

ESPÍRITO SANTO FINANCIAL GROUP S.A.
société anonyme
231, Val des Bons Malades
L-2121 Luxembourg-Kirchberg
RCS Luxembourg - B 22.232

Corporate Structure and Governance

Espírito Santo Financial Group S.A's ("ESFG") corporate structure is organised in accordance with Luxembourg law and the company's statutes. It is composed of a Board of Directors, and Executive Committee, an Audit Committee and independent external auditors. The Board of Directors, the Audit Committee and the independent external auditors are elected by the meeting of shareholders whilst the Executive Committee is appointed by the Board of Directors. The Board of Directors, which is elected for a period of up to six years, is vested with the powers to perform all necessary or useful deeds for accomplishing the corporation's objective. In June 2004, ESFG adopted a Code of Ethics which addresses, inter alia, the areas of conflicts of interest and financial reporting. In April 2007 the Board appointed an Executive Committee composed of three of its members to conduct the day to day management of the company and approved its regulations. In September 2007 it was deemed necessary to change the process of nomination of the Audit Committee and an Extraordinary General Meeting was held to approve the revised Audit Committee. 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 of the board.

The Board of Directors

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 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 four directors whose mandates, including those of the directors who form part of the Executive and Audit Committees, expire in May 2008. The mandate of the Audit Committee which expired in July 2007 was renewed for the period to coincide with the mandates of the directors and expires in May 2008. The mandate of the Executive Committee is of indeterminate duration but will not survive the expiration of the mandate of the board members. The mandate of the current external auditors expires in September 2008.

Information on the Directors

Ricardo Espírito Santo Silva Salgado

Date of birth: 25/06/1944; Nationality: Portuguese; Start of Mandate: 28/11/1984; End of Mandate: 30/05/2008; Independent: No.

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 in charge of its Financial and Credit Committee (ALCO).

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

Director - BES Finance Ltd., Banco Espírito Santo do Oriente S.A., Banque Espírito Santo et de la Vénétie S.A., Banque Privée Espírito Santo S.A., ESFG Overseas Ltd., Espírito Santo BP Invest S.A., Espírito Santo Financial Services Inc.

Posts in companies outside ESFG

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

Director – Banco Bradesco, Espírito Santo Control S.A., Espírito International S.A. , Espírito Santo Resources S.A.

Member of the Supervisory Board of NYSE Euronext. Member of Institut International d`Etudes Bancaires.

José Manuel Pinheiro Espírito Santo Silva

Date of Birth: 02/05/1945; Nationality: Portuguese; Start of Mandate: 27/03/1987; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman – Banque Privée Espírito Santo SA., Espírito Santo Financial Consultants 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., Bespar SGPS S.A., ESAF – Espírito Santo Activos Financeiros SGPS S.A., ESFG Overseas Limited, Espírito Santo Bank, Europ Assistance – Companhia Portuguesa de Seguros de Assistência S.A.

Posts in companies outside ESFG

Chairman – Fiduprivate – Sociedade de Serviços, Consultoria, Administração de Empresas S.A., Sociedade Imobiliária e Turística da Quinta do Perú S.A.

Director – Espírito Santo Control S.A., Espírito Santo International S.A., Espírito Santo Resources Ltd., Espírito Santo Services S.A.

António Luís Roquette Ricciardi

Date of Birth: 06/04/1919; Nationality: Portuguese; Start of Mandate: 28/11/1984; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - Banco Espírito Santo (since 1992), 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.

Director - Espírito Santo Resources Ltd, Espírito Santo Tourism (Europe) Ltd.

Mário Mosqueira do Amaral

Date of Birth: 14/11/1932; Nationality: Portuguese; Start of Mandate: 28/11/1984;

End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - Banco Espírito Santo North American Capital Corporation.

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

Vice-Chairman of 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; Start of Mandate: 08/11/1995;

End of Mandate: 30/05/2008.

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 Health & Spa S.A., Espírito Santo Resources Ltd., Espírito Santo Tourism (Europe) S.A., Euroamerican Finance Corporation, Inc, Herdade da Comporta- Actividades Agro Silvícolas e Turísticas S.A.

Director - Espírito Santo Control S.A., Espírito Santo Health & Spa S.A., Espírito Santo International S.A., PT Multimédia, Serviços de Telecomunicações e Multimédia, SGPS, S.A., Santogal SGPS S.A., Sociedade de Investimentos Imobiliários Sodim, S.A.

Manuel de Magalhães Villas-Boas

Date of Birth: 29/05/1945; Nationality: Portuguese; Start of Mandate: 12/06/1990;

End of Mandate: 30/05/2008; Independent: No.

Chairman of Espírito Santo Financial Group S.A.'s Executive Committee

Posts within ESFG subsidiaries or affiliates

Director - Banco Espírito Santo S.A., Banco Espírito Santo de Investimento S.A., BES Finance Limited, ESFG International Limited, ESFG Overseas Limited.

Jackson Behr Gilbert

Date of Birth: 13/09/1932; Nationality: American; Start of Mandate: 12/06/1990; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman Emeritus - Espírito Santo Bank S.A.

Tiberto Ruy Brandolini d'Adda

Date of Birth: 08/03/1948; Nationality: Italian; Start of Mandate: 29/05/1992; End of Mandate: 30/05/2008; Independent: Yes.

Posts in companies outside ESFG

Chairman - Sequana Capital, IFIL Investissements S.A.

Vice-Chairman - IFIL SpA

Director - Giovanni Agnelli e C., Fiat SpA, Vittoria Assicurazioni SpA and IFI SpA

Member of the Supervisory Board - Antalis International SAS, Antonin Rodet SAS, Arjowiggins SAS.

Patrick Monteiro de Barros

Date of Birth: 03/02/1945; Nationality: French; Start of Mandate: 24/12/1994; End of Mandate: 30/05/2008; Independent: No.

Posts in companies outside ESFG

Chairman - Argus Resources (UK) Ltd.

Robert Studer

Date of Birth: 12/11/1938; Nationality: Swiss; Start of Mandate: 22/10/1999; End of Mandate: 30/05/2008; Independent: Yes.

Posts in companies outside ESFG

Director - Schindler Holding AG, Renault S.A.

Member of the Supervisory Board of BASF AG.

Philippe Guiral

Date of Birth: 18/11/1948; Nationality: French; Start of Mandate: 10/11/2000; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - Banque Espírito Santo et de la Vénétie.

Manuel António Ribeiro Serzedelo de Almeida

Date of Birth: 05/08/1943; Nationality: Portuguese; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008; Independent: No.

Posts in companies outside ESFG

Director - Estrela SGPS, Ipodec S.A.

José Maria Espírito Santo Silva Ricciardi

Date of Birth: 27/10/1954; Nationality: Portuguese; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - BES Investimento do Brasil S.A., Executive Committee of Banco Espírito Santo de Investimento S.A., Espírito Santo Investimentos S.A., Espírito Santo Investimento, SAU, S.A., ESSI -Comunicações SGPS S.A., ESSI Investimentos SGPS, S.A., ESSI, SGPS S.A.

Vice-Chairman - Banco Espírito Santo de Investimento S.A., ESAF- Espírito Santo Activos Financeiros

Director - Banco Espírito Santo S.A., Bespar SGPS S.A., Espírito Santo Cobranças S.A., Espírito Santo Capital - Sociedade de Capital de Risco S.A.

Posts in companies outside ESFG

Chairman – Multiger – Sociedade de Compra, Venda e Administração de Propriedades S.A.

Vice-Chairman – Coporgest – Companhia de Gestão e Desenvolvimento Imobiliário S.A.

Pedro Guilherme Beauvillain de Brito e Cunha

Date of Birth: 12/07/1951; Nationality: Portuguese; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008. Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - Advancecare, BES Seguros S.A., Espírito Santo Contact Center, Esumédica and Europ-Assistance - Companhia Portuguesa de Seguros de Assistência S.A.

Director - Bespar SGPS SA, BES Vida S.A., Companhia de Seguros Tranquilidade S.A., Espírito Santo Saúde S.A.

Carlos Augusto Machado de Almeida Freitas

Date of Birth: 19/02/1950; Nationality: Portuguese; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008; Independent: No.

Aníbal da Costa Reis Oliveira

Date of Birth: 24/09/1935; Nationality: Portuguese; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman – 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., Saramagos- Sociedade Produtora de Energia, S.A., Olinerg - SGPS SA, Oliren - SGPS.

Juan Villalonga Navarro

Date of Birth: 04/08/1953; Nationality: Spanish; Start of Mandate: 25/05/2001; End of Mandate: 30/05/2008; Independent: Yes.

Othman Benjelloun

Date of Birth: 01/11/1932; Nationality: Moroccan; Start of Mandate: 31/05/2002;
End of Mandate: 30/05/2008; Independent: Yes.

Posts in companies outside ESFG

Chairman - Banque Marocaine du Commerce Extérieur, BMCE Bank, Moroccan Bankers' Association, Moroccan-American Trade and Investment Board.
Advisor - Center for Strategic International Studies, Washington D.C.

José Pedro Torres Garcia Caldeira da Silva

Date of Birth: 22/02/1959; Nationality: Portuguese; Start of Mandate: 31/05/2002;
End of Mandate: 30/05/2008; Independent: No.
Member of Espírito Santo Financial Group S.A.'s Executive Committee.

Posts within ESFG subsidiaries or affiliates

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

Posts in companies outside ESFG

Member of the Supervisory Board of Banco delle Tre Venezie.

Fernando Pedro Braga Pereira Coutinho

Date of Birth: 26/12/1946; Nationality: Portuguese; Start of Mandate: 08/07/2005;
End of Mandate: 30/05/2008; Independent: Yes.
Chairman of Espírito Santo Financial Group S.A.'s Audit Committee.

Yves Alain Marie Morvan

Date of Birth: 11/04/1939; Nationality: French; Start of Mandate: 08/07/2005;
End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Director - Banque Espírito Santo et de la Vénétie, ES Bankers (Dubai) Limited.

Alexandre da Paixão Coelho

Date of Birth: 15/04/1942; Nationality: Portuguese; Start of Mandate: 08/07/2005;
End of Mandate: 30/05/2008; Independent: Yes.
Member of Espírito Santo Financial Group S.A.'s Audit Committee.

José Carlos Cardoso Castella

Date of Birth: 13/09/1949; Nationality: Portuguese; Start of Mandate: 25/05/07
End of Mandate: 30/05/2008; Independent: No.

Posts within ESFG subsidiaries or affiliates

Chairman - ESFIL - Espírito Santo Financière S.A.
Director - ESFIL - Espírito Santo Financière S.A.Lausanne Branch, Espírito Santo Financial (Portugal) SGPS S.A., ESFG International Limited.

Horácio Lisboa Afonso Date of Birth: 05/02/1949; Nationality: Portuguese; Start of Mandate: 21/09/2007; End of Mandate: 30/05/08; Independent: Yes.

Member of Espírito Santo Financial Group's Audit Committee.

In addition to the Directors, ESFG has the following three officers: Erich Dähler, Senior Vice President, Jean-Luc Schneider, Senior Vice President and Teresa de Souza, Company Secretary.

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. Prior to joining ESFG Mr. Schneider was responsible for accounting and financial reporting at American Medical International in Switzerland.

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

Compliance with the rules of Corporate Governance

The Board considers that ESFG complies fully with all of the Principles of Corporate Governance adopted by the Luxembourg Stock Exchange. With regard to the Recommendations, the Board considers that the Company complies with the majority Of them and provides the following information on those which it does not comply with and does not intend to comply with for the reasons stated below:

Recommendations 4.2 to 4.12, concerning the establishment of a nomination committee to assist in the selection of directors: the Board does not feel that such establishment is necessary, given the specific logic prevailing in ESFG's board composition, where representatives from major shareholders and major subsidiaries are necessarily represented together with a sufficient number of independents.

Recommendations 8.1 to 8.14, concerning the establishment of a remuneration committee: the Board considers that, since the vast majority of its members are not remunerated by ESFG, the establishment of a remuneration committee is not necessary.

Recommendations 9.8 to 9.12, concerning the establishment of an internal audit function: the Board considers that there are no reasons for the establishment of such a function at the level of ESFG, for the following reasons:

- ESFG's nature as a holding company with little or no activities of its own, apart from holding strategic positions in its subsidiaries;
- All major subsidiaries have internal audit functions required by their respective regulators;
- ESFG's Audit Committee has access to all reports issued by its subsidiaries in respect of this function.

Other information

During 2007, Mr. Joaquim de Abreu Trigo de Negreiros resigned from his position as director and chairman of the Audit Committee. Following his resignation Mr. Fernando Pedro Braga Pereira Coutinho was appointed Chairman of the Audit

Committee. Mr. Horácio Lisboa Afonso was appointed as director and member of the Audit Committee.

The Audit Committee is composed of three non-executive, independent directors who are not allowed to carry out any executive duties in ESFG or any of its affiliates:

Fernando Pedro Braga Pereira Coutinho - Chairman

Alexandre da Paixão Coelho

Horácio Lisboa Afonso

Their mandate is until May 2008 to coincide with the mandate of other directors.

The Audit committee met six times during the year with all members present at the meetings.

Mr. José Carlos Cardoso Castella was appointed as director.

The Executive Committee, set up in April 2007, is composed of three members, namely:

Manuel de Magalhães Villas-Boas, President

José Pedro Torres Garcia Caldeira da Silva

José Carlos Cardoso Castella

The Executive Committee met twice during the year with all members present at the meetings.

Remuneration

The total remuneration received by the board members in 2007 was Euros 985,966.

Share Options

No share options were offered or granted by the company during the year.

Total number of Share Options Exercised in 2007: 1,280,000:

No. of options	Price per option (€)	Total (€)
60,000	17.26	1,035,654
222,500	17.28	3,843,742
222,500	17.28	3,843,742
222,500	19.94	4,437,537
250,000	17.69	4,423,672
80,000	17.25	1,379,727
60,000	17.29	1,037,276
225,000	17.29	3,846,565

The number of un-exercised stock options at the end of the year was 180,000.

The options can be exercised up to 10 years after the date when the options were granted.

ESFG has its shares and other securities listed and admitted for trading on the Luxembourg Stock Exchange (primary listing) and the London Stock Exchange and Euronext Lisbon (secondary listings). Consequently, it is required to comply with the specific reporting and other rules imposed by the stock exchange regulatory bodies in force in the jurisdictions of all three stock exchanges. Without prejudice to the continuing listing and admittance for trading of its securities in all three stock exchanges, in accordance with the provisions of the European Directive commonly called the Transparency Directive, ESFG will be required to comply only with the reporting and other rules imposed by the regulatory body in jurisdiction of its Home Member State, i.e. Luxembourg and no longer to comply with the reporting and other rules imposed by the regulatory bodies in the Host Member States, i.e. the United Kingdom and Portugal. The Transparency Directive became effective in January 2007 and the United Kingdom and Portugal transposed its provisions into their internal laws during 2007 and Luxembourg in January 2008.