

ESFIL - Espirito Santo Financière S.A.

Annual accounts
as at 31 December 2012
and report of the Réviseur
d'Entreprises agréé thereon

22-24 Boulevard Royal

L-2449 Luxembourg

RCS: Luxembourg B46.338

ESFIL - ESPIRITO SANTO FINANCIERE S.A. - Société Anonyme
22/24 Boulevard Royal, L - 2449 Luxembourg
R.C.S. Luxembourg N° B 46.338

Management report to the General Assembly April 24, 2013.

Ladies and Gentlemen,

In accordance with the legal and regulatory requirements as well as with the statutory articles of the Company, we hereby report to you on the activity of the Company during last year and submit to your approval the Annual Accounts of the Company as at December 31, 2012.

During the period under review total income of the Company amounted to EUR89,547,482 while total expenses reached EUR68,304,789, thereby generating a profit of EUR21,242,693 for the year 2012, compared to a profit of EUR11,847,688 for the previous year.

Net interests and similar income on debtors and financial assets remain stable at EUR25,225,926 compared to EUR25,992,184 for the year 2011, reflecting a similar average lending during 2012, while dividend income fell to EUR1,436,222 against EUR7,195,255 in 2011, as a consequence of the unfavourable performance of ESFIL's main subsidiary, Banque Privée Espirto Santo S.A..

Due to the evolution of the market value of the financial assets held by the Company, we were able to partially reverse for EUR1,617,671 in 2012 the negative value adjustments registered in the previous years on financial assets and marketable securities compared to a negative adjustment of EUR14,285,848 in 2011.

Income tax charges fell to EUR1,206,575 in 2012 from EUR2,424,406 in the preceding period, due to an overprovisioning in 2011.

Given the carried forward results from the preceding periods in the amount of EUR12,812,168, we propose to the General Assembly the distribution of a dividend of EUR1.50 per share, amounting to a total of EUR13,500,000 after an allocation of EUR1,065,000 to the legal reserve, in compliance with the legal provisions in force in Luxembourg, and to carry forward the balance of EUR19,489,861.

We therefore propose that you approve the Balance Sheet and the Profit and Loss Statements as they are presented.

Taking into account the evolution of our activities and of the financial markets developments, we foresee that the period 2013 should end with a slightly lower result than 2012.

No significant events have occurred since December 31, 2012 that may have impacted the financial situation of the Company.

During 2012, ESFIL purchased from an affiliated company USD90 million nominal value Promissory Notes for a total consideration of USD68.6 million. Those Promissory Notes are included in the balance sheet under Loans and claims held as fixed assets. We also participated in the capital increase of Banco Espirito Santo in Portugal for an amount of EUR5,645,208.

No changes have occurred in the structure of ESFIL and your organization consists of the headquarters in Luxembourg and its branch in Pully, Switzerland.

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By special vote, we ask you to give discharge to the Directors for their mandate until December 31, 2012 and to the Réviseur d'Entreprises for their mandate referring to the balance sheet ended December 31, 2012.

CORPORATE GOVERNANCE CHARTER

ESFIL – Espirito Santo Financière S.A. ('ESFIL') is a limited liability company (*société anonyme*) incorporated under Luxembourg law for an unlimited duration.

The main activity of the Company is the acquisition of interest, in any form whatsoever in other companies. It also participates in the development of companies by granting assistance in the form of loans, guarantees or in any other way. The Company has a branch in Pully, Switzerland.

ORGANISATION

ESFIL structure is composed of a General Shareholders' Meeting, a Board of Directors, the External Auditors and the Internal Control Functions: Risk Management, Compliance and Internal Audit.

ESFIL's management structure is composed by a Board of Directors and an Executive Committee.

- The Board of Directors is composed by at least four members, who need not be shareholders. The directors are elected at the shareholders' meeting for a maximum period of six years and are re-eligible.
- The Executive Committee is responsible for the operational management of the Company within the limits of the general policies and strategy laid down by the Board of Directors.

SHARES, CAPITAL AND SHAREHOLDER STRUCTURE

Types of Shares

ESFIL's shares are bearer and divided into preferred shares and ordinary shares.

Bearer shares are represented by single or multiple share certificates.

Voting rights

Preferred shares have no voting rights.

Each ordinary share entitles its shareholder to one vote.

Capital

The authorised capital is EUR 300 million, represented by twenty million shares of EUR 15.- nominal value. As at December 31, 2011, 2,325,000 preference shares and 6,675,000 ordinary shares have been issued, subscribed and fully paid, representing an issued capital of EUR 135,000,000.

The Board of Directors is authorised to issue shares in one or several tranches within the limits of the authorised capital on such terms and conditions as it shall approve, including such issue premium it may set forth. The Board of Directors is authorised and empowered to issue such new shares against payment in cash or in kind, by conversion of claims or in any other manner, more in particular by the conversion into capital of convertible bonds or notes that may from time to time be issued.

Pre-emptive rights

The Board of Directors is authorised to cancel or limit the preferential subscription right in case of an increase of capital within the limits of the authorised capital. Such authorisation is valid for a period of five years from the date of the publication of the extraordinary shareholders' meeting approving the

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authorised capital and may be renewed for further periods of five years each by decision of a general meeting of shareholders.

Shareholders

As at December 31, 2012 ESFIL's sole shareholder was:

<i>Name</i>	<i>No. Of Shares</i>	<i>%</i>
Espirito Santo Financial Group SA.	2,325,000 preferred shares	100.0
Espirito Santo Financial Group SA.	6,675,000 ordinary shares	100.0

GENERAL SHAREHOLDERS' MEETING

The Annual General Meeting is convened by the Board of Directors and is held on the 20th day of April at 12 o'clock at the registered office or at any other location designated in the convening notices. If said day is a public holiday, the meeting will be held on the next following business day.

The shareholders' meeting, legally constituted, represents the entire body of shareholders. It has all the powers conferred to it by law or by the Company's Articles of Incorporation. All shareholders are entitled to attend and speak at any general meeting of shareholders.

BOARD OF DIRECTORS

The Board of Directors is responsible for defining general strategy and policy and supervising the Executive Committee.

The Board of Directors meets at the request of the Chairman of the Board of Directors, but a meeting must be convened if at least two directors so require.

Written notices of the meeting are given at least twenty four hours before the date of the meeting. At a Board Meeting a resolution is adopted by majority of those directors present or represented at the meeting. In the case of an emergency, a written decision signed by all directors as though the meeting was duly convened and held, is valid.

The Board of Directors is vested with all the powers to perform all acts necessary or useful for accomplishing the corporation's objects. All powers not expressly reserved by law or by the Company's Articles of Incorporation to the general meeting of shareholders are in the competence of the Board of Directors.

The Board of Directors is responsible for establishing the general principles of risk management and control, defining the objective risk profile for ESFIL, including establishing both global and specific risk limits and ensuring that the Company has the necessary competences and resources for the purpose.

Accounts and Financial Reporting

ESFIL's Accounting Officer is responsible for reporting the Company's statutory and consolidated financial position to the relative exchanges and authorities and for their preparation.

ESFIL's accounts are supervised by ESFIL's Board of Directors.



INTERNAL CONTROL

ESFIL has, established an internal control system with the objective of performing its respective activities efficiently and consistently and in accordance with the best practices.

The Compliance Function is responsible for:

- Monitoring compliance with legal obligations and regulatory duties ESFIL is subject
- Advising the Board of Directors and preparing and submitting to this body, at least once annually, a report identifying any non-compliance, which may have occurred and the measures adopted for correcting possible deficiencies.

The Risk Management Function is responsible for:

- Making sure that the risk management system is efficiently and consistently implemented to continuously monitor for adequacy and effectiveness, as well as monitoring the progress of corrective measures.
- Monitoring the evolution of the integrated risk profile, and for proposing methodologies, policies, procedures and instruments to deal with all types of risk faced by ESFIL
- Advising the Board of Directors, preparing and submitting to them, no less than once a year, a report on risk management, indicating whether all appropriate measures have been taken to correct possible deficiencies in ESFIL risk management strategy.

The Internal Audit Function is responsible for:

- Preparing and keeping updated an audit plan aimed at examining and assessing the adequacy and effectiveness of the various internal procedures;
- Issuing recommendations based on the results of the assessments made, and making sure they are followed;
- Preparing and submitting to the Board of Directors, with at least annual frequency, a report on audit issues summarising the main deficiencies detected in control actions, which even if immaterial when considered separately, may reveal a tendency for the deterioration of the internal control system, whilst also indicating and identifying the recommendations that were followed.

CORPORATE GOVERNANCE REPORT

The “ten Principles of Corporate Governance” issued by the Luxembourg Stock Exchange recommend that listed companies should publish a Corporate Governance Chapter in its annual report, describing all the relevant events related to Corporate Governance which took place in the preceding financial year. The publication of a corporate Governance Report is a requirement of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 and Luxembourg Law of 10th December 2010, Art 68.

BOARD OF DIRECTORS

Composition of the Board of Directors

The current Board of Directors is composed of four directors:

Mr José Manuel da Fonseca Antunes, Chairman

Mr Jorge Manuel Amaral Penedo

Mr João Manuel Baptista do Nascimento Bruno

Mr Jean-Luc Schneider

Changes in the Board of Directors

There was no change in the composition of the Board of Directors since the General Assembly of May 3rd, 2012.



Information on the Directors

José Manuel da Fonseca Antunes

Date of birth: 07.04.1950; Nationality: Portuguese; First appointed: 31.05.2011;

Mr José Manuel Fonseca Antunes is the General Manager of the Luxembourg Branch of Banco Espirito Santo SA, Lisbon, a listed company.

Mr José Manuel Fonseca Antunes does not hold any other post in a listed company.

Jorge Manuel Amaral Penedo

Date of birth: 07.08.1963; Nationality: Portuguese; First appointed: 26.04.2004;

Mr Jorge Manuel Amaral Penedo is the Chief Prudential Reporting Officer of Espirito Santo Financial Group SA, Luxembourg, a listed Company.

Mr Jorge Manuel Amaral Penedo does not hold any other post in a listed company.

João Manuel Baptista do Nascimento Bruno

Date of birth: 31.12.1960; Nationality: Portuguese; First appointed: 02.01.2012

Mr João Manuel Baptista do Nascimento is the General Manager of ESFIL

Mr João Manuel Baptista do Nascimento does not hold any other post in a listed company.

Jean-Luc Schneider

Date of birth: 26.11.1952; Nationality: Swiss; First appointed: 31.05.2011

Mr Jean-Luc Schneider is the Chief Accounting Officer of Espirito Santo Financial Group SA, Luxembourg, a listed Company.

Mr Jean-Luc Schneider does not hold any other post in a listed company

Composition of the Executive Committee

João Manuel Baptista do Nascimento Bruno, Managing Director

Jean-Luc Schneider, Manager ESFIL and General Manager of the Swiss branch.

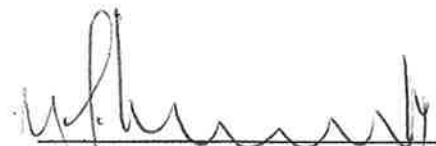
Internal control

On 15 May 2012, the board of Directors approved the Internal Control report for submission to Espirito Santo Financial Group SA, ESFIL' shareholder, in compliance with the requirements set by the shareholder.

April 23, 2013



José Manuel da Fonseca Antunes, Chairman



Jean-Luc Schneider, Director



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To the Shareholders of
ESFIL - Espírito Santo Financière S.A.
22-24, Boulevard Royal
L-2449 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of ESFIL - Espírito Santo Financière S.A., which comprise the balance sheet as at 31 December 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of ESFIL - Espírito Santo Financière S.A. as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, 23 April 2013

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé



F. Rouault

BALANCE SHEET AS AT 31 DECEMBER

	Notes	2012 EUR	2011 EUR
Assets			
Formation expenses	3	63 800	133 400
Fixed assets			
<i>Intangible fixed assets</i>			
Concessions, patents, licences, trademarks and similar rights and assets	4	-	-
<i>Tangible fixed assets</i>			
Other fixtures and fittings, tools and equipment	5	115 167	5 809
<i>Financial fixed assets</i>			
Shares in affiliated undertakings	6,21	143 196 984	134 895 488
Amounts owed by affiliated undertakings	7,21	41 243 971	40 514 299
Securities held as fixed assets	8	4 641 227	5 185 426
Loans and claims held as fixed assets	9	47 931 520	-
Current assets			
<i>Debtors</i>			
Amounts owed by affiliated undertakings			
Debtors becoming due and payable within one year	10,21	808 292 908	1 044 284 710
Other receivables			
Debtors becoming due and payable within one year	10	480 475	520 302
<i>Transferable securities</i>			
Other transferable securities	11	-	293 939
<i>Cash at bank and cash in hand</i>	12,21	117 033 288	41 939 818
Deferred charges	13,21	1 997 613	3 969 134
		1 164 996 953	1 271 742 325

The accompanying notes form an integral part of these annual accounts.

BALANCE SHEET AS AT 31 DECEMBER

	Notes	2012 EUR	2011 EUR
Liabilities			
Capital and reserves			
		179 237 861	167 445 168
Subscribed capital	14,15	135 000 000	135 000 000
Legal reserve	15	10 183 000	9 590 367
Result brought forward	15	12 812 168	11 007 113
Result for the financial year	15	21 242 693	11 847 688
Provisions			
Provision for taxation	24	1 802 378	1 253 243
Non-subordinated debts			
<i>Bonds</i>			
Non convertible bonds			
Becoming due and payable within one year	16	520 852 198	492 639 875
Becoming due and payable after more than one year	16	27 000 000	100 000 000
<i>Amounts owed to credit institutions</i>			
Becoming due and payable within one year	17,21	7 583 194	339 760 178
<i>Amounts owed to affiliated undertakings</i>			
Becoming due and payable within one year	18,21	207 977 677	11 544 579
Becoming due and payable after more than one year	18,21	218 975 983	155 719 786
<i>Other creditors</i>			
Becoming due and payable within one year		338 732	282 624
Deferred income	21	1 228 930	3 096 872
		<u>1 164 996 953</u>	<u>1 271 742 325</u>

The accompanying notes form an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER

	Notes	2012 EUR	2011 EUR
Charges			
Other external charges	21,25	3 221 720	3 266 463
Staff costs	22	2 152 360	2 201 838
Value adjustments			
in respect of formation expenses and tangible and intangible fixed assets	3,5	98 058	82 197
Other operating charges		-	866 520
Value adjustments and fair value adjustments on financial fixed assets	6,8	1 321 212	13 045 000
Value adjustments and fair value adjustments on financial current assets.			
Losses on disposal of transferable securities	11	296 459	1 240 848
Interest payable and other financial charges		59 935 490	76 001 849
<i>concerning affiliated undertakings</i>	21	32 162 631	31 233 034
<i>other interest payable and charges</i>		27 772 859	44 768 815
Income tax	24	1 206 575	2 424 406
Other taxes not included under the previous caption	24	72 915	11 637
		<u>68 304 789</u>	<u>99 515 758</u>
Result for the financial year		<u>21 242 693</u>	<u>11 847 688</u>
		<u>89 547 482</u>	<u>111 363 446</u>
Income			
Other operating income	21	2 783 160	2 138 520
Income from financial fixed assets	20,21	8 325 465	9 612 877
Income from financial current assets	21	166 684	21 315
Other interest receivable and other financial income		78 272 173	99 590 734
<i>concerning affiliated undertakings</i>	21	70 965 001	99 590 554
<i>other interest and financial income</i>		7 307 172	180
		<u>89 547 482</u>	<u>111 363 446</u>

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts at 31 December 2012

NOTE 1 – ACTIVITY

ESFIL - Espírito Santo Financière S.A., ("the Company") is a limited liability corporation (société anonyme) incorporated under Luxembourg law on 23 December 1993. The main activity of the Company is the acquisition of interests, in any form whatsoever, in other Luxembourg or foreign companies and any other form of investment of any industrial or trading companies. It also participates in the organisation and development of any industrial or trading company by granting assistance to such companies in the form of loans, guarantees or in any other way.

The Company has a branch in Lausanne, Switzerland.

The Company is a wholly owned subsidiary of Espírito Santo Financial Group S.A. (ESFG), a limited liability corporation (société anonyme), incorporated under the laws of Luxembourg. Its ultimate parent company is Espírito Santo International S.A. (ESI), a Luxembourg company.

The Company prepares consolidated financial statements which are available at the Company's registered office at 22-24 boulevard Royal in Luxembourg.

The consolidated financial statements of ESFG, in which the Company is included, are available at the Company's registered office at 22-24 boulevard Royal in Luxembourg.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention and basis of preparation

The annual accounts are prepared in conformity with Luxembourg legal and regulatory requirements, under the historical cost convention and in the format applicable to Luxembourg commercial companies.

The preparation of the annual accounts requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income and expenses recognition

Income and expenses are recognised on an accrual basis. Dividends from investments are accounted for as income when received.

Formation expenses and expenses in relation to capital increases

Formation expenses and expenses arising on capital increases are capitalised and amortised over a five-year period.

Intangible assets

Computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives of the assets being considered as five years.

Tangible assets

Other fixtures and fittings, tools and equipment comprise furniture, car, computer and equipment which are stated at cost, less accumulated depreciation. The annual charge for depreciation is computed on a straight-line basis over the estimated useful lives of the assets being considered as three to five years.

Notes to the annual accounts at 31 December 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial fixed assets

Financial fixed assets are stated at acquisition cost. Value adjustments are made when a permanent diminution in value is identified and are booked under the caption "Value adjustments and fair value adjustments on financial fixed assets". Reversal of value adjustments is booked under the caption "Income from financial fixed assets".

Discount on financial fixed assets is booked under the caption "Income from financial fixed assets" at repayment date on pro-rata basis.

Debtors

Debtors are stated at their nominal value. Value adjustments are recorded if the receivable has become doubtful.

Investments in transferable securities

Investments in transferable securities are stated at the lower of cost or market value. Unrealised losses are recognised through the profit and loss account under caption "Value adjustments and fair value adjustments on financial current assets".

Costs on debt securities issues

Costs arising in respect of debt securities are capitalised and amortised over the life of the debt securities.

Derivative financial instruments

Derivative financial instruments comprise forward currency contracts and interest rate swap contracts which are recorded off balance sheet. Forward currency contracts and interest rate swap contracts are carried off balance sheet at their notional amount.

Unrealised gains are recognised to the extent of unrealised losses. A provision is created for any excess losses; any gains are deferred.

Foreign currency translation

The accounts of the Company are maintained in Euros ("EUR"). Foreign currency transactions and income and expenses are translated at exchange rates ruling at the time the transactions take place. Assets and liabilities expressed in currencies other than Euros are translated into Euros at exchange rates prevailing at the balance sheet date, except for fixed assets and capital and reserves which are translated at historical exchange rates. Unrealised exchange losses are recognised in the profit and loss account. Exchange gains are only recognised in the profit and loss account when realised.

Spot positions hedged by forward transactions as well as forward positions hedged by spot deals are considered to be neutral in relation to currency fluctuations. Any valuation difference which may arise is neutralised so that the results for the year are not affected.

Provision is made for unrealised losses on forward transactions which do not represent the hedging of spot positions. Unrealised gains are not accounted for.

Notes to the annual accounts at 31 December 2012

NOTE 3 – FORMATION EXPENSES

	2012	2011
	EUR	EUR
Cost at the beginning and at the end of the year	348 000	348 000
	<hr/>	<hr/>
Amortisation at the beginning of the year	(214 600)	(145 000)
Amortisation for the year	(69 600)	(69 600)
	<hr/>	<hr/>
Amortisation at the end of the year	(284 200)	(214 600)
	<hr/>	<hr/>
Unamortised costs at the end of the year	63 800	133 400
	<hr/> <hr/>	<hr/> <hr/>

The formation expenses are linked to the capital increase in 2008.

NOTE 4 – CONCESSIONS, PATENTS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS AND ASSETS

This caption includes the computer software licenses purchased by the Company.

	2012	2011
	EUR	EUR
Cost at the beginning and at the end of the year	173 503	173 503
	<hr/>	<hr/>
Amortisation at the beginning and the end of the year	(173 503)	(173 503)
	<hr/>	<hr/>
Net balance at the end of the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the annual accounts at 31 December 2012

NOTE 5 – OTHER FIXTURES AND FITTINGS, TOOLS AND EQUIPMENT

	Furniture EUR	Car EUR	Computer & equipment EUR	Total EUR
Cost as at 31 December 2010	117 027	85 200	224 077	426 304
Additions for the year	-	-	2 107	2 107
Cost as at 31 December 2011	117 027	85 200	226 184	428 411
Additions for the year	41 428	51 808	44 580	137 816
Sale of the year	-	(35 900)	-	(35 900)
Cost as at 31 December 2012	158 455	101 108	270 764	530 327
Amortisation as at 31 December 2010	(112 088)	(77 214)	(220 703)	(410 005)
Amortisation for the year	(2 382)	(7 986)	(2 229)	(12 597)
Amortisation as at 31 December 2011	(114 470)	(85 200)	(222 932)	(422 602)
Amortisation for the year	(11 110)	(2 878)	(14 470)	(28 458)
Sale of the year	-	35 900	-	35 900
Amortisation as at 31 December 2012	(125 580)	(52 178)	(237 402)	(415 160)
Net balance as at 31 December 2012	32 875	48 930	33 362	115 167
Net balance as at 31 December 2011	2 557	-	3 252	5 809

NOTE 6 – FINANCIAL FIXED ASSETS - SHARES IN AFFILIATED UNDERTAKINGS

Company	Location	2012 EUR	2011 EUR	Percentage of capital held directly in 2012
Banque Privée Espírito Santo S.A.	Switzerland	71 579 367	71 579 367	99.33%
Banco Espírito Santo S.A.	Portugal	67 665 206	62 019 998	0.56%
Banque Espírito Santo et de la Vénétie S.A.	France	45 943 123	45 943 123	44.81%
KeySpace Hungary Kft	Hungary	4 335 000	4 335 000	51.00%
DASSA Investments S.A.	Luxembourg	7 448 000	7 448 000	48.90%
ADEPA Global Services S.A.	Luxembourg	547 500	N/A	40.00%
		197 518 196	191 325 488	
Value adjustments		(54 321 212)	(56 430 000)	
		143 196 984	134 895 488	

Notes to the annual accounts at 31 December 2012

NOTE 6 – FINANCIAL FIXED ASSETS - SHARES IN AFFILIATED UNDERTAKINGS (cont'd)

As at 31 December 2012, the value adjustments relate to the investments in:

- Banco Espirito Santo S.A. for EUR 47 565 000 (31 December 2011: EUR 50 995 000) (see Note 20)
- KeySpace Hungary Kft. for EUR 4 335 000 (31 December 2011: EUR 4 335 000)
- Dassa Investments S.A. for EUR 2 421 212 (31 December 2011: EUR 1 100 000).

During 2012, an amount of EUR 547 000 relating to ADEPA Global Services S.A. has been reclassified from "Securities held as fixed assets" to "Shares in affiliated undertakings" (see Note 8).

During 2011, the following transaction took place:

- Conversion of EUR 7 448 000 of bonds held in DASSA Investments S.A. to 74 480 shares.

The net assets and the net income of the affiliated undertakings in which the Company owns more than 20% at 31 December 2012 and 2011 are as follows:

	Net assets *	Net income *
	EUR	EUR
Banque Privée Espirito Santo S.A. (audited)		
31 December 2012	78 214	4 065
31 December 2011	71 957	1 619
Banque Espirito Santo et de la Vénétie S.A. (audited)		
31 December 2012	172 246	10 315
31 December 2011	160 867	5 514
KeySpace Hungary Kft (unaudited)		
31 December 2012	(1 236)	(50)
31 December 2011	(1 217)	(30)
DASSA Investments S.A. (audited)		
31 December 2012	10 333	(1 697)
31 December 2011	13 073	(1 110)
ADEPA Global Services S.A. (unaudited)		
31 December 2012	1 249	(109)
31 December 2011	N/A	N/A

* The figures are based on IFRS.

Notes to the annual accounts at 31 December 2012

NOTE 7 – FINANCIAL FIXED ASSETS - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	2012	2011
	EUR	EUR
Banque Privée Espirito Santo S.A.	20 000 000	20 000 000
Banque Espirito Santo et de la Vénétie S.A. (BESV)	19 416 000	19 416 000
DASSA Investments S.A.	885 000	-
	<hr/>	<hr/>
	40 301 000	39 416 000
Accrued interest	942 971	1 098 299
	<hr/>	<hr/>
	<u>41 243 971</u>	<u>40 514 299</u>

In June 2002, together with the purchase of ESFG's participation in Banque Espirito Santo et de la Vénétie S.A. (BESV), ESFIL took over the subordinated loan to BESV originally subscribed by ESFG on 17 January 2002 for the amount of EUR 10 976 000. In September 2006, ESFIL granted a new loan to BESV for the amount of EUR 3 840 000, in June 2008 for the amount of EUR 3 000 000 and in June 2009 for the amount of EUR 1 600 000.

These loans are interest-bearing and have no fixed maturity, but can be reimbursed with a 5-year notice or on mutual agreement between the two parties.

In June 2009, ESFIL took over the subordinated loan to BPESSA originally subscribed by ESFG for an amount of EUR 20 000 000. This loan bears interest at 6.75% per annum and matures on 14 December 2017.

During 2012, ESFIL granted loans for a total amount of EUR 885 000. These loans bear no interest and will be reimbursed based either on a notice given by the lender or on mutual agreement between the two parties.

NOTE 8 – FINANCIAL FIXED ASSETS - SECURITIES HELD AS FIXED ASSETS

The balance of securities held as fixed assets is analysed as follows:

	2012			
	EUR			
	Cost	Value adjustments	Book value	Fair value
Bonds	690 000	-	690 000	690 000
Equity securities	4 020 276	(74 033)	3 946 243	3 946 243
Accrued interest			4 984	
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>4 710 276</u>	<u>(74 033)</u>	<u>4 641 227</u>	<u>4 636 243</u>

Notes to the annual accounts at 31 December 2012
NOTE 8 – FINANCIAL FIXED ASSETS - SECURITIES HELD AS FIXED ASSETS (cont'd)

	2011			
	EUR			
	Cost	Value adjustments	Book value	Fair value
Bonds	690 000	-	690 000	690 000
Equity securities	4 567 776	(77 321)	4 490 455	4 490 455
Accrued interest			4 971	
	<u>5 257 776</u>	<u>(77 321)</u>	<u>5 185 426</u>	<u>5 180 455</u>

As indicated in Note 6, the shares held in ADEPA Global Services S.A. for a nominal value of EUR 547 000 as at 31 December 2011 have been reclassified to “Financial fixed assets – Shares in affiliated undertakings” during 2012.

NOTE 9 – FINANCIAL FIXED ASSETS – LOANS AND CLAIMS HELD AS FIXED ASSETS

Loans and claims held as fixed assets represent Promissory Notes of nominal USD 90 000 000 and a discount of USD 22 231 678, due 31 July 2026. The Notes are repaid annually for a total amount of USD 6 000 000 on 31 July of each year, starting on 31 July 2012. The Notes bear no interest until 31 July 2015, at the rate of 3% per annum for the period from 31 July 2015 until 31 July 2017 and 5% from then on.

	2012	2011
	EUR	EUR
Loans at the beginning of the year	-	-
Additions	68 608 020	-
Reimbursement	(4 875 076)	-
Exchange differences	(77 291)	-
Loans at the end of the year	<u>63 655 653</u>	-
Discount at the beginning of the year	-	-
Additions	(16 947 460)	-
Discount of the year (see Note 20)	1 204 235	-
Exchange differences	19 092	-
Discount at the end of the year	<u>(15 724 133)</u>	-
Net loans at the end of the year	<u>47 931 520</u>	-

The discount is recognised at the repayment date on pro-rata basis in "Income from financial fixed assets" (see note 20).

Notes to the annual accounts at 31 December 2012

NOTE 10 – DEBTORS

The debtors' balance is analysed as follows:

	2012	2011
	EUR	EUR
<i>Amounts owed by affiliated undertakings</i>		
Espirito Santo International S.A.	453 275 054	307 617 528
Espirito Santo Resources Ltd.	297 691 546	641 302 690
Espirito Santo Property Holding S.A.	42 058 199	77 260 728
Espirito Santo Bank (Panama) S.A.	1 272 000	-
Espirito Santo Control Holding S.A.	-	1 126 593
Other	30 696	-
	<hr/>	<hr/>
	794 327 495	1 027 307 539
Accrued interest	13 965 413	16 977 171
	<hr/>	<hr/>
	808 292 908	1 044 284 710
	<hr/> <hr/>	<hr/> <hr/>
<i>Other receivables</i>		
Others	4 001 444	4 041 271
Value adjustments	(3 520 969)	(3 520 969)
	<hr/>	<hr/>
	480 475	520 302
	<hr/> <hr/>	<hr/> <hr/>

The advances to affiliated undertakings are interest bearing, mature within one year and guaranteed by shares.

No provision has been made against any of the advances to affiliated undertakings at 31 December 2012 and 2011 as the directors consider them to be fully collectable.

NOTE 11 – OTHER TRANSFERABLE SECURITIES

	2012			
	EUR			
	Cost	Value adjustments	Book value	Fair value
Equity securities	12 321 857	(12 321 857)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	12 321 857	(12 321 857)	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the annual accounts at 31 December 2012

NOTE 11 – OTHER TRANSFERABLE SECURITIES (cont'd)

	2011			
	EUR			
	Cost	Value adjustments	Book value	Fair value
Equity securities	12 321 857	(12 027 918)	293 939	293 939
	<u>12 321 857</u>	<u>(12 027 918)</u>	<u>293 939</u>	<u>293 939</u>

NOTE 12 - CASH AT BANK AND CASH IN HAND

Cash at bank and cash in hand includes deposits of EUR 238 000 (31 December 2011: EUR 238 000) with ES Bankers Dubai Ltd.

NOTE 13 – DEFERRED CHARGES

The balance of Deferred charges is analysed as follows:

	2012	2011
	EUR	EUR
Unamortised costs in respect of debt securities	173 615	163 465
Unamortised discount in respect of debt securities	437 861	723 416
Prepayments and accrued income	1 386 137	3 082 253
	<u>1 997 613</u>	<u>3 969 134</u>

The unamortised costs in respect of debt securities are analysed as follows:

Notes to the annual accounts at 31 December 2012

NOTE 13 – DEFERRED CHARGES (cont'd)

	2012 EUR	2011 EUR
Costs at the beginning of the year	1 399 900	1 237 950
Additions for the year	171 375	161 950
Write-off of the year	(821 722)	-
	<u>749 553</u>	<u>1 399 900</u>
Costs at the end of the year		
Amortisation at the beginning of the year	(1 236 435)	(1 008 913)
Amortisation for the year	(161 225)	(227 522)
Write-off of the year	821 722	-
	<u>(575 938)</u>	<u>(1 236 435)</u>
Amortisation at the end of the year		
Unamortised costs at the end of the year	<u>173 615</u>	<u>163 465</u>

The write-off of the year represents the accumulated unamortised costs for debt securities maturing until 31 December 2012.

The unamortised discount in respect of debt securities is analysed as follows:

	2012 EUR	2011 EUR
Discount at the beginning of the year	9 097 579	2 088 708
Additions for the year	6 077 278	7 008 871
Write-off of the year	(12 528 871)	-
	<u>2 645 986</u>	<u>9 097 579</u>
Discount at the end of the year		
Amortisation at the beginning of the year	(8 374 163)	(1 951 792)
Amortisation for the year	(6 362 833)	(6 422 371)
Write-off of the year	12 528 871	-
	<u>(2 208 125)</u>	<u>(8 374 163)</u>
Amortisation at the end of the year		
Net discount at the end of the year	<u>437 861</u>	<u>723 416</u>

The additions for the year relate to the notes issued under EUR 1,000,000 Multi-issuer Euro-Commercial Paper Programme (see Note 16). The write-off of the year represents the accumulated unamortised discount for debt securities maturing until 31 December 2012.

Notes to the annual accounts at 31 December 2012

NOTE 14 – SUBSCRIBED CAPITAL

	2012	2011
	EUR	EUR
Ordinary shares		
Authorised capital: 20 000 000 (2011: 20 000 000) shares of EUR 15 each	<u>300 000 000</u>	<u>300 000 000</u>
Subscribed, issued and fully paid:		
- Ordinary shares 6 675 000 (2011: 6 675 000) shares of EUR 15 each	100 125 000	100 125 000
- Preference shares 2 325 000 (2011: 2 325 000) shares of EUR 15 each	<u>34 875 000</u>	<u>34 875 000</u>
	<u>135 000 000</u>	<u>135 000 000</u>

NOTE 15 - CAPITAL AND RESERVES

	Ordinary shares EUR	Preference shares EUR	Legal reserve EUR	Profit/(Loss) brought forward EUR	Profit for the year EUR	Total EUR
At 31 December 2011	100 125 000	34 875 000	9 590 367	11 007 113	11 847 688	167 445 168
Appropriation to legal reserve	-	-	592 633	-	(592 633)	-
Transfer to the brought forward profit	-	-	-	11 255 055	(11 255 055)	-
Dividend paid	-	-	-	(9 450 000)	-	(9 450 000)
Profit for the year	-	-	-	-	21 242 693	21 242 693
At 31 December 2012	<u>100 125 000</u>	<u>34 875 000</u>	<u>10 183 000</u>	<u>12 812 168</u>	<u>21 242 693</u>	<u>179 237 861</u>

Under Luxembourg law, a minimum of 5% of the profit for the year must be transferred to a legal reserve until this reserve equals 10% of the issued share capital. The legal reserve is not available for distribution.

The appropriation of the 2011 result was approved at the annual general meeting of shareholders on 2 May 2012. The shareholders decided to pay a dividend of Euro 1.05 per share on the outstanding ordinary and preference shares.

NOTE 16 - NON CONVERTIBLE BONDS

The main characteristics of the balance are presented as follows:

Notes to the annual accounts at 31 December 2012

NOTE 16 - NON CONVERTIBLE BONDS (cont'd)

						2012
	Currency	Issue date	Maturity	Interest rate	Book value	
						EUR
<i>Becoming due and payable within one year</i>						
Euro 2,000,000 Multi-issuer Medium Term Note Programme	EUR	31.05.2011	31.05.2013	7.00%	100 000 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	18.01.2012	16.01.2013	6.00%	6 500 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	07.08.2012	06.08.2013	6.00%	4 500 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	21.09.2012	20.09.2013	5.80%	8 000 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	28.09.2012	27.09.2013	5.50%	2 500 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	29.10.2012	28.01.2013	-	80 000 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	09.11.2012	07.02.2013	3.75%	5 000 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	19.12.2012	07.02.2013	4.00%	500 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	21.12.2012	07.02.2013	3.625%	5 000 000	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	19.01.2012	17.01.2013	5.33%	7 578 054	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.02.2012	04.02.2013	5.50%	3 789 027	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	29.02.2012	22.02.2013	5.50%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	20.06.2012	19.06.2013	5.10%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	18.07.2012	17.07.2013	5.10%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	24.07.2012	23.07.2013	4.40%	178 084 268	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	08.08.2012	04.02.2013	4.25%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	15.08.2012	11.02.2013	4.25%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	19.09.2012	18.03.2013	4.15%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	28.09.2012	27.09.2013	5.50%	1 894 513	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	01.10.2012	09.01.2013	4.25%	3 031 222	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	05.10.2012	09.01.2013	4.25%	11 367 081	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.10.2012	09.01.2013	3.40%	2 652 319	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.10.2012	09.01.2013	3.40%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.10.2012	08.04.2013	4.15%	1 894 513	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.10.2012	08.04.2013	4.15%	1 136 708	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	19.10.2012	17.01.2013	3.40%	2 652 319	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	24.10.2012	22.01.2013	3.40%	2 652 319	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	02.11.2012	01.05.2013	4.15%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	09.11.2012	08.05.2013	4.15%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	09.11.2012	07.02.2013	3.40%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	09.11.2012	07.02.2013	3.40%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	09.11.2012	08.05.2013	4.15%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	09.11.2012	07.02.2013	3.75%	29 175 508	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.11.2012	12.02.2013	3.40%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.11.2012	13.05.2013	4.15%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.11.2012	07.01.2013	3.00%	4 167 930	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.11.2012	20.05.2013	4.00%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.11.2012	20.11.2013	5.00%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	23.11.2012	22.05.2013	4.00%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	05.12.2012	03.03.2013	4.00%	2 273 416	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	10.12.2012	11.03.2013	3.25%	1 515 611	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	12.12.2012	12.03.2013	3.25%	3 789 027	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	12.12.2012	12.03.2013	3.25%	7 578 054	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.12.2012	14.03.2013	3.25%	1 894 513	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.12.2012	14.03.2013	3.25%	1 515 611	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.12.2012	14.03.2013	3.25%	378 903	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	19.12.2012	19.03.2013	5.30%	6 062 443	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.12.2012	21.03.2013	3.25%	757 805	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.12.2012	20.03.2013	3.63%	7 578 054	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	21.12.2012	10.06.2013	4.00%	4 167 930	
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	NOK	15.10.2012	14.01.2013	6.93%	2 589 717	
					510 891 626	
Accrued interest					9 960 572	
					520 852 198	
<i>Becoming due and payable after more than one year</i>						
Medium Term Notes	EUR	08.10.2012	08.01.2014	5.00%	27 000 000	
					27 000 000	

Notes to the annual accounts at 31 December 2012

NOTE 16 - NON CONVERTIBLE BONDS (cont'd)

2011					
<u>Currency</u>	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Book value</u>	<u>EUR</u>
<i>Becoming due and payable within one year</i>					
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	10.10.2011	10.10.2012	-	50 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	02.11.2011	31.01.2012	-	80 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	13.07.2011	09.07.2012	5.75%	1 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	08.08.2011	06.08.2012	5.75%	4 500 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	26.08.2011	19.04.2012	5.00%	5 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	30.09.2011	28.09.2012	5.65%	2 500 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	30.09.2011	05.01.2012	4.75%	6 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	11.10.2011	11.04.2012	5.25%	9 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	14.10.2011	05.01.2012	4.75%	5 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	14.10.2011	12.03.2012	5.25%	1 500 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	28.10.2011	25.04.2012	5.25%	2 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	EUR	28.10.2011	26.01.2012	4.75%	1 500 000
Medium Term Notes	EUR	08.10.2010	08.10.2012	4.50%	30 000 000
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	29.07.2011	24.07.2012	4.25%	181 369 144
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	15.08.2011	13.02.2012	4.00%	9 261 403
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	08.08.2011	02.02.2012	4.00%	3 858 918
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	28.09.2011	05.01.2012	3.75%	36 273 829
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	28.09.2011	26.09.2012	4.50%	23 153 508
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	30.09.2011	05.01.2012	3.75%	11 190 862
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	28.10.2011	26.01.2012	3.75%	8 103 728
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	14.10.2011	05.01.2012	3.25%	1 543 567
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	03.11.2011	01.05.2012	4.00%	3 473 026
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	07.12.2011	06.03.2012	3.50%	1 157 675
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	08.12.2011	07.03.2012	3.50%	771 784
Euro 1,000,000 Multi-issuer Euro commercial Paper Programme	USD	29.12.2011	31.01.2012	3.00%	5 016 593
					483 174 037
Accrued interest					9 465 838
					492 639 875
<i>Becoming due and payable after more than one year</i>					
Euro 2,000,000 Multi-issuer Medium Term Note Programme	EUR	31.05.2011	31.05.2013	7.00%	100 000 000
					100 000 000

The Multi-issuer Euro commercial Paper Programme and the Multi-issuer Medium Term Note Programme have been approved by the relevant Luxembourg regulator, Commission de Surveillance du Secteur Financier (CSSF). The Medium Term Note of Euro 100,000,000 is listed on the Luxembourg stock exchange.

NOTE 17 - AMOUNTS OWED TO CREDIT INSTITUTIONS

Balances are interest bearing and mature within one year. A detailed analysis of balances owed to affiliated undertakings is as follows:

Notes to the annual accounts at 31 December 2012

NOTE 17 - AMOUNTS OWED TO CREDIT INSTITUTIONS (cont'd)

	2012	2011
	EUR	EUR
Banco Espirito Santo S.A., Cayman	-	165 871 343
ES Bank (Panama) S.A.	-	165 767 539
Banco Espirito Santo S.A., Madrid	7 578 054	7 717 836
	<u>7 578 054</u>	<u>339 356 718</u>
Accrued interest	5 140	403 460
	<u>7 583 194</u>	<u>339 760 178</u>

NOTE 18 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	2012	2011
Interest rate	Currency	EUR
	EUR	EUR
<i>Becoming due and payable within one year</i>		
Accrued interest	123 404	123 010
Demand deposits	147 839	2 507 324
Other payables		
Payable to Company's parent	200 174 774	1 382 585
Payable to other affiliated undertakings	7 531 660	7 531 660
	<u>207 977 677</u>	<u>11 544 579</u>
<i>Becoming due and payable after more than one year</i>		
Structured loans		
Revolving loan	4.625%	CHF 48 894 410
Revolving subordinated loan	5.750%	CHF 8 281 573
Revolving loan	5.878%	EUR 25 000 000
Revolving loan	6.625%	EUR 20 000 000
Loan	2.750%	EUR 116 800 000
		<u>218 975 983</u>
		<u>155 719 786</u>

Structured loans are due to the Company's parent and are reimbursable based either on a notice given by the lender or on mutual agreement between the two parties. The unrealised foreign exchange losses are recognised in the profit and loss account and unrealised foreign exchange gains are not accounted for. As at 31 December 2012, total unrealised foreign exchange losses associated with these loans at 31 December 2012 amount to EUR 256 197 (2011: gains of EUR 113 853).

Notes to the annual accounts at 31 December 2012

NOTE 19 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into forward currency contracts as part of its trading activities with affiliated undertakings as well as to hedge against foreign currency exposure on its own account. Forward currency contracts are contracts to purchase and sell foreign currencies at specific rates of exchange on specific dates in the future. Risk arises from the potential inability of counterparties to perform under the terms of the contracts (credit risk) and from fluctuations in the foreign exchange rates (market risk).

The Company also enters into interest rate swap contracts as part of its trading activities with affiliated undertakings. Interest rate swap contracts are contracts in which a series of interest rate determined cash flows in a specified currency are exchanged over a prescribed period. The notional amount on which the interest payments are based is not exchanged and most interest rate swaps involve the exchange of fixed and floating interest payments. The risks inherent in interest rate swap contracts are the potential inability of a counterpart to meet the delivery terms of its contract and the risk associated with changes in the market value of the contracts due to movements in the underlying interest rates.

The Company manages the market risk of positions with affiliated undertakings by taking offsetting positions with affiliated banks and other non-related banks resulting in minimal market exposure. The credit risk of positions with affiliated undertakings is managed by applying uniform credit standards maintained for all activities with credit risk.

The total negative and positive replacement values of the Company's derivative trading activities at 31 December 2012 are EUR 16 585 432 and EUR 16 893 304 respectively (31 December 2011: EUR 10 311 554 and EUR 10 554 825). The total notional amount of forward currency contracts and interest rate swap contracts opened at 31 December 2012 is EUR 4 090 355 196 (31 December 2011: EUR 3 006 636 731).

NOTE 20 – INCOME FROM FINANCIAL FIXED ASSETS

	2012	2011
	EUR	EUR
Income from participating interests		
derived from affiliated undertakings - dividend income	1 436 222	7 195 255
Income from loans forming part of the fixed assets	2 251 720	2 403 299
Value re-adjustments in respect of securities held as fixed assets (see Notes 6 and 8)	3 433 288	14 323
Discount on loans and claims held as fixed assets (see Note 9)	1 204 235	-
	<u>8 325 465</u>	<u>9 612 877</u>

Notes to the annual accounts at 31 December 2012

NOTE 21 – TRANSACTIONS AND BALANCES WITH AFFILIATED UNDERTAKINGS

The Company has a number of significant transactions and relationships with ESFG group companies as well as with non-banking institutions controlled by ESI. Balances, income earned and expenses incurred as a result of transactions with subsidiaries and affiliated undertakings are as follows:

	2012	2011
	EUR	EUR
Assets		
Shares in affiliated undertakings	143 196 984	134 895 488
Financial fixed assets - Amounts owed by affiliated undertakings	41 243 971	40 514 299
Debtors	808 292 908	1 044 284 710
Cash at bank and cash in hand	81 837 047	41 758 975
Deferred charges	25 000	3 021 623
	<u>1 074 595 910</u>	<u>1 264 475 095</u>
Liabilities		
Amounts owed to credit institutions	7 583 194	339 760 178
Amounts owed to affiliated undertakings becoming due and payable within one year	207 977 677	11 544 579
Amounts owed to affiliated undertakings becoming due and payable after one year	218 975 983	155 719 786
Deferred income	-	607 841
	<u>434 536 854</u>	<u>507 632 384</u>
Charges		
Other external charges	2 128 623	2 284 219
Other operating charges	-	243 808
Interest payable and other financial charges	32 162 631	31 233 034
	<u>34 291 254</u>	<u>33 761 061</u>
Income		
Other operating income	1 272 000	2 138 520
Income from financial fixed assets	3 687 943	9 598 554
Income from financial current assets	156 560	20 112
Other interest receivable and other financial income	70 965 001	99 590 554
	<u>76 081 504</u>	<u>111 347 740</u>

Notes to the annual accounts at 31 December 2012

NOTE 22 – STAFF COSTS

	2012	2011
	EUR	EUR
Wages and salaries	1 831 359	1 887 915
Social security costs accruing by reference to wages and salaries	163 116	131 762
Supplementary pension costs	157 885	182 161
	<u>2 152 360</u>	<u>2 201 838</u>

At 31 December 2012, the Company had 15 employees (31 December 2011: 15).

The salaries and other benefits attributed to the key management personnel are analysed as follows:

	2012	2011
	EUR	EUR
Salaries and other short-term benefits	476 880	528 060
Pension costs and health-care benefits	79 494	75 645
Bonus	90 132	69 366
	<u>646 506</u>	<u>673 071</u>

NOTE 23 - AUDIT FEES

The fees billed to the Company by KPMG Luxembourg s.à r.l. and other member firms of the KPMG network (“KPMG”) during the year are analysed as follows (excluding VAT):

	2012	2011
	EUR	EUR
Audit fees	43 000	69 565
Audit-related fees	24 143	17 978
Other services	-	21 500
	<u>67 143</u>	<u>109 043</u>

NOTE 24 - TAXATION

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. It has a branch operation in Lausanne, Switzerland which is subject to taxes applicable under Swiss law.

Dividend income earned by the Company may be subject to non-recoverable withholding taxes in the countries of origin.

Taxes assessed and provided on the Company's Swiss operations amounted to EUR 1 205 000 at 31 December 2012 (2011: EUR 1 000 000).

Notes to the annual accounts at 31 December 2012

NOTE 25 - OTHER EXTERNAL CHARGES

	2012	2011
	EUR	EUR
Services provided by affiliated undertakings	2 128 623	2 284 219
Others	1 093 097	982 244
	<u>3 221 720</u>	<u>3 266 463</u>
	<u><u>3 221 720</u></u>	<u><u>3 266 463</u></u>

NOTE 26 - BOARD REMUNERATION

During 2012, there is no remuneration paid to the Board of Directors (2011: EUR 50 000).