

**Espírito Santo Financial Group S.A.**  
Société Anonyme  
R.C.S. Luxembourg B22 232

**Board of Directors Report to the Extraordinary General Meeting of Espírito Santo Financial Group S.A. to be held in Luxembourg on 26<sup>th</sup> February 2009 at 2 pm.**

The authorized capital of Espírito Santo Financial Group S.A. (“the Company”) has been at its current level of EUR 1,000,000,000 since the Extraordinary General Meeting, held on 31<sup>st</sup> May 2002. At the Extraordinary General Meeting, held on 25<sup>th</sup> May 2007 the authorized capital of the Company was maintained at the same level for an additional period of five years.

After the 20 million share issue in December 2008, the issued capital of the Company was increased to EUR 778,549,160. The Company has bonds and warrants outstanding and it needs to ensure it has enough capacity in its authorised capital for their eventual exercise.

The Board of Directors proposes, to the shareholders present or represented at this Extraordinary Meeting, to increase the authorized capital of the Company to EUR 2,000,000,000 represented by 200,000,000 shares of EUR 10.- each. The authorisation granted to Board of Directors by the Extraordinary General meeting held on the 25<sup>th</sup> May 2007 for a period to May 2012, to issue shares in one or several tranches, within the limits of the authorised capital, without reserving a preferential right to the existing shareholders, but including such issue premium as it may set forth and upon such further terms and conditions as the Board of Directors may think fit and determine at its discretion in the particular circumstances remains unaffected and valid.

Since the Company’s creation in 1984, its Articles of Association mentioned that the Annual General Meeting would be held on the last Friday of May, each year, at 12 o’clock and since then, all annual general meetings have been held on that day each year.

The Luxembourg law of 11 January 2008, concerning the transparency obligations applicable to issuers of shares admitted to trading on a regulated exchange, require forthwith Luxembourg companies to make public their annual financial report, within a period of four months from the end of each financial year.

The Board of Directors considers it in the best interest of the Company and its shareholders to advance the date of the Company’s Annual General Meeting and is asking for the approval by the shareholders, for their consent to set the date for its annual general meetings to be held on the last Friday in April, each year, at 12 o’clock.

The Articles of Association of the Company were written in 1984 and since that date have only had minor changes to its text. As the Articles of Association will have to be amended to accommodate the changes approved at this Extraordinary General Meeting, the Company's legal counsel in Luxembourg suggested amending some of the articles, to accommodate changes in Luxembourg law and also rewriting some of the articles to make them clearer and more easily understood. The proposed changes have been posted on the Company's website.

The Board of Directors asks the shareholders present or represented at this meeting, to approve the amendments to the Articles of Association, as suggested.

The Board of Directors  
26th January 2009