269,170.69	269,170.69
O.T. 5,375% JUNHO/2008	19	0.19	5.30	0.21	0.21
O.T. 5,75% MARÇO/2002	25	0.25	82.96	0.25	0.25
O.T. 6,625% FEVEREIRO/2007	240,073,575	2,400,735.75	2,626,282.80	2,743,152.90	2,743,152.90
Fixed income securities of non-resident issuers	9,305,202,719	198,011,695.79	202,085,548.38	201,021,496.68	201,021,496.68
Foreign public issuers	9,300,080,000	179,000,000.00	183,197,493.79	181,327,960.10	181,327,960.10
- Medium & long term	9,300,080,000	179,000,000.00	183,197,493.79	181,327,960.10	181,327,960.10
BUND.DEUTSCHLAND 5% 04/07/2011	250,000,000	2,500,000.00	6,887,812.50	2,569,934.82	2,569,934.82
BUND.DEUTSCHLAND 3,75% 04/01/09	50,000,000	500,000.00	487,125.00	487,645.81	487,645.81
BUNDESOBLIGATION 3,5% 11/11/2003	3,000,000,000	30,000,000.00	29,984,500.00	30,026,712.30	30,026,712.30
REP. ITALY BTPS 3,25% 01/02/04	30,000	30,000,000.00	29,743,500.00	30,048,698.61	30,048,698.61
UK TREASURY 5% 07/06/2004	1,000,000,000	16,000,000.00	16,619,556.29	16,532,708.30	16,532,708.30
BUNDESREPUBLIK 150302	5,000,000,000	50,000,000.00	50,075,000.00	51,889,999.99	51,889,999.99
ITALY 3,25% 04/15/2004	50,000	50,000,000.00	49,400,000.00	49,772,260.27	49,772,260.27
Other non-resident issuers	5,122,719	19,011,695.79	18,888,054.59	19,693,536.58	19,693,536.58
- Medium & long term	5,122,719	19,011,695.79	18,888,054.59	19,693,536.58	19,693,536.58
CSFB SERIES FBIS 4% 22/06/2016	70,809	70,809.00	72,689.74	84,259.33	84,259.33
EMBARC N°1 LIMITED 06/12/2004	48,700	48,700.00	63,103.00	63,325.53	63,325.53
EMBARC N°1 (CAYMAN) 13/12/2004	159,500	159,500.00	160,236.88	160,528.00	160,528.00
CLASSIC 1 (CAYMAN) 20/12/2004	3	150,000.00	150,000.00	150,186.80	150,186.80
BOATS INV (JERSEY) 03/12/2004	312,800	312,800.00	313,800.96	315,186.38	315,186.38
BOATS INV (JERSEY) 10/12/2003	1,021,800	1,021,800.00	1,028,794.89	1,032,181.74	1,032,181.74
COMMERZBANK AG 7,25% 22/04/02	4,000	3,128,712.00	3,114,636.13	3,378,862.55	3,378,862.55
EARLS FOUR LIMITED 5,625% 07/12/04	3,100,000	3,100,000.00	3,116,740.00	3,127,928.35	3,127,928.35
STINGRAY LIMITED 17/11/2003	107	5,350,000.00	5,425,863.00	5,450,274.47	5,450,274.47
REGAL LIMITED 03/12/2003	200,000	200,000.00	200,840.00	201,476.79	201,476.79
CORONETS LTD 05/12/2004	200,000	200,000.00	200,940.00	201,494.25	201,494.25
ALLIED DOMEQ 5,5% 180406	1,000	1,000,000.00	995,830.00	1,048,162.94	1,048,162.94
CASINO GUICHARD 6% 030608	2,000	2,000,000.00	2,024,080.00	2,117,622.91	2,117,622.91

December 2001

(euros)

Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
BAY LANDESBK INT 6,2% 06	1,000	1,134,687.39	995,000.00	1,172,110.01	1,172,110.01
SAFEWAY INC 7% 150902	1,000	1,134,687.39	1,025,500.00	1,189,936.53	1,189,936.53
Variable income securities	1,984,288	9,830,522.67	18,737,728.28	18,822,893.87	18,822,893.87
Resident Issuers	1,965,726	9,809,469.58	17,052,790.90	17,106,387.12	17,106,387.12
- Participation Units	1,600,000	7,984,000.00	15,061,760.00	15,061,760.00	15,061,760.00
GESPATRIM UNIDADES PARTICIPAÇÃO	1,600,000	7,984,000.00	15,061,760.00	15,061,760.00	15,061,760.00
- Other securities	365,726	1,825,469.58	1,991,030.90	2,044,627.12	2,044,627.12
TRANQUILIDADE VIDA 4ª a 22ª SÉRIE	304,988	1,521,890.12	1,681,189.09	1,734,375.52	1,734,375.52
TRANQUILIDADE VIDA 24ª a 28ª SÉRIE	60,738	303,579.46	309,841.82	310,251.60	310,251.60
Non resident issuers	18,562	21,053.09	1,684,937.37	1,716,506.75	1,716,506.75
- Participation Units	13,067	14,817.98	1,588,562.35	1,588,562.35	1,588,562.35
FIRST PORTUGUESE OPPORTUNITY	13,067	14,817.98	1,588,562.35	1,588,562.35	1,588,562.35
- Shares 5,495	6,235,11	96,375.02	127,944.40	127,944.40	
TURKCELL	5,495	6,235.11	96,375.02	127,944.40	127,944.40
Own securities	498,805	4,987.98	5,014.20	5,016.84	5,016.84
Fixed income	498,798	4,987.98	4,987.98	4,990.62	4,990.62
- Medium & long term	498,798	4,987.98	4,987.98	4,990.62	4,990.62
BANCO ESPIRITO SANTO 1993 (OB CAIXA)	498,798	4,987.98	4,987.98	4,990.62	4,990.62
Variable income	7	0.00	26.22	26.22	26.22
- Shares 7	0,00	26.22	26.22	26.22	
BESCL-DIREITOS-1992 INC RESERVAS	7	0.00	26.22	26.22	26.22
B. Investment securities	70,691,036,975	4,047,104,794.09	4,152,734,929.08	4,056,071,946.95	4,152,734,929.08
Fixed income securities by public issuers	49,943,283,420	1,444,406,520.34	1,490,711,724.65	1,470,410,989.19	1,490,711,724.65
Portuguese public debt instruments	38,742,197,714	387,421,977.14	404,429,072.14	398,587,327.20	404,429,072.14
- Medium & long term	38,742,197,714	387,421,977.14	404,429,072.14	398,587,327.20	404,429,072.14
O.T. 10,625% JUNHO/2003	783,694,605	7,836,946.05	8,593,406.53	8,624,559.13	8,593,406.53
O.T. 8,875% JANEIRO/2004	311,117,322	3,111,173.22	3,418,902.88	3,412,957.02	3,418,902.88
O.T.11,875% FEVEREIRO/2005	1,239,263,694	12,392,636.94	15,059,019.54	15,162,391.30	15,059,019.54
TESOURO-OTVR 1996/2002	243,952,244	2,439,522.44	2,438,329.70	2,438,546.63	2,438,329.70
O.T. 9,5% FEVEREIRO/2006	970,260,817	9,702,608.17	11,690,742.27	11,497,590.68	11,690,742.27
TESOURO-OTVR 1996/2003	539,315,505	5,393,155.05	5,385,272.22	5,391,537.10	5,385,272.22
O.T. 5,25% OUTUBRO/2005	22,670,962,700	226,709,627.00	237,637,770.97	232,150,658.05	237,637,770.97
O.T. 5,15% JUNHO/2011	2,239,994,000	22,399,940.00	22,998,973.62	22,343,940.15	22,998,973.62
O.T. 4,8125% ABRIL/2003	3,505,283,166	35,052,831.66	35,695,342.61	35,617,182.25	35,695,342.61
O.T. 3,625% AGOSTO/2004	6,154,375,900	61,543,759.00	60,602,491.06	61,039,100.18	60,602,491.06
O.T. 5,85% MAIO/2010	499,000	4,990.00	5,324.92	5,235.01	5,324.92
O.T. 5,375% JUNHO/2008	63,041	630.41	619.05	647.87	619.05
O.T. 5,75% MARÇO/2002	1	0.01	0.01	0.01	0.01
O.T. 6,625% FEVEREIRO/2007	82,966,801	829,668.01	899,747.67	901,019.46	899,747.67
CONSOLIDATED 3%-1942	279,327	2,793.27	1,517.03	980.16	1,517.03
CONSOLIDATED 2 3/4%-1943	19,952	199.52	86.89	69.41	86.89
CONSOLIDATED 4%-1940 CENTENÁRIOS	149,639	1,496.39	1,525.17	912.80	1,525.17

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
Foreign public issuers	11,201,085,706	1,056,984,543.20	1,086,282,652.51	1,071,823,661.99	1,086,282,652.51
- Medium & long term	11,201,085,706	1,056,984,543.20	1,086,282,652.51	1,071,823,661.99	1,086,282,652.51
BUND,DEUTSCHLAND 5% 04/07/2011	8,000,000,000	80,000,000.00	80,292,595.60	79,816,000.00	80,292,595.60
BUNDESOBLIGATION 4,5% 18/08/06	2,500,000,000	25,000,000.00	25,380,249.87	25,100,000.00	25,380,249.87
US TREASURY 3% 30/11/2003	20,000	22,693,740.00	22,671,496.47	22,546,238.51	22,671,496.47
KINGDOM OF SWEDEN 3,5% 20/04/2006	400	4,300,520.00	4,364,955.87	4,031,737.84	4,364,955.87
CANADA GOVERNMENT 5,4% 30/11/2004	2,500	3,144,060.00	3,309,279.81	2,955,731.62	3,309,279.81
NAT,BANK OF HUNGARY 6,5% 08/04/2003	3,000	3,404,061.00	3,405,413.17	3,499,375.92	3,405,413.17
USA 5% 15/08/2011	20,000	22,693,740.00	22,827,539.93	22,432,769.77	22,827,539.93
USA 2,75% 31/10/2003	50,000	56,734,350.00	56,486,406.51	56,110,291.61	56,486,406.51
DEUTCHLAND REP 5,625%	2	0.02	0.02	0.02	0.02
FRANCE OAT 0 10/25/25	16,000,000	16,000,000.00	16,000,000.00	4,360,000.00	16,000,000.00
NEW YORK CITY	64	220,088.96	220,171.89	219,989.92	220,171.89
UNITED STATES TREASURY NOTE (DIV)	4,004,000	9,077,499.15	9,073,993.92	9,188,437.54	9,073,993.92
DEAN WITTER INVESTMENT TRUST	88,985,48	100,970.70	100,006.99	101,223.13	100,006.99
FED NAT MORTGAGE ASSOC VAR (FHG-DIV)	2,284,800,91	2,592,534.79	2,586,791.25	2,584,223.16	2,586,791.25
FED NAT MORTGAGE ASSOC VAR (FHR-DIV)	124,105,330,84	140,820,754.39	140,756,862.74	140,730,023.35	140,756,862.74
FED NAT MORTGAGE ASSOC VAR (FNR-DIV)	123,147,186,27	139,733,559.82	139,657,110.38	139,663,880.77	139,657,110.38
GOV NAT MORTGAGE ASSOCIATION FIXED	630,342,62	715,241.82	710,472.02	742,843.01	710,472.02
GOV NAT MORTGAGE ASSOCIATION VAR	10,754,910,77	12,203,461.67	12,197,147.97	12,228,759.30	12,197,147.97
INVESTOR SAVINGS MORTGAGE OBLIGAT	21,458,87	24,349.11	24,349.11	24,105.62	24,349.11
SMALL BUSINESS ADMINISTRATION (DIV)	414,952,716,30	470,841,616.13	499,533,813.34	499,188,940.80	499,533,813.34
UNITED MEXICAN STATES SOVEREIGN NOTE	5,000,000,00	5,673,436.97	5,673,436.97	6,022,353.34	5,673,436.97
KINGDOM OF MOROCCO	1,00	5,647,727.97	5,647,727.97	5,947,057.55	5,647,727.97
REPUBLIC OF GREECE	5,00	31,453,336.76	31,453,336.76	31,947,166.79	31,453,336.76
RUSSIAN FEDERATION	2,00	3,909,493.93	3,909,493.93	2,382,512.42	3,909,493.93
Fixed income securities of other issuers	20,583,097,366	2,364,505,106.29	2,357,209,192.26	2,319,503,676.36	2,357,209,192.26
Resident issuers	20,271,390,895	536,344,051.91	535,960,641.83	523,810,363.06	535,960,641.83
- Short term	1,541	76,869,327.45	76,869,327.45	76,929,230.31	76,869,327.45
AUCHAN 3,376% - 18ª EM (EUR)	200	10,000,000.00	10,000,000.00	10,000,942.00	10,000,000.00
CLIMA ESPAÇO 3,50% - 18ª EM (EUR)	19	935,246.00	935,246.00	935,352.00	935,246.00
EUROGES 3,641% - 8ª EM (EUR)	22	1,100,000.00	1,100,000.00	1,101,151.00	1,100,000.00
GIERLINGS 159ª à 162ª EM	48	2,400,000.00	2,400,000.00	2,400,447.00	2,400,000.00
INCOMPOL 4,375% - 4ª EM (EUR)	12	623,497.00	623,497.00	629,333.00	623,497.00
ISAR RAKOLL 3,717% - 25ª EM (EUR)	15	748,197.00	748,197.00	748,832.00	748,197.00
J B FERNANDES 4,25% - 38ª EM (EUR)	15	750,000.00	750,000.00	750,336.00	750,000.00
JMR 6ª e 8ª EM	460	22,950,000.00	22,950,000.00	22,967,938.00	22,950,000.00
LACTOGAL/PROLEITE 3,69% - 15ª EM (EUR)	42	2,100,000.00	2,100,000.00	2,100,574.00	2,100,000.00
M J PESTANA 4,125% - 102ª e 103ª EM	15	750,000.00	750,000.00	751,395.00	750,000.00
MESTRE MACO 1ª e 2ª EM	50	2,500,000.00	2,500,000.00	2,506,273.00	2,500,000.00
PORTUGAL TELECOM 3,684% - 41ª EM (EUR)	334	16,666,000.00	16,666,000.00	16,670,479.00	16,666,000.00
PAP FERNANDES 4,5% - 22ª EM (EUR)	50	2,493,990.00	2,493,990.00	2,502,393.00	2,493,990.00
PESCANOVA 5% - 25ª EM (EUR)	12	598,631.00	598,631.00	599,065.00	598,631.00

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
RICARDO GALLO 4,046% - 25ª EM (EUR)	24	1,200,000.00	1,200,000.00	1,201,523.00	1,200,000.00
REF AÇÚCAR REUNIDAS 3,755% - 89ª EM (EUR)	12	600,000.00	600,000.00	600,027.00	600,000.00
REF A R HOLDING 4,61% - 47ª EM (LIBRAS)	3	164,338.45	164,338.45	164,371.31	164,338.45
RECHEIO 3,7695% - 5ª EM (EUR)	164	8,200,000.00	8,200,000.00	8,208,286.00	8,200,000.00
SOARES DA COSTA 3,362% - 4ª EM (EUR)	23	1,150,000.00	1,150,000.00	1,150,664.00	1,150,000.00
SOC FRANCISCO M SANTOS 3,661% - 7ª EM (EUR)	19	939,428.00	939,428.00	939,849.00	939,428.00
- Medium & Long Term	20,271,389,354	459,474,724.46	459,091,314.38	446,881,132.75	459,091,314.38
BANCO INT CREDITO 98 3ªEM	19,241,577,798	192,415,777.98	192,421,999.43	192,415,777.98	192,421,999.43
BANCO INT CREDITO 99 3ªEM	2,404,767	120,238,350.00	120,182,256.82	120,238,350.00	120,182,256.82
BANCO INT CREDITO 5,46% 22/03/08	281,976	2,819,760.00	2,966,245.67	2,966,245.67	2,966,245.67
BESLEASING IMOBILIÁRIA 1999/2005/2010/2011	520,209	26,010,450.00	26,010,196.01	26,010,450.00	26,010,196.01
CIPAN 1989	50,000	139,500.00	158,341.21	4,592,556.12	158,341.21
SOMAGUE SGPS 1998	90,985	454,015.15	0.00	10,918.20	0.00
ES INVESTMENT PLC 23/12/2002	100	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
IND TÊXTEIS SOMELOS 1987 SERIE A	10	12.50	12.46	12.24	12.46
IND TÊXTEIS SOMELOS 1988	29,150	20,405.00	20,317.94	19,813.26	20,317.94
TECNOVIA EMPREITADAS 1991	436,285	1,055,809.70	1,055,180.80	525,723.43	1,055,180.80
LABORATÓRIOS ATRAL 1989	20,000	21,800.00	21,717.71	21,527.50	21,717.71
FRANCISCO L,BATISTA 1994	10,000	28,400.00	28,431.41	14,200.00	28,431.41
GRUPADA UNIBETAO 1996	44,891,811	448,918.11	448,861.24	449,322.14	448,861.24
GRUPADA LONGAVIDA-CIMILONGA 1996	50,000	149,500.00	149,614.05	149,634.55	149,614.05
HLC-ENG,GESTÃO PROJ 1998	100,000	289,000.00	288,809.57	289,289.00	288,809.57
ABRANTINA SGPS, SA 30/07/2004	200,000	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
BANCO INT CRÉD 1997 e 1998 (PERPÉTUAS)	959,026,346	9,590,263.46	9,546,990.68	9,577,793.51	9,546,990.68
BANCO NAC,ULTRAMAR 1992 (OB CX SUB)	19,951,916	199,519.16	199,095.98	199,519.16	199,095.98
BESLEASING MOBIL 1999 (OB CX SUB)	190,000	9,500,000.00	9,500,000.00	9,500,000.00	9,500,000.00
CREDIBOM 1999 (OB CX SUB)	58,000	2,900,000.00	2,900,000.00	2,900,000.00	2,900,000.00
BANCO INT CRÉD SFE 2000 1ª EM	1,500,000	75,000,000.00	75,000,000.00	75,000,000.00	75,000,000.00
MATURED SECURITIES	1	16,193,243.40	16,193,243.40	0.00	16,193,243.40
Non-resident issuers	311,706,471	1,828,161,054.38	1,821,248,550.44	1,795,693,313.29	1,821,248,550.44
- International financial entities	1,800	20,427,863.00	10,818,492.35	3,971,969.11	10,818,492.35
EUROPEAN INVESTMENT BANK 2026	1,800	20,424,371.40	10,814,994.49	3,968,455.69	10,814,994.49
EUROPEAN INVESTMENT BANK 2002	0	3,491.60	3,497.86	3,513.42	3,497.86
- Other non-resident issuers	311,704,671	1,807,733,191.38	1,810,430,058.09	1,791,721,344.18	1,810,430,058.09
- Medium & long term	311,704,671	1,807,733,191.38	1,810,430,058.09	1,791,721,344.18	1,810,430,058.09
BANCO GALICIA 2002	5,000	5,673,436.98	5,673,436.98	0.00	5,673,436.98
ES INVESTMENT PLC 11/06/2004	52	52,000.00	52,000.00	52,000.00	52,000.00
PHILIP MORRIS 2005	2,900	3,290,592.30	3,290,593.44	3,547,259.73	3,290,593.44
DRESDNER BANK AG 2002	10,000	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
COMMERZBANK AG 18/02/2004	2,500	2,836,717.50	2,854,122.57	2,886,361.06	2,854,122.57
HOUSEHOLD FIN CORP 5,875% 01/02/2009	1,000	1,134,687.00	1,137,099.68	1,064,563.71	1,137,099.68
LANDSBANKI ISLANDS 16/12/2011	10	1,134,687.39	1,129,940.43	1,073,414.27	1,129,940.43
AIC CORPORATION 02/10/2002	100	1,134,687.30	1,133,918.56	1,134,403.72	1,133,918.56

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
EASTERN GROUP PLC 8,375% 31/03/2004	1,500	2,465,077.50	2,465,078.06	2,751,766.64	2,465,078.06
MERCURY EUROPEAN 28/05/2004	1,000	1,643,385.00	1,643,385.37	1,643,385.37	1,643,385.37
UNIVERS DE VALENCIA 6,6% 15/12/2022	250	1,502,530.00	1,573,538.17	1,661,798.18	1,573,538.17
SUNCORP METWAY LTD 28/10/2002	1,000	1,134,687.00	1,133,767.95	1,135,061.84	1,133,767.95
NATEXIS BANQUE 7% 14/11/2005	100	1,134,687.30	1,134,687.39	1,281,402.47	1,134,687.39
ENRON CORP 2003 e 2005	550	10,942,925.00	10,942,925.00	2,735,731.25	10,942,925.00
CITIGROUP INC 9,5% 01/03/2002	2,000	2,269,374.00	2,269,374.79	2,337,456.03	2,269,374.79
PORTUGAL TELECOM INTL FINANCE BV 2% 06/12/2006	1,560	7,800,000.00	7,800,000.00	7,800,000.00	7,800,000.00
CLASSIC I (CAYMAN) 17/05/2012	88	880,000.00	882,586.19	883,344.00	882,586.19
ATAR INVEST,(JERSEY) 20/02/2008	34,576,461	34,576,461.00	34,395,300.17	34,648,034.27	34,395,300.17
ROCK LTD 07/06/2013	185,561,970	185,561,970.00	185,561,970.00	183,567,178.82	185,561,970.00
ROCK LTD 20/12/2006	750	75,000,000.00	75,149,095.85	75,075,000.00	75,149,095.85
BTAR INVESTMENTS LTD 29/06/2003	600	680.40	680.81	680.81	680.81
NAVIO COMPANY LIM 15/05/2011	44,407	44,407.00	44,407.00	44,592.62	44,407.00
NAVIO COMPANY LTD 26/04/2010	5,523	5,523.00	5,502.77	5,235.47	5,502.77
NAVIO COMPANY LTD 10/05/2011	207,312	10,365,600.00	10,385,529.18	10,370,782.80	10,385,529.18
NAVIO COMPANY LTD 10/05/2011	424,574	21,228,700.00	21,268,269.25	21,239,314.35	21,268,269.25
NAVIO COMPANY LTD 10/05/2011	190,352	9,517,600.00	9,554,357.81	9,522,358.80	9,554,357.81
HECTOR FUNDING II LTD	40	4,000,000.00	3,962,458.64	3,962,458.64	3,962,458.64
SIGNUM LIMITED 14/05/2012 OBRG,	145,611	7,280,550.00	7,292,939.11	7,264,168.76	7,292,939.11
SPICE LTD 27/06/2003	100	5,016,090.62	5,191,145.66	5,259,867.82	5,191,145.66
SHERLOCK LTD 15/02/2021	54	61,273,119.22	67,629,123.38	66,586,111.43	67,629,123.38
LUCHTHAVEN SCHIPHOL 4,5% 06/06/2002	50	5,000,000.00	5,007,248.84	4,960,000.00	5,007,248.84
EMIDAG INV LTD 30/04/2019	600	68,081,243.40	69,648,864.35	69,651,197.10	69,648,864.35
ALPHA SIRES LTD 04/02/09	270	27,000,000.00	26,459,528.93	26,778,600.00	26,459,528.93
ALPHA SIRES LTD CL EDF TFINA	500	50,000,000.00	50,000,000.00	50,015,000.00	50,000,000.00
ATAR CR TELEFONICA 020808	150	15,000,000.00	14,699,171.66	15,006,000.00	14,699,171.66
ATAR CR DEUTSCHE TLK 0213	16,000	16,000,000.00	15,932,431.52	16,356,800.00	15,932,431.52
BCI US FUNDING TR 1998	4,000	4,000,000.00	3,908,892.67	3,880,000.00	3,908,892.67
BRITISH GAS 10,75 1993/2003	690	1,781,773.20	1,781,773.20	1,945,644.75	1,781,773.20
B SPIRES LIMITED SER 25	200	20,000,000.00	19,976,459.00	20,312,000.00	19,976,459.00
CREDIT LNKD STRUCT SEC	220	22,000,000.00	21,966,106.30	22,290,400.00	21,966,106.30
CLASSIC III 17/05/2012	4,000	40,000,000.00	40,119,841.86	40,152,000.00	40,119,841.86
CLASSIC I 04/03/2009	240	24,000,000.00	23,743,277.54	23,292,000.00	23,743,277.54
DEUTSCHE TELEKOM 5,875%	30	3,000,000.00	2,990,172.17	3,045,420.00	2,990,172.17
EIRLES LIMITED 04/18/2010	20,000	20,000,000.00	20,352,118.83	20,384,000.00	20,352,118.83
FILMS PLC	33,569,758	335,697.58	332,143.09	332,138.99	332,143.09
GAP LIMITED 06/04/2013	255	25,500,000.00	25,469,761.08	25,640,250.00	25,469,761.08
HOLMES FUNDING 10/1999	648,137	525,030.00	525,067.69	525,067.57	525,067.69
INTESA 1998	1,000	1,000,000.00	1,000,000.00	976,750.00	1,000,000.00
LEHMAN BROS HOLDINGS 01/09/2005	2,000	2,000,000.00	1,995,123.79	1,996,613.00	1,995,123.79
LUSITANO GLB PLC 12/05/2015	127	12,700,000.00	12,700,000.00	12,700,000.00	12,700,000.00
NAVIO COMP 02/05/2011	49,000,000	49,000,000.00	49,000,000.00	49,205,800.00	49,000,000.00

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
PAROO COMPANY LTD 28/11/2008	5,000	50,000,000.00	50,147,995.65	49,960,000.00	50,147,995.65
ROCK LTD 22/03/2008	271	27,100,000.00	22,477,489.42	21,490,300.00	22,477,489.42
SB FINANCE LTD 12/03/2011	1,299,302	64,965,100.00	65,029,975.57	65,030,065.10	65,029,975.57
SIGNUM CLN 14/05/2012	600,000	30,000,000.00	29,931,091.00	29,934,000.00	29,931,091.00
SIGNUM CLN 21/05/2012	1,000,000	50,000,000.00	50,108,378.57	49,500,000.00	50,108,378.57
SIGNUM CLN PANGAEA PORT	400,000	20,000,000.00	20,037,044.43	20,046,000.00	20,037,044.43
SIRES CLN 30/11/2011	10,000	50,000,000.00	50,041,427.78	50,040,000.00	50,041,427.78
SIRES LTD 04/11/2009	300	30,000,000.00	30,009,011.77	30,021,000.00	30,009,011.77
SKYLARK LIMITED 04/12/2010	2,476	24,760,000.00	24,691,123.04	24,836,756.00	24,691,123.04
STINGRAY 25/05/2012	1,500	15,000,000.00	15,015,551.92	14,664,000.00	15,015,551.92
VERDANT LIMITED 27/03/2008	32	32,000,000.00	31,894,806.83	31,932,800.00	31,894,806.83
VERDANT CLN 14/12/2011	7,500	75,000,000.00	75,074,896.95	75,075,000.00	75,074,896.95
CABLE & WIREFIN 10,375	200	3,286,770.75	3,286,770.75	3,064,272.83	3,286,770.75
DEN DANSKE BANK 1996/2007	150	2,465,078.06	2,462,522.22	2,452,752.67	2,462,522.22
GENERAL MOTORS ACCEPT CORP 199720/2002	2,000	3,286,770.75	3,286,239.23	3,266,228.43	3,286,239.23
IRISH PERMANENT TSY PLC 1997/2007	200	3,286,770.75	3,272,997.42	3,277,732.08	3,272,997.42
LEHMAN BROS HOLDING PLC 1997/2002	10	1,643,385.37	1,643,426.79	1,644,617.93	1,643,426.79
NTL INCORPORATED 9,5% 2008	1,000	1,643,385.37	1,575,862.32	445,768.28	1,575,862.32
ST GEORGE BANK LIMITED 1997/2002	100	1,643,385.37	1,642,429.02	1,643,549.68	1,642,429.02
ASSOCIATES CORP 6,875 602	250	283,671.85	286,109.71	289,264.46	286,109.71
POTOMAC EDISON 01/05/2002	500	567,343.70	567,435.78	567,442.46	567,435.78
BANKERS TRUST CORP 2007	300	3,404,062.18	3,393,154.94	3,381,254.96	3,393,154.94
BBV INTL FINANCE 2005	1,000	1,134,687.39	1,142,163.78	1,142,196.41	1,142,163.78
BOMBARDIER CAPTL 21/11/2002	2,000	2,269,374.79	2,269,374.79	2,269,374.79	2,269,374.79
BEAR STEARNS LTD 15/07/2005	5,000	5,673,436.97	5,629,479.52	5,615,946.17	5,629,479.52
BANKERS TRUST AUSTRALIA 2008	2,000	2,269,374.79	2,250,650.61	2,268,580.43	2,250,650.61
COMPAGNIE FIN CRED IND ET COM 2002	1,000	1,134,687.39	1,127,694.78	1,119,085.44	1,127,694.78
DAIMLER CHRYSLER 6% 2002	2,000	2,269,374.79	2,280,443.36	2,283,640.15	2,280,443.36
EMIDAG INVESTMENTS 04/07/2015	350	39,714,058.78	39,856,646.74	39,894,757.74	39,856,646.74
GENERAL MOTORS ACC 08/04/2003	5,500	6,240,780.66	6,130,389.94	6,109,368.55	6,130,389.94
HOUSEHOLD BANK NA 2003	2,000	2,269,374.79	2,269,374.79	2,265,403.31	2,269,374.79
KRAFT FOODS INC 4,625%	1,500	1,702,031.09	1,699,565.97	1,652,101.46	1,699,565.97
LAFARGE CORP 6,5 15/07/2008	1,470	1,667,990.47	1,660,547.92	1,598,594.44	1,660,547.92
NATIONS BANK CAPITAL TRUST 2026	300	3,404,062.18	3,402,607.32	3,402,605.87	3,402,607.32
PREMIER FUNDING 2002	20	2,269,374.79	2,269,374.79	2,269,374.79	2,269,374.79
SANWA BUSINESS CREDIT 2002	20	2,269,374.79	2,269,145.26	2,269,142.15	2,269,145.26
CONOCO	5,000	5,673,436.97	5,673,436.97	5,673,436.97	5,673,436.97
CATERPILLAR	800	907,749.91	907,749.91	907,749.91	907,749.91
AKZO NOBEL INC	5,000	5,673,436.97	5,660,061.84	5,660,061.84	5,660,061.84
AOL 9,5/8 01/05/2002	6,000	6,808,124.36	6,886,452.24	6,986,837.63	6,886,452.24
BORAL LTD	5,000	5,673,436.97	5,666,739.17	5,666,739.17	5,666,739.17
BOSTON SCIENTIFIC	5,000	5,673,436.97	5,662,562.89	5,662,562.89	5,662,562.89
BRASTURINVEST SA 09/04/2002	5,000	5,000,000.00	4,997,613.67	4,900,000.00	4,997,613.67

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
CABELTE TRDG LTD 22/02/2002	1,500	1,500,000.00	1,498,033.62	1,485,000.00	1,498,033.62
CENTEX CORP	5,000	5,673,436.97	5,663,843.19	5,663,843.19	5,663,843.19
CHEVRON PHILLIPS	5,000	5,673,436.97	5,672,491.40	5,672,491.40	5,672,491.40
COLONIAL PIPELINE CO	4,000	4,538,749.57	4,535,471.59	4,535,471.59	4,535,471.59
CONAGRA FOODS INC	5,000	5,673,436.97	5,664,170.36	5,664,170.36	5,664,170.36
EATON CORP	3,000	3,404,062.18	3,398,445.48	3,398,445.48	3,398,445.48
GENERAL MILLS INC	5,000	5,673,436.97	5,648,325.71	5,648,325.71	5,648,325.71
GOV'T TRADE TRUST - NOTES GUARANTEED	3,750,000	4,255,077.61	4,255,077.61	4,560,166.68	4,255,077.61
GUIDANT CORP	5,000	5,673,436.97	5,656,558.49	5,656,558.49	5,656,558.49
HARSCO CORP	5,000	5,673,436.97	5,667,881.73	5,667,881.73	5,667,881.73
IMPERIAL TABACCO FIN	5,000	5,673,436.97	5,647,386.45	5,647,386.45	5,647,386.45
ITT INDUSTRIES INC	5,000	5,673,436.97	5,662,239.81	5,662,239.81	5,662,239.81
KEYSPAN CORP	5,000	5,673,436.97	5,672,160.45	5,672,160.45	5,672,160.45
LIR ENERGY 10% 06/09/2002	2,500	2,836,718.48	2,835,864.71	2,935,890.16	2,835,864.71
MILACRON CAP, HOLDINGS	5,000	5,000,000.00	5,000,000.00	3,650,000.00	5,000,000.00
PEOPLES ENERGY FLOAT 08/2002	5,000	5,673,436.97	5,666,492.43	5,673,436.97	5,666,492.43
PEPSI AMERICAS	5,000	5,673,436.97	5,672,790.83	5,672,790.83	5,672,790.83
PHILLIPS PETROLEUM CO	5,000	5,673,436.97	5,669,497.08	5,669,497.08	5,669,497.08
SAFeway INC	5,000	5,673,436.97	5,658,189.61	5,658,189.61	5,658,189.61
SPRINT CAP 7,5/8 - 10/06/2002	6,000	6,808,124.36	6,821,530.31	6,939,385.00	6,821,530.31
ST JUDE MEDICAL INC	5,000	5,673,436.97	5,656,062.07	5,656,062.07	5,656,062.07
TRW INC SENIOR NOTES	5,000	5,673,436.97	5,665,068.04	5,744,354.93	5,665,068.04
U, S, OIL FIELD	5,000	5,673,436.97	5,650,128.61	5,650,128.61	5,650,128.61
VIACOM INC	5,000	5,673,436.97	5,661,097.24	5,661,097.24	5,661,097.24
WASHINGTON MUTUAL FIN	5,000	5,673,436.97	5,666,873.12	5,666,873.12	5,666,873.12
BANCA DI ROMA 2004	1	3,896,150.85	3,896,150.85	3,896,150.85	3,896,150.85
BANK OF GREECE 2003	2	6,559,777.69	6,559,777.69	6,970,511.61	6,559,777.69
NATIONAL BANK OF HUNGARY	3	9,691,491.55	9,691,491.55	10,039,549.61	9,691,491.55
BFP RECEIVABLES 2002	1	3,404,062.18	3,404,062.18	3,408,173.20	3,404,062.18
BG TRANSCO HOLDINGS 2009	1	8,249,177.35	8,249,177.35	8,216,180.64	8,249,177.35
CABLE & WIRELESS INT 2002	1	16,498,354.70	16,498,354.70	16,712,833.31	16,498,354.70
COMPASS GROUP PLC	2	20,622,943.38	20,622,943.38	21,639,654.49	20,622,943.38
CROWN CORK & SEAL 2004	1	5,000,000.00	5,000,000.00	1,700,000.00	5,000,000.00
DAILY MAIL GEN TRUST 2004	1	6,599,341.88	6,599,341.88	6,599,341.88	6,599,341.88
DIXONS TREASURY 2004	1	12,373,766.03	12,373,766.03	12,856,342.90	12,373,766.03
ENGLISH CHINA CLAYS 2002	1	5,673,436.97	5,673,436.97	5,673,436.97	5,673,436.97
HYDRO QUEBEC 2002	1	3,404,062.18	3,404,062.18	3,486,100.08	3,404,062.18
PEARSON STERLING 2002	1	8,249,177.35	8,249,177.35	8,290,423.24	8,249,177.35
PHILIP MORRIS 2002	1	5,673,436.97	5,673,436.97	5,929,103.03	5,673,436.97
PORTLAND CAP JERSEY	1	16,000,000.00	16,000,000.00	16,000,000.00	16,000,000.00
SIRES AUSTRALIA LTD 2003	1	1,556,142.79	1,556,142.79	1,563,923.50	1,556,142.79
STAGECOACH HOLDINGS 2004	1	5,000,000.00	5,000,000.00	4,784,500.00	5,000,000.00
TECNOST INTL NV 2004	2	25,000,000.00	25,000,000.00	25,220,750.01	25,000,000.00

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
TPSA EUROFINANCE BV 2004	1	5,000,000.00	5,000,000.00	5,024,500.00	5,000,000.00
TYCO INT GROUP, SA 2007	1	5,000,000.00	5,000,000.00	5,064,500.00	5,000,000.00
USINOR SACILOR 2002	2	7,960,172.22	7,960,172.22	7,973,892.64	7,960,172.22
USINOR SACILOR 2005	1	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
VIVENDI ENVIROMENT 2005	1	14,999,850.01	14,999,850.01	14,999,850.01	14,999,850.01
Variable income securities	164,656,189	238,193,167.46	304,814,012.17	266,157,281.40	304,814,012.17
Resident issuers	162,691,968	237,233,630.46	279,906,120.22	258,593,503.29	279,906,120.22
- Shares 37,350,152	50,030,599.40	93,278,105.41	72,460,195.22	93,278,105.41	
VIDAGO MELGAÇO & PEDRAS SALGADAS	2	4.98	0.00	0.00	0.00
FÁBRICAS TRIUNFO 1995 REDOMINAÇÃO CAPITAL	1	0.00	0.00	0.00	0.00
UNICER - UNIÃO CERVEJEIRA 1992 INC RES	1	0.00	0.00	0.00	0.00
COFACO - COMP FABRIL CONSERVAS	11,396	56,866.04	137,671.96	6,837.60	137,671.96
COMP NAC FÁB TECIDOS TORRES NOVAS	208,876	1,042,291.24	552,185.46	104,438.00	552,185.46
GREGORIO & COMPANHIA	1,460	7,285.40	44,080.85	0.00	44,080.85
FIACO - FIAÇÃO ALGODÕES COIMBRA	3,650	18,213.50	182,152.26	0.00	182,152.26
FI TOR - COMP PORTUGUESA DE TÊXTEIS	3,357	16,785.00	99,796.87	1,947.06	99,796.87
FONCAR - ORG COM INDUSTRIAL TÊXTEL	2,669	13,318.31	31,529.80	31,529.80	31,529.80
TÊXTEL LUIS CORREIA	139,063	693,924.37	1,307,349.29	0.00	1,307,349.29
COMP PAPEL PORTO CAVALEIROS	46,621	232,638.79	271,092.13	0.00	271,092.13
FISIPE - FIBRAS SINTÉTICAS PORTUGAL	25,903	129,515.00	312,084.80	77,968.03	312,084.80
CIRES - COMP IND RESINAS SINTÉTICAS	51,645	51,645.00	318,397.95	77,467.50	318,397.95
POLIMAIA, SGPS	446	2,225.54	2,295.97	1,471.80	2,295.97
CINCA DIREITOS INC RES	7	0.00	0.00	0.00	0.00
CRISAL 1997 INC RES	1	0.00	0.00	0.00	0.00
ATLANTIS - CRISTAIS DE ALCobaça	5	0.00	0.00	0.00	0.00
VAA-VISTA ALEGRE ATLANTIS SGPS	82,345	82,345.00	200,486.34	67,522.90	200,486.34
VAA-VISTA ALEGRE FUSÃO	193,184	193,184.00	387,587.12	158,410.88	387,587.12
EFACEC CAPITAL, SGPS	4,096	20,480.00	23,563.18	11,837.44	23,563.18
SALVADOR CAETANO	30,781	30,780.00	257,129.23	89,262.00	257,129.23
SOC CONST SOARES DA COSTA	570	2,850.00	2,189.48	1,185.60	2,189.48
IMOB CONST GRÃO-PARÁ	190,000	948,100.00	1,895,432.01	978,500.00	1,895,432.01
PAPELARIA FERNANDES	31,334	156,670.00	287,594.55	62,041.32	287,594.55
SOC R SANTOS G & OLIVEIRA	2,575	12,849.25	32,373.88	0.00	32,373.88
D PEDRO 1996 INC RES	1	0.00	0.00	0.00	0.00
SOPONATA - SOC PORT DE NAVIOS	30	150.00	296.43	296.43	296.43
SOC COMERCIAL OREY ANTUNES	10,198	50,990.00	71,853.82	56,190.98	71,853.82
SACOR MARITIMA, SA	89,762	448,810.00	1,118,764.37	587,941.10	1,118,764.37
BANCO PORTUGUÊS INVESTIMENTO 1986 INC RES	3	0.00	0.00	0.00	0.00
BPI, SGPS, SA	19,182	19,182.00	19,546.97	43,351.32	19,546.97
BANCO SANTANDER PORTUGAL	229	1,145.00	1,142.25	1,145.00	1,142.25
BANCO ESSI DIREITOS 1993 INC RES	4	0.00	6.99	0.00	6.99
JERONIMO MARTINS	636,065	3,180,325.00	19,244,933.49	5,883,601.25	19,244,933.49
SONAE, SGPS, SA	124,726	124,726.00	188,428.98	101,028.06	188,428.98

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
FNACINVESTE,SGPS	99,845	498,226.55	596,016.17	0.00	596,016.17
BEIRA VOUGA	1,040	5,189.60	5,187.50	0.00	5,187.50
CREDITO PREDIAL PORTUGUÊS 1997 INC RES	6	0.00	0.00	0.00	0.00
PIRITES ALENTEJANAS	30	150.00	234.19	0.00	234.19
FÁBRICAS VASCO DA GAMA	102	508.98	289.30	0.00	289.30
TÊXTEIS MOURA MATOS	31,146	155,418.54	207,090.91	0.00	207,090.91
FETAL - MODA INTERNACIONAL	20	99.80	199.52	0.00	199.52
OPCA - OBRAS PÚBL CIMENTO ARMADO	452,002	2,260,000.00	3,179,703.41	2,712,000.00	3,179,703.41
GRUPO DIMENSAO	75,947	378,975.53	632,329.02	0.00	632,329.02
STE - SERV TELEC ELECTRÓNICA	26,833	133,886.69	776,241.26	776,241.26	776,241.26
TORRALTA - CLUB INTERNACIONAL FÉRIAS	995	4,975.00	37,524.57	0.00	37,524.57
COMP PORTUGUESA DE FORNOS ELECTRICOS	4	2.00	2.00	0.00	2.00
COMUNDO - CONS MUNDIAL DE IMP E EXP	251	125.50	84.80	0.00	84.80
EUROMINAS - ELECTRO METALURGIA	225	1,122.75	6,139.55	0.00	6,139.55
FÁBRICA MENDES GODINHO	3	14.97	748.20	0.00	748.20
INDUSTRIAS METALICAS PREVIDENTE	9,468	47,245.32	7,489.45	0.00	7,489.45
GEOFINANÇA - SOC INVESTIMENTOS	112	558.88	558.65	0.00	558.65
MATUR - EMPREEND TUR DA MADEIRA	14,296	71,337.04	168,850.83	0.00	168,850.83
SOC INDUSTRIAL FARMACEUTICA	165	823.35	9,912.78	0.00	9,912.78
SALVOR - SOC INV HOTELEIROS	94	469.06	2,253.85	0.00	2,253.85
SODIMUL - SOC COMÉRCIO E TURISMO	114	1,705.44	0.22	0.00	0.22
SOC NACIONAL FÓSFOROS	10	49.90	50.38	0.00	50.38
SOC PORTUGUESA DE EXPLOSIVOS NOM	58,000	289,420.00	42,410.29	253,460.00	42,410.29
SOC PORTUGUESA DE EXPLOSIVOS PORT	74,498	371,745.02	371,594.46	325,556.26	371,594.46
SENAL - SOC NAC PROMOÇÃO EMPRESAS	350	175.00	174.58	0.00	174.58
EDP - ELECTRICIDADE DE PORTUGAL	1,209,225	1,209,225.00	4,301,865.08	2,950,509.00	4,301,865.08
ESPART - ESP SANTO PARTICIPAÇÕES	217,559	1,087,795.00	1,748,571.33	1,172,643.01	1,748,571.33
FUNFRAP - FUNDIÇÃO PORTUGUESA	100,000	499,000.00	498,797.90	498,797.90	498,797.90
RICARDO GALLO VIDRO EMBALAGEM, SA	83,235	416,175.00	803,571.45	803,571.45	803,571.45
RENTAVE - INVEST IMOBILIÁRIO	2,200	10,978.00	10,973.55	0.00	10,973.55
BRISA - AUTO ESTRADAS PORTUGAL	15,910	15,910.00	136,561.67	75,731.60	136,561.67
BRISA - AUTO ESTRADAS PORTUGAL DIREITOS 2001 INC RES	15,910	15,910.00	0.00	0.00	0.00
PAZOL - PROD REFINARIA ÓLEOS	2,816	14,051.84	46,580.62	0.00	46,580.62
TUROPA - OPERADORES TURÍSTICOS	127	633.73	3,200.11	0.00	3,200.11
CORTICEIRA AMORIM	8,473	8,473.00	13,679.00	7,456.24	13,679.00
IMAVIZ - IMOBILIÁRIA AVIZ	280	1,397.20	1,396.63	0.00	1,396.63
CNB - CAMAC COMP NAC BORRACHAS	400	1,996.00	4,990.47	0.00	4,990.47
EMPRESA TÊXTIL DE AGUDA	3,324	16,586.76	16,575.05	0.00	16,575.05
INCAL - IND COMÉRCIO E ALIMENTAÇÃO	24	27.12	0.12	0.00	0.12
TVI - TELEVISÃO INDEPENDENTE RED CAP 1999 DIREITOS	299	0.00	0.00	0.00	0.00
PORTLINE - TRANSP MARÍTIMOS INTERN	954,893	4,764,916.07	4,762,985.15	4,764,916.07	4,762,985.15
CIMPOR - CIMENTOS PORTUGAL SGPS	2,000	10,000.00	29,512.13	39,400.00	29,512.13
SEMAPA, SGPS	1,366,145	1,366,145.00	4,546,962.56	6,475,527.30	4,546,962.56

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
COMP PORTUGUESA COBRE IMOBILIÁRIA	17,000	84,830.00	1,187.14	0.00	1,187.14
LEICA - APARELHOS ÓPTICOS PRECISÃO	10,000	49,900.00	49,879.79	50,000.00	49,879.79
FIT - FOMENTO INDUSTRIA DO TOMATE	449	2,240.51	404.51	404.51	404.51
SPIDOURO - SOC PROM EMP INV DOURO	5,000	24,950.00	24,939.89	0.00	24,939.89
SGAL - SOC GESTORA ALTO LUMIAR	210,000	1,047,900.00	10,474,755.84	10,470,600.00	10,474,755.84
UNITÉNIS - SOC EMP TÉNIS	1	149.64	3,990.38	0.00	3,990.38
JOSÉ MELLO, SGPS	152,860	764,300.00	1,524,924.93	1,524,924.93	1,524,924.93
JOSÉ MELLO, SGPS AUMENTO CAPITAL	109,185	545,925.00	0.00	0.00	0.00
ADR ENTRE DOURO TAMEGA	6,000	29,940.00	29,927.87	29,940.00	29,927.87
SAIVANE IMOBILIARIA	8,081	40,324.19	0.00	0.00	0.00
ADRAL - AGÊNCIA DES REG ALENTEJO	2,000	9,980.00	9,975.96	0.00	9,975.96
VTR, SGPS, SA	22,369,182	22,369,182.00	22,369,182.46	22,369,182.45	22,369,182.46
WEB - LAB, SGPS, SA	7,719,990	3,859,995.00	8,809,988.59	8,809,988.59	8,809,988.59
SONAE,COM, SGPS	1,740	1,740.00	17,644.13	5,341.80	17,644.13
AVANCARE GESTÃO SER SAUDE, SA	100	499.00	28.79	28.79	28.79
- Share	1,808,009.20	1,808,009.20	1,796,786.25	1,808,009.20	
PORTICENTRO	1	1,796,786.25	1,796,786.25	1,796,786.25	1,796,786.25
INANGOL LIMITADA	1	11,222.95	11,222.95	0.00	11,222.95
- Participation certificates	92,177,866	921,778.51	1,060,946.33	566,248.54	1,060,946.33
BANCO PORT,ATLANTICO 1986 - 1º e 2º EM	3	0.00	0.00	0.00	0.00
BANCO PORT,ATLANTICO 1990	1	0.00	0.00	0.00	0.00
BANCO PORT,ATLANTICO 1º EM	3	0.00	0.00	0.00	0.00
BANCO PORT,ATLANTICO 2º EM	8	0.00	0.00	0.00	0.00
CRÉDITO PREDIAL PORTUGUÊS 1988	92,177,851	921,778.51	1,060,946.33	566,248.54	1,060,946.33
- Participations Units	33,163,948	184,473,243.35	183,759,059.28	183,770,273.28	183,759,059.28
IPE - FRIE RETEX	200,000	998,000.00	997,595.79	1,010,000.00	997,595.79
PME CAPITAL - RETEX	200,000	998,000.00	997,595.79	898,000.00	997,595.79
PME CAPITAL - FRIE	100,000	499,000.00	498,797.90	267,000.00	498,797.90
PME CAPITAL - GLOBAL	1,000,000	4,990,000.00	4,987,978.97	4,650,000.00	4,987,978.97
PME INVESTIMENTOS - FRIE	100,000	499,000.00	498,797.90	399,000.00	498,797.90
PME INVESTIMENTOS - FRIE RETEX	200,000	998,000.00	997,595.79	832,000.00	997,595.79
FUNGEPI/BES	7,268,923	36,271,925.77	35,972,682.38	36,271,925.77	35,972,682.38
FUNGERE - FUNDO GESTÃO	23,127,965	115,408,545.35	115,361,803.05	115,366,014.30	115,361,803.05
FUNDO TURISMO 1996	69	1,720,852.41	1,738,998.10	1,738,998.10	1,738,998.10
FUNDO INV IMOBILIÁRIO TURÍSTICO	349,500	1,744,005.00	1,743,298.65	1,932,735.00	1,743,298.65
FUNDO INV IMOB FECHADO TURÍSTICO II	30,000	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
FRIE PEDIP II	338	8,429,682.82	7,983,153.76	8,429,682.82	7,983,153.76
FRIE IMIT/BES	300	7,481,967.00	7,481,968.46	7,481,967.00	7,481,968.46
VISION ESCRITÓRIOS	586,853	2,934,265.00	2,998,792.74	2,992,950.30	2,998,792.74
Non resident issuers	1,964,221	959,537.00	24,907,891.94	7,563,778.11	24,907,891.94
- Shares	1,964,171	959,487.00	24,907,841.94	7,563,728.11	24,907,841.94
COMPANHIA DIAMANTES DE ANGOLA	385	958.65	3,748.57	0.00	3,748.57
GENERAL MOTORS CORP	2,521	2,858.81	119,535.67	139,165.61	119,535.67

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
SENA SUGAR STATES	463,725	296,784.00	54,245.77	0.00	54,245.77
PROPRIETATIA CLUB FINANCEIRO GENOVA	1	1,070.45	3,047.41	0.00	3,047.41
AMERICAN EXPRESS CO	7,324	8,305.42	394,613.58	301,835.56	394,613.58
GENERAL ELECTRIC CO	5,203	5,900.20	301,495.13	240,165.71	301,495.13
MERCK & CO INC	2,279	25.07	171,215.92	153,502.14	171,215.92
PROCTER & GAMBLE CO	1,200	1,360.80	103,851.13	107,786.22	103,851.13
BANK OF AMERICA CORP	1,406	1,594.40	93,151.99	101,465.56	93,151.99
KIMBERLEY CLARCK CO	2,023	2,294.08	130,630.42	137,269.26	130,630.42
HOME DEPOT INC	4,922	5,581.55	266,689.77	285,557.54	266,689.77
JP MORGAN CHASE & CO	4,790	5,431.86	225,795.33	197,404.74	225,795.33
TEXAS INSTRUMENTS	5,822	6,602.15	310,267.40	188,407.40	310,267.40
ABBOTT LABORAT J SMITH	1,547	1,754.30	83,286.57	98,739.08	83,286.57
SCHLUMBERGER LTD	4,059	4,602.91	322,115.02	253,175.12	322,115.02
BANCO BOAVISTA INTERATLÂNTICO	699,652	0.00	4,886.63	4,886.63	4,886.63
NOKIA CORP	6,047	6,857.30	218,468.72	172,016.67	218,468.72
NOVARTIS AG	4,937	5,598.56	226,114.46	202,790.65	226,114.46
SUN MYCROSYSTEMS INC	16,360	18,552.24	471,812.03	235,013.73	471,812.03
WALT DISNEY CO	10,813	12,261.94	352,485.66	259,129.20	352,485.66
RSL COMMUNICATIONS CL A	25,000	28,350.00	568,214.16	28.37	568,214.16
HALLIBURTON CO	6,743	7,646.56	243,815.67	100,766.27	243,815.67
TYCO INTERNATIONAL	1,486	1,685.12	83,120.50	100,005.29	83,120.50
WILLIAMS COMPANIES	2,343	2,656.96	90,320.04	68,750.69	90,320.04
BRADLEES INC NEW	54,000	61,236.00	310,195.17	61.27	310,195.17
LIBERTY SATELLITE & TECHNOLOGY INC	151,000	171,234.00	1,517,954.40	155,917.39	1,517,954.40
FINET COM INC	203,513	2,238.64	10,779,530.24	92,369.45	10,779,530.24
PFIZER INC	1,977	2,241.92	90,287.86	90,583.52	90,287.86
ZIXIT CORP	26,000	29,484.00	2,077,595.31	149,869.51	2,077,595.31
ACTV INC	25,000	28,350.00	1,021,552.25	52,479.29	1,021,552.25
TRANSMEDIA ASIA PACIFIC INC	133,200	151,048.80	382,167.25	6,045.61	382,167.25
CITRIX SYSTEMS INC	3,900	4,422.60	91,852.90	103,418.81	91,852.90
BRISTOL MYERS SQUIBB	1,462	1,657.91	94,804.30	84,952.93	94,804.30
EXXON MOBIL CORP	2,553	2,895.10	111,405.88	115,468.72	111,405.88
APPLIED MATERIALS	6,135	6,957.09	377,838.31	290,704.19	377,838.31
CONSOLIDATED EDISON INC	3,043	3,450.76	137,160.47	139,495.29	137,160.47
NORTHERN TRUST CORP	3,302	3,744.47	290,079.52	228,476.07	290,079.52
KONINKLIJKE PHILIPS	3,654	4,143.64	89,059.25	120,694.36	89,059.25
EMERSON ELECTRIC INC	4,508	5,112.07	358,345.23	293,201.59	358,345.23
ATAR INVESTMENTS LIM	12,396	123.96	624,137.20	624,137.20	624,137.20
SAFEWAY INC	4,419	5,011.15	225,469.10	210,595.71	225,469.10
GANNETT CO INC	1,198	1,358.53	82,150.61	92,096.33	82,150.61
WILLIAMS COMM GROUP INC	5,514	6,252.88	0.00	13,702.10	0.00
BIOTECHNOLOGY	979	1,110.19	86,270.34	104,598.48	86,270.34
ADOBE SYSTEMS INC	5,981	6,782.45	298,925.47	217,441.55	298,925.47

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
AVERY DENNISON CORP	1,865	2,114.91	106,439.43	118,612.56	106,439.43
LIBERTY MEDIA CORP	12,324	13,975.42	232,339.49	195,634.59	232,339.49
CONAGRA FOODS INC	3,690	4,184.46	90,631.17	100,069.22	90,631.17
DIEBOLD INC	2,882	3,268.19	114,417.00	134,076.93	114,417.00
KEYSPAN CORP	2,881	3,267.05	105,869.57	113,598.94	105,869.57
VERIZON COMMUN	2,779	3,151.39	159,146.86	151,673.55	159,146.86
ALLTEL CORP DELAWARE	1,678	1,902.85	112,288.27	118,333.94	112,288.27
PEPSICO INC	1,750	33.25	97,001.59	97,557.59	97,001.59
- Other securities	50	50.00	50.00	50.00	50.00
LUSITANO N°1 LTD	50	50.00	50.00	50.00	50.00
C. Securities Held to Maturity	0	0.00	0.00	0.00	0.00
D. Financial Investments	16,299,673,610	1,004,045,791.99	1,688,484,396.53	1,446,738,852.17	1,688,484,396.53
Equity holdings	16,160,902,051	423,049,447.11	872,434,281.75	631,993,531.72	872,434,281.75
- In domestic credit institutions	20,340	1,014,559.20	1,014,554.92	1,014,557.29	1,014,554.92
SPGM - SOC INVESTIMENTOS NOM	20,340	1,014,559.20	1,014,554.92	1,014,557.29	1,014,554.92
- In credit institutions abroad	16,104,989,220	343,756,106.38	333,540,858.04	333,329,492.43	333,540,858.04
BANCO INTER UNIDO	84,750	422,902.50	211,365.61	0.00	211,365.61
BANQUE ESPRITO SANTO ET DE LA VÉNÉTIE	730,181	10,952,865.00	11,713,654.64	11,713,654.64	11,713,654.64
INTERATLÂNTICO, SA	100,193,841	256,115,120.34	75,854,846.60	75,854,846.60	75,854,846.60
KREDYT BANK	29,374,668	42,005,775.24	139,973,602.97	139,973,602.97	139,973,602.97
BANCO BRADESCO	15,974,165,656	29,999,483.10	79,412,627.06	79,412,627.06	79,412,627.06
BMCE BANK SA	440,124	4,259,960.20	26,374,761.17	26,374,761.17	26,374,761.17
- In other domestic companies	55,876,604	72,862,516.23	532,391,738.26	292,162,351.16	532,391,738.26
SODERA - SOC DES REGIONAL ALENTEJO	1,950	48,633.00	32,421.86	48,633.00	32,421.86
SIBS - SOC INTERBANCÁRIA SERVIÇOS	388,269	1,941,345.00	1,068,197.78	1,068,197.78	1,068,197.78
UNICRE - CARTÃO INTERNACIONAL CRÉDITO	149,610	748,050.00	219,754.02	219,754.02	219,754.02
PORTUGAL TELECOM DIREITOS 2001 INC RES	91,964	91,964.00	63.15	63.15	63.15
PORTUGAL TELECOM SGPS	17,291,988	17,291,988.00	179,783,168.89	151,304,895.00	179,783,168.89
SOC TURÍSTICA PALHEIRO GOLF	15,000	74,850.00	74,819.68	74,819.68	74,819.68
PME CAPITAL	150,000	750,000.00	748,196.85	748,196.85	748,196.85
PME INVESTIMENTOS	150,000	748,500.00	748,196.85	507,000.00	748,196.85
FINANGESTE - EMP FIN GESTÃO DESENV	35,775	178,517.25	435,450.56	216,081.00	435,450.56
MULTIGER - COMPRA VENDA E ADM PROPRIEDADES	22,460	1,120,304.80	1,125,652.74	1,120,304.80	1,125,652.74
NET - NOVAS EMP TECNOLOGIAS	3,050	15,219.50	15,213.34	12,932.00	15,213.34
EUROP ASSISTANCE - C P SEG ASSIST	230,000	1,147,700.00	1,147,235.16	1,147,235.16	1,147,235.16
MULTIPESSOAL - SOC PREST GEST SERV	20,000	99,800.00	99,759.58	99,759.58	99,759.58
ESEGUR - ESPRITO SANTO SEGURANÇA	159,500	797,500.00	797,355.75	797,355.75	797,355.75
FUNDO TURISMO - CAPITAL RISCO	150,000	748,500.00	748,196.85	748,196.85	748,196.85
FIDUPRIVATE, SA	6,190	30,888.10	30,875.59	30,875.59	30,875.59
AMBELIS - AGÊNCIA MOD BASE EC LISBOA	400	19,952.00	19,951.92	19,952.00	19,951.92
ESUMÉDICA - PREST CUIDADOS MÉDICOS	74,700	372,753.00	395,449.60	395,449.60	395,449.60

Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
SODAP, SGPS	30,000	149,700.00	149,639.37	151,500.00	149,639.37
FUNDO TURISMO - SOC GEST F INV IMOB	10,000	49,900.00	49,879.79	51,000.00	49,879.79
ESPIRITO SANTO - COMPANHIA DE SEGUROS	1,200,000	5,988,000.00	5,985,574.76	5,985,574.76	5,985,574.76
FIEP - FUNDO P INTERN EMPRESAS PORT	3,400,000	16,966,000.00	16,970,811.72	16,966,000.00	16,970,811.72
PRIMUS MGTV	8,000	39,920.00	39,903.83	39,920.00	39,903.83
PARAREDE, SGPS, SA	15,077,450	15,077,450.00	23,623,697.17	10,252,672.80	23,623,697.17
AENOR - AUTO-ESTRADAS NORTE	374,292	3,742.92	3,742.92	3,742.92	3,742.92
OPERANOR - OP MANUT AUTO-ESTRADAS	666	666.00	666.00	666.00	666.00
PT MULTIMEDIA, SGPS	12,762,063	6,381,031.50	296,051,640.07	98,146,776.80	296,051,640.07
SUBLOC - LOCAÇÃO SUBMARINOS	2,500	25,000.00	25,000.00	25,000.00	25,000.00
OPERADORA LUSOSCUIT - MAN AUTO-ESTRADAS	500	500.00	500.00	500.00	500.00
LUSOSCUIT - AUTO-ESTRADAS COSTA PRATA	222,000	6,660.00	6,660.00	6,660.00	6,660.00
MTS PORTUGAL - SOC GEST MERC DIV PUB	2,199,277	33,652.00	33,196.70	33,196.70	33,196.70
ESPIRITO SANTO SAÚDE, SGPS, SA	500,000	500,000.00	500,000.00	500,000.00	500,000.00
BVLP - SOC GEST MERCADOS REGULAM	117,764	117,764.00	139,221.69	117,764.00	139,221.69
VIALITORAL - CONC RODOVIÁRIAS MADEIRA	4,750	712,500.00	738,110.21	738,110.21	738,110.21
SOC IMOB URBANIZAÇÃO DO PARQUE	484	2,415.16	2,414.18	2,415.16	2,414.18
EJV - PLATAFORMA COM ELECTRÓNICO	400,000	400,000.00	400,000.00	400,000.00	400,000.00
COIMBRAVITA - AGENCIA DES,REGIONAL	15,000	74,850.00	74,819.68	74,850.00	74,819.68
ESPIRITO SANTO INTERACTION	100,000	100,000.00	100,000.00	100,000.00	100,000.00
LUSOSCUIT - AUTO-ESTRADAS BEIRAS LITORAL E ALTA	510,000	5,100.00	5,100.00	5,100.00	5,100.00
OPERADORA LUSOSCUIT - MAN AUTO-ESTRADAS BEIRAS LITORAL E ALTA	1,000	1,000.00	1,000.00	1,000.00	1,000.00
ANADYR OVERSEAS CON PROJECTOS, LDA	1	100.00	100.00	100.00	100.00
WHYALLA BUSINESS CO PROJECTOS, LDA	1	100.00	100.00	100.00	100.00
- In other companies abroad	15,887	5,416,265.30	5,487,130.53	5,487,130.84	5,487,130.53
SWIFT - SOC WORLDWIDE I FIN TEL	133	14,177.80	85,058.51	85,058.82	85,058.51
FEI - FUNDO EUROPEU INVESTIMENTOS	3	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
EBA CLEARING SAS	1	1,000.00	1,000.00	1,000.00	1,000.00
SCI - GEORGES MANDEL	15,750	2,401,087.50	2,401,072.02	2,401,072.02	2,401,072.02
Equity holdings in subsidiary companies	138,771,543	495,720,799.91	730,774,569.80	730,774,665.97	730,774,569.80
- In domestic credit institutions	53,795,341	268,893,347.99	420,812,500.05	420,812,500.05	420,812,500.05
BIC - BANCO INTERNACIONAL DE CRÉDITO	30,000,000	150,000,000.00	208,520,708.18	208,520,708.18	208,520,708.18
BANCO ESPIRITO SANTO DE INVESTIMENTO	14,000,000	70,000,000.00	159,834,457.59	159,834,457.59	159,834,457.59
BESLEASING IMOBILIÁRIA	1,977,256	9,866,507.44	8,271,019.61	8,271,019.61	8,271,019.61
BESLEASING MOBILIÁRIA	3,368,448	16,808,555.52	21,965,356.91	21,965,356.91	21,965,356.91
EUROGES - AQUIS CRÉDITOS CURTO PRAZO	2,400,000	11,976,000.00	12,142,068.37	12,142,068.37	12,142,068.37
CREDIFLASH, SA	849,997	4,244,485.03	4,094,419.54	4,094,419.54	4,094,419.54
CREDIBOM, SA	1,199,540	5,997,700.00	5,984,369.85	5,984,369.85	5,984,369.85
BEST - BANCO ELECTRÓNICO	100	100.00	100.00	100.00	100.00
- In credit institutions abroad	26,261,050	135,105,261.80	195,491,725.20	195,491,725.20	195,491,725.20
BESNAC - BANCO ESP S CAPITAL CORP	1,000	720.00	35,758.82	35,758.82	35,758.82
BESSA - BANCO ESP SANTO (ESPANHA)	9,687,500	77,500,000.00	83,484,352.29	83,484,352.29	83,484,352.29
BANCO ESPIRITO SANTO DO ORIENTE	199,500	28,183,764.00	28,014,409.83	28,014,409.83	28,014,409.83
ESPIRITO SANTO BANK MIAMI	6,377,050	18,085,313.80	72,614,869.07	72,614,869.07	72,614,869.07
BESA - BANCO ESPIRITO SANTO ANGOLA	9,996,000	11,335,464.00	11,342,335.19	11,342,335.19	11,342,335.19

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Nature and Type of Security	Quantity	Nominal Value	Average Acquisition Price	Market Price	Book Value
- In other domestic companies	58,208,062	87,179,854.42	91,478,577.65	91,478,673.82	91,478,577.65
ESPIRITO SANTO DEALER	285,000	1,425,000.00	3,800,245.16	3,800,245.16	3,800,245.16
ESDI - ESP SANTO DATA INFORMÁTICA	486,000	2,425,140.00	2,960,306.17	2,960,306.17	2,960,306.17
GESFINC - ESP S ESTUDOS FIN MERC CAP	28,000	139,720.00	139,668.40	139,668.40	139,668.40
ESAF - ESP SANTO ACTIVOS FINANCIEROS	1,527,500	7,622,225.00	7,619,137.88	7,619,137.88	7,619,137.88
ESP SANTO CAPITAL - SOC CAP RISCO	3,964,060	19,820,300.00	19,773,516.61	19,773,516.61	19,773,516.61
QUINTA DOS CONEGOS	377,400	1,887,000.00	3,063,926.72	3,063,926.72	3,063,926.72
ESGEST - ESP S GEST INST APROV COMUM	20,000	99,800.00	99,759.58	99,759.58	99,759.58
ESPIRITO SANTO COBRANÇAS	75,000	374,250.00	374,098.42	374,098.42	374,098.42
ESPIRITO SANTO CONTACT CENTER	945,000	945,000.00	945,000.00	945,000.00	945,000.00
BES,COM, SGPS, SA	50,000,000	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00
ESPIRITO SANTO FINANCIAL CONSULTANTS	450,100	2,250,500.00	2,250,500.00	2,250,500.00	2,250,500.00
LUPINUS, SGPS, SA	50,000	50,000.00	39,903.83	40,000.00	39,903.83
CÊNTIMO - SOC SERVIÇOS	1	137,169.42	408,764.88	408,764.88	408,764.88
JAMPUR - TRADING INT SOC UNIPessoal	1	3,750.00	3,750.00	3,750.00	3,750.00
- In other companies abroad	507,090	4,542,335.70	22,991,766.90	22,991,766.90	22,991,766.90
ESOL - ESP SANTO OVERSEAS	1,000	1,134.00	1,134.69	1,134.69	1,134.69
SPAINVEST, SA	399,999	3,527,991.18	21,977,378.52	21,977,378.52	21,977,378.52
BES FINANCE LIMITED	25,000	28,350.00	28,367.18	28,367.18	28,367.18
BES OVERSEAS LIMITED	1,000	1,134.00	1,134.69	1,134.69	1,134.69
ESCLINC - ESPIRITO SANTO COM LISBOA	100	920,906.62	920,906.62	920,906.62	920,906.62
ESPIRITO SANTO PLC	29,994	38,092.38	38,084.52	38,084.52	38,084.52
E,S,REPRESENTACOES	49,995	24,397.56	24,430.71	24,430.71	24,430.71
CAPITAL CONNAUGT NOM	1	164.99	164.99	164.99	164.99
CAPITAL ESP SANT NOM	1	164.99	164.99	164.99	164.99
Sub-total	16,299,673,594	918,770,247.02	1,603,208,851.55	1,362,768,197.69	1,603,208,851.55
Other financial investments	16	85,275,544.98	85,275,544.98	83,970,654.48	85,275,544.98
ESPIRITO SANTO LIMITED (SUP)	1	410,090.00	410,090.00	410,090.00	410,090.00
AENOR - AUTO-ESTRADAS NORTE (SUP)	1	954,027.89	954,027.89	954,027.89	954,027.89
LUSOScut-AUTO-ESTR BEIRAS LIT E ALTA (SUP)	1	516,290.00	516,290.00	516,290.00	516,290.00
LUSOScut-AUTO-ESTR C PRATA (SUP)	1	450,620.00	450,620.00	450,620.00	450,620.00
VIALITORAL - COM RODOVIÁRIAS DA MADEIRA, SA	1	890,625.00	890,625.00	890,625.00	890,625.00
COMPANHIA PORTUGUESA COBRE (SUP)	1	847.96	847.96	847.96	847.96
ESEGUR - ESP SANTO SEGURANÇA (SUP)	1	399,038.32	399,038.32	399,038.32	399,038.32
QUINTA DOS CÔNEGOS (SUP)	1	410,290.15	410,290.15	410,290.15	410,290.15
SOC IMOB URBANIZAÇÃO PARQUE (SUP)	1	1,820,086.18	1,820,086.18	1,820,086.18	1,820,086.18
BES,COM SGPS	1	7,094,631.00	7,094,631.00	7,094,631.00	7,094,631.00
JAMPUR - TRADING INTER SOC UNIPessoal, LDA (SUP)	1	12,696,945.54	12,696,945.54	12,696,945.54	12,696,945.54
ESPIRITO SANTO COBRANÇAS (SUP)	1	562,706.38	562,706.38	562,706.38	562,706.38
ESPIRITO SANTO PLC (SUP)	1	35,500,000.00	35,500,000.00	35,500,000.00	35,500,000.00
ESCOM - ESP SANTO COMMERCE, LTD (SUP)	1	3,794,643.65	3,794,643.65	3,794,643.65	3,794,643.65
OPCA - OB PÚBL CIMENTO ARMADO (SUP)	1	14,101,265.95	14,101,265.95	14,101,265.95	14,101,265.95
KLEINWORT BENSON LON	1	5,673,436.97	5,673,436.97	4,368,546.47	5,673,436.97
Total	99,617,662,520	5,292,190,453.74	6,095,568,349.13	5,757,008,866.58	6,095,417,393.07

9.2 – Consolidated Financial Statements of Group Banco Espírito Santo

Consolidated Balance Sheet at December 31, 2001

(euro thousand)

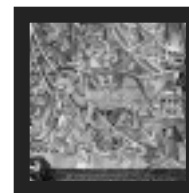
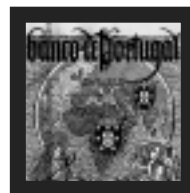
Assets	Notes	Year			Previous Year (Net)
		Gross Assets	Depreciation and Provisions	Net Assets	
1. Cash and cash equivalents held at Central Banks	4	724,209		724,209	799,705
2. Current accounts with credit institutions	5	1,241,259		1,241,259	868,247
3. Other assets with credit institutions	6	3,901,525	13,338	3,888,187	3,611,835
4. Loans and advances to customers	7	24,569,111	305,032	24,264,079	21,483,495
5. Bonds and other fixed income securities		5,006,126	76,625	4,929,501	3,737,878
a) Public issuers	8	1,970,736	15,668	1,955,068	1,559,293
b) Other issuers	8	3,030,890	60,957	2,969,933	2,136,716
c) Own securities	8	4,500		4,500	41,869
6. Shares and other variable income securities	8	483,920	57,540	426,380	600,919
7. Equity holdings in associated companies	9	41,165		41,165	25,712
8. Equity holdings in unconsolidated subsidiaries					
9. Other financial investments	9	871,798	21,972	849,826	746,797
10. Intangible assets	11	446,330	263,982	182,348	154,750
11. Tangible assets	12	1,021,721	583,617	438,104	447,855
(For own use)		(588,199)	(271,260)	(316,939)	(328,836)
12. Revaluation differences — equity method					
13. Consolidation differences					
14. Unpaid capital					
15. Own shares					74,121
16. Other assets	13	558,364	17,622	540,742	492,384
17. Accruals and deferrals	14	996,830		996,830	892,594
18. Consolidated loss for the period					
19. Minority interests					
Total ...		39,862,358	1,339,728	38,522,630	33,936,292

Off Balance Sheet Items	Notes	Year	Previous Year
1. Guarantees extended and contingent liabilities	25	4,371,382	4,310,118
Of Which:			
1.1 Acceptances and endorsements		26	
1.2 Guarantees and sureties		4,111,083	3,768,162
1.3 Others		260,273	541,956
2. Commitments	25	2,821,644	2,671,664
Of Which:			
2.1 Commitments arising from sales operations with option to repurchase			
Total...		7,193,026	6,981,782

**Manager of the Planning
and Accounting Department**

Carlos dos Santos Moita

The attached notes form an integral part of these financial statements



(euro thousand)

Liabilities and Shareholders' equity	Notes	Year	Previous Year
1. Amounts due to credit institutions		7,536,692	8,280,252
a) Sight Deposits	15	338,698	462,300
b) Time or notice deposits	15	7,197,994	7,817,952
2. Amounts due to customers		17,394,740	16,159,751
a) Savings deposits	16	2,506,628	2,452,456
b) Sight deposits	16	6,879,626	6,376,443
c) Time deposits	16	8,008,486	7,330,852
3. Debt securities		8,804,543	5,178,011
a) Outstanding bonds	17	7,001,237	3,500,486
b) Other	17	1,803,306	1,677,525
4. Other liabilities	18	243,181	180,529
5. Accruals and deferrals	19	695,257	733,334
6. Revaluation differences — equity method			
7. Consolidation differences			
8. Provisions for risks and charges		325,866	258,462
a) Provisions for pensions and similar charges	20 and 24	47	3,734
b) Other provisions	20	325,819	254,728
9. Fund for general banking risks	20	59,838	54,079
10. Subordinated debt	21	1,443,293	1,083,022
11. Subscribed capital	23	1,000,000	1,000,000
12. Share premium account	23	192,950	293,562
13. Reserves	23	13,025	(82,127)
14. Revaluation reserves	23		
15. Retained earnings	23		
16. Minority interests	22	615,536	569,424
17. Consolidated profit for the period	23	197,709	227,993
Total ...		38,522,630	33,936,292

The Board of Directors

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 Patrick Gérard Daniel Coudène

Consolidated Income Statement for the Year ended December 31, 2001

(euro thousand)

Debit	Notes	Year	Previous Year
1. Interest and similar costs	27	1,904,303	1,846,579
2. Commissions	27	69,090	47,266
3. Losses on financial operations	25 and 27	3,688,274	3,395,455
4. General administrative costs	27	591,934	518,067
4.1 Staff costs		320,521	285,146
4.2 Other administrative costs		271,413	232,921
5. Amortization and depreciation	11, 12 and 27	122,186	108,943
6. Other operating costs	27 and 29	5,142	6,008
7. Provisions for overdue loans and other risks	20 and 27	383,582	434,860
8. Provisions for financial investments	20 and 27	20,636	4,002
9. Extraordinary losses	30	38,275	22,128
10. Income taxes	27 and 31	38,554	63,987
11. Other taxes		12,382	6,196
12. Results of associated companies and subsidiaries excluded from the consolidation		1,379	
13. Minority interests	22	53,130	54,526
14. Consolidated profit for the period	27	197,709	227,993
Total ...		7,126,576	6,736,010

**Manager of the Planning
and Accounting Department**

Carlos dos Santos Moita

The attached notes form an integral part of these financial statements

(euro thousand)

Credit	Notes	Year	Previous Year
1. Interest and similar income	27	2,622,939	2,486,816
2. Income from securities	27	9,893	11,494
3. Commissions	27	342,739	338,111
4. Profits on financial operations	25 and 27	3,804,228	3,594,927
5. Release of provisions	20 and 27	199,382	181,417
6. Results of associated companies and subsidiaries excluded from the consolidation		6,899	4,828
7. Other operating revenues	27 and 29	108,898	87,003
8. Extraordinary income	30	26,854	31,414
9. Minority interests		4,744	
Total ...		7,126,576	6,736,010

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9.3 – Individual and Consolidated Income Statement, by Functions Individual and Consolidated Cash Flow Statements

Consolidated Income Statement for the Year Ended December 31, 2001

(euro thousand)

	BES		Consolidated	
	Year	Previous Year	Year	Previous Year
1. Net interest income	417,052	373,206	718,636	640,237
2. Bad and doubtful debts expense	93,235	86,781	145,251	136,938
3. Net interest income after provisions for credit (1-2)	323,817	286,425	573,385	503,299
4. Commissions	168,175	174,850	273,649	290,845
5. Other operating results	30,594	33,271	91,374	74,799
6. Results from customer services (4+5)	198,769	208,121	365,023	365,644
7. Income from securities	48,685	32,221	9,893	11,494
8. Equity accounted results	-	-	5,520	4,828
9. Results from financial operations	75,118	169,083	115,954	199,472
10. Provisions for securities	23,165	60,190	28,366	66,459
11. Goodwill amortization	-	-	-	-
12. Operating results before operating costs (3+6+7+8+9-10-11)	623,224	635,660	1,041,409	1,018,278
13. Staff costs	180,688	168,448	320,521	285,146
14. Other administrative costs	174,093	163,251	271,413	232,921
15. Depreciation	93,758	86,408	122,186	108,943
16. Operating costs (13+14+15)	448,539	418,107	714,120	627,010
17. Operating result (12-16)	174,685	217,553	327,289	391,268
18. Other provisions	25,703	60,229	31,219	54,048
19. Results from sales of equity holdings	21	6,248	(65)	9,298
20. Other extraordinary results	(7,863)	(2,405)	(11,356)	(12)
21. Profit before taxes and minority interests (17-18+19+20)	141,140	161,167	284,649	346,506
22. Taxes	-	26,792	38,554	63,987
23. Minority interests	-	-	48,386	54,526
24. Net profit (21-22-23)	141,140	134,375	197,709	227,993
25. Earning per share	0.71	0.91	0.99	1.54

Manager of the Planning and Accounting Department

Carlos dos Santos Moita

The Board of Directors

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The attached notes form an integral part of these financial statements

Individual and Consolidated Cash Flow Statements
for the Financial Year Ended at December 31, 2001

(euro thousand)

	Notes	BES		Consolidated	
		2001	2000	2001	2000
Cash flow from operating activities					
Interest and commissions received		2,217,552	2,093,406	3,072,591	2,727,499
Interest and commissions paid		(1,536,762)	(1,565,077)	(2,013,514)	(1,739,784)
Recovery of loans and interest written-off in previous years		4,647	5,501	7,819	7,120
Payments to employees and suppliers		(390,051)	(242,927)	(622,525)	(406,014)
Pensions paid and contributions to the pension fund	24	(219,824)	(74,685)	(240,791)	(82,993)
Operating results before adjustments to operating funds		75,562	216,218	203,580	505,828
(Increases)/decreases in operating assets					
Amounts due from credit institutions		403,539	(933,636)	(281,587)	428,443
Deposits in central banks		168,999	1,982	134,947	6,465
Loans and advances to customers		(1,407,722)	(2,823,804)	(2,895,402)	(4,861,571)
Trading securities		123,415	429,012	34,416	356,704
Other operating assets		(185,492)	217,297	85,558	554,452
Increases/(decreases) in operating liabilities					
Amounts due to credit institutions		(68,610)	1,792,274	(743,560)	169,379
Amounts due to customers		551,946	751,344	1,234,989	1,647,816
Debt securities		224,606	610,768	3,626,532	1,751,459
Other operating liabilities		22,249	(43,612)	124,648	15,452
Net cash flow from operating activities, before income taxes		(91,508)	217,843	1,524,121	574,427
Income taxes	31	-	12,755	(17,691)	(38,442)
Net cash flow from operating activities		<u>(91,508)</u>	<u>230,598</u>	<u>1,506,430</u>	<u>535,985</u>
Cash flow from investment activities					
Purchase of investments and equity holdings in subsidiary companies		(147,369)	(662,725)	(164,268)	(645,159)
Amounts received on sale of investments and equity holdings in subsidiary companies		53,057	33,186	78,969	42,914
Dividends received		48,685	32,221	9,893	11,494
Purchase of investment securities		(21,588,354)	(10,979,801)	(23,616,973)	(11,384,270)
Amounts received on sale of investment securities		22,174,018	10,920,676	22,645,598	11,243,482
Purchase of fixed assets		(108,607)	(92,224)	(148,558)	(135,680)
Amounts received on sale of fixed assets		834	8,170	5,457	10,776
Net cash flow from investment activities		<u>432,264</u>	<u>(740,497)</u>	<u>(1,189,882)</u>	<u>(856,443)</u>
Cash flow from financing activities					
Issue of subordinated bonds	21	151,895	388,140	360,438	316,367
Reimbursements and remuneration paid on participation certificates	21	(170)	(219)	(170)	(219)
Capital Increase	23	-	453,594	-	453,594
Dividends paid	23	(86,400)	(82,250)	(88,249)	(83,453)
Bonuses paid to employees	23	(16,500)	(16,460)	(24,766)	(23,263)
Issue and remuneration of preferred shares	22	-	-	(42,241)	(45,941)
Net cash flow from financing activities		<u>48,825</u>	<u>742,805</u>	<u>205,012</u>	<u>617,085</u>
Effects of adjustment of exchange rate on cash and cash equivalents		<u>(66,516)</u>	<u>(35,432)</u>	<u>(89,097)</u>	<u>(33,748)</u>
Net increase in cash and cash equivalents		<u>323,065</u>	<u>197,474</u>	<u>432,463</u>	<u>262,879</u>
Cash and cash equivalents at beginning of period	3.3 q)	870,669	673,195	1,083,222	820,343
Cash and cash equivalents at end of period	3.3 q)	<u>1,193,734</u>	<u>870,669</u>	<u>1,515,685</u>	<u>1,083,222</u>
		<u>323,065</u>	<u>197,474</u>	<u>432,463</u>	<u>262,879</u>

**Manager of the Planning
and Accounting Department**

Carlos dos Santos Moita

The attached notes form an integral part of these financial statements

The Board of Directors

9.4 – Appendix to the Bank's Accounts

The prevailing norms prescribing data to be published officially require certain explanatory notes to the balance sheet and income statement headings. These are mentioned in numerical order and, where appropriate, referred to other points in the Management Report or the Notes to the Financial Statements (9.5).

1. No adjustments were made to the 2000 accounting data.
2. The headings defined in the Plan of Accounts for the Banking System were listed in accordance with the Bank of Portugal's instructions.
3. Valuation criteria are set forth in note 3 of point 9.5.
4. There were no departures from the valuation criteria defined in the prevailing Plan of Accounts.
5. Valuations for balance sheet purposes do not differ materially from those based on the latest known market price up to the time of closing.
6. Equity holdings and respective capital participations, names and registered offices are reported in notes 2, 9 and 10 of point 9.5, and in the body of the report.

As of December 31, 2001 the difference between the acquisition cost of subsidiaries where the stake held

exceeds 20% and the corresponding value of equity stated in the latest approved accounts (December 31, 2000) was euro 1,801 thousand.

7. Bonds and other fixed-income securities are listed by remaining time to maturity in note 8, point 9.5.
8. Loans to companies in which participations are held are included under asset headings 2 to 5 and are reported in note 32 of point 9.5.
9. The same applies to associated companies, also reported in note 32 of point 9.5.
10. An itemization of the securities portfolio: the list is given under point 9.1, in accordance with the official form of presentation.
11. The evolution of tangible and intangible assets is shown in notes 11 and 12 of point 9.5.
12. Assets of a subordinated nature are listed in note 13 of point 9.5.
13. As of December 31, 2001 there were no securities sold under repurchase agreements.
14. Loans shown under asset headings 3 and 4, classified according to remaining life, are described in notes 6 and 7 of point 9.5.
15. Revaluation of tangible assets and financial investments:

a) No revaluation of fixed assets was carried out in 2001; no revaluation differences were transferred to revaluation reserves; the revaluation reserves' initial balance, movement and closing balance on the reporting year are included in note 23 of point 9.5;

b) The book value of fixed assets, at cost, their revaluation, and the corresponding depreciation are reported in note 12 of point 9.5;

c) No exceptional depreciation was carried out in 2001.

16. At year-end 2001, incorporation expenses, net of amortization, totaled euro 0.1 million; research and software development expenses, referred in note 11 of point 9.5, are amortized over 3 years. BES research and development expenses, whose net value as of December 31, 2001 was euro 126 million, relate to expenditure in the adaptation of the new software and/or adaptation of new features in existing applications.
17. No exceptional value adjustments were made to current assets.
18. Liabilities are listed by remaining time to maturity in notes 15, 16 and 17 of point 9.5.
19. Bonds and other securities in circulation are listed according to remaining time to maturity in note 17 of point 9.5.
20. Liabilities to associated companies, included under liability headings 1, 2, 3

and 8, are reported in note 32 of point 9.5.

21. Liabilities to companies in which participations are held, included under liability headings 1, 2, 3 and 8, are also reported in note 32 of point 9.5.

22. Liabilities heading no. 8 shows loans and subordinated bonds, as set forth in note 21 of point 9.5.

23. Total liabilities, including liabilities under guarantees, are shown in notes 25 and 32 of point 9.5.

24. Pension liabilities and respective coverages are set forth in note 24 of point 9.5.

25. The balances of provisions are given in note 20 of point 9.5. The required breakdown of balances as of December 31, 2001 is as follows:

26. The criteria employed to differentiate the negotiable securities listed under asset headings 5 and 6 from those representing financial investments, are reported in note 3 of point 9.5.

26A. In 2001 the securities portfolio intended to be held to maturity was not reclassified.

27. The balances of the accounts: *deferred charges, unearned income, deferred income, unearned income and accrued expenses* are reported in notes 14 and 19 of point 9.5.

(euro thousand)

Provisions for	BES	Consolidated
Doubtful Loans	13,331	15,369
Placements in domestic credit institutions	0	0
Placements in foreign credit institutions	0	0
Subsidiaries	0	0
Associated companies	0	0
Other credits	13,331	15,369
Overdue loans	165,773	289,503
Placements in domestic credit institutions	0	0
Placements in foreign credit institutions	2,735	2,735
Subsidiaries	0	0
Associated companies	0	0
Other credits	163,038	286,768
Devaluation of trading securities	1	113
Devaluation of investment securities	105,582	130,448
Other placements	2,525	17,389
Financial investments	71,192	21,972
General Credit Risks	194,473	288,019
Foreign exchange fluctuation risks	0	0
Retirement and survival pensions	0	47
Other risks and charges	35,382	37,800
General banking risks	0	59,838
Country risk	15,795	17,335
Placements in credit institutions	10,585	10,603
Customer loans	1,246	2,895
Securities	3,580	3,604
Other Assets	384	233
Total	604,054	877,833

- 28. a)** Amounts not yet taken to the BES individual income statement respecting:
- securities issued below par, total zero;
 - investment securities purchased above par total euro 18,131 thousand; and
 - investment securities purchased below par total euro 11,116 thousand.
- b)** The difference between book and market value of investment securities is euro 12,500 thousand.
- c)** The difference between book value of trading securities and the corresponding value it they had been valued at cost is euro 151 thousand.
- d)** The amounts taken to the income statement at market value are: euro 5,134 thousand of profits and euro 12,847 thousand of losses.
- 29.** There was no change in the Bank's share capital during 2001.
- 30.** There were no beneficial holdings of the Bank's shares, convertible bonds or securities or similar rights apart from the situation reported in note 22 of point 9.5.
- 31.** The nature and amounts of the items shown under asset heading 13 and liabilities heading 4 are set forth in notes 13 and 18 of point 9.5.
- 32.** Funds managed by Group BES for the account of others are shown in the body of the present Annual Report.
- 33.** The breakdown of all outstanding forward transactions is given in note 25 of point 9.5.
- 34.** Personnel, broadly classified according to professional categories, is reported in note 28 of point 9.5.
- 35.** Compensation to members of the corporate and audit bodies for the financial year, as well as loans extended to them are reported in note 28 of point 9.5.
- 36.** The Bank provides no management or representational services to others that are of material importance.
- 37.** Foreign currency-denominated assets and liabilities are reported in note 26 of point 9.5.
- 38.** Revenues recorded under income statement headings B1, B2, B3, B4 and B7, with geographical breakdown, are reported in note 27 of point 9.5.
- 39.** The main components of the headings:
- Other operating costs
 - Other operating revenues
 - Extraordinary losses
 - Extraordinary income
- are reported in notes 29 and 30 of point 9.5.
- 40.** Expenses allocated to and expenses paid relative to subordinated liabilities are reported in note 21 of point 9.5.
- 41.** The difference between the tax liability imputed to the reporting financial year and to the two prior financial years, and the tax liability either already paid or payable relative to those financial years is reported in note 31 of point 9.5.
- 42.** There is no differentiation between the tax treatment of operating revenues and extraordinary earnings originating a material impact on the financial statements.
- 43.** The BES accounts will be consolidated by BESPARG – Sociedade Gestora de Participações Sociais, S.A., with registered office at Rua de São Bernardo, 62, Lisbon.
- 44.** BES maintains no branches in other European Union member countries that are exempt from audit and publication of their income statements.
- 45.** The value on December 31, 2001 of assets held by BES and the Group under financial lease, net of amortizations, was respectively euro 526 thousand and euro 2,707 thousand, and is reflected under heading no. 10 of the balance sheet.
- 46.** There was no netting between debtor and creditor balances in third party and adjustment accounts.



47. The amounts taken to the income statement relative to dealings with subsidiaries refer to current commercial transactions discriminated in note 32 of point 9.5.

48. Securitization operations are reported in note 7 and 8 of point 9.5.

49. Quantitative and qualitative information on the coverage of liabilities for retirement and survival pensions is given in note 24 of point 9.5.

50. BES is fully up to date with its obligations to the social security system (no. 1 of article 21 of Decree-Law no. 411/91 of October 17).

51. Group BES business in terms of net assets by economic activity and geographical distribution, after elimination of inter-group transactions, is as follows (see table below).

52. The BES 2001 accounts do not include results from transactions determined under criteria other than market criteria carried out with companies in relation to which there is a controlling relationship.

(euro million)

Geographical Area Sectors	Portugal	United Kingdom	Spain	Switzerland	Ireland	USA	Cayman Islands	Brazil	Macao	Total
Banking	26,356	2,222	1,254	743	522	2,103	2,105	80	172	35,557
Leasing	1,086									1,086
Sales Finance	536									536
Asset Management	27		18							45
Brokerage	34		773							807
Factoring	396									396
Others	96									96
Total	28,531	2,222	2,045	743	522	2,103	2,105	80	172	38,523

9.5 – Notes to the Financial Statements

Notes to the Individual and Consolidated Financial Statements for the Year ended December 31, 2001 and 2000 (Amounts in thousand euros, except where mentioned)

Nota 1 – Activity

Banco Espírito Santo, SA (the Bank or BES) is a commercial bank headquartered in Portugal. The Bank is authorized by the Portuguese authorities, central banks and regulatory authorities to operate in Portugal and in the countries where its international branches are located.

BES's origins date back to the last quarter of the 19th century. The Bank started to operate as a commercial bank in 1937, following the merger of Banco Espírito Santo and Banco Comercial de Lisboa, from which resulted Banco Espírito Santo e Comercial de Lisboa. By public deed of July 6, 1999, the Bank took the name of Banco Espírito Santo, SA.

BES is listed on the Lisbon and Oporto Stock Exchange. In December 31, 2001, the Bank's subsidiary Espírito Santo Overseas Ltd had 10 million preference shares listed on the New York Stock Exchange, and BES Overseas, Ltd had 10 million preference shares listed on the London Stock Exchange.

Since 1992 BES has been part of the Espírito Santo Group, as a consequence of which its financial statements are consolidated by BESPARGPS, S.A., headquartered in Lisbon, and by Espírito Santo Financial Group, SA (ESFG), headquartered in Luxembourg.

The Bank obtains its funding from deposits and other liabilities which, together with its own funds, are invested in loans, securities and other assets. The Bank also provides other banking services in Portugal and abroad and has a network of 482 branches throughout Portugal (December 31, 2000 – 469), international branches in London, New York, Nassau, Lausanne and the Cayman Islands, a branch in the Madeira Free Zone, and nine overseas representative offices.

Nota 2 – Group Structure

As the parent company of a financial group (BES Group or the Group), the Bank has holdings in subsidiary and associated companies. Subsidiaries are companies in

which the investment is of a permanent nature, with a direct or indirect holding of more than 50% or, if below that level, where the Bank has control and where the company can be considered, jointly with the Bank, as one decision-making unit. Holdings in associated companies are investments of a permanent nature in which the Bank's participation is between 20% and 50%, in which there is no control, but only some complementary activities. Under these circumstances, the Bank's subsidiaries and associated companies exclude those companies where the participation, although greater than 20%, was not purchased for the purpose of participation in management, or where their activity is incompatible with the nature of the Group's activities, as defined in article 5 of Decree-Law no. 36/92 of March 28, or where disposal is intended in the short term.

The composition of the Group of Companies in which the Bank has a direct or indirect holding greater or equal to 20%, and which were included in the consolidated financial statements is shown in the following chart.

The breakdown of activity and results of BES Group by business segment for 2001 and 2000 is as follows

2001

Balance Sheet	Banking		Specialized Consumer Credit	Asset Management	Factoring	Leasing	Others	Eliminations/ Adjustments	Consolidated
	Commercial*	Investment							
ASSETS	43,865,503	2,193,697	540,074	77,986	418,370	1,089,625	129,103	(9,791,728)	38,522,630
Cash and cash equivalents	2,008,116	160,503	12,352	10,147	37,700	6,266	5,925	(275,541)	1,965,468
Current accounts with credit institutions	11,046,858	732,925	-	37,027	-	-	10,008	(7,938,631)	3,888,187
Loans and advances to customers	21,984,455	344,097	509,760	2,453	377,238	1,058,572	-	(12,496)	24,264,079
Securities	5,047,184	779,711	-	3,248	1,801	2,494	4,565	(483,122)	5,355,881
Tangible and intangible assets	576,190	13,598	8,966	3,596	520	6,545	7,460	3,577	620,452
Equity holdings	1,589,958	37,364	331	9,351	-	1,735	65,347	(813,095)	890,991
Other assets	1,612,742	125,499	8,665	12,164	1,111	14,013	35,798	(272,420)	1,537,572
LIABILITIES	39,048,883	2,068,763	499,228	36,104	399,732	1,046,394	2,315,358	(8,295,516)	37,118,946
Amounts due to credit institutions	11,414,835	1,019,282	444,994	707	342,589	874,101	178,534	(6,738,350)	7,536,692
Amounts due to customers	17,404,039	176,741	-	-	1,508	215	48,077	(235,840)	17,394,740
Debt securities	8,800,305	281,459	-	-	22,500	122,000	23,216	(444,937)	8,804,543
Other liabilities	780,871	230,143	37,218	32,973	31,838	20,301	10,981	(205,887)	938,438
Provisions	323,997	356,260	8,016	2,417	1,297	10,777	(351,309)	34,249	385,704
Subordinated debt	319,368	4,842	9,000	-	-	19,000	2,363,310	(1,272,227)	1,443,293
Minority interests	5,468	36	-	7	-	-	42,549	567,476	615,536
EQUITY	2,450,417	205,820	40,846	41,882	18,638	43,231	99,071	(1,496,221)	1,403,684
Capital and reserves	2,246,966	195,707	29,876	34,567	15,240	39,140	98,818	(1,454,339)	1,205,975
Net profit	203,451	10,113	10,970	7,315	3,398	4,091	253	(41,882)	197,709

Income Statement	Banking		Specialized Consumer Credit	Asset Management	Factoring	Leasing	Others	Eliminations/ Adjustments	Consolidated
	Commercial*	Investment							
Net interest income	640,056	13,749	41,715	76	5,901	17,832	621	(1,314)	718,636
- Bad and doubtful debt expense	128,361	2,782	10,686	-	1,701	3,371	-	(1,650)	145,251
= Net interest income after provisions for credit	511,695	10,967	31,029	76	4,200	14,461	621	336	573,385
+ Commissions	185,530	32,115	17,466	29,848	3,888	(368)	1,874	3,296	273,649
+ Other operating results	1,931	20,984	(962)	480	57	2,014	48,889	17,981	91,374
= Results from customer services	187,461	53,099	16,504	30,328	3,945	1,646	50,763	21,277	365,023
+ Income from securities	49,607	3,645	-	-	-	-	141	(43,500)	9,893
+ Equity accounted results	5,490	(3,182)	-	1,566	-	-	(1,378)	3,024	5,520
+ Results from financial operations	99,870	15,608	-	(1,147)	1	40	(3)	1,585	115,954
- Provisions for securities	25,937	2,429	-	-	-	-	-	-	28,366
- Goodwill amortization	-	-	-	-	-	-	-	-	-
= Operating results before operating costs	828,187	77,707	47,533	30,823	8,146	16,147	50,144	(17,278)	1,041,409
Staff costs	238,147	27,813	7,080	6,467	1,549	3,400	36,065	-	320,521
Other administrative costs	219,637	27,158	19,998	6,429	1,528	5,008	12,619	(20,964)	271,413
Depreciation	109,486	5,121	3,661	7,086	202	890	2,234	(6,494)	122,186
- Operating costs	567,270	60,092	30,739	19,982	3,279	9,298	50,918	(27,458)	714,120
= Operating result	260,917	17,615	16,794	10,841	4,867	6,849	(774)	10,180	327,289
- Other provisions	28,269	684	-	1,091	(299)	124	1,504	(154)	31,219
+ Results from sales of equity holdings	15	-	-	(80)	-	-	-	-	(65)
+ Other extraordinary results	(14,366)	(1,638)	948	963	(54)	59	2,732	-	(11,356)
= Profit before taxes and minority interests	218,297	15,293	17,742	10,633	5,112	6,784	454	10,334	284,649
- Taxes	19,590	4,273	6,772	3,311	1,714	2,693	201	-	38,554
- Minority interests	(4,744)	907	-	7	-	-	-	52,216	48,386
= Net profit	203,451	10,113	10,970	7,315	3,398	4,091	253	(41,882)	197,709

* Commercial banking also includes issuer companies

2000

Balance Sheet	Banking		Specialized Consumer Credit	Asset Management	Factoring	Leasing	Others	Eliminations/ Adjustments	Consolidated
	Commercial*	Investment							
ASSETS	40,995,284	1,120,837	432,240	59,476	287,610	914,567	109,652	(9,983,374)	33,936,292
Cash and cash equivalents	1,641,474	25,598	5,655	8,559	11,513	382	6,478	(31,707)	1,667,952
Current accounts with credit institutions	10,843,935	55,423	-	33,823	-	-	28,387	(7,349,733)	3,611,835
Loans and advances to customers	19,540,224	379,798	409,056	-	271,723	886,431	-	(3,737)	21,483,495
Securities	5,461,921	495,749	-	357	1,801	2,494	1,750	(1,625,275)	4,338,797
Tangible and intangible assets	561,851	8,665	9,680	2,220	634	6,397	9,467	3,691	602,605
Equity holdings	1,506,531	38,751	331	7,225	-	1,735	38,413	(820,477)	772,509
Other assets	1,439,348	116,853	7,518	7,292	1,939	17,128	25,157	(156,136)	1,459,099
LIABILITIES	38,530,002	930,167	401,049	35,129	272,370	875,428	18,079	(8,565,360)	32,496,864
Amounts due to credit institutions	12,727,094	518,234	360,261	24,781	227,637	712,451	3,968	(6,294,174)	8,280,252
Amounts due to customers	16,154,678	64,565	-	-	434	-	75	(60,001)	16,159,751
Debt securities	6,515,058	132,637	-	-	22,500	122,000	-	(1,614,184)	5,178,011
Other liabilities	759,314	160,656	25,265	9,796	20,494	19,930	13,951	(95,543)	913,863
Provisions	259,645	4,195	6,523	542	1,305	9,047	85	31,199	312,541
Subordinated debt	2,064,949	49,880	9,000	-	-	12,000	-	(1,052,807)	1,083,022
Minority interests	49,264	-	-	10	-	-	-	520,150	569,424
EQUITY	2,465,282	190,670	31,191	24,347	15,240	39,139	91,573	(1,418,014)	1,439,428
Capital and reserves	2,277,479	152,402	23,473	6,597	12,736	36,519	88,516	(1,386,287)	1,211,435
Net profit	187,803	38,268	7,718	17,750	2,504	2,620	3,057	(31,727)	227,993

Income Statement	Banking		Specialized Consumer Credit	Asset Management	Factoring	Leasing	Others	Eliminations/ Adjustments	Consolidated
	Commercial*	Investment							
Net interest income	569,931	7,820	35,299	174	4,188	16,484	663	5,678	640,237
- Bad and doubtful debt expense	121,063	2,476	10,969	-	781	4,842	5	(3,198)	136,938
= Net interest income after provisions for credit	448,868	5,344	24,330	174	3,407	11,642	658	8,876	503,299
+ Commissions	200,929	43,014	14,434	27,994	3,061	(315)	1,404	324	290,845
+ Other operating results	3,149	14,570	(1,757)	(153)	10	1,322	32,959	24,699	74,799
= Results from customer services	204,078	57,584	12,677	27,841	3,071	1,007	34,363	25,023	365,644
+ Income from securities	32,595	659	-	-	-	176	594	(22,530)	11,494
+ Equity accounted results	3,970	5,474	-	438	-	-	-	(5,054)	4,828
+ Results from financial operations	193,415	15,175	-	147	50	42	(4)	(9,353)	199,472
- Provisions for securities	62,052	4,407	-	-	-	-	-	-	66,459
- Goodwill amortization	-	-	-	-	-	-	-	-	-
= Operating results before operating costs	820,874	79,829	37,007	28,600	6,528	12,867	35,611	(3,038)	1,018,278
Staff costs	230,621	15,577	5,479	3,052	1,301	2,904	26,306	(94)	285,146
Other administrative costs	203,584	14,512	17,712	4,498	1,284	5,079	7,076	(20,824)	232,921
Depreciation	103,881	2,090	3,022	923	175	779	1,472	(3,399)	108,943
- Operating costs	538,086	32,179	26,213	8,473	2,760	8,762	34,854	(24,317)	627,010
= Operating result	282,788	47,650	10,794	20,127	3,768	4,105	757	21,279	391,268
- Other provisions	55,233	(434)	-	(635)	-	(41)	(75)	-	54,048
+ Results from sales of equity holdings	6,326	-	-	(23)	-	-	2,429	566	9,298
+ Other extraordinary results	(4,636)	677	1,051	2,896	164	(102)	(62)	-	(12)
= Profit before taxes and minority interests	229,245	48,761	11,845	23,635	3,932	4,044	3,199	21,845	346,506
- Taxes	40,498	10,493	4,127	5,875	1,428	1,424	142	-	63,987
- Minority interests	944	-	-	10	-	-	-	53,572	54,526
= Net profit	187,803	38,268	7,718	17,750	2,504	2,620	3,057	(31,727)	227,993

* Commercial banking also includes issuer companies

The business and the principal shareholders of BES's subsidiary and associated companies are as follows:

Commercial Banking

Banco Internacional de Crédito, S.A. (BIC), headquartered in Lisbon, was established in January 1986. It presently operates through its head office and a network of 121 branches, a branch in the Madeira Free Zone, and an international branch in the Cayman Islands. The business of BIC encompasses most banking areas, with special emphasis on mortgage credit and high net worth individuals, as well as on medium-sized and large companies. In 1994, a subsidized credit program was launched in partnership with BES and Companhia de Seguros Tranquilidade, SA. The capital of BIC is entirely held by BES.

Banco Espírito Santo, S.A. (BESSA), is a commercial bank domiciled in Spain. It presently operates through a network of 32 branches. It is 100% owned by BES, of which 89.60% directly (85.43% in 2000), with the remaining 10.40% (14.57% in 2000) indirectly through SPAINVEST, SA, a wholly owned BES subsidiary,

headquartered in Luxembourg. BESSA has stakes of 50% or over in the following entities:

Espírito Santo Bank, S.A. (ES Bank), a financial institution, with its registered office in Miami, was set up in 1963, when it was controlled by ESFG. In 2000, aiming at further integration within the remaining financial units, this bank was incorporated into the Group. BES is its majority shareholder with 98.45%. ES Bank operates in private banking, with particular emphasis on Latin American customers (Brazil and Venezuela).

Banco Espírito Santo do Oriente, S.A. (BES Oriente), headquartered in Macao, is a financial institution that commenced operations in 1996. It carries out all banking related activities, including credit. BES has a 99.75% interest in this institution, with the remaining capital held by various individual shareholders.

BEST – Banco Electrónico de Serviço Total, S.A., headquartered in Portugal is a web based bank that specializes in asset management. It was established on June 26, 2001, as a result of the partnership of BES

and Portugal Telecom (PT). BEST share capital, of Euro 32,422 thousand, is 66% held by BES and the remainder by PT.

BES Angola, S.A. (BESA), is a bank established during 2001 under Angolan law. Its activities encompass all banking services and products. Despite being established in 2001, BESA will only begin operating during 2002. BES holds 99.96% of its share capital with the remainder held by various individual shareholders.

Banque Espírito Santo et de la Vénétie, S.A. (BES Vénétie), headquartered in Paris, was established in 1927. Its main activity is to conduct all business associated with commercial banking, both locally and internationally, with French medium-sized companies, and to provide financial consulting services in acquisitions involving Portuguese companies and private customers. Besides BES, with 21%, its shareholders include ESFG (41.24%) and Cardine Group (37%).

Interatlântico, S.A. (ou IASA) is domiciled in Brazil. In 2001, BES became its only shareholder (2000 – 50%). As foreseen in

	Incorporated/ Acquired in	Shareholding Percentage		Head Office	Principal business
		BESSA	BES		
Espírito Santo Servicio, SA	1997	99.98%	99.98%	Spain	Placement of insurance
Hiscapital AV, SA a)	2000	50.00%	100.00%	Spain	Investment management
Espírito Santo Inversiones, SA b)	2000	50.00%	92.50%	Spain	Economic and tax advisory
Espírito Santo Pensiones, SGFP	2001	50.00%	92.50%	Spain	Pension fund management

a) This company has a holding of 100% in Benito y Monjardin, SVB, SA (brokerage house).

b) This company has holdings of 100% in GES BM, SA and Gescapital, SA (asset management companies).

the corporate integration promissory contract and other agreements concluded with Bradesco, the share swap process was concluded on October 18, 2000. Accordingly, 100% of Banco Boavista InterAtlântico, SA (BBIA) shares (both common and preferred), held by IASA, were transferred to Bradesco, and IASA in turn received shares representing approximately 3.25% of Bradesco's share capital (approximately 23,709 million common shares and 22,904 million preference shares). In connection with the agreements, BES could incur losses, for which provisions have been created (see Note 9).

In addition to the referred holding, IASA also owns 100% of Cia Securitizadora de Créditos Financ. Interatlântico (CSCFI) and 100% of Cia Securitizadora de Créditos Financ. Boavista (CSCFB).

Investment Banking

Banco Espírito Santo de Investimento, S.A. (BESI), with registered office in Lisbon, was formed through the conversion to banking status of Espírito Santo Sociedade de Investimentos, SA on April 1, 1993. It operates mainly as an investment bank and is 100% owned by BES. In addition to its equity holdings already listed in the organization chart of BES Group, BESI has stakes of 50% or over in the following entities:

Espírito Santo PLC (ES PLC) is a non-bank finance company domiciled in Dublin, Ireland. It was established in January 1999, with BES as the only shareholder.

Espírito Santo Dealer – Sociedade Financeira de Corretagem, S.A. (ES Dealer) is a brokerage house established in

1989. BES acquired a stake in this company in 1991, and now owns 57%, with BESI holding the remaining 43%.

Gesfinc – Espírito Santo Estudos Financeiros e de Mercado de Capitais, S.A., was established in 1992, to provide underwriting and sector research. In addition to BES (35%) other shareholders include BESI (25%), ESAF SGPS (15%), ES DEALER (10%) and BIC (5%).

Consumer Credit

Crediflash - Sociedade Financeira para Aquisições a Crédito, S.A. is a credit card management company established in 1991. In 2000 Crediflash increased its capital from Euro 3,492 thousand to Euro 7,500 thousand, of which Euro 2,500 has not yet been paid up. In addition to BES, which holds 84.94%, Besleasing Mobiliária has a 15.06% stake in this company.

	Incorporated/ Acquired in	Shareholding Percentage		Head Office	Principal business
		BESI	BES		
Espírito Santo Securities, Inc	1998	100.00%	100.00%	USA	Purchase and sale of securities
ESSI Comunicações SGPS, SA	1998	100.00%	100.00%	Portugal	Management of equity holdings
Espírito Santo Investments PLC	1996	100.00%	100.00%	Ireland	Purchase and sale of securities
ESSI Investimentos SGPS, SA	1998	100.00%	100.00%	Portugal	Management of equity holdings
ESSI SGPS, SA	1997	100.00%	100.00%	Portugal	Management of equity holdings
Hiscapital, AV, SA	2000	50.00%	100.00%	Spain	Investment management
ESI Investimentos	1996	100.00%	100.00%	Brazil	Management of equity holdings
– Bes Investimento - Brazil	2000	80.00%	80.00%	Brazil	Investment Bank

BES Investimento (Brazil) has a stake of 100% in BES Securities (Brokerage House).

Credibom – Sociedade Financeira para Aquisições a Crédito, S.A. is a point-of-sale consumer credit company, established in 1995. Besides BES, which holds 59.98%, Banque Sofinco has a stake of 40.00%.

Asset Management

ESAF – Espírito Santo Activos Financieros, SGPS, S.A. (ESAF, SGPS) was established in 1992. It is the holding company of BES Group mutual fund management companies, real estate investment management, and pension fund

managers, as well as of financial advisors, private asset management and fund distribution companies. In addition to the Bank, whose present holding is 65%, its shareholders include BESI (15%), Crédit Agricole (10%), Companhia de Seguros Tranquilidade-Vida, SA (5%), and BIC (5%). Its principal subsidiary companies are shown below:

	Incorporated/ Acquired in	Shareholding Percentage		Head Office
		ESAF, SGPS	BES	
Mutual Fund Management Companies				
Espírito Santo Fundos de Investimento Mobiliário, SA (ESAF FIM)	1987	100.00%	85.00%	Portugal
Espírito Santo International Management, SA (ESAF IM)	1995	99.80%	84.80%	Luxembourg
Real Estate Fund Management Companies				
Espírito Santo Fundos de Investimento Imobiliário, SA (ESAF FII)	1992	100.00%	85.00%	Portugal
Pension Fund Management Companies				
Espírito Santo Fundo de Pensões, SA (ESAF FP)	1989	100.00%	85.00%	Portugal
Espírito Santo Pensiones, SGFP	2001	50.00%	92.50%	Spain
Financial Consultant and Advisory Companies				
Capital Mais - Assessoria Financeira, SA (CMAF)	1998	100.00%	85.00%	Portugal
Espírito Santo International Asset Management, Ltd.(ESIAM)	1998	49.00%	41.70%	British Virgin Islands
Espírito Santo Inversiones, SA	2000	50.00%	92.50%	Spain
Asset Management Companies				
Espírito Santo Gestão de Patrimónios, SA (ESGP)	1987	100.00%	85.00%	Portugal
Holding Companies				
0 ESAF - Holding GMBH	1997	100.00%	85.00%	Austria
ESAF - Espírito Santo Participações Internacionais, SGPS, SA	1997	100.00%	85.00%	Madeira
Funds of Funds Management Companies				
ESAF - Capital Management, Ltd	1997	100.00%	85.00%	Northern Ireland
Fund Distributor Companies				
ESAF - International Distributors, Ltd	1997	100.00%	85.00%	Isle of Mann



As of December 31, 2001, assets under the management of companies forming the ESAF SGPS group totalled Euro 8,506 million (December 31, 2000 – Euro 7,939 million).

A Espírito Santo Financial Consultants, S.A. was established in 1999. Its main activity is asset management and BES is its major shareholder with 90.02%.

Factoring

Euroges – Aquisição de Créditos a Curto Prazo, S.A. is a financial institution established in 1989 to engage in the factoring business. BES acquired a stake in the company in 1991, and is now its sole shareholder.

Leasing

Besleasing Imobiliária – Sociedade de Locação Financeira, S.A., is headquartered in Lisbon. Its main activity is real estate leasing. BES (76.64%) and BIC (5.43%) are its main shareholders.

Besleasing Mobiliária – Sociedade de Locação Financeira, S.A., is headquartered in Lisbon and its corporate purpose is equipment leasing. BES (77.79%) and BIC (5.43%) are its primary shareholders.

Other Business Operating Units

ES Capital – Sociedade de Capital de Risco, S.A. (ES Capital) is a venture capital company, which BES acquired in 1996. The company is principally owned by BES

(79.28%); its other shareholders include BIC (8.19%) and BESI (12.28%).

BES.com SGPS, S.A. (BES.com) was established in June 2000 to act as the holding company for all BES Group interests in the Internet. This company aims to take advantage of emerging opportunities in the “New Economy”. BES.COM capital of Euro 50 million is entirely held by BES.

ES Interaction – Sistemas de Informação Interactiva, S.A. was established in December 2000 with the purpose of designing, developing and selling interactive information systems, as well as providing services in the following areas: advisory, training, project management, development, implementation and support of information and communication systems. In addition to BES (20%), other shareholders include BES.COM (30%), ESDI (30%), BIC (10%) and ES Contact Center (10%).

Issuers of Securities

Espírito Santo Overseas, Ltd. (ESOL), headquartered in the Cayman Islands, was established in October 1993 with a share capital of US\$1,000, represented by 1,000 common shares, of US\$1 each, entirely subscribed and paid by BES. By December 31, 2001, and to fulfill the purpose for which it had been set up, ESOL had issued in the United States 10 million non-voting preference shares, guaranteed by BES, in the amount of US\$250 million. These preference shares were fully subscribed and paid for by outside parties (see Note 22). Hence, although BES holds 100% of ESOL's voting rights, it has a stake of only 0.0004%.

Banco Espírito Santo North America Capital Corporation (BESNAC), wholly owned by BES, is a US corporation established in 1990 for the purpose of issuing commercial paper in the United States of America.

O BES Overseas, Ltd. (BESOL), headquartered in the Cayman Islands, was established in September 1996 with a share capital of US\$1,000 represented by 1,000 common shares, of US\$1 each, wholly owned by BES. In November 1996, in accordance with the purpose for which it had been set up, BESOL issued in the UK 10 million non-voting preference shares, guaranteed by BES, in the amount of US\$250 million, which were fully subscribed and paid for by outside parties (see Note 22). Hence although BES holds 100% of BESOL's voting rights, it only holds 0.0004% of the equity.

BES Finance, Ltd., domiciled in the Cayman Islands, was formed in 1997, with a share capital of US\$50,000 represented by 50,000 common shares, of US\$1 each. On that date, 50% of the capital was fully subscribed and paid by BES; the remaining 50% has not yet been paid up. In February 1997, the company issued an offering circular, announcing that in accordance with the Euro Medium Term Notes Programme, it would issue bonds up to a total amount of US\$ 6 billion. These bonds may be issued in any currency, with the unconditional guarantee of BES. As of December 31, 2001 total issues to date amounted to Euro 4,795 million (December 31, 2000 – Euro 3,069 million), and are described in detail in Notes 17 and 21 and chapter 8.10 of the management report.

Ancillary Service and Outsourcing Companies

Espírito Santo Data Informática, S.A. (ESDI) specializes in information systems development. Besides BES (34.71%), its other shareholders include GESTRES (23.94%), Companhia de Seguros Tranquilidade Vida, SA (27.05%), and BIC (14.29%).

Esgest – Espírito Santo Gestão de Instalações, Aprovisionamento e Comunicações, S.A. was established at the end of 1995 and is wholly owned by BES. Its main business is the provision of stationery supplies, fleet management, property management and maintenance, communications and other related activities.

Esumédica – Prestação de Cuidados Médicos, S.A. is a provider of medical care in the work place. Besides the Bank (24.84%), other shareholders include Companhia de Seguros Tranquilidade-Vida, S.A. (75%).

Cêntimo – Sociedade de Serviços, Lda., provides securities custody and management services. Its main shareholders are BES (55%), BIC (40%), and BESI (5%).

Espírito Santo Cobranças, S.A. (ES Cobranças) was established in 1998 and specializes in debt-collection. Besides BES (46.88%), other shareholders include BIC (18.75%), CREDIFLASH (18.75%), CREDIBOM (9.38%) and BESLEASING IMOBILIÁRIA (6.25%).

Espírito Santo Representações (ES Represent.) headquartered in São Paulo, was purchased by the Bank in 1996, being almost wholly owned (99.99%). Its main purpose is the representation of BES in Brazil.

Espírito Santo e Comercial de Lisboa, Inc. (ESCLINC), domiciled in Newark, New Jersey, was wholly acquired by BES in 1997. Its main business is to represent BES in its local market.

Fiduprivate – Sociedade de Serviços, Consultadoria, Administração de Empresas, S.A., headquartered in the Madeira Free Zone, was established in July 1994 for the purpose of providing consulting services to companies. BES (24.76%) and Companhia de Seguros Tranquilidade-Vida, SA (75%) are its main shareholders.

Société Civile Immobilière du 45 Avenue Georges Mandel (SCI Geoges Mandel), was established in February 1995 and is headquartered in Paris. It engages in the acquisition, construction, and management of real estate. BES holds a stake of 22.5%, and BES Vénétie 77.5%.

Espírito Santo Prestação de Serviços, ACE (ESACE), is a shared services company that was established in 1998. The purpose of this company is to provide services in the areas of information technology, supplies, and the conservation and maintenance of equipment and buildings to its member companies, namely BES, BIC and BESI.

Espírito Santo Contact Center, Gestão de Call Centers, S.A. (ES Contact Center) was established in June 2000. This company is exclusively dedicated to the management of the call centers that support the telephone banking activities of its shareholders. Its main shareholders are BES (26.25%), BES.COM (41.67%), Companhia de Seguros Tranquilidade-Vida (20.42%), BIC (5.83%) and CREDIFLASH (2.92%).

Insurance

Europ Assistance – Companhia Portuguesa de Seguros de Assistência, S.A., was established in 1993, and is a provider of medical and technical assistance. Its main shareholders are BES (23%) and Companhia de Seguros Tranquilidade-Vida (24%).

Espírito Santo, Companhia de Seguros, S.A. (ES Seguros) was established in 1996, with the purpose of providing property insurance to Group BES customers. 40% is held by BES, 35% by BESPARG and 24.99% by Companhia de Seguros Tranquilidade, S.A..

The following table includes the most significant financial data taken from the financial

statements of the BES subsidiaries referred above at December 31, 2001 and 2000, after

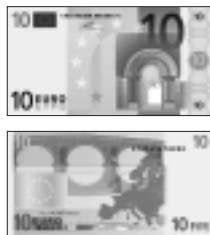
reclassifications and adjustments required for preparing the consolidated financial statements:

Subsidiaries	Total Assets		Total Liabilities		Equity		Revenues		Profit / Loss	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
BIC	8,157,564	6,904,490	7,900,276	6,671,087	257,288	233,403	608,350	454,347	51,993	45,629
BESI a)	850,503	854,041	688,063	683,949	162,440	170,092	405,873	675,840	2,088	25,102
BESSA a)	2,355,586	3,097,908	2,262,084	3,000,962	93,502	96,946	374,756	192,057	(1,724)	1,759
SPAINVEST	18,941	21,069	0	3,127	18,941	17,942	-	-	-	-
BES ORIENTE	171,645	195,925	141,595	166,955	30,050	28,970	16,639	13,780	162	1,572
BESLEASING IMOB,	462,459	338,095	445,337	323,976	17,122	14,119	26,646	18,615	3,002	2,494
BESLEASING MOB,	627,166	576,472	601,057	551,452	26,109	25,020	44,750	38,753	1,089	126
CREDIFLASH	122,177	112,009	107,910	100,314	14,267	11,695	37,012	31,961	2,841	1,729
CREDIBOM	417,897	320,231	391,318	300,735	26,579	19,496	79,348	62,982	8,129	5,989
ESAF SGPS a)	60,067	59,476	28,188	35,129	31,879	24,347	45,351	50,522	11,261	17,750
ESDI	11,623	12,771	2,862	4,140	8,761	8,631	9,123	8,347	200	154
ESGEST	274	284	89	105	185	179	632	594	7	10
CÊNTIMO	388	380	106	106	282	274	357	330	8	5
BEST b)	149,442	-	120,394	-	29,048	-	2,117	-	(3,374)	-
GESFINC	227	613	18	283	209	330	6	1,338	(122)	(41)
ES REPRESENT,	105	62	96	50	9	12	409	385	(1)	(3)
ESCLINC	1,253	1,177	2	334	1,251	843	745	1,048	48	10
ESOL	285,884	270,996	1,802	2,110	284,082	268,886	30,711	25,655	177	343
BESNAC	1,237	1,157	1,144	1,072	93	85	2,732	2,129	4	-
BESOL	285,729	272,249	1,463	3,022	284,266	269,227	28,585	50,187	11	213
ES ACE	2,296	2,595	2,296	2,595	-	-	14,312	14,821	-	-
ES COBRANÇAS	9,297	4,600	7,834	3,795	1,463	805	4,615	2,712	663	6
BES FINANCE	5,162,375	3,103,865	5,161,864	3,103,699	511	166	210,851	114,580	152	52
EUROGES	418,370	287,610	399,732	272,370	18,638	15,240	28,491	17,920	3,398	2,504
ES DEALER	33,755	64,197	27,286	51,154	6,469	13,043	14,614	29,395	(1,353)	6,364
ES CAPITAL	37,255	31,766	6,122	2,263	31,133	29,503	4,585	4,385	2,164	3,645
ES PLC	535,721	201,986	519,942	194,781	15,779	7,205	52,647	36,350	15,554	6,843
BES.COM a)	59,161	51,554	18,777	3,732	40,384	47,822	7,723	2,525	(2,509)	(338)
ES BANK a)	465,992	309,562	425,603	275,045	40,389	34,517	33,503	24,991	4,863	3,855
ES CONTACT CENTER	5,998	2,942	2,457	953	3,541	1,989	9,447	2,757	52	(111)
ES INTERACTION	1,089	500	535	-	554	500	2,246	-	54	-
BES ANGOLA b)	11,347	-	0	-	11,347	-	-	-	-	-
ES FINANCIAL CONSULTANTS	1,722	2,260	301	390	1,421	1,870	2,072	2,030	(386)	(314)
Gross contribution of subsidiaries	20,724,545	17,102,842	19,266,553	15,759,685	1,457,992	1,343,157	2,099,248	1,881,336	98,451	125,347
Contribution of associated companies	-	-	-	-	4,334	3,994	5,520	4,828	5,520	4,828
BES contribution	27,589,834	26,816,824	26,147,921	25,302,539	1,441,913	1,514,285	5,653,172	5,375,301	141,140	134,375
Net eliminations / other adjustments	(9,791,749)	(9,983,374)	(8,911,064)	(9,134,784)	(1,500,555)	(1,422,008)	(631,364)	(525,455)	984	17,969
Consolidated total before minority interests	38,522,630	33,936,292	36,503,410	31,927,440	1,403,684	1,439,428	7,126,576	6,736,010	246,095	282,519
Minority Interests	-	-	615,536	569,424	-	-	-	-	(48,386) c)	(54,526) c)
Total Consolidated	38,522,630	33,936,292	37,118,946	32,496,864	1,403,684	1,439,428	7,126,576	6,736,010	197,709	227,993

a) Consolidated financial data. BES.COM data excludes BEST.

b) Companies included in the consolidation scope in 2001 (purchased/set up or change in the consolidation method)

c) Includes the amount borne by BES Group relative to preferred shares (see Note 22)



Note 3 – Basis of Presentation, Consolidation Principles and Significant Accounting Policies

3.1 – Basis of Presentation

The individual financial statements of the Bank, and of its subsidiary and associated companies were prepared by those entities on the basis of their respective accounting records, which are maintained (with the exception of foreign-registered companies) in accordance with the accounting principles established in the Banking Sector Accounting Plan, and other instructions issued by Bank of Portugal by virtue of the powers conferred on it by Decree-Law no. 91/90, March 17.

The financial statements of the subsidiaries and associated companies with headquarters abroad were prepared on the basis of their respective statutory accounting records, in accordance with local regulations.

The financial statements of the subsidiaries and associated companies that are expressed in foreign currencies were converted to Euros at the spot exchange rates on December 31, 2001 and 2000.

The financial statements of the international and overseas branches are included in those of the Bank. All balances and transactions between head office and branches were eliminated on the aggregation.

The financial statements of BES, of its subsidiaries and associated companies as of December 31, 2001 await, in some cases, the approval of the respective corporate bodies. However, the Bank's Board of Directors is confident that these financial statements, which were used in the preparation of BES consolidated accounts, will be approved without any material changes.

3.2 – Principles of Consolidation

The consolidated financial statements, including the accounts of BES and its subsidiaries and associated companies were prepared in accordance with the provisions of Decree-Law no. 36/92 of March 28, and pertain to the financial year ending on December 31, 2001 and 2000. Where necessary, the accounting policies used by the subsidiaries and associated companies have been changed to ensure consistency with the policies adopted by the Group.

Subsidiary companies, which are those companies in which the Bank has the power to exercise control (see Note 2), are fully consolidated. The most important inter-company balances and transactions, including corresponding costs and revenues, were eliminated on consolidation. The

amounts corresponding to the participation of third parties in the subsidiary companies are shown as minority interests (see Note 22).

In the consolidated accounts, the Bank's equity holdings in associated companies are accounted for under the equity method, with their respective carrying amounts corresponding to the percentage of the capital, reserves, and earnings equal to BES's holding in those companies.

Goodwill arising on the acquisition of subsidiary and associated companies according to the equity method are offset against Reserves or Retained earnings. Negative goodwill arising on consolidation is credited to Reserves or Retained earnings.

On December 31, 2001 the accumulated amount of goodwill written-off against Reserves and Retained earnings, net of negative goodwill, totalled Euro 281,157 thousand (see Note 23), of which Euro 11,180 thousand relates to 2001 (2000 – Euro 129,894 thousand; 1999 – Euro 46,344 thousand; 1998 – Euro 93,739 thousand).

Holdings in companies not included in the consolidation scope of BES Group accounts because they are neither subsidiaries nor associated companies are recorded in line with the criterion defined in Note 3.3 e).

3.3 – Summary of Main Accounting Policies

a) Accrual for the periods

The Bank and its subsidiaries follow the accrual principle in relation to most financial statement headings. In respect of interest income, where loans are more than 30 days overdue (or 90 days when collateralized), or, although not overdue, where there is reasonable doubt as to collectibility, the Bank and its subsidiaries cease to accrue interest. Such income is recognized only when and if received.

b) Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. This method requires that all foreign currency balances, except for notes and coins, are translated to Euros at the spot reference rate of exchange published by Bank of Portugal. The reference rates disclosed by the Bank of Portugal to convert the currencies of the eleven countries that participate in the Economic and Monetary Union reflect the bilateral exchange rates between the Euro and the other national denominations of the Euro irrevocably fixed by decision of the European Council.

Spot and forward foreign currency purchases and sales are immediately recorded in the

exchange position on date of closing. Whenever changes in the net balances in the various currencies arise from these transactions, entries are made in the spot and forward exchange accounts in accordance with the following revaluation criteria:

Spot exchange position

The spot exchange position in each currency is the net balance of assets and liabilities in that currency, excluding the spot exchange position that is covered by forward operations, plus sight operations awaiting settlement and forward operations falling due within the following two business days. The spot position is revalued daily, based on the reference rates of the day as announced by the Bank of Portugal, thus giving rise to an entry in the exchange position account (domestic currency) as an offset to costs or revenues.

Forward exchange position

The forward exchange position in each currency is arrived at from the net balance of forward operations awaiting settlement, which are not intended to cover the spot position, except when they will mature within the following two business days. All such exchange contracts (currency forwards) are revalued at forward market exchange rate, or in the absence of these, on the basis of the relevant spot rate adjusted by the interest rates applicable to the

remaining life of the relevant transaction. The differences between the Euro equivalents at the contracted rates represent the revenue or cost arising from revaluation of the forward position, and are recorded in an exchange position revaluation account as an offset to costs or revenues.

c) Derivative financial instruments

The Bank classifies derivative financial instruments according to whether they are contracted for trading purposes or purposes other than trading (hedging). Derivative instruments used for hedging the risks inherent in trading operations are classified as trading operations.

The following derivative instruments are used for trading purposes:

- Currency Swaps;
- Forward Rate Agreements (FRA);
- Futures;
- Interest Rate Swaps (IRS), Equity Swaps and Credit Default Swaps;
- Currency Interest Rate Swaps (CIRS);
- Currency options, Interest rate options, Equity options and Swaptions;
- Interest Rate Caps and Floors.

The derivative instruments used for hedging purposes, identified as such in a contract at the outset, are intended for eliminating or substantially reducing the Bank's exposure to market risk, or for modifying the risk profiles in exposures to

interest rate changes inherent in certain assets, liabilities, cash flows or off-balance sheet items. Therefore changes in the market value of derivative instruments used for hedging purposes show a strong correlation with the changes in the market value and cash flows of the item being hedged from the inception of the contract up to its maturity. The derivative instruments used for this purpose are as follows:

- *Currency Swaps*;
- *FRA*;
- *IRS*;
- *CIRS*;
- *Equity options and Swaptions*.

If a derivative instrument classified as a hedge is sold or abandoned before its maturity, the realized gain or loss is offset to revenue or cost. If the hedged item is sold or abandoned, or the hedge ceases to be effective, the corresponding derivative instrument will be immediately reclassified as a trading instrument.

The gains or losses on derivative instruments are recognized in the manner shown below for each type of instrument.

Currency Swaps

Currency swaps and operations involving coverage of the spot position by forward operations, designed to eliminate or substantially reduce the risk inherent in assets and liabilities (hedging operations) are not taken into account in the revaluation of spot and forward positions. The premiums

and discounts on these operations are amortized up to their maturity, as an offset to costs or revenues.

IRS, CIRS, Equity Swaps, Credit Default Swaps and FRA

Interest rate swaps, currency interest rate swaps, equity swaps, credit default swaps and forward rate agreements are recorded under the off-balance-sheet headings at their notional amount up to maturity, and are classified as either trading or hedging instruments.

Trading operations, including those initially classified as hedges and subsequently transferred to the trading portfolio because they ceased to comply with the requirements for their classification as such, are marked to market; gains and/or losses resulting from these operations are recognized as costs or revenues of the period.

Hedging operations are valued and recognized as revenues or costs in accordance with the criterion applicable to the items being hedged.

Futures

Trading positions in future contracts traded in organized markets are recorded in the off-balance-sheet accounts at their notional amount and are marked to market; realized and unrealized gains and losses (the gain or loss that arises on closing out the position) are taken to the income statement for the period.

Currency options, Interest rate options, Equity options, Swaptions and Interest Rate Caps and Floors

- Options traded in organized markets

Currency options, interest rate options and equity options are recorded under the off-balance-sheet headings at their notional amount up to maturity. These contracts are marked to market; realized and unrealized gains and losses derived from their daily revaluation are taken to the income statement for the period.

- Options traded in Over the Counter (OTC) markets

Currency options, interest rate options, equity options and swaptions, as well as interest rate caps and floors are recorded under the off-balance sheet headings at their notional amount up to maturity.

Premiums on purchased options are recorded in the Accruals and Deferrals accounts up to the time of the exercise, sale, or abandonment of the option, when they are taken to the income statement. These contracts are valued using an appropriate prudent valuation method, the potential gain or loss based on market value being recognized in the income statement.

Hedging option contracts are valued and recognized as revenues/costs in accordance with the criterion applicable to the items hedged.

d) Bonds, Shares, and Other Fixed and Variable-Income Securities and Own Shares

Trading securities

Trading securities are those purchased for resale within a maximum period of six months (see Note 8).

Bonds and other fixed-income securities are marked to market, plus accrued and uncollected interest. Unquoted bonds are valued at the lower of cost or estimated realizable amount.

Shares and other variable-income securities are marked to market, or if unquoted, at the lower of cost or estimated realizable amount. Gains or losses on shares that feature in the indexes of the Lisbon and Oporto Stock Exchange or else shares traded in other stock exchanges and showing adequate liquidity, are recognised as revenues/costs. Gains or losses on other securities are deferred in the balance sheet, with full provisions against potential losses charged to earnings.

Investment securities

Investment securities are those purchased for resale, but usually held for more than six months (see Note 8), or which although intended to be held in the Bank's portfolio to maturity, do not meet the requirements for such classification.

Bonds and other fixed-income securities are shown at cost. The difference between cost and par, representing the premium or discount at time of purchase, is amortized over the remaining life, and recognized in the income statement. Accrued interest is recognized as income and recorded as an asset under the Accruals and Deferrals accounts heading.

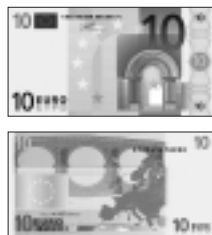
The difference, when positive, between cost and market, or if unquoted, between cost and presumed realizable amount, is fully provisioned and charged to earnings. The valuation of securities includes accrued interest.

Shares and other variable-income securities are recorded at cost. Any shortfall between cost and market, or if unquoted, between cost and the estimated value on realization, is charged against earnings.

Shares transferred from the investment securities account to "Equity holdings" account are recorded at cost.

Own shares

Own shares are registered in the respective balance sheet heading (assets) at market value. Capital gains or losses are recognized in to the income statement (see Note 8).



e) Equity holdings and shares in associated companies

The Bank's investments in its subsidiary companies, being those companies in which it holds a controlling interest, is recorded in its balance sheet under "Equity holdings" at cost.

Foreign exchange fluctuations that result from converting the cost of subsidiary and associated companies expressed in foreign currencies into Euros (at the year-end exchange rate) are shown in the balance sheet under "Accruals and Deferrals – Value Fluctuations" (see Notes 9 and 14), as required under the Banking Sector Accounting Plan.

Shown under the heading "Equity holdings" are:

- (i) Equity holdings in associated companies, being those where the Bank holds less than 50% but greater than or equal to 20% and, whilst it does not exercise control, the investment is of a permanent nature and is held as a result of its activities being similar or complementary to those of the Bank. These holdings are recorded in the accounts of the Bank at cost, and are consolidated by the equity method;
- (ii) Other holdings (See Note 9) that represent:
 - holdings of a strategic and permanent nature, even though the percentage of equity held is below 20%;

– holdings in companies in which the percentage held exceeds 20%, but which are intended for disposal in the short term, or the business of which is incompatible with that of the Group's.

These holdings are recorded at cost in both the accounts of BES and the consolidated financial statements.

The accounting for these investments is in accordance with the Banking Sector Accounting Plan and Bank of Portugal Notice no. 3/95, June, 30. Provision is made for any permanent impairment in the carrying value of these investments based on an evaluation by the Board of Directors. The Board of Directors believes that for holdings of which it intends to dispose the realizable amount will not be lower than book amount.

f) Provisions for loan losses and country risk

Provisions for loan losses and country risk set up by the Bank and its subsidiaries in the financial sector headquartered in Portugal were determined in conformity with Bank of Portugal Notice no. 3/95, June 30, and Instruction no. 94/96, and include:

- (i) a specific provision for overdue loans and interest, shown as a deduction from the "Other loans to credit institutions", and "Loans and advances to customers" as appropriate, calculated at rates varying

between 1% and 100% on the amount of loan principal overdue and interest, according to risk classification and whether unsecured or secured by collateral (see Notes 6, 7, and 20);

- (ii) a specific provision for doubtful loans, shown as a deduction to "Loans and advances to customers", at a percentage no less than 50% of the average provision coverage of overdue loans, applied to the outstanding installments of loans to any single customer, where it is ascertained that the past-due installments of principal and interest exceed 25% of principal plus past-due interest. In 1996, in accordance with Bank of Portugal Circular Letter no. 37/DSB, dated October 31, 1996, overdue loans and interest so written down were regarded as fully provisioned for the purpose of calculating the said provision (see Notes 7 and 20);

- (iii) a generic provision for general credit risks, recorded in "Provisions for contingencies and losses – Other provisions", corresponding to a minimum of 1% of total unimpaired loans extended by the Bank, including acceptances, guarantees, and sureties extended, except for consumer credit (including securitized credit – see Note 7), where the provisioning rate is at least 1.5% for such loans (see Note 20); and

(iv) a specific provision for country risk shown as a deduction to "Other loans to credit institutions", "Loans and advances to customers", "Placements in securities", and "Other assets" as appropriate (see Notes 6, 7, 8, 13 and 20). As regards subsidiaries headquartered abroad, provisions for country risk were calculated based on the legislation of the country where the subsidiary is located.

As of December 31, 2001 the combined total of Bank and Group provisions for credit risk and country risk was Euro 389,372 thousand (December 31, 2000 – Euro 390,733 thousand), and Euro 610,226 thousand (December 31, 2000 – Euro 596,171 thousand), respectively; this is considered by the Board of Directors as sufficient to cover credit risks and country risks identified up to that date.

g) Tangible assets

The Bank's premises and equipment purchased from 1998 onwards, premises under construction, and all premises in use by branches and subsidiaries are recorded at cost.

In 1998, and in accordance with Decree-Law no. 31/98 of February, 12, BES and BIC revalued all their tangible assets in use as of the revaluation date whose estimated remaining useful life was more than 5 years.

Depreciation is calculated using the straight-line method, on a duodecimal basis on historic or revalued cost, at annual rates permitted for tax

	Number of years
Premises for own use	50
Improvements to buildings held under lease	10
Equipment	5
Furniture and materials	4 – 10
Machinery and tools	5 – 10
Computer equipment	4 – 5
Fixtures	5 – 12
Transportation materials	4 – 5
Security equipment	3 – 10
Other equipment	5

purposes, according to the periods shown below, which are not believed to differ materially from the assets' estimated useful lives. (See Table)

A percentage equal to 40% of the increase in depreciation resulting from the revaluations recorded by the Bank is not accepted as a tax-deductible expense.

h) Intangible assets

Branch installation expenses, electronic data-processing system expenses, capital increases, and preferred stock issuance expenses are amortized on a duodecimal basis over three years from the financial year in which they are incurred, using the straight-line method (see Note 11).

i) Provisions for other assets

On December 31, 2001, complying with Article 11 of Bank of Portugal Notice no. 3/95, the Bank and the Group set up provisions of Euro 1,220 thousand (December 31, 2000 – Euro 2,225 thousand) and Euro 6,908 thousand (December 31, 2000 – Euro 7,947 thousand), respectively, to cover potential losses determined by the difference between the book value of properties acquired in lieu of loan repayments, included in "Other assets", and the expected selling price of those assets, less anticipated selling expenses (see Note 13). These properties are not subject to depreciation.

j) Retirement pensions

In light of the liabilities assumed by the Bank and its subsidiaries within the framework of the banking sector labor agreement (ACTV), pension funds designed to pay benefits following retirement on account of age, disability and widows' pensions were established by the Group for the entire work force. These were calculated according to (i) the guaranteed pension at the presumed age of retirement, and (ii) the number of years' service up to the date of calculation, and the total number of years service at retirement date.

In addition, during 1998, the Bank and the Group decided to establish an autonomous

open-end pension fund, the Fundo de Pensões Aberto GES, to fund complementary pension benefits to their employees.

In 2001, the Bank of Portugal Notice No. 12/2001, November 9, introduced important changes in respect of the following:

- the recognition of an increase in the employers responsibilities for retirement pensions and widows' pensions
- the funding of these responsibilities
- costs and funding accounting treatment
- minimum levels of funding.

In the light of Notice No. 12/2001, the accounting treatment of pension costs and liabilities is as follows:

Liabilities	Notice nº.12/2001	Accounting Treatment	Notice nº.12/2001	Amortization	Number of Year	Notice nº.12/2001
1. Current costs of the plan – service cost - benefits earned during the period – interest cost on projected benefit obligation – expected return on plan assets	no.1. a) no.1. a) no.1. a)	Staff Costs	nº.2º. 1) a)			
2. Actuarial gains and losses – deviations in actuarial assumptions – changes in the assumptions	no.1. a) no.1. a)	Value fluctuations; Accruals and deferrals Accruals and deferrals	nº.2º. 1) e) nº.2º. 1) d)	Extraordinary results – Losses/Gains relating to previous years	10	nº.3º. ii)
3. Extraordinary costs of early retirements	no.1. b)	Prepaid expenses	nº.2º. 1) c)	Extraordinary results – Losses relating to previous years	10	nº.3º. i)
4. Amortization of the coverage initial shortfall calculated on December 31, 1994	no.1. c) ii)	Extraordinary results – Losses relating to previous years	nº.2º. 1) b)			
5. Anticipation of amortization of the initial shortfall	no.1. c) iii)	Extraordinary results - Losses relating to previous years	nº.2º. 1) b)			

Notwithstanding compliance with the minimum solvency levels determined by the Portuguese Insurance Institute, the following coverage levels must be observed:

- a) the present value of liabilities for pensions payable must be fully funded at the end of each financial year;
- b) the present value of liabilities for past service of active workers must be funded to at least 95%.

Under the terms of Article 15 of Bank of Portugal Notice no. 6/95, in February 2000 the Bank requested and was subsequently authorized by the Bank of Portugal to write off against Reserves the net balance recorded in the balance sheet relative to deferred costs of early retirements which occurred up to June 30, 2000, totalling Euro 138,935 thousand (see Notes 23 and 24). From June 30, 2000 until the end of the financial year 2000, extraordinary costs relating to early retirements were charged as a cost of the year.

In May 23, 2001, Bank of Portugal, through its Circular-Letter No. 12/01/DSBDR, permitted, subject to compliance with certain requirements, that increases in liabilities due to early retirements could be charged against Retained earnings. Accordingly, the Bank requested, and was subsequently authorized by the Bank of Portugal, to charge these costs, of Euro 66.8 million, against its "Share premium account".

Since 1999, the Bank recognizes through the income statement on a straight-line basis until 2014, the net change in the value of the

pension fund during the year before the annual contribution. As at December 31, 2000 the unamortized net change (shortfall) amounted to Euro 33.8 million. In 2001, with the concurrence of the Bank of Portugal, BES wrote-off this shortfall against its share premium.

Liabilities are covered by the value of the Pension Funds' assets (see Note 24).

k) Income Taxes

The Bank and its subsidiaries headquartered in Portugal are subject to the Corporate Income Tax Code (IRC). However, the financial branches in the Madeira Free Zone (BES and BIC) will enjoy exemption from IRC up to December 31, 2011, under the aegis of article 41 of the Tax Benefit Statute, as drafted in Decree-Law no. 84/93, March 18.

Subsidiaries headquartered abroad are subject to taxation in accordance with local tax regulations.

Where there are substantial differences between book and taxable earnings, a provision for deferred taxes is recorded.

l) Financial leasing

As lessee

Tangible assets being acquired under financial leasing contracts are recorded at cost at the inception of the contract, as "Tangible assets", with a liability for the present value of outstanding lease installments included in "Accruals and deferrals". The tangible asset is depreciated in the manner described in Note 3.3 g).

Installments paid comprise (i) an interest charge, and (ii) repayment of principal, the latter being deducted from the amount shown in "Accruals and deferrals". Interest charges are recognized as costs over the lease period, in order to produce a constant periodic rate of interest on the remaining balance of the liability for each financial year.

As lessor

Assets leased to third parties are recorded in the balance sheet as loans granted, at an amount equal to the net investment made in the leased asset.

Interest included in installments paid by customers is recorded as revenues, while repayment of principal, also included in the installments, is deducted from the global amount of the loan initially extended. Recognition of the financial earnings reflects a constant periodic rate of return on the Group's net outstanding investment.

m) Securities received for custody

Securities accepted for custody are recorded in the off-balance-sheet accounts at market price, or where unquoted, at the corresponding nominal amount (see Note 25).

n) Deposit Guarantee Fund

Pursuant to Decree-Law no. 298/92, December 31, the Deposit Guarantee Fund was created in 1994, and the initial contributions to be made by all participating institutions, which include BES and some Group companies, were defined.

The initial contribution made at year-end 1994, shown as "Accruals and deferrals" was determined by application of a coefficient of 0.2% to average customer deposit balances over the 1992 financial year, and was amortized by the straight-line method over 5 years beginning in 1995, as a charge to income.

For 1995 and following years, the contribution coefficient applicable to the average monthly balances of eligible deposits, as defined in Bank of Portugal Notice no. 9/95, September 15, was set at 0.1%.

Annual contributions are recognized as costs for the financial year in which they are paid. The unpaid portion of annual contributions, which is guaranteed by certificates of deposit (see Note 6), will be recognized by the Bank as a cost when and if its payment is required by the Deposit Guarantee Fund.

o) Charges from the introduction of the Euro and Year 2000 problem

Charges specifically identified as linked to the introduction of the Euro were recorded as "Pre-paid expenses" and charged to earnings up to the end of 2001, as defined in Bank of

Portugal Circular letter no. 32/98/DSB, November 23. Charges specifically linked to the resolution of the Year 2000 problem were, according to their nature, recorded as "Tangible assets" or "Intangible assets", and depreciated or amortized in accordance with the principle employed for the relevant category of assets (3 to 4 years).

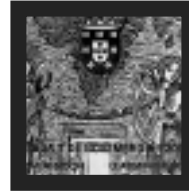
p) Securitization of financial assets

The Group carries out asset securitization transactions with specific financial entities created by third parties for the purpose, these entities issuing debt in international financial markets to finance these transactions. The Group's accounting policy relative to these transactions is to record the sale of those assets and derecognise them from the balance sheet whenever the buyer (financial entity) acquires, without recourse, all rights and obligations inherent to these assets (see Notes 7 and 8).

If the Group possesses an agreement to repurchase those assets for a value other than their fair value, or if it retains a substantial part of the risks and benefits associated to their ownership, or if, under the securitization transaction's terms, the buyer is entitled to return them, such assets will not be derecognised in the Group's balance sheet.

q) Cash flow statements

In the cash flow statements, "Cash and cash equivalents" represents the sum of "Cash balances" (see Note 4) and "Current accounts with credit institutions" (see note 5).



Note 4 – Cash and Cash Equivalents with Central Banks

“Sight deposits with central banks” includes mandatory deposits with the Bank of Portugal intended to satisfy legal minimum cash requirements. According to the European Central Bank Regulation (CE) no. 2818/98, of December 1, 1998, minimum cash requirements kept as sight deposits with the Bank of Portugal earn interest, and correspond to 2% of deposits and debt certificates maturing in less than 2 years, excluding deposits and debt certificates of institutions subject to the European System of Central Banks’ minimum reserves requirements. As at December 31, 2001, these deposits earned interest at an average rate of 4.34% (December 31, 2000 – 4.05%)

	BES		Consolidated	
	2001	2000	2001	2000
Cash	242,033	195,287	274,426	214,975
Sight deposits with central banks	242,070	411,069	449,783	584,730
	484,103	606,356	724,209	799,705

Note 5 – Current Accounts with Credit Institutions

Uncollected checks on domestic and foreign credit institutions were sent for collection during the first working days following the dates at reference.

	BES		Consolidated	
	2001	2000	2001	2000
Due from domestic credit institutions				
Sight deposits	5,137	5,198	59,228	29,905
Checks for collection	812,239	489,659	852,108	526,849
Other	77,185	71,334	102,594	72,112
	894,561	566,191	1,013,930	628,866
Due from foreign credit institutions				
Sight deposits	46,612	97,846	216,706	227,035
Checks for collection	10,528	11,345	10,623	12,346
	57,140	109,191	227,329	239,381
	951,701	675,382	1,241,259	868,247

Note 6 – Other Assets with Credit Institutions

	BES		Consolidated	
	2001	2000	2001	2000
Placements with domestic credit institutions				
Certificates of deposit	241,723	288,112	259,204	307,414
Interbank money market	685,531	938,390	183,448	450,623
Notice and time deposits	568,984	273,547	174,518	98,480
Loans	476,060	191,544	92,727	29,576
Deposits and other placements with the Bank of Portugal	436,820	-	436,820	-
Overnight placements	43,141	2,687	1,135	2,687
Other placements	344,847	7,835	383,723	23,106
	2,797,106	1,702,115	1,531,575	911,886
Placements with foreign credit institutions				
Notice and time deposits	1,381,112	2,757,696	1,178,407	1,518,417
Loans	133,729	185,703	129,488	191,536
Overnight placements	142,222	111,140	201,226	111,999
Other placements	99,020	225,055	860,829	911,077
	1,756,083	3,279,594	2,369,950	2,733,029
	4,553,189	4,981,709	3,901,525	3,644,915
Less:				
Provision for past due claims on credit institutions	(2,735)	(2,684)	(2,735)	(2,689)
Provision for country risk	(10,585)	(30,329)	(10,603)	(30,391)
Total provisions (see Note 20)	(13,320)	(33,013)	(13,338)	(33,080)
	4,539,869	4,948,696	3,888,187	3,611,835

With the introduction of the new legal regime for minimum cash requirements, as referred to in Note 4, BES and the Group, as for other banking institutions, were required to subscribe for certificates of deposit, series A and B, issued by the Bank of Portugal, which comprise “Placements with domestic credit institutions - Certificates of deposit”.

“Deposits and other placements with the Bank of Portugal” as at December 31, 2001 principally represents the guarantee deposit relating to dispensing euro notes and coins to BES clients.

As at December 31, 2001, the Bank only held series B certificates of deposit, amounting to Euro 241,723 thousand, which bear interest at the average annual rate of 4.55% (December 31, 2000 – 3.7%), as a result of the following movements during 2001: i) reimbursement of series B certificates amounting to Euro 43,681 thousand; and ii) payment of the annual contribution to the Deposit Guarantee Fund (FGD) through delivery of certificates amounting to Euro 2,708 thousand. From the overall amount of Certificates of deposit, Euro 25,385 thousand

are pledged in guarantee of the irrevocable commitment for payment of the remaining portion of the contributions to the FGD relating to 1997-2001.

In addition to Certificates of deposit, the main placements with domestic credit institutions as of December 31, 2001, bear interest at an average annual rate of 4.52% (December 31, 2000 - 4.59%). Deposits with foreign credit institutions bear interest at rates prevailing in the international markets in which the Bank and the Group do business.

These assets show the following breakdown by remaining life to maturity.

As of December 31, 2001, the balance of "Placements with domestic credit institutions – Interbank money market" of BES included placements made in the country by BES international branches, in the amount of Euro 71,356 thousand (December 31, 2000 – Euro 151,478 thousand).

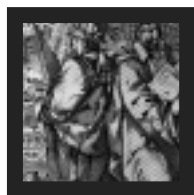
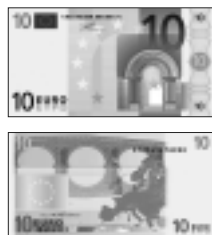
	BES		Consolidated	
	2001	2000	2001	2000
Up to 3 months	3,166,515	3,289,170	2,645,873	2,541,831
From 3 months to 1 year	1,011,731	964,770	755,784	407,948
From 1 to 5 years	285,907	620,049	490,784	588,938
Over 5 years	86,301	104,931	6,349	103,409
Indeterminate maturity (past due principal and interest)	2,735	2,789	2,735	2,789
	4,553,189	4,981,709	3,901,525	3,644,915

Note 7 – Loans and Advances to Customers

	BES		Consolidated	
	2001	2000	2001	2000
Domestic Loans				
Credit in current account	6,405,424	5,482,507	7,243,524	6,102,941
Mortgage loans	3,367,134	2,783,742	8,235,028	6,939,819
Commercial discounts	816,155	733,106	932,468	793,796
Overdrafts on current accounts	255,723	629,001	375,574	699,277
Other documentary credits	230,882	197,548	325,173	304,505
Financial leasing receivables	9,422	15,670	1,058,258	894,509
Factoring receivables	52,306	90,080	409,842	342,045
Other credits	1,107,206	1,136,765	2,174,806	2,217,128
	12,244,252	11,068,419	20,754,673	18,294,020
Foreign Loans	1,811,464	1,681,259	3,364,332	3,086,986
	14,055,716	12,749,678	24,119,005	21,381,006
Overdue loans and interest	242,742	218,577	450,106	408,207
	14,298,458	12,968,255	24,569,111	21,789,213
Less:				
Provisions for overdue loans and interest	(176,369)	(176,513)	(302,137)	(303,449)
Provisions for country risk	(1,246)	(1,424)	(2,895)	(2,269)
Total provisions (see Note 20)	(177,615)	(177,937)	(305,032)	(305,718)
	14,120,843	12,790,318	24,264,079	21,483,495

In addition to "Provisions for overdue loans and interest" and "Provisions for country risk" shown above, "Provisions for general credit risks" of Euro 194,473 thousand (December 31, 2000 – Euro 177,261 thousand) and Euro

288,019 thousand (December 31, 2000 – Euro 254,728 thousand), for BES and the Group respectively, which are also intended to cover credit risks, are included as a liability (Note 20).



As of December 31, 2001, the analysis of loans and advances to customers, guarantees and provisions by sector of activity was as follows:

Sectors	Consolidated 2001					
	Customer Loans			Guarantees	Total	Provisions
	Outstanding	Due	Total			
Agriculture, forestry and fisheries	228,396	4,892	233,288	18,152	251,440	3,733
Extractive industries	79,645	1,046	80,691	6,746	87,437	701
Food, beverages and tobacco	350,820	6,341	357,161	71,781	428,942	2,905
Textiles and clothing	309,032	9,274	318,306	64,365	382,671	8,505
Tanning and footwear industries	76,058	10,262	86,320	12,297	98,617	7,018
Cork and wood manufacture	126,615	7,217	133,832	8,906	142,738	7,588
Printing and paper industries	142,998	1,958	144,956	39,384	184,340	1,989
Oil refining	74,364	731	75,095	39,988	115,083	330
Chemical and rubber products	214,183	2,951	217,134	20,797	237,931	1,293
Non-metallic mineral products	202,454	3,461	205,915	19,506	225,421	5,521
Metallurgic and metal products manufacture	180,274	2,597	182,871	24,572	207,443	1,968
Manufacture of electrical machines, equipment and appliances	200,156	11,480	211,636	47,407	259,043	12,209
Other manufacturing industries	450,240	4,507	454,747	53,577	508,324	4,852
Electricity, gas and water	473,781	4,822	478,603	256,319	734,922	167
Construction and public works	1,684,667	26,318	1,710,985	699,205	2,410,190	21,641
Retail and wholesale	2,107,580	55,225	2,162,805	320,013	2,482,818	54,750
Tourism	230,860	4,805	235,665	59,818	295,483	3,904
Transport and communications	726,971	6,257	733,228	251,905	985,133	4,507
Financial activities	1,882,686	6,232	1,888,918	1,269,532	3,158,450	4,434
Real estate activities	1,438,402	7,900	1,446,302	277,812	1,724,114	2,511
Services to companies	970,964	12,497	983,461	184,252	1,167,713	8,267
Administration and public services	207,982	135	208,117	41,093	249,210	3
Leisure and culture	822,370	1,560	823,930	78,774	902,704	7,101
Mortgage loans	8,368,258	78,102	8,446,360	-	8,446,360	35,685
Credit to individuals	1,911,274	110,454	2,021,728	113,599	2,135,327	78,656
Others	657,975	69,082	727,057	131,283	858,340	24,794
Total	24,119,005	450,106	24,569,111	4,111,083	28,680,194	305,032

In August 1999 BES carried out its first asset securitization transaction, selling to Lusitano No. 1 Limited a consumer credit portfolio recorded in its balance sheet for Euro 250,000 thousand. At the time of sale, no gain or loss was entered in the Bank's income statement. Lusitano No. 1 Limited financed this acquisition through the issuance of bonds in international financial markets, which were secured by the loans sold. Under the issue's terms, the bondholders have no right of recourse to BES. BES cannot be held responsible for any amount of non-performing loans in the consumer credit portfolio sold that exceeds the collateral deposited with Lusitano No. 1 Limited. This collateral deposit will correspond to a maximum of 5% of the nominal value of the credit portfolio sold.

Lusitano No. 1 Limited's only activity is to hold the consumer credit portfolio purchased from BES. The payment of capital and interest relating to the bonds issued by this entity will rely exclusively on this portfolio and on the collateral deposited by the Bank. Through the purchase of residual certificates issued by Lusitano No. 1 Limited, the Bank became entitled to the residual value of this entity's assets, after liabilities towards the bondholders have been settled. The interest paid quarterly on these residual certificates is recognized as income of the period.

Other information relating to the securitization can be summarized as follows:

a) Notes issued by Lusitano No. 1 Limited

	Senior	Junior
Rating		
– Fitch	AAA	A
– Moody's	Aaa	A2
– Standard & Poor's	AAA	A
Amount (euro thousand)	233,700	16,300
Coupon interest rate	Euribor 3m + 0.36% pa	Euribor 3m + 0.75% pa
Redemption	Up to September 2007	Up to September 2007
Securities held by BES	No record	No record

b) Commitments retained by BES:

- Cash reserve: Euro 12,500 thousand, recorded in "Other assets".
- Liquidity lines and guarantees: not-applicable.

c) Intervening entities:

- Purchasers of credits: Lusitano No.1 Limited and Deutsche Bank (Portugal);
- Manager of credits: BES

As of December 31, 2001, outstanding assets in, and guarantees extended to (excluding financial holdings) Latin American, Asian, African, and other countries classified as sovereign risks, totalled Euro 880,361 thousand (December 31, 2000 – Euro 566,141 thousand), distributed as follows:

	Consolidated						
	2001						2000
	Securities	Current Accounts and other Assets with Credit Instituions	Loans and advances to Customers	Other Assets	Off Balance Sheet Items	Total (1)	Total (1)
Asia Pacific	21,229	8,121	10,402	-	22,459	62,211	90,735
South Korea	15,881	4,538	-	-	8	20,427	38,002
Turkey	116	-	-	-	362	478	14,046
China Popular Republic	-	94	426	-	-	520	7,783
Hong Kong	3,659	124	6,900	-	20,541	31,224	27,943
India	-	-	-	-	46	46	2,210
Malaysia	-	-	-	-	-	-	120
Others	1,573	3,365	3,076	-	1,502	9,516	631
Latin America	240,864	71,534	236,229	14,860	30,800	594,287	306,259
Brazil	229,517	63,024	102,930	14,860	30,390	440,721	209,057
Panama	-	5,673	27,444	-	-	33,117	42,007
Bahamas	-	-	18,867	-	-	18,867	15,235
Argentina	5,673	-	4,863	-	-	10,536	11,547
Guatemala	-	-	11,347	-	-	11,347	10,747
El Salvador	-	-	-	-	-	-	5,373
Chile	-	2,837	-	-	52	2,889	3,959
Mexico	5,674	-	7,020	-	-	12,694	3,021
Venezuela	-	-	28,584	-	-	28,584	2,333
Colombia	-	-	1,135	-	22	1,157	1,639
Others	-	-	34,039	-	336	34,375	1,341
Eastern Europe	13,655	6,304	2,541	-	11	22,511	20,232
Poland	7,000	4,272	33	-	11	11,316	11,803
Hungary	4,272	-	-	-	-	4,272	4,102
Slovenia	-	-	2,505	-	-	2,505	2,711
Russia	2,383	-	-	-	-	2,383	1,527
Czech Republic	-	28	-	-	-	28	40
Others	-	2,004	3	-	-	2,007	49
Africa	5,648	91,655	112,615	-	8,769	218,687	184,220
Angola	-	91,515	5,087	-	5,206	101,808	122,601
Morocco	5,648	42	51,768	-	1,743	59,201	50,510
South Africa	-	85	39,696	-	259	40,040	6,412
Cape Verde	-	-	14,103	-	1,182	5,285	4,162
Others	-	13	1,961	-	379	2,353	535
Total liabilities	281,396	177,614	361,787	14,860	62,039	897,696	601,446
Less:							
Provision for country-risk	(3,604)	(10,603)	(2,895)	(233)	-	(17,335)	(35,305)
Total	277,792	167,011	358,892	14,627	62,039	880,361	566,141

(1) Total exposure excludes securities issued by entities resident in the above mentioned countries, including public entities, when listed in organised markets.

As of December 31, 2001, the Group's total exposure to Angola and Brazil included Euro 19,973 thousand (December 31, 2000 – Euro 6,085 thousand) and Euro 11,346 thousand (December 31, 2000 – Euro 15,045 thousand), respectively, in trade finance, maturing in less than 1 year, extended to Angolan and Brazilian customers.

The total amount of provisions held by BES in accordance with the Bank of Portugal's regulations is considered sufficient to cover potential losses on realization of these assets and guarantees.

During 2001, the Group restructured the loans granted to Banco Nacional de Angola (BNA), simultaneously acquiring a US Treasury zero-coupon bond with the same maturity, which means that BES Group will have guaranteed total reimbursement of the initial value of the credit by the end of the operation.

The remaining period to maturity of loans and advances to customers as at December 31, 2001 and 2000 can be analysed as follows:

Maturity	BES		Consolidated	
	2001	2000	2001	2000
Up to 3 months	3,304,205	3,559,747	4,483,402	4,476,512
From 3 months to 1 year	3,721,117	1,354,636	5,180,377	2,580,881
From 1 to 5 years	2,856,656	4,301,614	4,640,104	6,080,463
Over 5 years	4,173,738	3,533,681	9,815,122	8,243,150
Indeterminate maturity (past due loans and interest)	242,742	218,577	450,106	408,207
	14,298,458	12,968,255	24,569,111	21,789,213

Note 8 – Placements in Securities

	BES					
	Trading Securities		Investment Securities		Total	
	2001	2000	2001	2000	2001	2000
Bonds and other fixed income securities						
Domestic public issuers						
Medium and long term public debt securities	34,349	10,871	404,429	16,575	438,778	27,446
Bonds of other public issuers	-	-	-	10,002	-	10,002
Foreign public issuers	181,328	69,705	1,086,282	1,248,450	1,267,610	1,318,155
	215,677	80,576	1,490,711	1,275,027	1,706,388	1,355,603
Less: Accumulated provisions	-	-	(15,148)	(8,286)	(15,148)	(8,286)
	215,677	80,576	1,475,563	1,266,741	1,691,240	1,347,317
Other issuers						
Bonds and other securities	19,694	55,250	2,357,209	3,030,782	2,376,903	3,086,032
Less: Accumulated provisions	-	-	(51,964)	(44,125)	(51,964)	(44,125)
	19,694	55,250	2,305,245	2,986,657	2,324,939	3,041,907
Own securities	5	36,632	-	-	5	36,632
	235,376	172,458	3,780,808	4,253,398	4,016,184	4,425,856
Shares and other variable income securities						
Shares	181	38	118,186	174,258	118,367	174,296
Participation units						
Mutual funds	16,651	62,877	183,759	155,386	200,410	218,263
Other securities	1,991	136,059	2,869	2,869	4,860	138,928
Plus: Fluctuations in placements in securities		15		-	-	15
	18,823	198,989	304,814	332,513	323,637	531,502
Less: Accumulated provisions	(1)	(19)	(42,050)	(68,353)	(42,051)	(68,372)
	18,822	198,970	262,764	264,160	281,586	463,130
Total placements in securities	254,199	371,447	4,152,734	4,638,322	4,406,933	5,009,769
Less: (see Notes 3,3 d) and 20))						
Accumulated provisions for losses on securities	(1)	(19)	(105,582)	(118,354)	(105,583)	(118,373)
Accumulated country-risk provisions	-	-	(3,580)	(2,410)	(3,580)	(2,410)
	(1)	(19)	(109,162)	(120,764)	(109,163)	(120,783)
	254,198	371,428	4,043,572	4,517,558	4,297,770	4,888,986



	Consolidated					
	Trading Securities		Investment Securities		Total	
	2001	2000	2001	2000	2001	2000
Bonds and other fixed income securities						
Domestic public issuers						
Medium and long term public debt securities	36,972	13,462	445,873	90,666	482,845	104,128
Bonds of other public issuers	-	-	-	10,002	-	10,002
Foreign public issuers	238,240	70,201	1,249,651	1,383,738	1,487,891	1,453,939
	275,212	83,663	1,695,524	1,484,406	1,970,736	1,568,069
Less: Accumulated provisions	-	-	(15,668)	(8,776)	(15,668)	(8,776)
	275,212	83,663	1,679,856	1,475,630	1,955,068	1,559,293
Other issuers						
Bonds and other securities	126,381	141,377	2,904,509	2,043,250	3,030,890	2,184,627
Less: Accumulated provisions	-	-	(60,957)	(47,911)	(60,957)	(47,911)
	126,381	141,377	2,843,552	1,995,339	2,969,933	2,136,716
Own securities	2,006	36,632	2,494	5,237	4,500	41,869
	403,599	261,672	4,525,902	3,476,206	4,929,501	3,737,878
Shares and other variable income securities						
Shares	79,280	81,468	143,480	198,335	222,760	279,803
Participation units						
Mutual funds	27,109	68,470	222,723	194,368	249,832	262,838
Other securities	1,991	136,621	9,337	2,875	11,328	139,496
Plus: Fluctuations in placements in securities	-	55	-	-	-	55
	108,380	286,614	375,540	395,578	483,920	682,192
Less: Accumulated provisions	(113)	(148)	(57,427)	(81,125)	(57,540)	(81,273)
	108,267	286,466	318,113	314,453	426,380	600,919
Total placements in securities	511,979	548,286	4,978,067	3,928,471	5,490,046	4,476,757
Less: (see Notes 3,3 d) and 20))						
Accumulated provisions for losses on securities	(113)	(148)	(130,448)	(135,279)	(130,561)	(135,427)
Accumulated country-risk provisions	-	-	(3,604)	(2,533)	(3,604)	(2,533)
	(113)	(148)	(134,052)	(137,812)	(134,165)	(137,960)
	511,866	548,138	4,844,015	3,790,659	5,355,881	4,338,797

Securities can be analysed by remaining period to maturity as follows:

	BES			Consolidated
	Trading Securities	Investment Securities	Total	Total
Up to 3 months	51,890	261,992	313,882	583,446
From 3 months to 1 year	4,569	152,021	156,590	516,514
From 1 to 5 years	157,646	1,651,683	1,809,329	1,944,669
Over 5 years	23,315	1,766,029	1,789,344	1,970,123
Indeterminate maturity	16,779	321,009	337,788	475,294
	254,199	4,152,734	4,406,933	5,490,046

Yields on fixed-income securities at December 31, 2001 and 2000 fluctuated within the following ranges:

	BES	
	2001	2000
Portuguese public debt securities	2.750% - 11.875%	2.750% - 10.625%
Bonds issued by other public domestic issuers	-	6.125%
Bonds issued by other issuers	1.00% - 10.75%	4.50% - 8.00%

Bonds of foreign public issuers yielded interest at rates prevailing in the international markets in which the Bank and the Group do business.

As of December 31, 2001, BES held investment fixed-income securities at a total cost of Euro 3,780,808 thousand (December 31, 2000 – Euro 4,253,398 thousand), compared with the following nominal value or reimbursement value at maturity and market value:

	BES	
	2001	2000
Nominal value	4,604,794	4,296,535
Market value	3,789,915	4,270,201

On the same date the Group held investment fixed-income securities at a total cost of Euro 4,525,881 thousand (December 31, 2000 – Euro 3,476,206 thousand), compared with market value of Euro 4,533,000 thousand (December 31, 2000 – Euro 3,454,900 thousand).

As of December 31, 2000, BES and the Group held BES shares totaling Euro 73,283 thousand and Euro 74,121 thousand, respectively (See note 3.3 d))

During 2001 BES entered into an asset-backed securitization programme involving the sale of domestic bonds and Eurobonds to an Irish company, Lusitano Global CDO No 1 PLC, and to Deutsche Bank Portugal. The bonds sold, with a book amount of Euro 1,144.3 million, were previously recorded in the Group's investment portfolio.

The Notes issued by Lusitano Global CDO No 1 PLC were placed in the international market and were rated by three agencies (Moody's, Standard & Poor's and Fitch IBCA). They yield interest quarterly at the Euribor rate plus a spread that varies according to the type of Note (with several levels of subordination and different ratings). They are listed on the Luxembourg Stock Exchange.

Other information relating to the securitization can be summarized as follows:

- a) Notes issued by Lusitano Global CDO No. 1 PLC
- b) Commitments retained by BES: No record
- c) Intervening entities:
 - Purchasers of credits: Lusitano Global CDO No.1 PLC and Deutsche Bank (Portugal);

	Class A1	Class A2	Class B	Class C	Class D
Rating					
– Fitch	AAA	AAA	AA	A	-
– Moody's	Aaa	Aaa	Aa1	A1	-
– Standard & Poor's	AAA	AAA	AA	A+	-
Amount (euro thousand)	350.000	623.800	42.300	25.200	103.000
Coupon interest rate	Euribor 3m + 0.25% pa	Euribor 3m + 0.45% pa	Euribor 3m + 0.65% pa	Euribor 3m + 1.10% pa	10%
Redemption	Up to December 2015	Up to December 2015	Up to December 2015	Up to December 2015	Up to December 2015
Securities held by BES Group	No record	500	No record	15,300	12,000

Note 9 – Equity Holdings

	BES				Consolidated			
	2001		2000		2001		2000	
	Percentage Held	Cust of Investment (1)	Percentage Held	Cust of Investment (1)	Percentage Held	Book Amount or Cost (1)	Percentage Held	Book Amount or Cost (1)
Associated companies								
INTERATLÂNTICO	100.00%	75,855	50.00%	85,531	100.00%	-	50.00%	-
ES SEGUROS	40.00%	5,986	31.00%	4,639	40.00%	4,172	31.00%	2,844
BES VÉNÉTIE	21.00%	11,714	21.00%	7,061	21.00%	11,329	21.00%	6,741
SCI GEORGES MANDEL	22.50%	2,401	22.50%	2,401	22.50%	2,309	22.50%	2,282
EUROP ASSISTANCE	23.00%	1,147	23.00%	1,147	23.00%	1,446	23.00%	1,377
ESUMÉDICA	24.84%	395	24.84%	395	24.84%	330	24.84%	370
FIDUPRIVATE	24.76%	31	24.76%	31	24.76%	69	24.76%	69
COMINVEST	-	-	-	-	25.00%	1,615	25.00%	1,547
ES PENSIONES	-	-	-	-	50.00%	478	-	-
ESAF FP	-	-	-	-	100.00%	1,762	100.00%	1,518
E,S,I,A,M,	-	-	-	-	49.00%	29	49.00%	30
QUADRIGA	-	-	-	-	29.49%	326	26.78%	272
TRADECOM	-	-	-	-	17.00%	2,015	-	-
SGPICE	-	-	-	-	33.33%	3,008	-	-
CLARITY	-	-	-	-	27.64%	-	-	-
ES BANKEST	-	-	-	-	50.00%	12,277	50.00%	8,662
		97,529		101,205		41,165		25,712
Less: Provision for capital losses (3)		(52,086)		(47,386)		-		-
		45,443		53,819		41,165		25,712
Other holdings								
FIEP-Fundo p/ int,E,Port.,SGPS	17.00%	16,971	17.00%	16,971	19.50%	19,465	19.50%	19,465
Fundo Europeu de Investimento	0.15%	3,000	0.15%	3,000	0.15%	3,000	0.15%	3,000
Multiger	4.99%	1,126	-	-	9.99%	2,251	-	-
SPGM - Sociedade de Investimentos, SA	8.14%	1,015	8.37%	1,044	9.14%	1,140	9.37%	1,169
SIBS	7.88%	1,068	7.88%	1,068	8.58%	1,231	8.58%	1,231
Fundo de Turismo-Cap, Risco	15.00%	748	15.00%	748	15.00%	748	15.00%	748
PME Capital	2.73%	748	2.73%	748	2.73%	748	2.73%	748
PME Investimento	2.73%	748	2.73%	748	2.73%	748	2.73%	748
Finangeste	0.65%	435	0.65%	435	0.67%	457	0.67%	457
Unicre	8.80%	220	8.80%	220	9.09%	594	9.09%	594
Banco Inter-Unido	49.85%	211	49.85%	211	49.85%	211	49.85%	211
Fundo de Turismo-SGFI	13.33%	50	13.33%	50	13.33%	50	13.33%	50
Kredyt Bank	19.86%	139,974	19.86%	82,066	19.86%	139,974	19.86%	82,066
BMCE Bank	2.77%	26,375	3.05%	27,092	2.77%	26,375	3.05%	27,092
Bradesco	1.11%	79,413	1.20%	89,537	1.43%	109,737	1.20%	89,537
Portugal Telecom	1.45%	179,782	1.77%	226,415	1.45%	179,782	1.77%	226,415
PT Multimédia	8.13%	296,052	3.04%	157,653	8.13%	296,052	3.04%	157,653
PT Multimédia,com	-	-	2.80%	74,176	-	-	2.80%	74,176
Pararede	12.05%	23,624	-	-	12.05%	23,624	-	-
ESEGUR	29.00%	797	24.00%	60	29.00%	797	24.00%	60
MULTIPESSOAL	22.52%	100	22.52%	100	22.52%	100	22.52%	100
Quinta dos Cônegos	-	-	-	-	78.34%	4,862	78.19%	4,862
ES Interaction	(4) 20.00%	100	-	-	-	-	-	-
United Investments Portugal	-	-	-	-	0.27%	369	0.27%	369
SGF-Soc, Gest, FP	-	-	-	-	5.21%	52	5.21%	52
NovaBase, SGPS	-	-	-	-	4.00%	16,681	4.00%	16,682
Fatshoe,com	-	-	-	-	-	-	12.64%	6,343
Lagos Sport	(2) -	-	-	-	-	-	3.51%	120
HLC - Centrais de congeração	(2) -	-	-	-	24.43%	898	24.49%	898
Generg	(2) -	-	-	-	-	-	10.00%	3,178
Aleluia	(2) -	-	-	-	10.12%	1,411	15.00%	811
Siparex Development	(2) -	-	-	-	0.61%	150	0.61%	151
ESFI, SA	(2) -	-	-	-	23.94%	1,499	24.00%	1,499
BBR International, SA	-	-	-	-	5.99%	2,345	-	-
SPVG -serviços pro, video gestão, SA	-	-	-	-	24.94%	2,760	-	-
Others		2,348		2,371		33,687		31,809
		774,905		684,713		871,798		752,294
Less: Provision for capital losses		(19,106)		(786)		(21,972)		(5,497)
		755,799		683,927		849,826		746,797
Total Equity holdings		872,434		785,918		912,963		778,006
Less: Provision for capital losses		(71,192)		(48,172)		(21,972)		(5,497)
		801,242		737,746		890,991		772,509

(1) For equity holdings purchased in foreign currencies, the fluctuation between acquisition and year end exchange rates is recorded in the balance sheet under "Accruals and deferrals - Value fluctuations", in accordance with Bank of Portugal regulations.

(2) Holding through ES Capital

(3) Provision made to cover losses inherent in the investment in Interatlântico. In the consolidated accounts, this provision is included in "Fund for general banking risks"

(4) Company fully consolidated

As at December 31, 2001 BES held 12,762 thousand shares of PT Multimedia, SGPS (PTM), corresponding to a cost of holding and a market value of Euro 296,052 thousand and Euro 98,147 thousand, respectively. This holding is part of the strategic agreement signed with Portugal Telecom Group on April

5, 2000. The market value of the shares is not considered by the Board of Directors to reflect the fair value of the company.

The provision for losses in equity holdings is intended to cover losses related to the investment in some other holdings.

Note 10 – Equity Holdings in Subsidiaries

The Bank holds direct or indirect controlling interest in the following companies (see Note 2) and as such, except when mentioned, they are fully consolidated.

	BES							
	2001				2000			
	Number of Shares	Percentage Held	Nominal Amount	Cost of Investment	Number of Shares	Percentage Held	Nominal Amount	Cost of Investment
BIC	30,000,000	100.00%	5,00	208,521	30,000,000	100.00%	5,00	208,521
BESI	14,000,000	100.00%	5,00	159,834	14,000,000	100.00%	5,00	159,834
BESSA	9,687,500	89.60%	8,00	83,484	9,237,500	85.43%	8,00	79,884
SPAINVEST	399,999	100.00%	8,82	21,977	399,999	100.00%	8,82	21,977
BESLEASING MOB.	3,368,448	77.79%	5,00	21,965	3,334,408	77.01%	4,99	21,768
BES ORIENTE	199,500	99.75%	141,27	28,015	199,500	99.75%	133,77	26,527
ES CAPITAL	3,964,060	79.28%	5,00	19,774	3,964,060	79.28%	5,00	19,774
BESLEASING IMOB.	1,977,256	76.64%	5,00	8,271	1,951,456	75.64%	4,99	8,142
ESAF, SGPS	1,527,500	65.00%	5,00	7,619	1,527,500	65.00%	4,99	7,619
EUROGES	2,400,000	100.00%	5,00	12,142	2,400,000	100.00%	4,99	12,142
ESDI	486,000	34.71%	5,00	2,960	486,000	34.71%	4,99	2,960
ES DEALER	285,000	57.00%	5,00	3,800	285,000	57.00%	5,00	3,800
CREDIBOM	1,199,540	59.98%	5,00	5,984	1,199,310	59.97%	5,00	5,982
Qta dos Cónegos	a) 377,400	51.00%	5,00	3,064	377,400	51.00%	4,99	3,064
CREDIFLASH	849,997	84.94%	5,00	4,094	849,997	84.94%	4,99	4,094
ESCLINC	100	100.00%	9,209,07	921	100	100.00%	8,722,14	873
CÊNTIMO	b) 1	55.00%	137,169,42	409	1	55.00%	137,169,42	409
ES COBRANÇAS	75,000	46.88%	4,99	374	75,000	46.88%	4,99	374
GESFINC	28,000	35.00%	4,99	140	28,000	35.00%	4,99	140
ESGEST	20,000	100.00%	5,00	100	20,000	100.00%	4,99	100
ES REPRESENT.	49,995	99.99%	0,49	25	49,995	99.99%	0,55	28
BESNAC	1,000	100.00%	0,72	36	1,000	100.00%	0,72	35
BES FINANCE	25,000	100.00%	1,13	28	25,000	100.00%	1,07	27
ES PLC	29,994	99.98%	1,27	38	29,994	99.98%	1,27	38
ESOL	c) 1,000	100.00%	1,13	1	1,000	100.00%	1,07	1
BESOL	c) 1,000	100.00%	1,13	1	1,000	100.00%	1,07	1
ES BANK	6,377,050	98.45%	2,84	72,616	6,377,050	98.45%	2,69	68,776
ES F. CONSULTANTS	450,100	90.02%	5,00	2,251	450,100	90.02%	5,00	2,251
BES.COM	50,000,000	100.00%	1,00	50,000	50,000,000	100.00%	1,00	50,000
ES CONTACT CENTER	945,000	26.25%	1,00	945	945,000	45.00%	1,00	945
BES ANGOLA	d) 9,996,000	99.96%	1,13	11,342	-	-	-	-
JAMPUR	a) d) 1	100.00%	3,750,00	4	-	-	-	-
LUPINUS	a) d) 50,000	100.00%	1,00	40	-	-	-	-
				730,775				710,086

a) Company excluded from the consolidation

b) Limited liability partnership

c) See Notes 2 and 22

d) Company established or acquired in 2001

Note 11 – Intangible Assets

	BES		Consolidated	
	2001	2000	2001	2000
Costs to be amortized over several years	11,354	11,209	19,145	18,859
Software	253,072	215,507	290,935	247,850
Others	11,344	12,282	41,849	27,120
	275,770	238,998	351,929	293,829
Intangibles in progress	91,316	56,251	94,401	58,046
	367,086	295,249	446,330	351,875
Accumulated amortization	(221,070)	(162,770)	(263,982)	(197,125)
	146,016	132,479	182,348	154,750

The movements during the year ended December 31, 2001, can be summarized as follows:

	BES					
	Opening Balance	Additions	Disposals	Transfers	FX and other movements	Closing Balance
Gross value	238,998	10,700	-	27,558	(1,486)	275,770
Intangibles in progress	56,251	65,024	-	(29,959)	-	91,316
Accumulated amortization	(162,770)	(58,305)	-	-	5	(221,070)
Total	132,479	17,419	-	(2,401)	(1,481)	146,016

	Consolidated					
	Opening Balance	Additions	Disposals	Transfers	FX and other movements	Closing Balance
Gross value	293,829	27,937	(1,843)	32,795	(789)	351,929
Intangibles in progress	58,046	71,244	-	(34,885)	(4)	94,401
Accumulated amortization	(197,125)	(71,279)	1,573	-	2,849	(263,982)
Total	154,750	27,902	(270)	(2,090)	2,056	182,348

Note 12 – Tangible Assets

	BES		Consolidated	
	2001	2000	2001	2000
Premises				
For own use	346,429	344,793	432,553	431,875
Improvements to leased property	119,286	117,078	132,296	128,946
Others	14	14	2,023	1,933
	<u>465,729</u>	<u>461,885</u>	<u>566,872</u>	<u>62,754</u>
Equipment				
Computer equipment	134,105	124,165	180,132	165,112
Furniture and fittings	51,616	50,012	86,244	81,443
Equipment	13,807	13,753	17,386	16,999
Internal installations	63,380	61,619	78,162	77,219
Vehicles	8,305	10,645	16,461	20,579
Security equipment	16,120	15,317	20,359	19,357
Others	358	342	1,141	1,093
	<u>287,691</u>	<u>275,853</u>	<u>399,885</u>	<u>381,802</u>
Other fixed assets				
Works of art	6,893	6,858	8,153	8,029
	<u>760,313</u>	<u>744,596</u>	<u>974,910</u>	<u>952,585</u>
Fixed assets in progress				
Premises	10,088	11,919	10,119	11,687
Improvements to leased property	10,968	6,231	10,968	6,501
Computer equipment	23,201	12,808	25,085	13,215
Others	584	642	639	4,859
	<u>44,841</u>	<u>31,600</u>	<u>46,811</u>	<u>36,262</u>
	805,154	776,196	1,021,721	988,847
Accumulated depreciation	(490,803)	(458,732)	(583,617)	(540,992)
	<u>314,351</u>	<u>317,464</u>	<u>438,104</u>	<u>447,855</u>

The movements during the year ended December 31, 2001 can be summarized as follows:

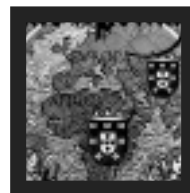
	BES						
	Open Net Book Amount	Additions	Disposals	Depreciation	Transfers	FX and Other Movements	Closing Net Book Amount
Premises	218,592	3,872	(41)	(12,785)	-	11	209,649
Equipment	60,414	12,653	(559)	(22,668)	3,078	50	52,968
Other fixed assets	6,858	35	-	-	-	-	6,893
Fixed assets in progress	31,600	16,323	-	-	(3,078)	(4)	44,841
Total	317,464	32,883	(600)	(35,453)	-	57	314,351

	Consolidated						
	Open Net Book Amount	Additions	Disposals	Depreciation	Transfers	FX and Other Movements	Closing Net Book Amount
Premises	306,212	5,528	(2,231)	(15,725)	1,782	46	295,612
Equipment	97,352	21,811	(1,755)	(35,182)	5,030	272	87,528
Other fixed assets	8,029	65	-	-	33	26	8,153
Fixed assets in progress	36,262	21,973	(12)	-	(11,584)	172	46,811
Total	447,855	49,377	(3,998)	(50,907)	(4,739)	516	438,104

As of December 31, 2001, the accumulated impact of previous revaluations of tangible assets was as follows:

	BES					
	2001			2000		
	Premises	Equipment	Total	Premises	Equipment	Total
Aquisition cost	217,574	289,595	507,169	210,582	267,379	477,961
Revaluation	269,451	28,534	297,985	269,453	28,782	298,235
Revalued cost	487,025	318,129	805,154	480,035	296,161	776,196
Cost depreciation	90,589	206,940	297,529	79,925	187,696	267,621
Revaluation depreciation	165,492	27,782	193,274	163,368	27,743	191,111
Total depreciation	256,081	234,722	490,803	243,293	215,439	458,732
Net amount at acquisition cost	126,985	82,655	209,640	130,657	79,683	210,340
Revaluation included in net tangible assets	103,959	752	104,711	106,085	1,039	107,124
Net revalued amount	230,944	83,407	314,351	236,742	80,722	317,464

	Consolidated					
	2001			2000		
	Premises	Equipment	Total	Premises	Equipment	Total
Aquisition cost	309,493	400,466	709,959	302,474	374,361	676,835
Revaluation	278,706	33,056	311,762	278,708	33,304	312,012
Revalued cost	588,199	433,522	1,021,721	581,182	407,665	988,847
Cost depreciation	104,216	280,159	384,375	91,785	252,379	344,164
Revaluation depreciation	167,044	32,198	199,242	164,757	32,071	196,828
Total depreciation	271,260	312,357	583,617	256,542	284,450	540,992
Net amount at acquisition cost	205,277	120,307	325,584	210,689	121,982	332,671
Revaluation included in net tangible assets	111,662	858	112,520	113,951	1,233	115,184
Net revalued amount	316,939	121,165	438,104	324,640	123,215	447,855



Note 13 – Other Assets

	BES		Consolidated	
	2001	2000	2001	2000
Advances on capital subscriptions	22,985	28,832	38,470	39,340
Gold, other precious metals, coins and other liquid assets	40,548	15,439	41,268	18,901
Property and premises (see Note 3,3 i))	16,527	20,339	53,924	63,104
Sundry debtors	63,181	59,102	124,186	108,896
Subordinated assets	5,673	7,660	5,673	7,660
Securities held in lieu of loan recoveries	-	-	12,903	17,437
Interest subsidies on mortgage loans	-	-	65,500	49,601
Checks for collection	-	-	-	95,503
Tax credit	-	17,199	2,454	19,653
Futures and options	27,632	26,659	34,434	30,272
Guarantee deposits	74,644	-	74,644	-
Sundry	123,701	72,508	104,908	60,515
	<u>374,891</u>	<u>247,738</u>	<u>558,364</u>	<u>510,882</u>
Provisions for other placements	(2,525)	(3,460)	(17,389)	(18,386)
Provisions for country risk	(384)	(112)	(233)	(112)
Total provisions (see Note 20)	<u>(2,909)</u>	<u>(3,572)</u>	<u>(17,622)</u>	<u>(18,498)</u>
	371,982	244,166	540,742	492,384

As of December 31, 2001, the Bank's Tax credit amount includes (i) Euro 12,755

thousand relative to corporate tax (IRC) recoverable relating to the 2000 financial

year and (ii) Euro 4,216 thousand relating to deferred tax assets (see Notes 18 and 31).

Note 14 – Accruals and Deferrals (Assets)

	BES		Consolidated	
	2001	2000	2001	2000
Accrued income	297,581	404,308	341,691	447,034
Lending operations pending settlement	12,795	116,899	28,374	148,247
Prepaid expenses	13,342	11,242	28,635	24,480
Value fluctuations	94,222	19,971	105,945	34,837
Stationery	1,210	1,439	1,704	1,909
Stock exchange transactions pending settlement	291,486	19,857	338,541	69,960
Others	120,546	118,146	151,940	166,127
	831,182	691,862	996,830	892,594

As of December 31, 2001 the Bank's "Value fluctuations" reflects the net balance of foreign exchange differences in financial investments (negative – Euro 62,468 thousand; positive –

Euro 44,195 thousand), and Euro 75,949 thousand in respect of actuarial gains and losses relating to the pension funds.

As of December 31, 2001, "Stock exchange transactions pending settlement" (see Note 19) shows the net balance of the Bank's and the Group's sale and purchase orders for which payment has not yet been received.

Nota 15 – Amounts due to Credit Institutions

Sight, term, and notice liabilities to credit institutions consist of the following:

	BES		Consolidated	
	2001	2000	2001	2000
Sight deposits				
In Portugal	228,497	28,460	64,546	66,753
Abroad	196,410	346,499	274,152	395,547
	<u>424,907</u>	<u>374,959</u>	<u>338,698</u>	<u>462,300</u>
Time or notice deposits				
In Portugal				
Time deposits and other funds	189,776	67,439	1,592,221	1,053,299
Interbank money market	170,000	189,000	222,290	320,483
Deposits and rediscounts with Bank of Portugal	-	9,353	-	9,353
	<u>359,776</u>	<u>265,792</u>	<u>1,814,511</u>	<u>1,383,135</u>
Abroad				
Time deposits and other funds	8,813,842	8,853,278	4,766,974	5,809,375
Assignment of loans under agreement to repurchase	-	173,106	616,509	625,442
	<u>8,813,842</u>	<u>9,026,384</u>	<u>5,383,483</u>	<u>6,434,817</u>
	<u>9,173,618</u>	<u>9,292,176</u>	<u>7,197,994</u>	<u>7,817,952</u>
Total	9,598,525	9,667,135	7,536,692	8,280,252

As at December 31, 2001, time deposits and other funds abroad included Euro 1,371,462 thousand (December 31, 2000 – Euro 5,677,423 thousand), in respect of the liabilities of BES international and foreign branches to credit institutions abroad.

The maturity of the sight, time and notice liabilities to credit institutions was as follows:

Prazos	BES		Consolidated	
	2001	2000	2001	2000
Payable at sight	424,907	374,959	338,698	462,300
Payable at term				
Up to 3 months	3,857,653	5,757,877	4,405,464	4,028,923
From 3 months to 1 year	1,372,539	2,263,867	2,176,808	2,109,139
From 1 to 5 years	3,585,288	1,270,432	477,808	1,677,281
Over 5 years	358,138	-	137,914	2,609
	<u>9,173,618</u>	<u>9,292,176</u>	<u>7,197,994</u>	<u>7,817,952</u>
	<u>9,598,525</u>	<u>9,667,135</u>	<u>7,536,692</u>	<u>8,280,252</u>

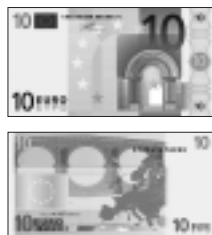
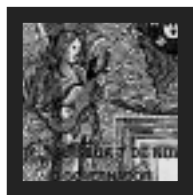
Note 16 – Amounts due to Customers

Amounts due to customers as at
December 31, 2001 and 2000 comprised:

	BES		Consolidado	
	2001	2000	2001	2000
Sight Deposits				
Current accounts	<u>5,696,375</u>	<u>5,325,054</u>	<u>6,879,626</u>	<u>6,376,443</u>
Time deposits				
Notice deposits	3,656	5,758	3,656	5,758
Time deposits	3,639,952	3,446,597	7,666,083	7,030,472
Checks and payment orders	25,350	37,778	36,284	56,300
Sales transactions under agreement to repurchase	-	-	115,411	68,074
Consigned funds	23,935	9,176	25,456	10,759
Others	<u>86,787</u>	<u>154,763</u>	<u>161,596</u>	<u>159,489</u>
	<u>3,779,680</u>	<u>3,654,072</u>	<u>8,008,486</u>	<u>7,330,852</u>
Savings deposits				
Emigrants	-	-	4,864	5,647
Pensioners	435,058	459,700	453,266	480,608
Others	<u>2,027,057</u>	<u>1,947,398</u>	<u>2,048,498</u>	<u>1,966,201</u>
	<u>2,462,115</u>	<u>2,407,098</u>	<u>2,506,628</u>	<u>2,452,456</u>
Total	11,938,170	11,386,224	17,394,740	16,159,751

The maturity of these liabilities was as follows:

Maturities	BES						Consolidated	
	2001			2000			2001	2000
	Saving Deposits	Other Deposits	Total	Saving Deposits	Other Deposits	Total	Total	Total
Payable at sight	<u>-</u>	<u>5,696,375</u>	<u>5,696,375</u>	<u>-</u>	<u>5,325,054</u>	<u>5,325,054</u>	<u>6,879,626</u>	<u>6,376,443</u>
Payable at term								
Up to 3 months	2,139,775	2,577,694	4,717,469	2,077,904	2,003,062	4,080,966	7,592,514	6,730,517
From 3 months to 1 year	321,940	986,210	1,308,150	328,899	1,222,006	1,550,905	2,480,958	2,391,339
From 1 to 5 years	400	212,697	213,097	295	264,444	264,739	420,300	368,783
Over 5 years	-	3,047	3,047	-	164,529	164,529	21,310	292,638
Indeterminate	<u>-</u>	<u>32</u>	<u>32</u>	<u>-</u>	<u>31</u>	<u>31</u>	<u>32</u>	<u>31</u>
	<u>2,462,115</u>	<u>3,779,680</u>	<u>6,241,795</u>	<u>2,407,098</u>	<u>3,654,072</u>	<u>6,061,170</u>	<u>10,515,114</u>	<u>9,783,308</u>
	2,462,115	9,476,055	11,938,170	2,407,098	8,979,126	11,386,224	17,394,740	16,159,751



Note 17 – Debt Securities

As at December 31, 2001 and 2000, outstanding debt securities, on an individual and consolidated basis, consisted of the following:

	BES		Consolidated	
	2001	2000	2001	2000
Debt securities				
Bonds	784,618	689,586	2,641,651	872,853
Euro Medium Term Notes	-	-	4,265,550	2,605,133
Certificates of deposit	1,729,838	1,589,691	1,741,106	1,604,824
Others	61,056	71,629	156,236	95,201
	2,575,512	2,350,906	8,804,543	5,178,011

The maturity was as follows:

Maturities	BES		Consolidated	
	2001	2000	2001	2000
Up to 3 months	1,387,238	1,253,326	1,405,868	1,554,295
From 3 months to 1 year	589,046	679,092	1,363,703	730,953
From 1 to 5 years	424,481	372,810	4,138,532	2,367,571
Over 5 years	174,747	45,678	1,896,440	525,192
	2,575,512	2,350,906	8,804,543	5,178,011

The details of the debt securities as at December 31, 2001 were as follows:

Issuer	Designation	Issue Date	Currency	Amount (Euro '000)	Global Yield/ Interest Rate	Interest Payment Period	Maturity	Listed
BES								
Outstanding Bonds								
	Bonds indexed to a basket of world indices	Apr / 97	EUR	7,482	a)	at maturity	2002	Lisbon
	Bonds indexed to PSI-20	May / 99	EUR	5,000	a)	at maturity	2002	-
	Bonds Poupança Mais - 1st and 3rd issues	Feb. and Apr/99	EUR	17,000	2.625% - 3.50%	at maturity	2002	-
	Bonds Poupança Mais - 2nd issue	Mar/99	EUR	5,987	2.95% - 3.50%	at maturity	2004	-
	Bonds Fixed Rate 2002 - 1st and 2nd issues	Sep/99	EUR	4,825	3.40%	at maturity	2002	-
	Bonds Euro Stoxx - 2004	Dec/99	EUR	10,000	a)	at maturity	2004	-
	Bonds F.P.O.F.	Nov/99	EUR	5,000	a)	at maturity	2005	-
	Bonds EUROTOP 100 - 1st; 2nd and 3rd. issues	Jan and Feb/99	EUR	23,500	a)	at maturity	2002	-
	Bonds Mobile Communications - 2nd issue	Aug/99	EUR	5,500	a)	at maturity	2002	-
	Bonds BES Aforro 5 years - 1st and 2nd issues	Oct and Nov/99	EUR	15,000	3.12% - 5.15%	at maturity	2004	-
	Bonds BES Aforro Aug/Sep/Oct/Dec/99	Aug/Sep/Oct and Dec/99	EUR	15,900	3.00% - 4.50%	at maturity	2002	-
	Bonds Rendimento Mais 1st Series	Jun/00	EUR	10,857	5.80%	annual	2008	-
	Bonds Rendimento Mais 2nd Series	Jun/00	EUR	4,950	5.95%	annual	2008	-
	Bonds DSL Equity Basket	May/00	EUR	8,600	a)	at maturity	2003	-
	Bonds Eurostoxx 50 Jan/Feb/Mar/Apr/May/Jun/00	Jan-Jun/00	EUR	27,200	a)	at maturity	2002-2005	-
	Bonds Electricity	May/00	EUR	1,800	a)	at maturity	2003	-
	Bonds Dax 2003	Apr/00	EUR	8,750	a)	at maturity	2003	-
	Bonds Aforro 1st and 2nd issues	Jan/00	EUR	7,500	3.25% - 4.50%	at maturity	2003	-
	Bonds Cabaz WAP Set/00	Sep/00	EUR	5,788	a)	at maturity	2003	-
	Bonds Cabaz WAP Out/00	Oct/00	EUR	1,686	a)	at maturity	2002	-
	Bonds Rendimento Mais 3rd Series	Jul/00	EUR	6,865	4.41% - 8.07%	annual	2008	-
	Bonds Rendimento Mais 4th Series	Aug/00	EUR	7,118	4.48% - 8.14%	annual	2008	-
	Bonds Rendimento Mais 5th Series	Sep/00	EUR	5,142	4.39% - 8.05%	annual	2008	-
	Bonds Euro Stoxx 50 Jun/00	Jun/00	EUR	2,500	a)	at maturity	2005	-
	Bonds Euro Stoxx 50 Aug/00 - 1st and 2nd Series	Aug/00	EUR	9,742	a)	at maturity	2003	-
	Bonds Euro Stoxx 50 Aug/00	Aug/00	EUR	10,896	a) + 1%	at maturity/ annual	2005	-
	Bonds Euro Stoxx 50 Nov/00	Nov/00	EUR	1,044	a)	at maturity	2002	-
	Bonds Euro 50 Stoxx Dec/00	Dec/00	EUR	1,102	a)	at maturity	2003	-
	Bonds indexed to a basket of world indices Dec/00	Dec/00	EUR	5,715	a) + 1%	at maturity/ annual	2005	-
	Bonds Cabaz 2003	Feb/01	EUR	15,000	a)	at maturity	2003	-
	Bonds Cabaz Global Telecom	Mar/01	EUR	10,648	a)	at maturity	2003	-
	Bonds Cabaz Global Basic Industry	Mar/01	EUR	2,816	a)	at maturity	2003	-
	Bonds Cabaz Global Utilities	Mar/01	EUR	2,649	a)	at maturity	2003	-
	Bonds Eurostoxx 50 May/01	May/Jul 01	EUR	8,629	a)	at maturity	2004/2003	-
	Bonds Bes Mix Eurostoxx 50	Jul/01	EUR	16,260	a)	at maturity	2004	-
	Bonds Bes Corridor Euribor 2003	Aug/01	EUR	6,040	a)	half-yearly	2003	-
	Bonds Bes Super Funds	Jul/01	EUR	14,195	a)	at maturity	2004	-
	Bonds Bes Mercury Selected Fund	Jul/01	EUR	6,000	a) + 1%	at maturity/ annual	2006	-
	Bonds Bes Euro Renda	Aug/01	EUR	15,000	5.48% - 5.53%	annual	2009	-
	Bonds Bes Euro Funds	Aug/01	EUR	13,424	a)	half-yearly	2004	-
	Bonds Bes Euro Funds	Sep/01	EUR	8,264	a)	half-yearly	2004	-
	Bonds Cabaz 2004	Dec/01	EUR	7,305	a)	at maturity	2004	-
	Bonds BES-SFE Mobile Communications	Aug/99	EUR	2,500	a)	at maturity	2002	-
	Bonds Emigrant Savings	Jul/Aug and Sep/98						
		Jul/Aug/Sep/Oct/Nov/Dec/99	EUR	99,050	2.60% a 4.50%	at maturity	2002	-
	Bonds BES SFE Fixed Rate - 2002	Sep/99	EUR	3,800	3.40%	at maturity	2002	-
	Bonds BES-SFE Euro Stoxx 50 - 1st, 2nd, 3rd, 4th e 5th issues	Jan-Feb/May/Jun/00	EUR	5,350	a)	at maturity	2002-2005	-
	Bonds BES-SFE (Emigrant Savings)	Jan-Feb and Jun/00	EUR	15,250	3.25% a 5.50%	at maturity	2003	-
	Bonds BES-SFE Euro Stoxx 50 Non Residents	Jul/Aug/Sep and Dec/00	EUR	10,840	a)	at maturity	2003	-
	Bonds BES-SFE Euro Stoxx 50 Non Residents	Nov/00	EUR	429	a)	at maturity	2002	-
	Bonds BES-SFE Cabaz WAP Non Residents	Sep/00	EUR	2,886	a)	at maturity	2003	-
	Bonds BES-SFE WAP Non Residents	Oct/00	EUR	727	a)	at maturity	2002	-
	Bonds BES-SFE Cabaz Global Utilities	Mar/01	EUR	201	a)	at maturity	2003	-
	Bonds BES-SFE Cabaz Global Basic Industry	Mar/01	EUR	366	a)	at maturity	2003	-
	Bonds BES-SFE Cabaz Global Telecom	Mar/01	EUR	1,137	a)	at maturity	2003	-
	Bonds BES-SFE Eurostoxx 50	Jul/Aug/01	EUR	7,527	a)	at maturity	2004	-
	Bonds BES-SFE Euro Funds	Aug/01	EUR	9,256	a)	half-yearly	2004	-
	Bonds BES-SFE Euro Funds	Sep/01	EUR	4,683	a)	at maturity	2004	-
	Bonds BES-Cayman Fixed Rate	Nov/01	USD	226,937	3.51% - 5.22%	at maturity	2004/2011	-
	Bonds BES-Cayman Fixed Rate	Dec/01	EUR	25,000	4.66%	at maturity	2006	-
				<u>784,618</u>				
Other Securities								
	Index linked notes BES-CAYMAN	Dec/01	USD	11,347	a)	at maturity	2009	-
	Commercial Paper	Dec/01	EUR	49,709	3.40%	at maturity	2002	-
	Certificates of Deposit	-	EUR	1,729,838	3.50%	-	-	-
	Total			2,575,512				

Issuer	Designation	Issue Date	Currency	Amount (Euro '000)	Global Yield/ Interest Rate	Interest Payment Period	Maturity	Listed
BES	Total BES / Carried from previous page							
	Outstanding Bonds			784,618	-	-	-	-
	Other Securities			1,790,894	-	-	-	-
				<u>2,575,512</u>				
BIC	Outstanding Bonds							
	Bonds BIC 98 - 3rd issue series (A. B. C)	Jul / 98; Aug/98; Sep/98	EUR	249,399	6M Euribor +15bp	half-yearly	2003	-
	Bonds BIC 99 - 3rd issue series (A. B)	Sep/99; Nov/99	EUR	200,000	6M Euribor +65bp	half-yearly	2008	-
	Bonds BIC/SFE 2000 - 1st issue	1.set.00	EUR	75,000	6M Euribor +32bp	half-yearly	2005	-
	Bonds BIC/CAYMAN 2001 - 1st to 23rd issue	Feb/01 to Jun/01	EUR	1,200,000	5.4% - 6.075%	annual	2008 - 2013	-
	Bonds BIC/CAYMAN 2001 - 24th to 27th issue	Jul/01	EUR	300,000	6.01% - 6.16%	at maturity	2014 - 2015	-
	Bonds BIC/CAYMAN 2001 - 28th to 30th issue	Aug/01 to Nov/01	EUR	150,000	4.29% - 5.42%	at maturity	2004 - 2011	-
				<u>2,174,399</u>				
	Other Securities							
	Certificates of Deposit	-	EUR	11,268	3.97%	-	-	-
				<u>2,185,667</u>				
BESLEASING MOBILIÁRIA	Outstanding Bonds							
	Bonds BLM 00	Nov/00	EUR	50,000	6M Euribor	half-yearly	2005	-
				<u>50,000</u>				
BESLEASING IMOBILIÁRIA	Outstanding Bonds							
	Bonds BLI 99	Dec / 99	EUR	12,000	4.0170%	half-yearly	2009	-
	Bonds BLI 00	Nov/00	EUR	60,000	3.9775%	half-yearly	2010	-
				<u>72,000</u>				
BES FINANCE	Euro Medium Term Notes							
	Euro Medium Term Notes Programme	Feb / 99	EUR	400,000	3M Euribor +15bp	quarterly	2004	Luxembourg
	Euro Medium Term Notes Programme	Jul / 99	EUR	400,000	3M Euribor +10bp	quarterly	2002	Luxembourg
	Euro Medium Term Notes Programme	Jan / 00	USD	340,406	3M USD Libor +15bp	quarterly	2005	Luxembourg
	Euro Medium Term Notes Programme	Sep / 00	EUR	500,000	3M Euribor +15bp	quarterly	2003	Luxembourg
	Euro Medium Term Notes Programme	Nov / 00	EUR	225,000	3M Euribor +18.75bp	quarterly	2005	Luxembourg
	Euro Medium Term Notes Programme	Nov / 00	USD	340,406	3M USD Libor +20bp	quarterly	2005	Luxembourg
	Euro Medium Term Notes Programme	Dec / 00	GBP	82,169	3M GBP Libor +5bp	quarterly	2002	Luxembourg
	Euro Medium Term Notes Programme	Jan / 01	EUR	150,000	3M Euribor +5bp	quarterly	2002	Luxembourg
	Euro Medium Term Notes Programme	Jan / 01	EUR	400,000	3M Euribor +17.5bp	quarterly	2006	Luxembourg
	Euro Medium Term Notes Programme	Jun / 01	EUR	600,000	3M Euribor +10bp	quarterly	2006	Luxembourg
	Euro Medium Term Notes Programme	Sep / 01	EUR	600,000	3M Euribor +20bp	quarterly	2004	Luxembourg
				<u>4,037,982</u>				
BESI	Outstanding Bonds							
	Bonds "Super Rendimento Best"	Nov / 01	EUR	3,071	6.25%	annual	2003/2004	Lisbon
	Bes Investimento Caixa - zero coupon	Sep / 98	PTE	2,500	-	at maturity	2002	Lisbon
	Euro Medium Term Notes							
	Euro Medium Term Notes Programme	Several	EUR	227,568	4.07%	quart/annual/at maturity	Diversas	-
				<u>233,139</u>				
ES PLC	Other Securities							
	Equity linked notes	Mar/01	EUR	71,536	a)	at maturity	2002	-
				<u>71,536</u>				
EUROGES	Other Securities							
	Commercial Paper	Out/01	EUR	22,500	3.6114%	Issued at a discount	2002	-
				<u>22,500</u>				
BESNAC	Other Securities							
	Commercial Paper	Dez/01	USD	1,144	1.8108%	at maturity	2002	New York
				<u>1,144</u>				
	TOTAL			<u>9,249,480</u>				
	Outstanding Bonds			3,086,588				
	Euro Medium Term Notes			4,265,550				
	Certificates of Deposit			1,741,106				
	Other Securities			156,236				
				<u>9,249,480</u>				
	Eliminations (Outstanding Bonds)			444,937				
	Total Consolidated			<u>8,804,543</u>				

a) Variable yield determined according to the change in the associated basket, as defined in the terms and conditions

b) Call option may be exercised on 12th and 16th coupons at a premium of 0.25% and 0.1% on nominal value, respectively.

Note 18 – Other Liabilities

	BES		Consolidated	
	2001	2000	2001	2000
Corporate income tax payable	-	39,349	15,848	47,337
Other taxes payable	10,729	10,460	20,326	18,813
Sundry non-resident creditors	5,610	4,904	46,864	42,783
Other suppliers resident in Portugal	20,187	21,287	29,027	28,967
Other creditors	62,098	13,810	125,808	38,695
Others	1,534	1,585	5,308	3,934
	100,158	91,395	243,181	180,529

As of December 31, 2000, the balance of income tax (IRC) payable included Euro 34,759 thousand relating to deferred tax liabilities arising from the revaluation of derivatives operations (see Note 31). On December 31, 2001 the Bank and the Group recognized the value of deferred tax liabilities of Euro 35,382 thousand and Euro 37,800, respectively, as “Provisions for other risks and charges” (see Note 20).

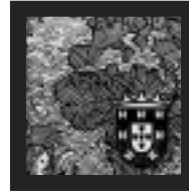
Note 19 – Accruals and Deferrals (liabilities)

	BES		Consolidated	
	2001	2000	2001	2000
Accrued costs	317,569	326,952	405,138	445,261
Unearned income	27,352	82,839	44,650	104,070
Sundry transactions pending settlement	14,062	15,447	43,775	46,712
Collections pending settlement	8,900	13,102	31,241	24,682
Discount on currency and interest rate swaps	-	5,533	65	4,227
Stock exchange transactions pending settlement	-	-	59,689	56,944
Others	6,633	6,288	110,699	51,438
	374,516	450,161	695,257	733,334

Nota 20 – Provisions

The movement at provisions for the financial years ended on December 31, 2001 and 2000 was as follows:

	Provisions Included in Assets						
	Provisions for Claims from Credit Institutions	Provisions for Overdue Loans and Interest	Provisions for Doubtful Loans and Advances to Customers	Provisions for losses on Investment Securities	Provisions for Equity Holdings	Provisions for Losses in Other Holdings	Total
BES							
Balance at December 31, 1999	20,767	166,569	8,100	61,532	1,014	2,800	260,782
FX adjustments	1,485	693	(60)	452	(249)	323	2,644
Transfers	(1,612)	3,215	-	1,612	-	-	3,215
Increases	14,983	43,478	3,764	158,214	62,940	527	283,906
Use	-	(45,025)	(1,000)	(3,003)	-	-	(49,028)
Recovery of overprovisions	(2,610)	(1,129)	(668)	(98,024)	(15,533)	(78)	(118,042)
Balance at December 31, 2000	33,013	167,801	10,136	120,783	48,172	3,572	383,477
FX adjustments	2,893	627	-	948	-	73	4,541
Transfers0	975	-	-	-	-	975	
Increases	10,300	75,256	3,195	114,921	23,166	639	227,477
Use	(24,981)	(77,519)	-	(35,733)	-	(1,024)	(139,257)
Recovery of overprovisions	(7,905)	(2,856)	-	(91,756)	(146)	(351)	(103,014)
Balance at December 31, 2001	13,320	164,284	13,331	109,163	71,192	2,909	374,199
Consolidated							
Balance at December 31, 1999	20,790	273,121	11,398	72,634	2,893	19,009	399,845
FX adjustments	1,492	1,596	1,317	258	2,887	505	8,055
Transfers	(1,612)	4,094	(690)	1,612	65	(262)	3,207
Increases	15,184	95,550	11,958	169,972	4,002	1,479	298,145
Use	-	(57,852)	(1,000)	(3,003)	(172)	(1)	(62,028)
Recovery of overprovisions	(2,774)	(27,702)	(6,072)	(103,513)	(4,178)	(2,232)	(146,471)
Balance at December 31, 2000	33,080	288,807	16,911	137,960	5,497	18,498	500,753
FX adjustments	2,888	1,131	26	954	(499)	1	4,511
Transfers(5)	3,095	(3,533)	4,258	(2,933)	(677)	205	
Increases	11,045	142,278	8,280	166,106	20,364	2,459	350,532
Use	(24,977)	(115,504)	-	(37,373)	-	(1,051)	(178,905)
Recovery of overprovisions	(8,693)	(30,144)	(6,315)	(137,740)	(457)	(1,618)	(184,967)
Balance at December 31, 2001	13,338	289,663	15,369	134,165	21,972	17,622	492,129



	Provisions Included in Liabilities					Total
	Provisions for Pensions and Other Liabilities	Fund for General Banking Risks	Provisions for Other Risks and Charges	Provisions for General Credit Risks	Total	
BES						
Balance at December 31, 1999	-	-	-	138,328	138,328	399,110
FX adjustments	-	-	-	903	903	3,547
Transfers	-	-	-	(3,215)	(3,215)	-
Increases	-	-	-	47,935	47,935	331,841
Use	-	-	-	(91)	(91)	(49,119)
Recovery of overprovisions	-	-	-	(6,599)	(6,599)	(124,641)
Balance at December 31, 2000	-	-	-	177,261	177,261	560,738
FX adjustments	-	-	-	547	547	5,088
Transfers	-	-	35,382	(975)	34,407	35,382
Increases	-	-	-	18,119	18,119	245,596
Use	-	-	-	-	0	(139,257)
Recovery of overprovisions	-	-	-	(479)	(479)	(103,493)
Balance at December 31, 2001	-	-	35,382	194,473	229,855	604,054
Consolidated						
Balance at December 31, 1999	3,512	10,719	-	194,237	208,468	608,313
FX adjustments	(2)	1,789	-	1,345	3,132	11,187
Transfers	-	-	-	(3,207)	(3,207)	-
Increases	996	65,824	-	73,897	140,717	438,862
Use	(772)	-	-	(851)	(1,623)	(63,651)
Recovery of overprovisions	-	(24,253)	-	(10,693)	(34,946)	(181,417)
Balance at December 31, 2000	3,734	54,079	-	254,728	312,541	813,294
FX adjustments	-	(48)	-	3,493	3,445	7,956
Transfers	-	(121)	37,202	(1,354)	35,727	35,932
Increases	1,593	14,707	1,022	36,364	53,686	404,218
Use	(5,280)	-	-	-	(5,280)	(184,185)
Recovery of overprovisions	-	(8,779)	(424)	(5,212)	(14,415)	(199,382)
Balance at December 31, 2001	47	59,838	37,800	288,019	385,704	877,833

Nota 21 – Subordinated Debt

The main characteristics of the subordinated debt of the Bank and the Group are as follows:

Designation	Issuer	Issue Date	Currency	Amount (Euro '000)	Eliminations (Euro '000)	Consolidated (Euro '000)
Subordinated bonds	BES	Nov/93	EUR	34,997	-	34,997
Subordinated bonds	BES	April/96	EUR	59,857	-	59,857
Subordinated bonds	BES	Jun/97	EUR	99,760	-	99,760
Subordinated perpetual bonds	BES	Jun/97	EUR	99,760	-	99,760
Subordinated perpetual loans	BES (Cayman)	Mar/00	USD	226,406	(226,406)	-
Subordinated loans	BES (Cayman)	Nov/00	USD	56,735	(56,735)	-
Subordinated loans	BES (Cayman)	Nov/00	EUR	300,000	(300,000)	-
Subordinated loans	BES (Cayman)	Apr/01	EUR	170,000	(170,000)	-
Subordinated loans	BES (Cayman)	Nov/01	USD	283,670	(283,670)	-
				<u>1,331,185</u>	<u>(1,036,811)</u>	<u>294,374</u>
Subordinated bonds BIC 93	BIC	Mar/93	EUR	9,553	-	9,553
Subordinated bonds BIC 95	BIC	Oct/95	EUR	24,940	-	24,940
Subordinated perpetual bonds BIC 97	BIC	Nov/97	EUR	49,880	(2,450)	47,430
Subordinated perpetual bonds BIC 98	BIC	Nov/98	EUR	24,940	(7,097)	17,843
Subordinated loans	BIC (Cayman)	Jan/00	EUR	40,000	(40,000)	-
Subordinated loans	BIC (Cayman)	Dec/00	EUR	60,000	(60,000)	-
				<u>209,313</u>	<u>(109,547)</u>	<u>99,766</u>
Subordinated perpetual bonds	BES Finance	Jun/97	USD	226,938	-	226,938
Subordinated bonds	BES Finance	Nov/99	USD	56,735	-	56,735
Subordinated bonds	BES Finance	Mar/00	EUR	300,000	-	300,000
Subordinated bonds	BES Finance	May/01	EUR	400,000	-	400,000
				<u>983,673</u>	<u>-</u>	<u>983,673</u>
Subordinated bonds	Besl, Imobiliária	May/01	EUR	7,000	-	7,000
Subordinated bonds	Besl, Mobiliária	Dec/99	EUR	12,000	(9,500)	2,500
Subordinated perpetual bonds	Credibom	Nov/99	EUR	9,000	(2,900)	6,100
Subordinated bonds	BESI	Dec/96	PTE	29,928	-	29,928
Subordinated bonds	BESI	Dec/98	EUR	19,952	-	19,952
				<u>49,880</u>	<u>-</u>	<u>49,880</u>
TOTAL				2,602,051	(1,158,758)	1,443,293

(a) Offer rate for US\$ announced by Telerate

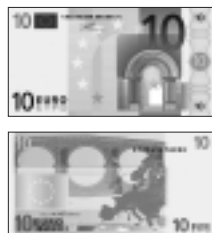
(b) Interest rate from these bonds may never fall below the annual base rate (TBA) prevailing over the same period

(c) First coupon was based on a 15% rate

(d) The first coupon was based on the 6 month Lisbor plus a 0.50% margin, subject to a 10% floor.

(e) The first coupon was based on the 6 month Lisbor plus a 0.60% margin

Designation	Interest Rate				Maturity	Call Option		Listed
	Index	Spread	Present Rate	Coupon		On Coupons	Associated Premium	
Subordinated bonds	Lisbor 6m	+ 0.125%	3.7500%	1st to last (b)	2003	11th/13th/16th	0.125%/0.1%/0.075%	Lisbon
Subordinated bonds	Lisbor 6m	+ 0.15%	3.4375%	1st to last	2006	11th/13th/16th	0.125%/0.1%/0.075%	Lisbon
Subordinated bonds	Lisbor 6m	+ 0.15%	3.5000%	1st to last	2007	11th/13th/16th	0.125%/0.1%/0.075%	Lisbon
Subordinated perpetual bonds	Lisbor 3m	+0.68%	4.0791%	1st to 28th	-	28th and following	-	Lisbon
Subordinated perpetual loans	Lisbor 3m	+2.18%	-	After 28th	-	9th and following	-	-
	Libor 3m	+0.68%	3.9613%	1st to 9th				
	Libor 3m	+2.18%	-	After 9th				
Subordinated loans	-	-	7.8000%	-	2009	-	-	-
Subordinated loans	-	-	6.6630%	-	2010	-	-	-
Subordinated loans	-	-	6.3750%	-	2011	-	-	-
Subordinated loans	Libor 3m	+1.95%	2.6038%	-	2006	-	-	-
Subordinated bonds BIC 93	TBA	x 1.055	4.3125%	2nd to last (c)	2003	10th/12th/14th/ 16th /18th	0.125% / 0.1% / 0.075% / 0.06% / 0.025%	Lisbon
Subordinated bonds BIC 95	Lisbor 6m	+ 0.3%	3.9375%	2nd to last (d)	2002	10th / 12th	0.125% / 0.1%	Lisbon
Subordinated perpetual bonds BIC 97	Lisbor 3m	+ 0.73%	4.1468%	1st to 28th	-	28th and following	-	Lisbon
	Lisbor 3m	+ 2.23%	-	After 28th				
Subordinated perpetual bonds BIC 98	Lisbor 3m	+ 1.95%	5.4023%	1st to 28th-	-	28th and following	-	-
	Lisbor 3m	+ 2.95%	-	After 28th				
Subordinated loans	Euribor 3m	+ 1.80%	5.1760%	1st to last	-	19th and following	-	-
Subordinated loans	Euribor 3m	+ 1.80%	5.1760%	1st to last	-	15th and following	-	-
Subordinated perpetual bonds	a)	+ 0.625%	3.9613%	1st to 20th	-	20th and following	-	Luxembourg
	a)	+ 2.125%	-	After 20th				
Subordinated bonds	-	-	7.8000%	1st to 20th	2009	-	-	Luxembourg
Subordinated bonds	-	-	6.6250%	1st to 10th	2010	-	-	Luxembourg
Subordinated bonds	-	-	6.2500%	1st to 10th	2011	-	-	Luxembourg
Subordinated bonds	Euribor 6m	+ 1.25%	4.6619%	1st to last	2011	10th and following	-	-
Subordinated bonds	Euribor 6m	+ 1.12%	4.3820%	1st to last	2009	10th and following	-	-
Subordinated perpetual bonds	Euribor 3m	+ 1.50%	5.1250%	1st to 20th	-	20th and following	-	-
	Euribor 3m	+ 2.50%	-	21st to last	-			
Subordinated bonds	Lisbor 6m	+ 0.5%	4.9155%	1st to last	2006	14th	-	Lisbon
Subordinated bonds	Euribor 6m	+0.6%	3.8220%	2nd to last (e)	2008	-	-	Lisbon



Total charges attributed to subordinated liabilities, recognized and paid by BES during the financial years ended on December 31, 2001 and 2000, were as follows:

	BES			
	2001		2000	
	Charges Attributed	Charges Paid	Charges Attributed	Charges Paid
Bonds	12,005	12,825	11,409	10,481
Perpetual bonds	5,130	5,139	4,957	4,949
Participation certificates	3	10	22	33
	17,138	17,974	16,388	15,463

Note 22 – Minority Interests

As of December 31, 2001 minority interests in the consolidated balance sheet were as follows:

	2001	2000
BESOL	284,263	269,226
ESOL	284,079	268,883
BEST	9,877	-
BESI a)	5,960	-
BESSA a)	(3,663)	669
BESLEASING MOBILIÁRIA	4,782	4,814
ESAF, SGPS	9,821	8,695
ESDI	4,467	4,401
CREDIBOM	10,640	7,805
BESLEASING IMOBILIÁRIA	3,070	2,674
ES CAPITAL	80	75
ES COBRANÇAS	35	-
BES ORIENTE	75	246
CREDIFLASH	436	388
ES FINANCIAL CONSULTANTS	142	186
GESFINC	17	32
ES CONTACT CENTER	826	795
ES BANK	612	535
OTHERS	17	-
	615,536	569,424

a) Minority interests resulting from sub-consolidation in BESI and in BESSA

The minority interests of ESOL correspond to the Euro equivalent of US\$100 million and US\$150 million, represented by 10 million non-voting preference shares, nominal value US\$25 per share, issued by this company in the US in November 1993 and August 1999, respectively.

These preference shares, which are listed on the New York Stock Exchange, pay a quarterly preferred dividend corresponding to 8.5% p.a. on nominal value, as follows:

- US\$ 100 million – on March 31, June 30, September 30 and December 31 of each year;
- US\$ 150 million – on March 1, June 1, September 1 and December 1 of each year, beginning December 1, 1999.

BESOL issued 10 million non-voting preference shares, nominal value US\$25 each, listed on the London Stock Exchange in November 1996. The Euro equivalent of the US\$250 million corresponds to the relevant minority interest shown.

These preference shares pay a preferred quarterly dividend on February 15, May 15,

August 15, and November 15 of each year, based on the 3-months Libor for US Dollar plus 1.95% per annum.

Preference shares of ESOL are redeemable wholly or in part at nominal value at ESOL's option, from December 1, 2003 (1st issue) and September 1, 2004 (2nd issue), while those of BESOL are redeemable from May 15, 2002 onwards, subject to the Bank of Portugal's prior approval.

Dividends and principal repayments in relation to either of the two above-mentioned issues are unconditionally guaranteed by BES, as the latter had earnings and reserves at the end of the previous year available for distribution to its shareholders.

During 2001, the Bank and the Group paid preference dividends totalling Euro 19,203 thousand (2000 - Euro 21,584 thousand) and Euro 42,241 thousand (2000 – Euro 45,941 thousand), respectively. These amounts were included in the consolidated income statement under "Minority interests".

These shares rank behind any liability of BES, and *pari passu* with any preference shares that may be issued by the Bank.

Nota 23 – Movement in Equity Accounts

	BES				
	Balance at December 31, 2000	Increases	Reductions	Transfers	Balance at December 31, 2001
Capital subscribed	1,000,000	-	-	-	1,000,000
Share premium account	293,562	-	(100,612)	-	192,950
Reserves					
Legal reserves	57,361	-	-	13,439	70,800
Other reserves	28,987	-	-	8,036	37,023
	86,348	-	-	21,475	107,823
Profit for the period					
2000	134,375	-	(112,900)	(21,475)	-
2001	-	141,140	-	-	141,140
	1,514,285	141,140	(213,512)	-	1,441,913

	Consolidated					
	Balance at December 31, 2000	Increases	Reductions	Consolidation and Revaluation Differences	Transfers	Balance at December 31, 2001
Capital subscribed	1,000,000	-	-	-	-	1,000,000
Share premium account	293,562	-	(100,612)	-	-	192,950
Reserves						
Legal reserves	57,361	-	-	-	13,439	70,800
Other reserves	(139,488)	1,321	-	(11,210)	91,602	(57,775)
	(82,127)	1,321	-	(11,210)	105,041	13,025
Retained earnings	-	-	-	-	-	-
Profit for the period	-					
2000	227,993	-	(122,952)	-	(105,041)	-
2001	-	197,709	-	-	-	197,709
	1,439,428	199,030	(223,564)	(11,210)	-	1,403,684

Subscribed capital and share premium account

As of 31 December 2001 the Bank's share capital, totaling Euro 1,000,000 thousand, was represented by 200,000 thousand shares, of nominal value 5 euro each. The principal shareholders were as follows:

	Percentage of Capital	
	2001	2000
BESPAR - Sociedade Gestora de Participações Sociais, SA	41.98%	41.98%
Crédit Agricole	8.81%	9.18%
Companhia de Seguros Tranquilidade-Vida, SA	6.14%	4.68%
Companhia de Seguros Tranquilidade, SA	-	1.42%
Others	43.07%	42.74%
	100.00%	100.00%

At the General Shareholders' Meeting of BES held on December 31, 2001, a capital increase from Euro 1,000 million to Euro 1,500 million, through the issue of 100 million new dematerialized registered common shares, at nominal value of euro 5 each was approved.

The meeting approved the proposed capital increase on the following terms:

- 50 million new shares awarded to Shareholders as bonus shares through the incorporation of reserves available for the purpose, with a ratio of one bonus share for each four shares held.
- 50 million new shares to be subscribed by current Shareholders at the price of Euro 11.00, each shareholder being entitled to subscribe one new share for each four shares held.

Stock-based Incentive Scheme (SIBA)

The Bank's General Meeting on June 20, 2000 approved the implementation of a stock-based incentive scheme. This stock bonus plan, initiated in 2000, involved the award of 1,735 thousand shares (0.87% of total share capital), for an overall amount of Euro 31.0 million, as of December 31, 2001. This amount was included under "Other assets – Sundry debtors".

Legal Reserve

The sole permitted use of the legal reserve is as coverage of accumulated losses or to increase capital. Portuguese legislation applicable to the

banking sector (Article 97 of Decree-Law no. 298/92, December 31) requires that the legal reserve be credited with a minimum of 10% of each year's net earnings until it accumulates to an amount equal to the registered capital.

Other reserves, Retained earnings and Share premium account

As at December 31, 2001, other reserves and retained earnings included, in addition to (non-distributed) earnings from previous years, Euro 281,157 thousand (December 31, 2000 – Euro 269,977 thousand) corresponding to the annulment of accumulated consolidation and revaluation differences (see Note 3.2), and Euro 138,935 thousand, corresponding to the extraordinary pension fund charge

arising from early retirements which occurred up to and including December 31, 2001 (see Note 3.3 j)).

During 2001, the movement in the share premium account reflected the deduction, previously authorized by Bank of Portugal, of (i) cost of extraordinary contributions to the pension funds arising from early retirements which occurred during the year (Euro 66,844 thousand) and (ii) the net deficit on the Group's pension funds that as of December 31, 2000 had not been charged to expenses (Euro 33,768 thousand) (see Note 3.3 j)).

These two effects resulted in the following movements:

	2000	Movement	2001
(i) Consolidation and Revolution Differences			
BESSA	8,899		8,899
BESLEASING MOBILIÁRIA	5,442		5,442
BESLEASING IMOBILIÁRIA	(887)		(887)
BIC	54,768		54,768
EUROGES	(129)		(129)
CREDIFLASH	198		198
CÉNTIMO	298		298
BESI	42,545	1,140	43,685
BES VÉNÉTIE	1,282		1,282
E.S. DEALER	1,847		1,847
E.S. CAPITAL	(45)		(45)
ESAF, SGPS	(36)		(36)
INTERATLÁNTICO	55,482		55,482
ESDI	134		134
E.S. BANK	37,035		37,035
E.S. FINANCIAL CONSULTANTS	284		284
QUADRIGA a)	1,840	215	2,055
SGPICE a)	0	(1,000)	(1,000)
CLARITY a)	0	5,713	5,713
HISCAPITAL	4,356	2,799	7,155
E.S. INVERSIONES	56,640	2,313	58,953
GESFINC	24		24
	<u>269,977</u>	<u>11,180</u>	<u>281,157</u>
(ii) Deferred Pension Costs	<u>138,935</u>	<u>100,612</u>	<u>239,547</u>
	408,912	111,792	520,704

a) Companies from BES.com Group

The Bank's 2000 earnings were appropriated as follows:

Legal reserves	13,439
Other reserves	8,036
Appropriations to	
Pension Fund	10,000
Dividends to shareholders	86,400
Employee bonus	16,500
	134,375

Note 24 – Retirement Pensions

In compliance with the collective labor agreement for the banking sector entered into with the unions, the Bank undertook to grant its employees, or their families, old age, disability, and widows' pensions. Pension payments consist of a rising percentage, based on years of service, of each year's negotiated salary scale for the active workforce.

In accordance with Decree-Law no. 396/86, November 25, on December 30, 1987, the Bank established a pension fund to cover the above-mentioned pension payment to active members of the workforce as of that date.

During 1998, the Bank and the Group's subsidiaries decided to establish an autonomous open-end pension fund - the Fundo de Pensões Aberto GES - to fund complementary pension benefits for retired and active employees.

The above-mentioned funds are managed by Espírito Santo Fundo de Pensões, SA.

Until the 2000 financial year the recognition, treatment and disclosure in the accounts of liabilities for retirement and survival pensions were regulated by Bank of Portugal

Notice no. 6/95, September 21. In 2001, Bank of Portugal Notice no. 12/2001, November 9, imposed new rules on this matter. The application in 2001 of the new regulations resulted in the following liabilities, charges, contributions to pension funds and coverage levels:

i) Number of participants	BES	
	2001	2000
Active workers	4,998	5,279
Retired workers	4,237	3,681
Survivors	720	710
Total	9,955	9,670

ii) Composition of liabilities	BES	
	2001	2000
Current service cost	10,805	a)
(+) Interest cost	59,418	a)
(-) Expected return on Fund assets	46,687	a)
(=) Current plan costs	23,536	a)
(+) Amortization of structural unfunded shortfall	8,591	a)
(+) Anticipation of structural unfunded shortfall	9,480	a)
(+) Extraordinary expenses arising from early retirements	68,524	a)
(+) Actuarial gains and losses	75,925	a)
(=) Liabilities for the year	186,056	a)

a) not applicable

iii) Offsetting of liabilities	BES	
	2001	2000
Staff costs	19,823	16,673
(+) Extraordinary losses	11,950	9,265
(+) Appropriation of 2000 earnings	10,000	16,460
(+) Actuarial gains and losses	75,949	-
(+) Use of reserves/share premium account	66,844	32,287
(+) Deferred costs/(revenues)	1,490	-
Total	186,056	74,685



In 2001, after obtaining Bank of Portugal's authorization, BES made an additional use of the share premium account to cover actuarial losses determined in previous years, amounting to Euro 33,768 thousand.

iv) Contributions to the funds	BES	
	2001	2000
Current contributions	32,127	26,733
Extraordinary contributions		
Early retirements	68,524	45,939
Anticipation of structural unfunded shortfall	9,480	-
Actuarial gains and losses in period	75,925	-
Actuarial gains and losses in previous periods	<u>33,768</u>	<u>2,013</u>
	187,697	47,952
Total	219,984	74,685

All contributions were made in cash.

v) Value of pension funds	BES	
	2001	2000
Opening balance	713,428	691,895
(+) Bank contributions	219,824	74,685
(-) Pensions paid	57,160	45,565
(+) Fund net return	(28,323)	(7,587)
(=) Closing balance	847,769	713,428

vi) Liabilities at end of period	BES	
	2001	2000
For past service		
Pensions payable	708,208	621,870
Active workers	<u>222,607</u>	<u>226,959</u>
	930,815	848,829
Unrecognized liabilities	<u>(83,561)</u>	a)
Liabilities subject to funding	<u>847,254</u>	<u>a)</u>
For future service b)	<u>205,883</u>	<u>a)</u>

a) Not-applicable.

b) Liabilities for past service in respect of workers in active service as of December 31, 1994 and assumed to retire after December 31, 1997, which will be amortized over the period to 2014

vii) Minimum funding levels	BES	
	2001	2000
Minimum funding level	840,302	a)
Value of Fund	847,769	713,428
Funding Surplus/(Shortfall)	7,467	a)

a) Not applicable

As of December 31, 2001 and 2000 past service pension liabilities were calculated in accordance with the following assumptions, based on the mortality table TV 73/77, and the present value of projected and present salaries for active and retired personnel, respectively.

	ACTV Fund		Open-end Fund	
	Forecast	Actual (2001)	Forecast	Actual (2001)
Salary increase rate	4.0%	7.6%	4.0%	7.6%
Fund return rate	7.0%	(4.5%)	7.0%	(1.7%)
Pension growth rate	3.0%	3.5%	3.0%	3.5%
"Projected Unit Credit Method"				

The Bank intends to continue commissioning periodic actuarial studies for the purpose of updating its assessment of the liabilities it has incurred in respect of pensions.

(December 31, 2000 - 84%) by existing provisions and pension funds totaling Euro 925,669 thousand (December 31, 2000: Euro 776,593 thousand).

The combined liabilities of the Bank and its subsidiaries for retirement pensions, which totaled Euro 933,577 thousand on December 31, 2001 (December 31, 2000 – Euro 920,453 thousand) are approximately 99% covered

Certain property of the assets of the pension fund are used by the Group the value of which as of December 31, 2001 was Euro 50,824 thousand.

Note 25 – Off-Balance Sheet Items

	BES		Consolidated	
	2001	2000	2001	2000
Liabilities and endorsements				
Guarantees and endorsements	7,839,326	6,177,557	4,111,083	3,768,162
Documentary credits outstanding	207,558	219,510	223,095	230,523
Others	28,997	34,700	37,204	311,433
	<u>8,075,881</u>	<u>6,431,767</u>	<u>4,371,382</u>	<u>4,310,118</u>
Commitments				
Irrevocable credits	486,426	1,626,095	704,413	2,631,736
Revocable credits	<u>1,279,070</u>	-	<u>2,117,231</u>	<u>39,928</u>
	<u>1,765,496</u>	<u>1,626,095</u>	<u>2,821,644</u>	<u>2,671,664</u>

As of December 31, 2001, "Guarantees and endorsements" included Euro 130,000 thousand of securities in the Bank's own portfolio earmarked as collateral for an irrevocable line of credit from Bank of Portugal, within the framework of the Major Transactions Payment System (SPGT). No drawings had been made against this credit line up to the reporting date.

In the course of their activities, the Bank and Group employ derivative currency and interest rate instruments (i) to satisfy their customers' needs, (ii) to manage exchange and interest rate risks associated with their assets and liabilities and off-balance-sheet items and (iii) to take positions that enable them to benefit from expected market trends.

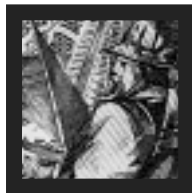
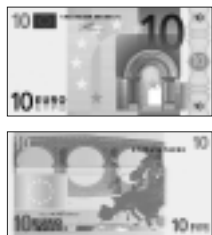
These instruments are associated with (i) market risks inherent in fluctuating exchange and/or interest rates, and (ii) credit risk represented by contract substitution at current market rates.

Profits and losses determined in the derivative instruments trading portfolio are taken to the income statement respectively as profits or losses in financial operations. In 2001 the profits and losses determined by the Bank and the Group in all financial transactions, derivative instruments and other financial instruments were as follows:

	BES		Consolidated	
	2001	2000	2001	2000
Gains in financial operations	3,341,111	2,957,103	3,804,228	3,594,927
Derivative instruments	2,656,614	2,062,849	3,006,293	2,324,313
Others	684,497	894,254	797,935	1,270,614
Losses in financial operations	3,265,993	2,788,020	3,688,274	3,395,455
Derivative instruments	2,594,306	2,041,420	2,867,108	2,279,420
Others	671,687	746,600	821,166	1,116,035

Approximately 2.6% (Euro 82 million) of the profits from derivative instruments calculated by the Group (2.0% or Euro 55 million in BES) in 2001 related to options on shares of Tranquilidade-Vida and E.S. Seguros. The option on 9.5% of Tranquilidade Vida's share

capital was exercised on schedule. These transactions were carried out within the scope of the placement of minority blocks of shares and were negotiated in the first half of 2001 with entities bearing no relation with the Group.



As of 31 December 2001, the instruments employed for these purposes and respective notional and market values were as follows (in Euro million):

	BES		Consolidated	
	Nominal Value	Market Value	Nominal Value	Market Value
Contracts over exchange rate				
Over the counter market	10,723	(10)	10,996	8
Organized market	-	-	10	-
Contracts over interest rate				
Over the counter market	29,061	19	31,138	74
Organized market	42,403	-	45,667	-
Contracts over shares/index				
Over the counter market	1,201	(5)	1,038	(17)
Organized market	-	-	41	-
Contracts over credits				
Over the counter market	1,279	(7)	1,217	(6)
Organized market	-	-	-	-
Total	84,667	(3)	90,107	59

The maturity of contracts at notional amount as of December 31, 2001 was as follows:

	BES					Consolidated				
	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Contracts over exchange rate										
Over the counter market	6,801	3,635	287	-	10,723	6,782	3,980	234	-	10,996
Organized market	-	-	-	-	-	7	3	-	-	10
Contracts over interest rate										
Over the counter market	1,131	4,826	12,236	10,868	29,061	1,768	6,581	13,447	9,342	31,138
Organized market	27,157	15,246	-	-	42,403	28,597	16,982	54	34	45,667
Contracts over shares/index										
Over the counter market	138	685	367	11	1,201	145	509	373	11	1,038
Organized market	-	-	-	-	-	41	-	-	-	41
Contracts over credits										
Over the counter market	99	168	1,000	12	1,279	93	160	955	9	1,217
Organized market	-	-	-	-	-	-	-	-	-	-
Total	35,326	24,560	13,890	10,891	84,667	37,433	28,215	15,063	9,396	90,107

As of December 2001 and 2000, the detailed breakdown by instrument was as follows:

	BES					Consolidated				
	2001				2000	2001				2000
	Contract Value (1)	Market Value (2)	Balance Value (3)	Credit Risk (4)	Contract Value (1)	Contract Value (1)	Market Value (2)	Balance Value (3)	Credit Risk (4)	Contract Value (1)
Contracts traded in OTC markets										
Foreign exchange operations										
Spot										
Purchase	275,793	(24)	-	-	131,965	289,105	(273)	-	-	155,541
Sale	275,817				132,003	289,378				152,852
Forward										
Property trading										
Purchase	-	-	-	-	-	34,923	367	367	442	94,216
Sale	-	-	-	-	-	34,731				93,937
Hedging										
Purchase	51,293	(213)	13	370	52,340	72,001	(210)	54	539	52,340
Sale	51,509				51,036	72,194				51,036
Currency Swaps										
Property trading										
Purchase	-	-	-	-	-	35,748	(128)	(128)	9	60,868
Sale					36,287					60,192
Hedging										
Purchase	9,938,215	632	747	100,552	10,295,511	10,128,581	(672)	727	106,626	10,281,942
Sale	9,916,602				10,326,344	10,107,784				10,320,326
Interest Rate Swaps										
Property trading	22,548,999	88,876	88,876	499,431	29,044,598	23,515,546	96,455	96,455	511,860	30,127,005
Hedging	3,587,373	(69,317)	(30,761)	31,500	1,898,318	1,889,556	(21,053)	10,311	23,652	2,045,786
Credit Default Swaps										
Property trading	1,272,158	(7,029)	(7,029)	7,628	349,638	1,213,695	(7,724)	(7,724)	6,710	349,638
Hedging	6,808	-	-	1,594	-	3,404	1,594	-	1,594	-
Equity/Index Swaps										
Property trading	533,689	(11,407)	(11,407)	13,051	454,144	348,857	(19,448)	(19,448)	2,230	474,824
Hedging	413,626	(10,233)	(3,060)	9,050	75,046	401,717	(10,342)	(3,060)	9,050	47,246
Currency Interest Rate Swaps										
Property trading										
Purchase	-	-	-	-	373,271	96,569	4,036	4,036	4,036	241,835
Sale	-	-	-	-	354,210	90,571				204,810
Hedging										
Purchase	212,206	(11,797)	(773)	5,835	264,042	107,206	3,516	(1,107)	5,835	159,042
Sale	212,408	(11,797)	(773)	5,835	257,696	100,527				151,954
Forward Rate Agreements										
Property trading	8,433	(5)	(5)	4	8,873,752	23,433	(7)	(7)	6	8,827,272
Hedging	56,734	(40)	-	-	-	56,734	(40)	-	-	-
Foreign Exchange Options										
Property trading										
Purchase	260,437	2,285	3,004	2,285	229,905	260,437	2,285	3,004	2,285	229,905
Sale	260,483	(1,401)	(1,769)	-	229,662	260,483	(1,401)	(1,769)	-	229,662
Interest Rate Options - Swaption										
Property trading										
Purchase	60,000	(567)	(538)	-	-	60,000	(567)	(538)	-	50,000
Sale	60,000	567	567	567	470,000	60,000	567	567	567	520,000
Hedging										
Sale	-	-	-	-	-	10,000	(1)	100	-	39,928
Equity Options										
Property trading										
Purchase	53,375	21,255	19,542	21,493	118,098	54,305	21,323	19,542	21,562	171,341
Sale	26,558	41	1,205	41	106,136	26,803	14	1,205	41	155,501
Hedging										
Sale	-	-	-	-	-	-	-	-	-	499
Index Options										
Property trading										
Purchase	100,793	(13,619)	(13,619)	424	-	108,082	(9,034)	(6,254)	1,326	-
Sale	72,651	9,371	9,371	9,371	-	95,163	635	1,836	5,517	-
Hedging										
Sale	-	-	-	-	-	3,473	(603)	149	-	-
Interest Rate Caps & Floors										
Property trading										
Purchase	1,076,386	2,991	2,991	2,991	229,043	2,323,751	8,185	8,185	8,185	1,891,255
Sale	1,663,685	(3,869)	(3,869)	-	248,996	3,198,639	(9,065)	(9,065)	-	1,528,883
Contracts traded in organized markets										
Foreign Exchange Options										
Property trading										
Purchase	-	-	-	-	-	5,673	-	-	-	-
Interest Rate Options										
Property trading										
Purchase	17,218,431	-	-	-	8,315,607	18,246,858	-	-	-	8,315,607
Sale	24,424,304	-	-	-	10,162,649	26,425,198	-	-	-	10,162,649
Equity Options										
Property trading										
Purchase	-	-	-	-	157,429	4,779	-	-	-	179,054
Sale	-	-	-	-	7,010	13,816	-	-	-	26,182
Futures										
Property trading	760,000	-	-	-	9,102,294	1,021,753	-	-	-	9,125,184

(1) - Theoretical or nominal value of contract

(2) - The market value of products traded in organized markets corresponds to their quotation. For all other products, it represents the income or cost incurred in the eventual closing of open positions, bearing in mind existing market conditions and the valuation models currently employed

(3) - Book value represents the income or costs accrued and not yet payable or receivable that are inherent from open positions

(4) - The credit risk represents the positive difference between the amounts payable and receivable that arise from open positions

As of December 31, 2001 and 2000, in addition to contingent liabilities and currency and interest-rate derivatives, the following balances were outstanding under the off-balance-sheet headings:

	BES		Consolidated	
	2001	2000	2001	2000
Deposit and custody of securities	23,712,120	21,645,325	27,722,007	24,701,925
Securities received for collection	181,386	167,705	205,986	204,715

Customers' securities in the Bank's custody included under "Deposit and custody of securities" are principally held by the Group company specializing in the provision of that service.

Note 26 – Foreign Currency Assets and Liabilities

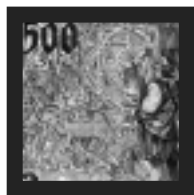
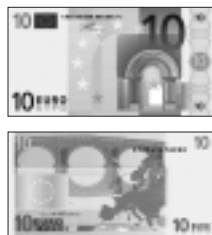
As of 31 December 2001, the Euro equivalents of items under the asset, liability, and off-balance-sheet headings of the Bank and of the Group, expressed in foreign currency, as well as their relative weighting in net assets and total liabilities, were as follows:

	BES 2001					
	US Dollars	Sterling Pounds	Japanese Yen	Other Foreign Currencies	Total	%
Assets	6,233,041	580,495	228,197	890,555	7,932,288	28.8%
Liabilities	6,189,201	637,692	276,698	463,972	7,567,563	28.9%
Net assets/(liabilities)	43,840	(57,197)	(48,501)	426,583	364,725	
Forward foreign exchange operations	37,202	59,510	52,476	(54,424)	94,764	
Overall foreign exchange position	81,042 0	2,313 0	3,975 0	372,159	459,489	
The overall foreign exchange position is represented by						
Investment foreign exchange position ⁽¹⁾	89,790	-	-	349,650	439,440	
Operating foreign exchange position ⁽²⁾	(8,748)	2,313	3,975	22,509	20,049	

	Consolidated 2001					
	US Dollars	Sterling Pounds	Japanese Yen	Other Foreign Currencies	Total	%
Assets	7,039,263	585,753	234,519	1,015,462	8,874,997	23.0%
Liabilities	7,126,258	642,496	283,232	592,093	8,644,079	23.3%
Net assets/(liabilities)	(86,995)	(56,743)	(48,713)	423,369	230,918	
Forward foreign exchange operations	55,724	59,502	53,044	(54,424)	113,846	
Overall foreign exchange position	(31,271)	2,759	4,331	368,945	344,764	
The overall foreign exchange position is represented by						
Investment foreign exchange position ⁽¹⁾	4,875	-	-	245,727	250,602	
Operating foreign exchange position ⁽²⁾	(36,146)	2,759	4,331	123,218	94,162	

(1) The investment foreign exchange position represents essentially the medium and long-term investments, expressed in foreign currencies, made by the Bank in its associated companies and subsidiaries abroad and by the Group in associated companies.

(2) The operating foreign exchange position in each foreign currency represents the net open position, since the Bank's branches and subsidiaries abroad manage their foreign exchange exposure in light of the currencies in which they operate and not in light of the basic currency in which the Bank's and Group's financial statements are expressed (Euros).



Note 27 – Revenue Sources According to Geographical Markets

During 2001, the principal sources of revenues, broken down by geographical areas, were as follows:

	BES						
	Portugal	United Kingdom	United States of America	Switzerland	Cayman Islands	Eliminations	Total
Revenues							
Interests and similar income	1,311,887	514,240	85,625	45,134	225,981	(258,779)	1,924,088
Income from securities	48,685	-	-	-	-	-	48,685
Commissions	181,373	1,971	2,976	2,080	999	(879)	188,520
Profits on financial operations	3,319,300	1,205	17,398	203	3,005	-	3,341,111
Other operating revenues	38,434	1,212	114	5	-	(2,507)	37,258
Recoveries and cancellations of overprovisions	95,864	7,524	-	105	-	-	103,493
Other results	10,011	-	-	6	-	-	10,017
	5,005,554	526,152	106,113	47,533	229,985	(262,165)	5,653,172
Costs							
Interests and similar costs	930,921	493,681	76,201	39,165	225,847	(258,779)	1,507,036
Commissions	18,694	618	7	384	642	-	20,345
Losses on financial operations	3,253,384	114	10,361	5	3,008	(879)	3,265,993
General administrative costs	340,536	7,626	5,451	3,662	13	(2,507)	354,781
Depreciation and Amortization	92,964	300	205	289	-	-	93,758
Other operating costs	2,212	54	56	8	-	-	2,330
Provisions	226,645	12,722	5,775	454	-	-	245,596
Other results	18,580	695	2,812	78	28	-	2,193
Income tax	-	-	-	-	-	-	-
Profit for the period	121,618	10,342	5,245	3,488	447	-	141,140
	5,005,554	526,152	106,113	47,533	229,985	(262,165)	5,653,172

	Consolidated											
	Portugal	United Kingdom	United States of America	Switzerland	Cayman Islands	Spain	Macao	Luxembourg	Ireland	Others	Eliminations	Total
Revenues												
Interests and similar income	2,008,210	514,240	109,364	45,134	545,487	161,012	15,329	20	26,941	7,374	(810,172)	2,622,939
Income from securities	58,111	-	-	-	-	1,116	430	-	(6,264)	-	(43,500)	9,893
Commissions	310,675	1,971	7,821	2,080	1,006	43,228	348	3,885	1,511	209	(29,995)	342,739
Profits on financial operations	3,591,834	1,205	19,578	203	13,359	123,345	256	17	50,756	38,654	(34,979)	3,804,228
Other operating revenues	122,188	1,212	840	5	172	3,113	1	-	126	8,008	(26,767)	108,898
Recoveries and cancellations of overprovisions	152,120	7,524	-	105	1,069	37,534	260	-	621	149	-	199,382
Other results	28,698	-	5,490	6	1	5,408	15	-	12	(907)	(226)	38,497
	6,271,836	526,152	143,093	47,533	561,094	374,756	16,639	3,922	73,703	53,487	(945,639)	7,126,576
Costs												
Interests and similar costs	1,323,231	493,681	90,171	39,165	586,805	147,580	10,382	-	18,357	3,789	(808,858)	1,904,303
Commissions	86,807	618	13	384	788	11,914	118	401	459	-	(32,412)	69,090
Losses on financial operations	3,524,300	114	10,361	5	14,224	106,895	95	-	35,545	34,178	(37,443)	3,688,274
General administrative costs	526,197	7,626	19,312	3,662	196	49,379	1,540	14	1,584	5,895	(23,471)	591,934
Depreciation and Amortization	113,709	300	674	289	2,908	10,647	79	-	17	57	(6,494)	122,186
Other operating costs	3,493	54	62	8	42,241	1,384	12	43	-	86	(42,241)	5,142
Provisions	335,535	12,722	6,401	454	-	45,076	4,033	-	1,051	750	(1,804)	404,218
Other results	44,275	695	2,952	78	31	3,605	31	-	20	4,513	48,966	105,166
Income tax	31,385	-	2,987	-	-	-	187	-	2,407	1,588	-	38,554
Profit for the period	282,904	10,342	10,160	3,488	(86,099)	(1,724)	162	3,464	14,263	2,631	(41,882)	197,709
	6,271,836	526,152	143,093	47,533	561,094	374,756	16,639	3,922	73,703	53,487	(945,639)	7,126,576

Note 28 – Personnel

The average number of employees during the year was as follows:

	2001	2000
Employed by BES	5,206	5,370
Employed by Group financial subsidiaries	2,865	2,474
Total employed by Group financial companies	8,071	7,844
Employed by other companies essentially providing services to customers outside the Group	1,241	1,108
	9,312	8,952

The Bank and Group personnel comprised the following:

	BES		Consolidated	
	2001	2000	2001	2000
Senior management	246	219	641	503
Middle management	835	878	1,217	1,294
Specialists	1,172	1,116	3,164	2,736
Administrative staff	2,747	2,931	3,955	4,032
Ancillary staff	19	38	148	190
Branches	187	188	187	197
	5,206	5,370	9,312	8,952

Total compensation recognized as staff costs paid to members of the corporate bodies and the statutory auditors in the 2001 and 2000 financial years was as follows:

	BES		Consolidated	
	2001	2000	2001	2000
Board of Directors	2,170	1,860	5,899	4,626
Statutory Auditors	10	10	111	122
	2,180	1,870	6,010	4,748

The variable remuneration paid in 2001 to the members of BES Board of Directors totalled Euro 620 thousand (December 31, 2000 – Euro 324 thousand).

Loans outstanding to members of the Group's corporate bodies totalled approximately Euro 1,112 thousand (December 31, 2000 – Euro 1,252 thousand).

Note 29 – Other Operating Revenues and Costs

	BES		Consolidated	
	2001	2000	2001	2000
Other operating revenues				
Reimbursement of sundry expenditures	3	170	3,356	4,742
Recoveries of interest and costs on overdue loans	2,661	-	4,913	-
Recovery of bad debts	1,986	-	2,906	-
Income from sundry services	29,158	30,726	86,114	66,990
Others	3,450	8,001	11,609	15,271
	37,258	38,897	108,898	87,003
Other operating costs				
Remuneration of participation certificates	1	14	1	14
Membership fees and donations	1,379	1,211	2,151	1,961
Others	950	1,724	2,990	4,033
	2,330	2,949	5,142	6,008

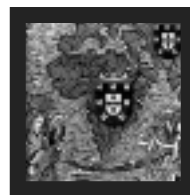
Remuneration of participation certificates corresponds to the unsecured variable portion.

Note 30 – Extraordinary Gains and Losses

	BES			
	Extraordinary Gains		Extraordinary Losses	
	2001	2000	2001	2000
Capital gains on fixed assets	314	6,454	-	-
Capital losses on fixed assets	-	-	59	212
Losses relating to previous years	-	-	2,090	283
Gains relating to previous years	487	2,559	-	-
Recovery of interest and costs on overdue loans	-	4,233	-	-
Cancellation of loan interests	-	-	1,786	918
Recovery of bad debts	-	3,114	-	-
Pension charges	-	-	11,950	9,265
Indemnities for non performance of contracts	73	36	8	9
Others	9,143	654	1,966	2,520
	10,017	17,050	17,859	13,207

	Consolidated			
	Extraordinary Gains		Extraordinary Losses	
	2001	2000	2001	2000
Capital gains on fixed assets	3,512	10,134	-	-
Capital losses on fixed assets	-	-	2,388	1,104
Losses relating to previous years	-	-	6,706	4,012
Gains relating to previous years	4,355	4,884	-	-
Recovery of interest and costs on overdue loans	-	4,629	-	-
Cancellation of loan interests	-	-	1,786	918
Recovery of bad debts	-	4,337	-	-
Pension charges	-	-	13,144	10,146
Indemnities for non performance of contracts	164	101	33	14
Others	18,823	7,329	14,218	5,934
	26,854	31,414	38,275	22,128

As imposed by the Bank of Portugal, the recovery of bad debts and the recovery of interest and costs on overdue loans are now included as "Other operating Revenues" (see Note 29).



Note 31 – Taxes

The Bank and its subsidiaries domiciled in Portugal are subject to taxation in accordance with the corporate income tax code (IRC) and to local taxes.

The Group determined its income tax liability for the 2001 and 2000 financial years on the basis of a nominal rate of 32% (Law 3-B / 2000, April 4).

The tax authorities have the power to review the Bank's determination of its annual taxable earnings, as well as those of its subsidiaries domiciled in Portugal, for a period of five years as regards the financial year of 1997 and previous years, and for a period of 4 years for 1998 and subsequent years. Hence it is possible that some additional taxes may be assessed, mainly as a result of differences of interpretation of the tax law. However, the Bank's board of directors, and those of its subsidiaries domiciled in Portugal, are confident that there will be no further tax assessments material within the context of the financial statements.

Taxes charged to earnings already paid or pending payment by the Bank and by the Group respecting the 2001, 2000 and 1999 financial years were as follows:

The calculation of tax on profits each year takes into account all differences between accounting and taxable profits. The following are some of the major factors having a material impact on the calculation of tax: tax benefits pertaining to earnings from equity holdings, shares purchased within the scope of the privatization of state companies, listed shares and Portuguese public debt securities; earnings generated by international branches; negative fluctuations in the book value of assets relative to extraordinary contributions to the pension funds. In respect to the last aspect ("negative equity write-offs related with early retirement adjustment"), for the purposes of its corporate income tax calculations of 2001 and 2000, the Bank has treated the amount of early retirements extraordinary costs wrote-off against equity in 2001 and 2000 (Euro 67 million and Euro 139 million, respectively) as a taxable equity change. As a result of this, the Bank had an estimated favorable fiscal effect in the year 2001, of Euro 23 million, caused by the use of approximately Euro 85 million of these costs. The remaining balance of these early retirement costs are included in the tax losses amounting to Euro 143 million carried forward as at December 31, 2001, which will be set off against the Bank's Portuguese income tax in future years.

	BES			Consolidated		
	2001	2000	1999	2001	2000	1999
Provision for income taxes	-	26,792	19,508	38,554	63,987	48,508
Income taxes paid	-	12,755	6,479	17,691	38,442	21,478

Note 32 – Dealings with Subsidiaries and Associated Companies

As of December 31, 2001 and 2000, the Bank's outstanding loans and payables to associated companies and subsidiaries were as follows:

	BES									
	2001					2000				
	Placements	Deposits	Guarantees	Revenues	Costs	Placements	Deposits	Guarantees	Revenues	Costs
Subsidiaries										
BESLEASING MOB.	219,157	3,110	-	8,931	28	147,193	571	-	7,148	44
BESLEASING IMOB.	188,483	-	-	7,591	-	121,904	-	-	3,783	-
BIC	897,696	188,657	-	79,867	55,546	1 740,967	58,615	-	81,188	3,786
E.S. COBRANÇAS	563	2,144	-	-	3,433	580	806	-	-	31
E.S. DEALER	-	8	-	12	3	-	65	-	-	-
E.S. ACE	-	937	-	-	9,613	-	1,828	-	-	11,410
ESAF SGPS	21,958	221	-	10,757	-	24,781	305	-	8,330	286
BESSA	146,341	238,950	-	10,195	57,858	1,102,976	1,159,551	-	61,239	86,500
ESGEST	-	71	-	-	526	-	45	-	-	646
GESFINC	-	73	-	-	-	-	186	-	-	283
ESDI	-	1,144	-	-	2,966	-	1,640	-	-	3,486
BESNAC	-	1,143	-	-	2,714	-	1,068	-	-	2,119
EUROGES	187,262	22,215	-	7,751	4	142,868	11,309	-	5,031	122
CREDIFLASH	39,315	14	-	7,786	-	22,678	1,919	-	8,344	-
CÊNTIMO	42	37	-	-	229	43	15	-	-	214
CREDIBOM	85,046	-	-	3,690	-	42,804	-	-	2,241	-
BESOL	-	285,729	-	-	19,199	-	252,420	-	8,911	27,657
BESI	177,872	11,044	-	16,442	10,607	28,112	6,022	-	13,638	7,611
BES ORIENTE	945	390	-	4,353	145	96,160	62	-	7,759	2,240
BES FINANCE	72,238	5,059,181	4,421,654	215	199,135	-	3,091,494	3,068,603	-	113,875
E.S. CAPITAL	-	3,835	-	-	110	-	234	-	-	85
ESOL	394	1,113	-	398	732	269	720	-	2,273	3,859
E.S. PLC	53,821	90,434	-	13,402	159	191,668	5,748	-	8,436	139
E.S. BANK	1,281	3,724	-	-	-	1,182	21,520	-	62	237
BES.COM	16,449	153	-	274	266	3,700	40,062	-	88	15
E.S. CONTACT CENTER	225	0	-	12	5,412	-	-	-	-	-
BEST a)	0	137,014	-	-	2,080	-	-	-	-	-
E.S. INTERACTION	0	615	-	-	51	-	-	-	-	-
BES ANGOLA a)	0	11,347	-	-	-	-	-	-	-	-
E.S. FIN. CONSULTANTS	0	399	-	-	4	-	-	-	-	-
	2,109,088	6,063,702	4,421,654	171,676	370,820	3,667,885	4,656,206	3,068,603	218,471	264,645
Associated Companies										
ESUMÉDICA	2 245	1 316	-	79	-	2 245	500	-	-	-
EUROP ASSISTANCE	-	1 420	11	-	3	-	858	-	-	-
FIDUPRIVATE	-	1	-	-	-	-	3	-	-	-
BES VENETIE	121 256	194 539	17	6 556	1 900	611 847	652 189	-	4 937	7 392
ES SEGUROS	-	8 573	-	-	2	18	10 743	-	-	-
	123 501	205 849	28	6 635	1 905	614 110	664 293	-	4 937	7 392

a) Companies acquired or established in 2001

As of December 31, 2001 and 2000, the overall amount of balances of the Group with subsidiaries and associated or related companies of Group ESFG (the Bank's holding company) may be summarized as follows:

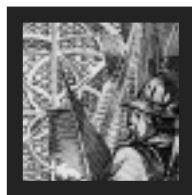
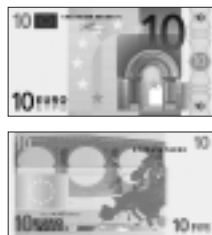
	Consolidated	
	2001	2000
Assets	830,524	1,155,901
Liabilities	1,160,154	1,090,292
Off balance sheet items	25,080	13,440

Note 33 – Subsequent Events

On January 23, 2002, BES Finance Ltd issued notes amounting to Euro 100,000 thousand, maturing on June 23, 2004, under its US\$ 6,000 million Euro Medium-term Notes Programme.

Note Added for Translation

The accompanying financial statements are a translation of financial statements originally issued in Portuguese in accordance with generally accepted accounting principles and with the disclosures required for the banking sector in Portugal, some of which may not conform with or be required by generally accepted accounting principles in other countries. In the event of discrepancies the Portuguese language version prevails.



9.6 – Auditor's Report

(Free translation from the original presentation in Portuguese)

To the shareholders of

Banco Espírito Santo, SA

1. We have audited the accompanying individual and consolidated balance sheet of **Banco Espírito Santo, S.A.** (the Bank) as at 31 December 2001, individual and consolidated statement of income and cash flows for the year then ended and the related explanatory notes. These individual and consolidated financial statements are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these individual and consolidated financial statements based on our audit.

2. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the individual and consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the individual and consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall individual and consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion, the accompanying individual and consolidated balance sheets of **Banco Espírito Santo, S.A.** as of 31 December 2001, the individual and consolidated statements of income and cash flows for the year then ended have been properly prepared in accordance with generally accepted accounting principles, industry practices and other relevant regulatory requirements applicable to the banking industry in Portugal.

4. Without qualifying our opinion above, we draw attention to the following:

a) As described in Notes 3.3 e) and 9, the captions Participations and Other participation, respectively, in the individual and consolidated Balance sheet as at 31 December 2001, includes the Bank's strategic investment in PT Multimédia, SGPS recorded at acquisition cost of € 296 million, as permitted by the rules issued by the Bank of Portugal and in accordance with the Bank's accounting policies. However, as at 31 December 2001, the market value of this investment amounted to € 98 million, giving rise to an unrealised loss amounting of € 198 million, against which, in the opinion of the Board of Directors of the Bank, no provision is considered necessary.

b) As referred to in Notes 3.3 j) and 23, and after the approval of the Bank of Portugal, in 2001 the Bank wrote-off against Share premium (i) the cost of early retirements in 2001, amounting to € 67 million (2000: € 139 million, against Reserves) and (ii) the unamortised pension fund deficit from prior years, amounting to € 34 million.

As referred to in Note 31, in accordance with the Portuguese tax rules and for the purposes of its corporate income tax calculations of 2001, the Bank has treated the amount of early retirement costs referred to above as tax deductible.

PriceWaterhouseCoopers

Lisbon, 11 March 2002

9.7 – Supervisory Board

9.7.1 - Report and Opinion of the Supervisory Board

*(Free translation from the original
presentation in Portuguese)*

To the Shareholders

1. In accordance with the law and our mandate, we report on our supervisory activity and on the Annual Report of the Board of the Directors and accompanying individual and consolidated financial statements presented by the Board of Directors of Banco Espírito Santo, SA ("the Bank") with respect to the year ended 31 December 2001.
2. During the course of the year, we accompanied the evolution of the business activities of the Bank and its relevant subsidiaries and associated companies as we considered necessary, and verified the adequacy of the accounting records and supporting documentation. We have also ensured that the Bank complied with the law and its statutes.
3. We also accompanied the work performed by the Statutory Auditor – Belarmino Martins, Eugénio Ferreira & Associados – Sociedade de Revisores Oficiais de Contas, and reviewed its accompanying audit report with which we concur. Furthermore, we also considered the Supplemental Auditors' Report sent to the Board of Directors in which as required by article 451º of Commercial

Companies Code, the audit procedures undertaken are described.

4. Within the scope of our mandate, we verified that:

- the individual and consolidated balance sheets, the individual and consolidated statements of income, by nature and by functions, and of cash flows and related notes permit an appropriate understanding of the individual and consolidated financial position of the Bank and its results;
- the accounting principles and practices used are appropriate;
- the Annual Report of the Board of Directors is sufficiently clear as to the evolution of the business and financial position of the Bank and its subsidiaries, and highlights their more significant aspects; and
- the proposal for the application of the net profits is appropriate in relation to legal and statutory requirements.

5. On these bases, we are of the opinion that:

- the Annual Report of the Board of Directors be approved;

- the Bank's individual and consolidated financial statements be approved; and

- the Board of Directors' proposal for the appropriation of profits be approved.

President of Supervisory Board

Jacques dos Santos

Member

Rui Barros Costa

Statutory Auditor Member

Belarmino Martins, Eugénio Ferreira

& Associados – Sociedade de Revisores

Oficiais de Contas, Lda, represented by:

César Abel Rodrigues Gonçalves

9.7.2 - Statutory Audit Report (Individual Financial Statements)

*(Free translation from the original
presentation in Portuguese)*

Introduction

1. In accordance with applicable legislation, we submit our Statutory Audit Report, including the regulatory Report of the External Auditor, on the financial information included in the Annual Report of the Board of Directors and accompanying financial statements of **Banco Espírito Santo, S.A.** (the Bank), which comprise the balance sheet as at 31 December 2001 (which show total assets of € 27,590 million and shareholders' equity of € 1,442 million, including net income of € 141 million), the statements of income, by nature and by functions, and of cash flows and related notes for the year then ended.

Responsibilities

2. It is the responsibility of the Bank's Board of Directors (i) to prepare the Annual Report of the Board of Directors and financial statements which show, in all material respects, a true and fair view of the financial position of the Bank, and of the results of its operations and cash flows; (ii) that the historical financial information is prepared in accordance with accounting principles, industry practices and other relevant statutory and regulatory requirements applicable to the banking industry in Portugal and

satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code; (iii) the adoption of appropriate accounting principles; (iv) to maintain an adequate system of internal accounting controls; and (v) to disclose any relevant fact which has influenced its activity, financial position and results.

3. Our responsibility is to verify the financial information contained in the above mentioned documents, particularly its compliance with the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code, for the purpose of expressing an independent professional opinion on these financial statements based on our audit.

Scope

4. Our audit was conducted in accordance with the standards and technical recommendations approved by the Institute of Portuguese Statutory Auditors, which require that we plan and perform the audit to obtain a reasonable degree of assurance as to whether or not the financial statements are free of material misstatement. Accordingly our audit included:

- verification, on a test basis, of evidence for the amounts appearing in the financial statements and an assessment of estimates based on judgements made by the Bank's Board of Directors in the preparation of the financial statements;
- assessment of the appropriateness of the accounting principles used and of their consistency and disclosure, taking into account the circumstances, and the applicability or not of the principle of going concern;
- assessment of the appropriateness of the overall presentation of the financial statements; and
- assessment whether the financial information satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality.

5. Our audit also covered the Annual Report of the Board of Directors to verify, where applicable, its agreement with the financial information.

6. We believe that our audit provides a reasonable basis for the expression of our opinion.

Opinion

7. In our opinion, the financial information contained in the above mentioned documents presents, in all material respects, a true and fair view of the financial position of Banco Espírito Santo, SA as at 31 December 2001 and of the results of its operations and cash flows for the year then ended, in accordance with accounting principles, industry practices and other relevant statutory and regulatory requirements applicable to the banking industry in Portugal and satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code.

Emphases of matters

8. Without qualifying our opinion above, we draw attention to the following:

a) As described in Notes 3.3 e) and 9, the caption Participations in the Balance sheet as at 31 December 2001 includes the Bank's strategic investment in PT Multimédia, SGPS recorded at acquisition cost of € 296 million, as permitted by the rules issued by the Bank of Portugal and in accordance with the Bank's accounting policies. However, as at 31 December

2001, the market value of this investment amounted to € 98 million, giving rise to an unrealised loss amounting of € 198 million, against which, in the opinion of the Board of Directors of the Bank, no provision is considered necessary.

b) As referred to in Notes 3.3 j) and 23, and after the approval of the Bank of Portugal, in 2001 the Bank wrote-off against Share premium (i) the cost of early retirements in 2001, amounting to € 67 million (2000: € 139 million, against Reserves) and (ii) the unamortised pension fund deficit from prior years, amounting to € 34 million.

As referred to in Note 31, in accordance with the Portuguese tax rules and for the purposes of its corporate income tax calculations of 2001, the Bank has treated the amount of early retirement costs referred to above as tax deductible.

Lisbon, 11 March 2002

Belarmino Martins, Eugénio Ferreira
& Associados – Sociedade de Revisores
Oficiais de Contas, Lda, represented by
César Abel Rodrigues Gonçalves, R.O.C.

9.7.3 - Statutory Audit Report (Consolidated Financial Statements)

*(Free translation from the original
presentation in Portuguese)*

Introduction

1. In accordance with applicable legislation, we submit our Statutory Audit Report, including the regulatory Report of the External Auditor, on the financial information included in the Annual Report of the Board of Directors and accompanying consolidated financial statements of Banco Espírito Santo, SA (the Bank), which comprise the consolidated balance sheet as at 31 December 2001 (which show total assets of € 38,523 million, minority interests of € 616 million and shareholders' equity of € 1,404 million, including net income of € 198 million), the consolidated statements of income, by nature and by functions, and of cash flows and related notes for the year then ended.

Responsibilities

2. It is the responsibility of the Bank's Board of Directors (i) to prepare the Annual Report of the Board of Directors and consolidated financial statements which show, in all material respects, a true and fair view of the consolidated financial position of the Bank, and of the results of its operations and cash flows; (ii) that the historical financial information is prepared in accordance with accounting principles, industry practices and other relevant statutory and regulatory requirements

applicable to the banking industry in Portugal and satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code; (iii) the adoption of appropriate accounting principles; (iv) to maintain an adequate system of internal accounting controls; and (v) to disclose any relevant fact which has influenced the activity of the Bank and its subsidiaries, its financial position and results.

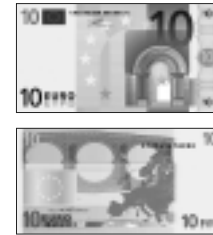
3. Our responsibility is to verify the consolidated financial information contained in the above mentioned documents, particularly its compliance with the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code, for the purpose of expressing an independent professional opinion on these financial statements based on our audit.

Scope

4. Our audit was conducted in accordance with the standards and technical recommendations approved by the Institute of Portuguese Statutory Auditors, which require that we plan and perform the audit to obtain a reasonable degree of assurance as to whether or not the

consolidated financial statements are free of material misstatement. Accordingly our audit included:

- verification that the financial statements of the entities included in the consolidation have been duly audited or, in the cases of relevant companies which were not audited, verification, on a test basis, of the evidence for the amounts reported and an assessment of estimates based on judgements made by their respective management in the preparation of those financial statements;
- verification of the consolidation operations and, when applicable, the utilization of the equity method;
- assessment of the appropriateness of the accounting principles used and of their consistency and disclosure, taking into account the circumstances, and the applicability or not of the principle of going concern;
- assessment of the appropriateness of the overall presentation of the consolidated financial statements, and
- assessment whether the consolidated financial information satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality.



5. Our audit also covered the Annual Report of the Board of Directors to verify, where applicable, its agreement with the consolidated financial information.

6. We believe that our audit provides a reasonable basis for the expression of our opinion.

Opinion

7. In our opinion, the financial information contained in the above mentioned documents presents, in all material respects, a true and fair view of the consolidated financial position of **Banco Espírito Santo, S.A.** as at 31 December 2001 and of the consolidated results of its operations and cash flows for the year then ended, in accordance with accounting principles, industry practices and other relevant statutory and regulatory requirements applicable to the banking industry in Portugal and satisfies the principles of sufficiency, veracity, timeliness, intelligibility, objectivity and legality required by the Stock Exchange Code.

Emphases of matters

8. Without qualifying our opinion above, we draw attention to the following:

a) As described in Notes 3.3 e) and 9, the caption Other participations in the consolidated Balance sheet as at 31 December 2001 includes the Bank's strategic investment in PT Multimédia, SGPS recorded at acquisition cost of € 296 million, as permitted by the rules issued by the Bank of Portugal and in accordance with the Bank's accounting policies. However, as at 31 December 2001, the market value of this investment amounted to € 98 million, giving rise to an unrealised loss amounting of € 198 million, against which, in the opinion of the Board of Directors of the Bank, no provision is considered necessary.

b) As referred to in Notes 3.3 j) and 23, and after the approval of the Bank of Portugal, in 2001 the Bank wrote-off against Share premium (i) the cost of early retirements in 2001, amounting to € 67 million (2000: € 139 million, against Reserves) and (ii) the unamortised pension fund deficit from prior years, amounting to € 34 million.

As referred to in Note 31, in accordance with the Portuguese tax rules and for the purposes of its corporate income tax calculations of 2001, the Bank has treated the amount of early retirement costs referred to above as tax deductible.

Lisbon, 11 March 2002

Belarmino Martins, Eugénio Ferreira
& Associados – Sociedade de Revisores
Oficiais de Contas, Lda, represented by
César Abel Rodrigues Gonçalves, R.O.C..