



**Ana GOMES**

Andrea Enria  
Chairperson of the European Banking Authority (EBA)

Brussels, 19 June 2014

**Subject: Irregularities found at Espírito Santo Financial Group (ESFG)**

*Dear Chairperson,*

ESFG, a Portuguese holding company with headquarters in Luxembourg and one of Portugal's leading financial and industrial conglomerates with major investments in Europe, Africa, the Americas and Asia, has recently reported "serious irregularities" in the accounts of its parent company Espírito Santo International (ESI). Irregularities identified include "omissions in the accounting of liabilities"<sup>1</sup> and "overvaluations of assets" which led an external auditor to conclude that "ESI is in a serious financial situation".

In an interview to "Expresso" newspaper, ESI's Accounting Officer in Luxembourg explained that the accounts were manipulated at least since 2008, precisely to avoid controls by the supervisory entities in Portugal (CMVM and Banco de Portugal), with knowledge and following orders of President Ricardo Salgado and other administrators of Banco Espírito Santo (BES), the financial wing of ESI. The Public Prosecutor in Luxembourg has formally initiated an investigation, whilst the Portuguese Public Prosecutor announced to be merely "following the case".

On the other hand, Banco Espírito Santo Angola (BESA), the Angolan bank subsidiary of EFSG, has recently come under public attention due to lending more than double the amount of its own deposits in the past ten years to unknown beneficiaries, reportedly prominent individuals of the Angolan regime, on a discretionary basis and without guarantees. This financial situation has led to the creation of a sovereign guarantee of over EUR 5 billion by the Angolan State as a way of protecting the bank.

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<sup>1</sup> According to the press, liabilities omitted in 2012 amount to EUR 1.2 billion.



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Having regard to the risks it poses to the Portuguese and European banking systems, I urge you as Chairperson of the EBA, which is encharged with promoting convergence of supervisory practices, assessing risks and vulnerabilities in the EU banking sector and investigating alleged incorrect or insufficient application of EU law by national authorities, to initiate an investigation including not only the irregularities of the financial institutions in question, but also the behaviour and response of the supervisory entities in Portugal. I note that, to this day, no Portuguese judicial investigation has been formally opened and no interdictions have been declared by Banco de Portugal or the CMVM against ESFG/GES/BES top executives.

I urge you, furthermore, to press the Portuguese regulators to act independently and effectively in the enforcement of the Union and national laws, providing the highest protection to depositors, investors and consumers.

*Best regards,*

Ana Gomes  
Member of the European Parliament