

ESPIRITO SANTO FINANCIAL GROUP S.A. - CORPORATE STRUCTURE AND GOVERNANCE

Espírito Santo Financial Group S.A.'s ('ESFG' or 'the Company') corporate structure is organised in accordance with Luxembourg law and the Company's articles of incorporation.

It is composed of a Board of Directors, an Executive Committee, an Audit Committee, a Stock Option Committee independent external auditors and Internal Control functions: compliance, risk and internal audit.

The Board of Directors, the Audit Committee and the independent external auditors are elected by the meeting of shareholders whilst the Executive Committee and the Stock Option Committee are appointed by the Board of Directors.

The independent external auditors are appointed by the Audit Committee, once approved by the shareholders meeting, for a period of up to six years, upon a proposal by the board.

Shareholders' meetings

The Annual General Meeting is held each year on the last Friday in April at 12 o'clock in Luxembourg-city.

The shareholders' meeting, regularly 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. At the Annual General Meeting the resolutions are taken irrespective of the number of shares represented, by a simple majority of votes cast.

An Extraordinary General Meeting may be convened at the request of the Board of Directors, the auditors or of a shareholder representing at least 10.0% of the capital of the company. Any shareholder with more than 5.0% of the capital of the company may submit proposals for the general meetings of the company.

At an Extraordinary General Meeting the quorum shall be at least one half of all the shares issued and outstanding. If the said quorum is not present at a first meeting, a second meeting may be convened at which there shall be no quorum required. In order for the proposed resolutions to be adopted, and save as otherwise provided by the laws, a two thirds' majority of the votes cast by the shareholders present or represented is required at any such meeting.

Any general meeting of shareholders shall be presided by the Chairman or by a person designated by the Board of Directors or, in their absence by the general meeting of shareholders. The chairman of the general meeting of shareholders appoints a secretary and a scrutineer and these will form the board of the general meeting.

Each share entitles the shareholder to one vote.

In 2009, the Annual General Meeting was held on the 24th April.

Directors and Supervisory Boards

Board of Directors

Ricardo Espírito Santo Silva Salgado, *Chairman*
José Manuel Pinheiro Espírito Santo Silva, *Vice Chairman*
António Luís Roquette Ricciardi
Mário Mosqueira do Amaral
Manuel Fernando Moniz Galvão Espírito Santo Silva
Jackson Behr Gilbert
Patrick Monteiro de Barros
Robert Studer
Philippe Guiral
Manuel António Ribeiro Serzedelo de Almeida
José Maria Espírito Santo Silva Ricciardi
Pedro Guilherme Beauvillain de Brito e Cunha
Carlos Augusto Machado de Almeida Freitas
Aníbal da Costa Reis Oliveira
Juan Villalonga Navarro
Othman Benjelloun
José Pedro Torres Garcia Caldeira da Silva
Yves Alain Marie Morvan
Fernando Pedro Braga Pereira Coutinho
Alexandre da Paixão Coelho
José Carlos Cardoso Castella
Horácio Lisboa Afonso
Bernard Basecqz
Gherardo Laffineur Petracchini
Manuel Guerrero Péman

The Company is managed by a Board of Directors composed of at least three members, who need not be shareholders. The directors are elected by the general shareholders' meeting for a maximum period of six years and are re-eligible.

Composition of the Board of Directors

The current Board of Directors is composed by twenty five directors, eight of whom are independent. Some of the directors represent major shareholders, others are representatives from major subsidiaries and some are independent. Their present mandate, including those of the directors who form part of the Executive, Audit and Stock Option Committees, started on the 30th May 2008 and will expire on the last Friday in April 2014, when the Annual General Meeting will be held. The mandate of the Executive Committee is of indeterminate duration but will expire on the same date as that of the mandate of the board members.

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 case of emergency, a written decision signed by all the 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.

In accordance with the legislation on insider dealing and market manipulation, the company implements blackout periods when trading in ESFG's shares is not permitted. It has established procedures for notification on any transactions on the company's shares outside these blackout periods. The Board of Directors has also implemented a Code of Business Conduct and Ethics and has adopted a set of Independence criteria on the role of its directors.

During 2009, the Board of Directors met 13 times with a majority of directors present at each of these meetings.

Information on the Directors

Ricardo Espírito Santo Silva Salgado

Date of birth: 25/06/1944; Nationality: Portuguese;

First appointed: 28/11/1984; Independent: No.

Academic qualifications: Degree in Economics from Instituto Superior de Ciências Económicas e Financeiras of the Universidade Técnica de Lisboa.

Mr. Ricardo Espírito Santo Silva Salgado was appointed to the Board of Directors in 1984, and has served as Chairman since 1991.

Posts within ESFG subsidiaries or affiliates

Vice Chairman – Board of Directors of Banco Espírito Santo and Chairman of its Executive Committee.

Chairman – Banco Espírito Santo de Investimento,

BES África SGPS S.A., Bespar SGPS S.A., BEST – Banco Electrónico de Serviço Total, ES Bankers (Dubai) Limited, ESAF-Espírito Santo Activos Financeiros S.A., ES Tech Ventures SGPS S.A., Espírito Santo Financial (Portugal) SGPS S.A., Espírito Santo – Empresa de Prestação de Serviços 2, ACE, Espírito Santo Saúde SGPS S.A., Espírito Santo Ventures – Sociedade de Capital de Risco, S.A., Partran SGPS S.A.

Director – Banque Espírito Santo et de la Vénétie S.A., Banque Privée Espírito Santo S.A., BES Finance, Ltd., Espírito Santo Bank.

Posts in companies outside ESFG

Chairman – Casa dos Pórticos, Sociedade de Administração de Bens S.A., Sociedade de Administração de Bens Pedra da Nau, S.A.

Vice-Chairman – E.S.Holding Administração e Participações, S.A.

Director – Banco Bradesco S.A., Espírito Santo

Control S.A., Espírito International S.A., Espírito

Santo Resources Limited, Espírito Santo Services S.A.

He is a Member of the Board of Directors of NYSE Euronext and a member of its Human Resources

and Compensation Committee; Member of Institut International d'Etudes Bancaires; Member of the Conseil de Cooperation Economique (Europe).

José Manuel Pinheiro Espírito Santo Silva

Date of Birth: 02/05/1945; Nationality: Portuguese;

First appointed: 27/03/1987; Independent: No.

Academic qualifications: Degree in Economics, specialising in Company Administration and Management, Évora University.

Mr. José Manuel Pinheiro Espírito Santo Silva is Vice Chairman of ESFG.

Posts within ESFG subsidiaries or affiliates

Chairman – Banque Privée Espírito Santo S.A.,

Fiduprivate – Sociedade de Serviços, Consultoria, Administração de Empresas S.A.

Vice-Chairman – Espírito Santo Financial (Portugal), SGPS, S.A.

Director – Banco Espírito Santo S.A., Banco Espírito Santo de Investimento S.A., Banque Espírito Santo et

de la Vénétie S.A., BES África, SGPS, S.A., Bespar SGPS S.A., ESAF – Espírito Santo Activos Financeiros SGPS S.A., Espírito Santo Bank, Europ Assistance – Companhia Portuguesa de Seguros de Assistência S.A.

Posts in companies outside ESFG

Chairman – Sociedade Imobiliária e Turística da Quinta do Perú S.A.

Director – Espírito Santo Control S.A., Espírito Santo International S.A., Espírito Santo Resources Limited, Espírito Santo Services S.A., Europ Assistance – Companhia Portuguesa de Seguros Assistência, S.A.

António Luís Roquette Ricciardi

Date of Birth: 06/04/1919; Nationality: Portuguese;

First Appointed: 28/11/1984; Independent: No.

Academic Qualifications: Degree from Faculdade de Ciências, Lisbon; Degree from Academia Naval, Lisbon, Degree from Escola de Aviação Naval, Lisbon.

Posts within ESFG subsidiaries or affiliates

Chairman – Espírito Santo Services S.A.

Vice-Chairman – Bespar SGPS S.A. and

Partran SGPS S.A.

Director – Banque Privée Espírito Santo S.A.

Posts in companies outside ESFG

Chairman – Espírito Santo Control S.A., Espírito Santo International S.A., Espírito Santo Resources (Portugal) S.A.

Director – Espírito Santo Resources Ltd, Casa do Guincho – Sociedade de Administração de Bens, S.A.

Mário Mosqueira do Amaral

Date of Birth: 14/11/1932; Nationality: Portuguese;

First appointed: 28/11/1984; Independent: No.

Academic Qualifications: Degree in Economics from Instituto Superior de Ciências Económicas e Financeiras, Lisbon.

Posts within ESFG subsidiaries or affiliates

Chairman – Banco Espírito Santo North American Capital Corporation.

Director – Banque Privée Espírito Santo S.A., Bespar SGPS S.A., Espírito Santo Services, S.A., Espírito Santo Empresa de Prestação de Serviços S.A. and Partran SGPS S.A.

Posts in companies outside ESFG

Chairman – Amaral e Pinto S.A.

Vice-Chairman – Espírito Santo Control S.A. and Espírito Santo International S.A. Director – Banque Marocaine du Commerce Extérieur, Espírito Santo Resources Ltd.

Manuel Fernando de Moniz Galvão

Espírito Santo Silva

Date of Birth: 20/07/1958; Nationality: Portuguese; First Appointed: 08/11/1995; Independent: No.

Academic Qualifications: B.A. Business Administration, Richmond College, London International Bankers' Course at Barclays Bank and Midland Bank, London; Inter Alpha Banking Course, INSEAD, Fontainebleau.

Posts within ESFG subsidiaries or affiliates

Director – Banco Espírito Santo, Bespar SGPS S.A., Espírito Santo Bank S.A.

Posts in companies outside ESFG

Chairman – Academia de Música de Santa Cecília, Espírito Santo Industrial S.A., Espírito Santo Resources Limited, Espírito Santo Tourism (Europe) S.A., Euroamerican Finance Corporation, Inc, Herdade da Comporta– Actividades Agro Silvícolas e Turísticas S.A., Rio Forte Investments S.A.

Director – Espírito Santo Control S.A., Espírito Santo International S.A., Espírito Santo Resources (Portugal) S.A., Espírito Santo Services S.A., Santogal SGPS S.A., Sapec S.A., Sociedade de Investimentos Imobiliários Sodim, S.A.

Jackson Behr Gilbert

Date of Birth: 13/09/1932; Nationality: American;

First appointed: 12/06/1990; Independent: No.

Academic Qualifications: Degree in Law, University of Virginia Law School, USA.

Posts within ESFG subsidiaries or affiliates

Chairman Emeritus – Espírito Santo Bank S.A.

Patrick Monteiro de Barros

Date of Birth: 03/02/1945; Nationality: French

and Portuguese; First appointed: 24/12/1994; Independent: No.

Academic Qualifications: Degree from Ecole Supérieure de Commerce et Administration d'Entreprise, Paris.

Posts in companies outside ESFG

Chairman – Argus Resources (UK) Ltd.
Director – Petroplus Holdings.

Robert Studer

Date of Birth: 12/11/1938; Nationality: Swiss;
First Appointed: 22/10/1999; Independent: Yes.
Academic Qualifications: Degree in Business Administration from the Zurich Management Institut.

Philippe Guiral

Date of Birth: 18/11/1948; Nationality: French;
First appointed: 10/11/2000; Independent: No.
Academic Qualifications: Master in Economics,
University of Montpellier, I.A.E. (business administration) – Montpellier Advanced Executive Program, Anderson School at UCLA, Los Angeles.

Posts within ESFG subsidiaries or affiliates

Chairman – Banque Espírito Santo et de la Vénétie.
Director (non-executive) – Banco Espírito Santo de Investimento S.A.

Posts in companies outside ESFG

Vice Chairman – Banco delle Tre Venezie.

Manuel António Ribeiro Serzedelo de Almeida

Date of Birth: 05/08/1943; Nationality: Portuguese;
First Appointed: 25/05/2001; Independent: No.
Academic Qualifications: Degree in mechanical engineering, Instituto Superior Técnico Lisboa;
MBA Insead – Fontainebleau.

Posts in companies outside ESFG

Chairman – Estrela SGPS.
Director – Altitude Software, Egeo.

José Maria Espírito Santo Silva Ricciardi

Date of Birth: 27/10/1954; Nationality: Portuguese;
First appointed: 25/05/2001; Independent: No.
Academic Qualifications: Degree in Sciences Economiques Appliquées, Université
Catholique de Louvain, Faculté des Sciences Économiques, Sociales et Politiques, Institut d'Administration et de Gestion, Belgium.

Posts within ESFG subsidiaries or affiliates

Chairman – BES Investimento do Brasil S.A.,
Banco Espírito Santo de Investimento S.A.
(Executive Committee).
Vice-Chairman – Banco Espírito Santo de Investimento S.A., ESAF– Espírito Santo Activos Financeiros (AGM board).
Director – Banco Espírito Santo S.A. (member of Executive Committee), BES Africa, SGPS, S.A., Espírito Santo Capital – Sociedade de Capital de Risco S.A., Espírito Santo Investment Holdings Limited.

Posts in companies outside ESFG

Vice Chairman – Supervisory Board of Sporting
Clube de Portugal.
Director – Supervisory Board of Sporting, Sociedade Anónima Desportiva, SAD.
Member of General and Supervisory Board – EDP– Energias de Portugal, S.A.
Member of AGM board– Espart– Espírito Santo participações Financeiras – SGPS S.A.

Pedro Guilherme Beauvillain de Brito e Cunha

Date of Birth: 12/07/1951; Nationality: Portuguese;
First appointed: 25/05/2001; Independent: No.
Academic Qualifications: Degree in Business Studies from College of Distributive Trades, London.

Posts within ESFG subsidiaries or affiliates

Chairman – AdvanceCare– Gestão de Serviços de Saúde, S.A., BES, Companhia de Seguros S.A., Companhia de Seguros
Tranquilidade S.A., Espírito Santo Contact Center, Gestão de Call Centers S.A., Esumédica – Prestação de Contactos Médicos S.A.,
Seguros LOGO S.A., T-Vida – Companhia de Seguros S.A.
Director – BES Vida Companhia de Seguros S.A., Espírito Santo Saúde S.A.

Posts in companies outside ESFG

Chairman – Europ Assistance – Companhia Portuguesa de Seguros de Assistência, S.A.

Carlos Augusto Machado de Almeida Freitas

Date of Birth: 19/02/1950; Nationality: Portuguese;
First appointed: 25/05/2001; Independent: No.
Academic Qualifications: Secondary Education.

Aníbal da Costa Reis Oliveira

Date of Birth: 24/09/1935; Nationality: Portuguese;
First appointed: 25/05/2001; Independent: No.
Academic Qualifications: Course on General Commercial Management, Porto; Degree in Chemical Engineering, Germany.

Posts within ESFG subsidiaries or affiliates

Director – Banco Espírito Santo, Espírito Santo Financial (Portugal) SGPS S.A.

Posts in companies outside ESFG

Chairman – Acro-SGPS, S.A., Diliva– Sociedade de Investimentos Imobiliários S.A., Espírito Santo International S.A., Olinerg SGPS S.A., Oliren SGPS S.A., Oliveste – SGPS S.A., Saramagos – Sociedade Produtora de Energia S.A.

Juan Villalonga Navarro

Date of Birth: 04/08/1953; Nationality: Spanish; First appointed: 25/05/2001; Independent: Yes.

Posts in companies outside ESFG:

Chairman: Opway Novas Tecnologias.
Director: Axiata, Telnic, Telefonica Foundation,
Medikidz Foundation.

Othman Benjelloun

Date of Birth: 01/11/1932; Nationality: Moroccan;
First appointed: 31/05/2002; Independent: Yes.

Posts in companies outside ESFG

Chairman – Banque Marocaine du Commerce Extérieur, BMC Bank Foundation, BMCE Capital, BMCE International, Meditelecom, Moroccan Banking Association, RMA Watanya Insurance Company and Union des Banques Maghrébines.
Director – Mohammed V Foundation for Solidarity
Advisor – Center for Strategic International Studies, Washington D.C.

José Pedro Torres Garcia Caldeira da Silva

Date of Birth: 22/02/1959; Nationality: Portuguese;
First appointed: 31/05/2002; Independent: No.
Academic Qualifications: BA in Economics, Universidade Católica Portuguesa. MA Operational Research and Systems Engineering– Universidade Técnica de Lisboa; MBA Insead, Fontainebleau.

Member of ESFG's Executive Committee.

Posts within ESFG subsidiaries or affiliates

Director – Banque Privée Espírito Santo S.A.,
ES Bankers (Dubai) Limited, ESFG International Limited, ES Bank (Panama) S.A.

Fernando Pedro Braga Pereira Coutinho

Date of Birth: 26/12/1946; Nationality: Portuguese;
First appointed: 08/07/2005; Independent: Yes.
Academic Qualifications: Degree in Economics, Instituto Superior de Ciências Económicas e Financeiras, Lisbon.

Chairman of ESFG's Audit Committee.

Yves Alain Marie Morvan

Date of Birth: 11/04/1939; Nationality: French;
First Appointed: 08/07/2005; Independent: No.
Academic Qualifications: Degree in Government Studies, Harvard University; MA in International Affairs from John Hopkins University, USA.

Posts within ESFG subsidiaries or affiliates

Director – Banque Espírito Santo et de la Vénétie.
Vice Chairman – ES Bankers (Dubai) Limited.

Alexandre da Paixão Coelho

Date of Birth: 15/04/1942; Nationality: Portuguese;
First appointed: 08/07/2005; Independent: Yes.
Academic Qualifications: Degree in Audit Studies, Instituto Superior de Contabilidade e Administração de Lisboa.

Member of ESFG's Audit Committee.

José Carlos Cardoso Castella

Date of Birth: 13/09/1949; Nationality: Portuguese;
First appointed: 25/05/07; Independent: No.
Academic Qualifications: MA Business Administration,
MA in Finance, ISCEF, Universidade Técnica de Lisboa.

Member of ESFG's Executive Committee.

Posts within ESFG subsidiaries or affiliates

Director – Espírito Santo Financial (Portugal) SGPS S.A., ESFG International Limited.

Posts in companies outside ESFG

Chairman – ES International Panama, S.A.,

Escopar– SGPS SA; Espírito Santo Irmãos SGPS, S.A., Euroamerican Finance S.A, Gestres– Gestão Estratégica Espírito Santo, S.A., Suliglor– Imobiliária do Sul, S.A.

Director– Control Developments Limited, ES International Overseas S.A., ES Private Equity Limited, ES Resources Overseas Limited, ESAT, S.A., ESFG International Limited, ESPART – Espírito Santo Participações Sociais S.A., Espírito Santo Agriculture and Development Limited, Espírito Santo BVI Participation Limited, Espírito Santo Enterprises S.A., Espírito Santo Industrial (BVI) S.A., Espírito Santo Industrial (Portugal) SGPS S.A., Espírito Santo Industrial S.A., Espírito Santo International (BVI) S.A., Espírito Santo Irmãos SGPS S.A., Espírito Santo Property S.A., Espírito Santo Property Holding (Portugal) S.A., Espírito Santo Resources (Portugal) S.A., Espírito Santo Tourism Limited, GES Finance Limited, Opway SGPS S.A., S.D.Imóvies S.A., Ushuaia – Gestão e Trading Internacional Limited.

Horácio Lisboa Afonso

Date of Birth: 05/02/1949; Nationality: Portuguese;

First appointed: 21/09/2007; Independent: Yes.

Academic Qualifications: Degree in Finance, Instituto Superior de Economia, Universidade Técnica, Lisbon.

Member of ESFG's Audit Committee.

Bernard Basecqz

Date of Birth: 15/10/1945; Nationality: Belgian;

First appointed: 30/05/2008; Independent: Yes.

Academic Qualifications: Doctor in Law, Université Catholique de Louvain, Belgium; MBA – Finance, Michigan State University, USA.

Posts within ESFG subsidiaries and affiliates

Chairman: ESFIL – Espírito Santo Financière S.A.

Director – (non executive director) of Banco Espírito Santo de Investimento S.A.

Posts in companies outside ESFG

Chairman of Benetton International, Luxembourg, Mercier Vanderlinden Asset Management S.A., Belgium.

Director: QAT Investments S.A., Luxembourg.

Gherardo Laffineur Petracchini

Date of Birth: 18/12/1961; Nationality: French and Italian; First appointed: 30/05/2008; Independent: No.

Academic Qualifications: Degree in Agricultural Engineering from Ensia – École Nationale Supérieure des Industries Agricoles et Alimentaires, Paris; MBA from ESSEC– International Business School, Paris.

ESFG's Chief Executive Officer and member of the Executive Committee.

Manuel Guerrero Péman

Date of Birth: 27/11/1949; Nationality: Spanish;

First appointed: 30/05/2008; Independent: Yes.

Academic Qualifications: Degree in Law, Universidad Complutense de Madrid.

Posts within ESFG subsidiaries and affiliates

Chairman of the Advisory Board of Banco Espírito Santo de Investimento S.A. in Madrid.

Posts in companies outside ESFG

Chairman – Parque Temático de Madrid (Parque Warner)

Vice Chairman – Grupo CTESSNA Seguridad S.A.

Director– Grupo Prensa Joly, Tradisa, Repsol Group and Grupo Troll.

Executive Committee

Gherardo Laffineur Petracchini, Chairman

José Carlos Cardoso Castella

José Pedro Torres Garcia Caldeira da Silva

The Executive Committee is composed of three directors elected by the Board of Directors from

amongst its members. The mandate of the Executive Committee is of unlimited duration, but the mandates of its composition expire at the same time as the mandates of all directors, on the date of the AGM in 2014.

The purpose of the Executive Committee is to assist the Board of Directors in the performance of its duty, namely:

•

The development and implementation of strategy, operational plans, policies, procedures and budgets;

•
The monitoring of operating and financial performance;

•
The assessment and control of risk; and

•
The prioritisation and allocation of resources.

Summary Curriculum Vitae of each member of the Executive Committee:

Mr. Gherardo Laffineur Petracchini was appointed to the board of directors in 2008. Mr. Petracchini started his banking career with Cr dit Lyonnais in Paris in 1988. He worked for the Soci t  G n rale Group from 1989-2008 in France, Spain and Italy namely at Fimat (Futures Brokerage), in Paris and in Madrid where he was General Manager and Managing Director of Fimat Spain from 1992 to 1996 and International Marketing Manager in SG Fimat Asset Management for Latin America and Southern Europe in 1996-1997; in 1998 he moved to Milan where he was Managing Director, Head of Global Banking and Securities Services in SG Milan, between 1998 and 2004; Managing Director, Head of International Development in Fidelity SpA (Consumer Finance) in 2005 and Managing Director of Locat Rent SpA (Long Term Car Rental), a 50/50 joint venture between SG and Unicredit Groups, until 2008. He is a member of the Board of Directors of the CFCII (French Chamber of Commerce and Industry in Italy, Milan); Conseiller du Commerce Ext rieur de la France (French Foreign Trade Advisor) and Academician of the Accademia Angelica Costantiniana of Rome in Italy.

Mr. Jos  Pedro Torres Garcia Caldeira da Silva was appointed to the Board of Directors in 2002. He has been chief executive officer of Banque Priv e Esp rito Santo since 1998. He is a director of ES Bankers (Dubai) Limited and ESFG International Limited. He worked in the corporate finance division of BASF AG in Germany and abroad from 1985 to 1989.

Mr. Jos  Carlos Cardoso Castella has worked for the Esp rito Santo group of companies since 1986. He worked at BES from 1976 to 1978. Between 1986 and 2002 he was assistant controller of the group as well as director of several group companies. He is a director of ESFG International Limited. At present he is Controller of the Esp rito Santo group of companies, chairman of ES International Panama S.A., Escopar SGPS SA, Esp rito Santo Irm os SGPS S.A., Euroamerican Finance Corporation S.A., Gestres– Gest o Estrat gica Esp rito Santo S.A. and Suliglor– Imobili ris do Sul, S.A.

The Executive Committee met 20 times during the year. All three members were present at 19 of the meetings, with only two members present at one of the meetings.

Audit Committee

Fernando Pedro Braga Pereira Coutinho, Chairman
Alexandre da Paix o Coelho
Hor cio Lisboa Afonso

The Audit Committee is composed of three independent directors, who are not allowed to carry out any executive duties in ESFG or any of its affiliates. The Audit Committee is nominated by the Shareholders' Meeting and their functions approved by such a meeting.

According to the Company's Articles of Incorporation, the powers of the Audit Committee are:

- surveying the running of the Company by the Board of Directors;
- assisting the Board of Directors in the process of overseeing the accounting and financial reporting processes;
- assessing the effectiveness of the financial reporting, internal control and risk management system of the company and its affiliates;
- examining the audit plan approved by the Board of Directors or the Audit Committee and making sure that the audits are carried out and the subsequent audit reports conform to the audit plan;
- evaluating regularly its own effectiveness;
- reviewing the relevance and consistency of the accounting standards applied by the company (including, without limitation, the consolidation criteria);
- maintaining with the internal and statutory (or, as the case may be, external) auditors an effective working relationship;
- make recommendations regarding the statutory auditor's (or, as the case may be, the external auditor's) work programme; and
- make recommendations to the Board of Directors and to the shareholders' meeting regarding selection, appointment, re-appointment and removal of the statutory (or, as the case may be, external) auditor and, upon special delegation of the shareholders' meeting,

negotiating the terms of engagement of the statutory (or as the case may be, external) auditor, in particular by monitoring the rotation of the partners of the auditor.

Their current mandate expires on the date of the AGM in 2014 to coincide with that of the other directors.

The Audit Committee met six times in 2009. All three members were present at the meetings.

Stock Option Committee

The Stock Option Committee is composed of three directors: José Pedro Torres Garcia Caldeira da Silva, Jackson Behr Gilbert and Gherardo Laffineur Petracchini.

The Stock Option Committee meets whenever a request for the exercise of an option is received and the primary function of the Committee is to ensure that the rules put down in the Stock Option Plan are complied with.

The Committee met once in 2009.

Nomination Committee

The Board of Directors assessed the need to establish a nomination committee to assist in the selection of directors. They did not consider it necessary, given the specific logic prevailing in the composition of ESFG's Board of Directors, where representatives from major shareholders and major subsidiaries are represented together with a sufficient number of independents.

Remuneration Committee

The Board of Directors considers that, since the vast majority of its members are not remunerated by ESFG, the establishment of a remuneration committee is not necessary.

The remuneration of the Directors is determined by the general meeting of shareholders. The total remuneration received by the board members in 2009 was EUR 1,836,086.

Officers

In addition to the Directors, ESFG has the following four officers: Erich Dähler, Senior Vice President, Jean-Luc Schneider, Senior Vice President, Teresa de Souza, Senior Vice President and Company Secretary and Filipe Worsdell, Senior Vice President and Chief Financial Officer.

Erich Dähler joined ESFG in 1991. Prior to joining ESFG Mr. Dähler was a senior bank analyst with the UBS Group in Zurich and London.

Jean-Luc Schneider joined ESFG in 1990. He is responsible for ESFG Group's consolidation and financial reporting. He worked for American Medical International Switzerland as a regional controller from 1976 to 1989.

Teresa de Souza joined ESFG in 1989. She has been Company Secretary since 1996. Prior to joining ESFG she was Business Development Manager at Banco Totta & Açores in London.

Filipe Worsdell joined ESFG in 2008. He worked in BESI in Portugal as a member of BESI's fixed income sales and trading department from June 2002 to 2008. From 1997 to 2002 he worked for Espírito Santo Dealer.

Internal Control

The international banking sector has been adopting measures designed to protect the financial system from the types of financial and operational risks which banks face. These recommendations form the Basel II Agreement, issued by the Basel Committee on Banking Supervision. Basel II uses a three pillars concept. Pillar I deals with the maintenance of regulatory capital calculated for the credit and operational risk to which the bank is exposed; Pillar II strengthens banking supervision and encourages the banking sector to improve its risk management processes; Pillar III deals with market discipline and complements the other two pillars by ensuring the banks disclose adequate information to the market.

Although ESFG is a Luxembourg based company it is supervised on a consolidated basis by the Bank of Portugal due to the fact that the majority of its investments are located in Portugal. Bank of Portugal's regulations require that institutions under its supervision have in place an Internal Control Structure.

Due to its primary listing in Luxembourg, ESFG follows the Bourse de Luxembourg's recommendation to establish rules in the areas of financial reporting, internal control and risk management.

ESFG's Internal Control System was established in accordance with principles and methods of COSO (Committee of Sponsoring Organizations of the Treadway Commission) geared to identify and fight the causes of fraudulent financial reporting.

The Internal Control System derives its dynamism from the ever changing organization, structure and procedures of an active banking group and the resulting constant monitoring and control of risks to which it is exposed at the level of its subsidiaries both in Portugal and in other countries.

In order to ensure the functioning of its Internal Control System, ESFG nominated during the year under review three representatives for the (1) Risk, (2) Compliance and (3) Internal Audit functions.

1.

The Risk function identifies and monitors a variety of ongoing risks to which ESFG and its subsidiaries are exposed and defines and proposes measures to mitigate these risks. It must carry out an assessment of how much current and future capital is necessary to cover these risks having considered other mitigating factors.

ESFG applied to the Bank of Portugal for Pillar I for the ability to use the Internal Ratings Based ('IRB') Foundation methodology for Credit Risk and for the Standard methodology for operational risk. This was approved by the Bank of Portugal in March 2009 and updated to include other ESFG subsidiaries, in the framework of the roll-out programme.

2.

The Compliance Function supervises the implementation of ESFG's Internal Control System and ensures its monitoring and management thus guaranteeing the reliability of the financial information, the safekeeping of the assets and an integrated management of risk.

3.

The Internal Audit Function undertakes periodic inspections at ESFG level and its subsidiaries to ensure the efficiency of the Internal Control System.

In June 2009 an annual report on the Internal Control Function at ESFG level was delivered to the Bank of Portugal, with the opinions of both the Audit Committee and the external auditors as required by the Bank of Portugal.

ESFG's Executive Committee holds periodic meetings with the representatives of the three functions. During these meetings ESFG's subsidiaries outside Portugal make presentations on their activities, risks and internal control systems.

ESFG's insurance subsidiaries are supervised by the Instituto de Seguros de Portugal, which in 2005 issued the 'Norma 14/2005-R' on the matter of risk management and internal control. Complying with this regulation, Tranquilidade Group implemented a model of governance with the segregation of tasks and the formal establishment of Global Risk Management and Internal Audit Committees with the principal objective of establishing Tranquilidade Group's risk policies.

At the same time a Global Risk Department was set up to supervise the areas of risk management, internal control and compliance.

Share Options

ESFG has in place a Stock Options Plan, which grants 2,940,000 options to Directors and officers of ESFG and its principal subsidiaries. The plan had a vesting period to the 1st October 2009. No share options were exercised till the end of 2009.

ESFG's shares

ESFG has its shares and other securities listed and admitted for trading on the Luxembourg Stock Exchange (primary listing), the London Stock Exchange and NYSE Euronext Lisbon (secondary listings).

Since the approval of the Luxembourg law of 11th January 2008, concerning the transparency obligations applicable to issuers of shares admitted to trading on a regulated exchange, ESFG's reporting obligation is to the Commission de Surveillance du Secteur Financier in Luxembourg.

The number of shares (bearer and registered) in issue is 77,854,916 with a nominal value of EUR 10 each.

As at 31st December 2009 the main shareholders of ESFG were:

	Number of shares	%
Espírito Santo International S.A.	23,714,349	30.46
Espírito Santo Irmãos SGPS S.A.	7,493,911	9.63
Total	31,208,260	40.09

Performance of ESFG shares

An improved global outlook in 2009, notably in the emerging markets, benefited both equity and credit markets. The improvements in equity indices came to

the fore in the second quarter of the year. In the United States the Dow Jones, Nasdaq and S&P500 rose by 18.8%, 43.9% and 23.5% respectively. In the Emerging markets the Bovespa, Shanghai Composite and Senex climbed 82.7%, 79.9% and 81.0%. In Europe the DAX rose by 23.9%, the CAC40 by 22.3% and the IBEX by 29.8%. The Portuguese PSI20 index climbed by 33.5% with ESFG, which trades primarily

on the Lisbon NYSE Euronext exchange, closing the year up by 35.6% at EUR 14.85 per share. In May 2009 ESFG paid EUR 0.30 per share in dividend to shareholders, a dividend yield (calculated at closing price 31/12/08) of 2.0%.