



U.S. Tailored Resolution Plan

Update

12/31/2015

BANCO ESPIRITO SANTO S.A.

Introduction

This public section of the resolution plan with respect to Banco Espírito Santo S.A. (“BES”), is being filed pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “DFA”) and the implementing final rule adopted jointly by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (“FDIC”) effective November 30, 2011 (the “Final Rule”), 76 Federal Register 67323, *et seq.*, November 1, 2011.

On December 26, 2013, BES filed a tailored resolution plan (the “BES 2013 Resolution Plan”). On April 4, 2014, BES filed a notice of its intent to file a tailored resolution plan for calendar year 2014. In a letter to BES dated June 24, 2014, the Federal Reserve and the FDIC notified BES that it could file a tailored resolution plan for its 2014 submission (the “2014 Update”).

In a letter dated August 14, 2014, the Federal Reserve and the FDIC indicated that they had reviewed the BES 2013 Resolution Plan and, pursuant to paragraph 4(k) of the Final Rule, 12 CFR § 243.4(k) and 12 CFR § 381.4(k) for the Federal Reserve and the FDIC, respectively, the Agencies had determined that, in preparing the 2014 Update, BES was exempted from all informational requirements of section 4 of the Final Rule other than the requirements of paragraphs (b)(2) and (b)(3) thereof. More specifically, the Agencies noted that the 2014 Update only required information concerning (1) material changes that require modifications to the BES 2013 Resolution Plan, and (2) any actions taken by BES since the BES 2013 Resolution Plan to improve the effectiveness of that resolution plan.

Material Changes Requiring Modification to the BES 2013 Resolution Plan

Period before August 3, 2014

During the period from the filing of the BES 2013 Resolution Plan on December 26, 2013, through August 3, 2014, no material changes had occurred with regard to the size, nature or interconnections and interdependences of the U.S operations of BES. In fact, BES continued to have no material non-banking activities or Material Entities, Core Business Lines or Critical Operations domiciled in the United States or conducted in whole or material part in the United States. As of December 31, 2013 and through August 3, 2014, the U.S. operations of BES were as follows:

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i. The New York Branch of BES

The New York branch of BES, an uninsured state branch primarily regulated by the Federal Reserve and the New York State Department of Financial Services (“NYSDFS”). Its business consisted of wholesale banking, mainly in the United States, and its most significant assets were derived from lending activities. As of December 31, 2013, the BES New York branch had \$1,082.5 million in total assets as reported on its FFIEC 002 Call Report.

ii. The New York Branch of BESI

Banco Espírito Santo de Investimento S.A. (“BESI”), a wholly owned subsidiary of BES headquartered in Portugal, also had an uninsured state branch located in New York primarily regulated by the Federal Reserve and the NYSDFS. This branch was involved in structured finance, project finance and advisory work. As of December 31, 2013, the BESI New York branch had \$132.4 million in total assets as reported on its FFIEC 002 Call Report.

iii. Espirito Santo Bank

Espirito Santo Bank (“ESB”) is a Florida state chartered FDIC insured non-member bank primarily regulated by the FDIC and the Florida Office of Financial Regulation (the “OFR”). Its business consisted of private and commercial banking services, including lending, for domestic and international individuals, institutions and corporate clients. As of December 31, 2013, ESB had approximately \$793.3 million in total assets as reported on its FFIEC 031 Call Report.

As of December 31, 2014, ESB (now known as “Brickell Bank”) had three wholly owned subsidiaries: (1) Espírito Santo Investment Advisors, Inc. (now known as “Brickell Global Advisory, Inc.”), a Florida corporation that is registered as an investment adviser with the OFR; (2) E.S. Financial Services, Inc. (now known as “Brickell Global Markets, Inc.”), an SEC-registered broker dealer regulated by Financial Industry Regulatory Authority that provides private banking clients with brokerage accounts and securities services and distributes research to, and provides securities services for, institutional clients; and (3) Tagide Properties, Inc., a Florida corporation used to hold non-performing real estate assets of Brickell Bank.

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iv. Banco Espirito Santo North American Capital, LLC

BES is the direct parent company for a Delaware limited liability company, Banco Espirito Santo North American Capital, LLC (“BESNAC LLC”), that is the successor company of Banco Espirito North American Capital Corporation, established in 1990 for the purpose of issuing commercial paper in the United States. As of December 31, 2013, BESNAC LLC’s only asset was cash in the amount of approximately \$3,100, and it had no active business.

v. U.S. Non-Bank Operations

As set forth in the 2013 BES Resolution Plan, and as confirmed in the 2014 Update, BES had no material U.S. non-banking operations. BES has nevertheless included certain additional information concerning its U.S. banking operations in order to provide appropriate context to the other matters required.

Period Since August 4, 2014

Bank of Portugal Intervention; Novo Banco S.A.

As reported in the 2014 Update, on August 3, 2014, the Board of Directors of the Bank of Portugal implemented a “resolution measure” with respect to BES. As a result of this action, most of the assets and liabilities and operations (including employees) of BES and ownership of most of BES’s subsidiaries were transferred to a newly created bank, Novo Banco S.A. (“Novo Banco”). BES retained certain assets and liabilities and ownership in certain subsidiaries, including ESB.

As it pertains to operations of BES in the United States, the Bank of Portugal determined that the New York branch of BES, as well as the New York branch of BESI, should be transferred from BES to Novo Banco, and BES and BESI have subsequently surrendered the licenses for the New York branches to the New York Department of Financial Services. BESNAC LLC and all other non-banking assets were also transferred to Novo Banco. However, ownership of ESB and all of its subsidiaries was not transferred to Novo Banco and ownership remains with BES.

Following the transfer of most of BES’ operations to Novo Banco, the remaining consolidated assets of BES were approximately \$2.1 billion, corresponding to net assets (or equity) of approximately \$259 million after deduction of impairments and provisions.

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Present Status of BES

While BES is still licensed as a bank in Portugal, the Bank of Portugal has restricted its ability to conduct any banking business, and BES cannot take deposits or engage in any lending activities.

Present Status of ESB

In conjunction with the action of the Bank of Portugal concerning BES, on August 8, 2014, the FDIC and the Florida Office of Financial Regulation (the "OFR") issued a Consent Order that, among other things, restricted certain transactions between ESB and BES and its affiliates and certain payments by ESB to BES and its affiliates without the prior consent of the FDIC and the OFR.

Disposition of Espirito Santo Bank

In addition to the foregoing provisions, pursuant to the 2014 Consent Order, ESB was required, within thirty 30 days, to develop, adopt and comply with a plan for the disposition of ESB (the "Disposition Plan") by way of sale or merger of ESB, or the transfer of substantially all of the assets and liabilities of ESB, with or to an insured depository institution that is not controlled by BES or any of its affiliates, or, alternatively, to initiate the liquidation of ESB. As required, a copy of the Consent Order was provided to BES as ESB's majority shareholder. The Disposition Plan was submitted to the FDIC and the OFR, and the sales process described in the Disposition Plan, which is now nearing completion, was commenced.

In accordance with the Disposition Plan, ESB undertook a sales process that resulted in the execution of a stock purchase agreement with individual investors (the "Investors") on April 30, 2015, pursuant to which the Investors propose to acquire substantially all of the issued and outstanding shares of ESB (now "Brickell Bank"). An application for approval of this transaction, and a notice with respect to the proposed change in control, were filed by the Investors with the OFR and the FDIC, respectively, in June 2015. The Disposition Plan is nearing conclusion, and, subject to regulatory approval of the proposed transaction, Brickell Bank anticipates consummation of the change in control shortly thereafter.

As of September 30, 2015, Brickell Bank's total assets were approximately \$509 million.

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Interconnections and interdependencies

In the BES 2013 Resolution Plan, BES described the existence of interconnections and interdependencies between the New York Branch of BESI and ESB and one of ESB's subsidiaries, Espirito Santo Financial Services, Inc. in terms of the services, personnel, facilities and systems they shared.

Following the resolution of BES, the Bank of Portugal determined that these interconnections and interdependencies should be eliminated so that the New York Branch of BESI would become fully independent from BES and its subsidiaries, including ESB. As a result, these interconnections and interdependencies were eliminated in the month of August 2014, and the resulting need for services and systems were arranged through the home office of BESI.

No other significant changes had occurred with respect to the interconnections and interdependencies subsequent to the 2013 Resolution Plan, other than those reported in the 2014 Update.

Actions taken by BES since the submission of the BES 2013 Resolution Plan to improve the Plan's effectiveness

Not applicable. Due to termination of interconnections and interdependencies between BES and its non-banking activities, Material Entities, Core Business Lines or Critical Operations that are domiciled in the United States or conducted in whole or material part in the United States as a result of the resolution of BES in August 2014, no actions were required to be taken by BES to improve the effectiveness of the BES Resolution Plan.