



**ESPIRITO SANTO FINANCIAL GROUP S.A.**

## **Espírito Santo Financial Group S.A.**

*(incorporated with limited liability in the Grand Duchy of Luxembourg – société anonyme – registered with the Register of Commerce and Companies under number B-22.232)*

### **€400,000,000 6.875 per cent. Subordinated Notes due 2019**

The €400,000,000 6.875 per cent. Subordinated Notes due 2019 (the **Notes**) are issued by Espírito Santo Financial Group S.A. (the **Issuer**).

Interest will be payable in arrear on 21 October of each year (each an **Interest Payment Date**). Interest will accrue from and including 21 October 2009 (the **Issue Date**) to but excluding 21 October 2019 and will be at a rate of 6.875 per cent. per annum as further described, and except as mentioned, under “*Conditions of the Notes - Interest*”.

The Notes mature on 21 October 2019. Subject to the prior consent of the Bank of Portugal, if then required, the Issuer may at its option redeem all (but not some only) of the Notes at any time at par plus accrued interest, in the event of certain tax changes described under “*Conditions of the Notes – Redemption and Purchase*”.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Luxembourg Act**) to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and Directive 2003/71/EC (the Prospectus Directive).

The Notes will be rated Baa1 by Moody’s Investors Service, Inc. (**Moody’s**) and BBB+ by Fitch Ratings Limited (**Fitch Ratings**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 30 November 2009 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership.

**An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 5.**

#### **Joint Lead Managers**

*Espírito Santo Investment*

*J.P. Morgan*

The date of this Prospectus is 19 October 2009

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

No representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law, no responsibility or liability is accepted by the Managers (as defined in “*Subscription and Sale*”) or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer, the Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the ESFG Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the

Issuer, the Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom, see “*Subscription and Sale*”.

Unless a specific source is identified, all information regarding market and other operating and statistical data provided in this document is based on the ESFG Group’s own estimates. In making estimates, the ESFG Group relies on data produced internally and, where appropriate, external sources, including information made public by other market participants or associations, such as the Association of Mutual Funds, Pension Plans and Asset Management Companies and the Portuguese Association of Insurance Companies. As far as ESFG is aware and is able to ascertain from such external sources, no facts have been omitted which would render any such information or data presented in this document inaccurate or misleading. However, although publications prepared by other market participants or associations generally state that the information they contain has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed and neither ESFG nor any other member of the ESFG Group has independently verified such information.

Certain terms used in this document, including capitalised terms, are defined and explained in “Definitions”.

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES LTD. AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

All references in this document to **EUR**, **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should consider carefully the following information and also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision relating to the Notes.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

#### ***Risks relating to the ESFG Group***

This section describes some of the risks that could affect the ESFG Group's businesses.

The risks below are not the only ones that the ESFG Group faces – some risks are not yet known to the ESFG Group and some that the ESFG Group does not currently believe to be material could later turn out to be material. All of these risks could materially affect the ESFG Group's business, its revenues, operating income, net income, net assets and liquidity and capital resources and the price at which the Notes trade.

#### ***Deterioration of the economic environment***

In 2008, the ongoing financial crisis ran concurrently with a substantial increase in the price of commodities, most notably oil. In the second half of 2008 a dramatic fall in prices occurred as investors saw the inevitable spread of the financial turmoil to the general economic environment. In the last quarter of 2008 and continuing during the first quarter of 2009, the financial markets experienced particularly negative performances after the declarations of insolvency of several leading financial institutions. This situation caused significant disruptions to world markets in relation to liquidity and funding, furthermore it has placed considerable pressure on the core business of many investment banks, commercial banks and insurance companies globally.

The second quarter of 2009 saw a deceleration in the pace of the recession and an improvement in investor sentiment. The determined efforts of governments and central banks around the world, through the roll out of monetary and fiscal policies, has brought about a level of stability in the capital markets and aided in the rebuilding of investor confidence. The positive sentiment has translated into support for the equity, credit and commodity markets, generally increasing the value of assets across the board.

Within this context, and when recognising the complexity of these unprecedented events, the following points, outlining possible challenges for the ESFG Group, are made:

- There has been a general slowdown in the business of ESFG's principal subsidiaries. The increase in the cost of funding and a reduction of share prices and in asset values has lead to a reduction in profitability at ESFG. If there were a worsening of these circumstances ESFG could suffer further. A worsening of the current economic environment might jeopardise further strategic expansion.
- ESFG is exposed to risk of loss if financial institutions or other counterparties become insolvent or are not able to meet their obligations.

- Numerous financial institutions worldwide received support through various rescue plans and other types of support by their respective governments. ESFG is unable to predict for how much longer governments will continue this support. Any failure by governments might lead to a worsening of the position of some banks and insurance companies and might cause further insolvencies and a loss of confidence in the global banking system.
- As previously mentioned several European countries, as well as the United States and other globally significant economies, are in recession or have, until recently, been in recession. A worsening of the current situation could adversely affect ESFG's financial condition and results of operations by reducing business activity and profitability. Such an impact could lead to dividend cuts which may affect the trading prices of ESFG's shares. Additionally, results from investments could also be adversely affected through the recognition of losses, impairments or write downs of investments on a consolidated basis.

These potential developments, outlined above, could have a materially adverse effect on ESFG's business, financial condition and operational results.

The core businesses of the ESFG Group are banking (taking deposits and using them and other borrowings to make loans), selling life and non-life insurance and other financial activities. As its operations are concentrated mainly in Portugal, the state of the Portuguese economy affects the performance of the ESFG Group. In addition, the ESFG Group's performance, results of operations and financial condition are also affected by the economic conditions and levels of economic activity in other countries where the ESFG Group operates, such as Spain, Brazil and Angola. A downturn in the economy of any of these countries, particularly in Portugal, could lead to an increase in the defaults by the ESFG Group's customers on the loans extended to them, as well as a reduction in the amount of premiums written in the insurance business. In addition, protracted economic declines could reduce the overall level of economic activity in the market, thereby reducing the ESFG Group's ability to collect deposits and forcing it to satisfy its liquidity requirements by resort to the more expensive capital markets and wholesale markets as a result.

A downturn in the Portuguese economy could have a material adverse effect on the ESFG Group's business. The ESFG Group's ability to grow may be restricted by slower growth in the banking and insurance markets in which it operates.

#### *Changes in the regulatory environment or additional regulatory restrictions/requirements*

The ESFG Group is subject to banking, insurance and financial services laws and government regulations in each jurisdiction where it conducts its business. Regulatory agencies have broad administrative powers over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, record keeping and marketing and selling practices.

Banking, insurance and financial services laws, regulations and policies currently governing the activity of the ESFG Group may change at any time in ways which have an adverse effect on its business. Furthermore, the ESFG Group cannot predict the timing or form of any future regulatory initiatives. Changes in existing banking, insurance and financial services laws and regulations may materially affect the way in which the ESFG Group conducts its business, the products and services it may offer and the value of its assets.

In particular, the ESFG Group's banking and insurance activities are subject to extensive regulation by the European Central Bank, the Bank of Portugal and the Portuguese Insurance Institute (the *Instituto de Seguros de Portugal*, or ISP), mainly relating to liquidity levels, solvency, provisioning, and insurance policy terms and conditions.

- The minimum cash requirement applicable to Portuguese banks is currently fixed at 2 per cent. of the total amount of deposits. An increase in this minimum cash requirement or a decline in the rate accrued on those cash reserves would have an adverse impact on the ESFG Group's net income.

- At 31 December 2008, the BES Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 11.3 per cent., 6.1 per cent. and 7.1 per cent. (based on risk-weighted assets as at 31 December 2008), respectively, under the Basel II, IRB Foundation Method. As at 31 December 2008, the BES Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 10.5 per cent., 5.7 per cent. and 6.6 per cent., respectively, under the Basel II, Standard Method. At 30 June 2009, the BES Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 12.2 per cent., 8.3 per cent. and 8.9 per cent., respectively, under the Basel II, IRB Foundation Method.
- In November 2008, the Bank of Portugal issued an order recommending credit institutions to maintain, at a minimum, 8 per cent. of risk-weighted assets on a consolidated basis composed exclusively of Tier I capital starting on 30 September 2009. Although the ESFG Group believes the Bank of Portugal's order is an adequate response to the current financial and economic environment, the capital adequacy requirements of the ESFG Group and the BES Group may limit the BES Group's ability to extend credit to customers and may require it to issue additional equity capital or subordinated debt in the future, which are expensive sources of funds. Furthermore, capital adequacy ratios such as those mandated by Basel II have a "procyclical" effect, meaning that in difficult credit environments such as at present, a bank may find its capital ratios decreased at precisely the time that the economy is most in need of increased financing activity. Thus, as a result of this "procyclical" effect, capital adequacy requirements intended to ensure the health of banks can in fact exacerbate the effect of an economic downturn, further adding to the strain on the banking system.
- At 31 December 2008, the ESFG Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 9.5 per cent., 5.7 per cent. and 7.0 per cent., respectively, calculated under Basel II, IRB Foundation Method. At 30 June 2009, the ESFG Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 9.7 per cent., 7.1 per cent. and 8.2 per cent., respectively under the Basel II, IRB Foundation Method.
- Any change in the existing, or the introduction of new, capital adequacy requirements could have an adverse impact on the ESFG Group's results of operations.
- In addition, the Bank of Portugal has established minimum provisioning requirements regarding current loans, non-performing loans, overdue loans, impairment for securities and equity holdings, sovereign risk and other contingencies. Therefore, any change in these requirements could have a material adverse impact on the ESFG Group's results of operations.

*Compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort*

The BES Group is subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the BES Group believes that its current policies and procedures sufficiently comply with applicable rules and regulations, the BES Group cannot guarantee that its group-wide anti-money laundering and anti-terrorism financing policies and procedures completely prevent the violation of anti-money laundering and anti-terrorism financing rules. Any violation of anti-money laundering and anti-terrorism financing rules, or even the suggestion of violations, may have severe consequences, notably reputational consequences, and could have a material adverse effect on the BES Group's financial condition and results of operations.

In October 2005, BES and other Portuguese credit institutions were subject to investigation procedures directed by the Public Prosecutor (Ministério Público), in the context of a criminal investigation related to suspicions of money laundering and fiscal fraud involving some clients of BES. Until the present date, neither BES, nor any of its directors or officers, have been charged as defendants in such investigations. The investigations are in a preliminary phase and are being conducted exclusively by the Public Prosecutor.

### *Market risks*

The ESFG Group is subject to the risks typical of banking and insurance activities, such as interest rate fluctuations, exchange rate variations and capital markets volatility. As is the case with other banking groups in Portugal, the ESFG Group, and especially its retail and corporate banking operations segment, is particularly exposed to differentials between the interest rates payable by it on deposits and the interest rates that it is able to charge on loans to customers and other banks. This exposure stems from the fact that in the Portuguese market loans typically have variable interest rates, whereas the interest rates applicable to deposits are usually fixed for periods that may vary between three and six months. As a result, Portuguese banks, including the BES Group, frequently experience difficulties in adjusting the interest rates that they pay for deposits in line with market interest rate changes. This trend is reinforced by intense competition among the banks. If the ESFG Group is unable to adjust interest on deposits in line with the interest rates on loans, its interest income could rise less or decline more than its interest expense, in which case the ESFG Group's results could be negatively affected.

*The ESFG Group is subject to the risk that liquidity may not always be readily available; this risk is exacerbated by current conditions in global financial markets*

Within its normal course of business, banking subsidiaries of the ESFG Group (including the BES Group) grant credit to, and receive deposits from, their customers. The medium to long term nature of customer loans compared to the short term nature of customer deposits creates a mismatch in the maturity profile of ESFG's consolidated assets and liabilities.

The ESFG Group's liquidity could be impaired by an inability to access debt markets, an inability to sell assets or redeem its investments, outflows of cash or collateral deterioration. This situation may arise due to circumstances that the ESFG Group is unable to control, such as continued general market disruption, loss in confidence in financial markets, uncertainty and speculation regarding the solvency of market participants, credit rating downgrades or operational problems that affect third parties. Recent events in global markets have exacerbated this risk. Even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage to the institution. Specific ways in which the ESFG Group could find its liquidity impaired include the following:

- The ESFG Group's ability to sell assets may be impaired if other market participants are seeking to sell similar assets at the same time or are not in the position to finance themselves, or when the market value of assets, including financial instruments underlying derivative transactions to which a member of the ESFG Group is a party, is difficult to ascertain, as has occurred in current market conditions.
- Financial institutions with which the ESFG Group interacts may exercise set-off rights or the right to require additional collateral, which could further impair the ESFG Group's access to liquidity.
- An increase in interest rates and/or credit spreads, as well as the restriction on the availability of credit, including, but not limited to, inter-bank credit, can impact the ESFG Group's ability to borrow on a secured or unsecured basis. Given the current disruption in the credit markets, the ESFG Group may be forced to fund its operations at a higher cost or it may be unable to raise as much short- or long-term funding as it needs to support its business activities.

Any of these events could cause the ESFG Group to curtail its business activities and could increase its cost of funding, both of which could have a material adverse effect on the ESFG Group's results.

### *Credit risk*

In addition to the risks described above, the ESFG Group is subject to credit risk, i.e., the risk that the ESFG Group's borrowers and other counterparties may become unable to meet their payment obligations to the ESFG Group. Although the ESFG Group regularly reviews its exposure to specific borrowers and other counterparties and to specific industries and countries that it believes present special concerns, defaults may

arise from events and circumstances that are difficult or impossible to predict or detect. In addition, the ESFG Group's collateral may be insufficient to cover its exposure, for example, as a result of sudden market declines that reduce the value of the collateral. Accordingly, if a major borrower or other counterparty were to default on its obligations, the ESFG Group's results of operations and financial condition could suffer.

The ESFG Group's provisions for credit losses provide a reserve against incurred losses inherent in loans and advances. Estimating incurred losses, however, is inherently uncertain and depends on many factors, including general economic conditions, changes in the ratings assigned to the ESFG Group's borrowers and other counterparties, structural changes in industries that alter the competitive position of the companies operating in these industries as well as other external factors, such as legal and regulatory requirements. An increase in the ESFG Group's provisions for loan losses or any loan losses in excess of these provisions could have a material adverse effect on the ESFG Group's financial condition and results of operations.

#### *Insurance risks*

Part of the ESFG Group's property and casualty insurance business involves covering losses from unpredictable events such as floods, earthquakes, hurricanes, fires, industrial explosions, terrorist attacks and other man-made or natural disasters. The ESFG Group also maintains technical reserves to cover potential claims in its life insurance business and sets up provisions for claims in its property and casualty insurance business, based on actuarial valuations. These provisions do not represent an exact liability. Instead, they are based on statistical projections. Therefore, the ESFG Group cannot ensure that actual losses on claims will not differ from the initial estimates made and recorded in the accounts. Even though the ESFG Group normally seeks to reduce its exposure to such events through the purchase of reinsurance, claims related to such events could adversely affect the ESFG Group's financial results.

The availability and cost of reinsurance is primarily related to factors such as prevailing insurance premiums, levels of insured claims, the underwriting policies and processes of the reinsured, levels of insurance industry surplus and use of underwriting capacity, which may in turn fluctuate in response to changes in rates of return on investments earned in the reinsurance industry. Changes in the reinsurance market may affect the results of ESFG's insurance subsidiaries.

#### *Operational risks*

The ESFG Group is subject to certain operational risks, including interruption of service, errors, fraud by third parties, omissions or delays in providing services and in complying with risk management requirements. The ESFG Group continually monitors these risks by means of, among other things, advanced administrative and information systems and insurance coverage in respect of certain operational risks. However, the ESFG Group may be unable successfully to monitor and prevent these risks in the future. Any failure successfully to apply the ESFG Group's risk management and control policies could materially adversely affect its financial condition and results of operations.

#### *Competition*

Structural changes in the Portuguese economy over the past several years have significantly increased the strength and scope of competition in the Portuguese banking and insurance sectors. These changes principally relate to the privatisation of several sectors of the economy, including banking and insurance, as well as to the integration of the Portuguese economy into the European Union and the introduction of the euro.

The ESFG Group faces intense competition in all of its areas of operation; in particular, competition in the Portuguese banking (deposits, mortgages, consumer credit, leasing, investment banking, specialised credit and asset management) and insurance markets has the most significant effect on the ESFG Group's results and operations. The ESFG Group's competitors in the Portuguese markets are Portuguese commercial banks, savings and investment banks, foreign banks (some of which have recently entered the Portuguese market), and domestic and foreign insurance companies. Over recent years, mergers and acquisitions involving the largest Portuguese banks and insurance companies have resulted in a significant concentration

of market shares, a process which ESFG expects may continue. Competition has increased further with the emergence of non-traditional distribution channels, such as internet and telephone banking. The ESFG Group's principal competitors in banking (ranking in terms of assets as of 31 December 2008) as well as insurance activities (in terms of premiums as of 31 December 2008) are Caixa Geral de Depósitos Group, Millennium BCP Group, Santander Totta Group and BPI Group in the banking sector and Fidelidade Mundial, Império-Bonança, Millenium BCP Fortis, Santander Totta, AXA, Allianz, Banif, BPI Vida and Zurich in the insurance sector.

Competition is affected by consumer demand, technological changes, impact of consolidation, regulatory actions and other factors. The ESFG Group expects competition to intensify as continued merger activity in the financial industry produces larger, better-capitalised companies that are capable of offering a wider array of products and services, and at competitive prices. If the ESFG Group is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

Although the ESFG Group believes that it is in a strong position to continue to compete in the Portuguese market, there can be no assurance that it will be able to compete effectively in the markets in which it operates, or that it will be able to maintain or increase the level of its results of operations.

#### *Pledge of BES shares*

In June 2006, BESPARG, a member of the ESFG Group, obtained a loan from a consortium of banks led by Caixa Geral de Depósitos, S.A. in the amount of EUR 101.5 million which is repayable in June 2010. To secure this loan, BESPARG pledged to Caixa Geral de Depósitos, S.A. 11 million shares in BES, representing 2.2 per cent. of the share capital of BES. If, pursuant to the terms of this pledge, Caixa Geral de Depósitos, S.A. were to become entitled to and decide to enforce its security in relation to all or some of the pledged shares in BES, this would result in a reduction of ESFG's indirect holding in BES.

#### *Structure of the ESFG Group*

ESFG is a financial holding company, holding and administering participating interests in other companies. It does not conduct business of its own. Dividends from ESFG's direct and indirect subsidiaries, together with any investment income, are ESFG's main source of funds to pay interest and other expenses and any dividends. The inability of ESFG's direct and indirect subsidiaries to pay dividends in an amount sufficient to enable it to meet its cash requirements at the holding company level could have a material adverse effect on its business, its ability to pay dividends and its ability to pay interest and/or capital in connection with its debt obligations and other borrowings including the Notes.

#### *Majority shareholders*

As at 18 September 2009 Espírito Santo International S.A. and Espírito Santo Irmãos SGPS, S.A. (together **Espírito Santo International**) held, directly or indirectly, approximately 39.25 per cent. of the issued share capital of the Issuer.

Espírito Santo International is able to influence significantly the affairs and actions of the Issuer, including matters requiring shareholder approval, such as the approval of significant corporate actions and the composition of the board of directors of the Issuer. Seven of the directors of Espírito Santo International are also directors of ESFG. Espírito Santo International is 49.1 per cent. owned, directly or indirectly, by members of the Espírito Santo family and certain Portuguese nationals close to the family (including certain of the directors of Espírito Santo International and the Issuer).

## **Factors which are material for the purpose of assessing the market risks associated with the Notes**

*The Notes may not be a suitable investment for all investors*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

*The Notes may be redeemed at the option of the Issuer*

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*The Issuer's obligations under the Notes are subordinated*

The Issuer's obligations under the Notes will be unsecured and subordinated and will rank junior in priority of payment to senior creditors. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

*The Global Note is held by or on behalf of Euroclear and Clearstream, Luxembourg*

The Notes will be represented by a Global Note. The Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests in the Global Note only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note.

### ***Risks related to the Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***Modification, waivers and substitution***

The conditions of the Notes and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes and the Trust Deed also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Conditions 12 and 13.

#### ***No limitation on pari passu or senior debt***

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes. The issue of any such securities may reduce the amount recoverable by Noteholders in case of a winding-up of the Issuer. The Notes are subordinated obligations of the Issuer. Accordingly, in the winding-up of the Issuer, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### *Interest rate risks*

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

### *Credit ratings may not reflect all risks*

Moody's and Fitch Ratings have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

- (a) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008, including the information set out at the following pages in particular:

Consolidated Income Statement.....	Page F-2
Consolidated Balance Sheet.....	Page F-3
Statement of Changes in Consolidated Equity.....	Page F-4
Consolidated Cash Flow Statement.....	Page F-5
Accounting Principles and Notes .....	Pages F-6 to F-150
Auditors' Report.....	Page F-1

Any other information not listed above but contained in such document of the Issuer is incorporated by reference for information purposes only;

- (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007, including the information set out at the following pages in particular:

Consolidated Income Statement.....	Page F-2
Consolidated Balance Sheet.....	Page F-3
Statement of Changes in Consolidated Equity.....	Page F-4
Consolidated Cash Flow Statement.....	Page F-5
Accounting Principles and Notes .....	Pages F-6 to F-145
Auditors' Report.....	Page F-1

Any other information not listed above but contained in such document of the Issuer is incorporated by reference for information purposes only; and

- (c) the auditors' review report and the unaudited consolidated financial statements of the Issuer for the six months ended 30 June 2009, including the information set out at the following pages in particular:

Consolidated Income Statement.....	Page 3
Consolidated Balance Sheet.....	Page 5
Consolidated Statement of Changes in Equity.....	Page 6
Consolidated Cash Flow Statement.....	Page 7

Accounting Principles and Notes ..... Pages 8 to 131

Auditors' Review Report ..... Unnumbered page before page 3

Any other information not listed above but contained in such document of the Issuer is incorporated by reference for information purposes only.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

## CONDITIONS OF THE NOTES

*The following (other than the wording in italics) is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):*

The €400,000,000 6.875 per cent. Subordinated Notes due 2019 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 15 and consolidated and forming a single series with the then outstanding Notes) of Espírito Santo Financial Group S.A. (the **Issuer**) are constituted by a Trust Deed dated 21 October 2009 (the **Trust Deed**) made between the Issuer and BNY Corporate Trustee Services Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively). The Issuer is a corporation incorporated with limited liability in the Grand Duchy of Luxembourg as a *société anonyme* registered with the Register of Commerce and Companies under number B-22.232. Its registered office is at 231, Val des Bons Malades, L-2121 Luxembourg, Grand Duchy of Luxembourg.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 21 October 2009 (the **Agency Agreement**) made between the Issuer, The Bank of New York Mellon, acting through its London Branch (the **“Principal Paying Agent”**) and any other paying agents named therein (together with the Principal Paying Agent, the **“Paying Agents”**) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the specified office for the time being of the Trustee, being at the date of issue of the Notes at One Canada Square, London E14 5AL and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denomination of €100,000 with Coupons attached on issue.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS AND SUBORDINATION

#### 2.1 Status

The Notes and the Coupons are direct, unsecured and subordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves.

The payment obligations of the Issuer under the Notes and the Coupons rank and will rank equally with all other Senior Subordinated Obligations (as defined below).

In the event of the liquidation of the Issuer, the rights of the holders of the Notes and the Coupons shall rank ahead of:

- (i) those persons whose claims are in respect of any class of share capital of the Issuer; and
- (ii) creditors whose claims are in respect of any obligations of the Issuer that rank or are expressed to rank (whether only in the winding up of the Issuer or otherwise) junior to Senior Subordinated Obligations,

but shall be subordinated to the claims of all Senior Creditors (as defined below).

In this Condition 2.1:

**“Senior Creditors”** means all unsubordinated creditors of the Issuer; and

**“Senior Subordinated Obligations”** means all indebtedness and monetary obligations of the Issuer present and future that rank or are expressed to rank junior in right of payment (whether only in the event of the winding up of the Issuer or otherwise) to the claims of Senior Creditors but that are not subordinated so as to rank in point of subordination junior to any other obligations of the Issuer.

*The Notes will be the top-ranking form of subordinated debt of the Issuer. It is the intention of the Issuer to have the Notes qualify towards the Issuer’s regulatory capital requirement as lower tier two regulatory capital. The Issuer may issue other series of subordinated debt which rank pari passu with or junior to the Notes. It is the Issuer’s intention that other series of notes which are also intended to qualify as lower tier two regulatory capital will be issued so as to rank pari passu with the Notes.*

## **2.2 Set-off**

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of being the holder of any Note or Coupon, be deemed to have waived all such rights of such set-off, counter-claim or retention.

## **3. INTEREST**

### **3.1 Interest Rate and Interest Payment Dates**

The Notes bear interest from and including 21 October 2009 at the rate of 6.875 per cent. per annum, payable annually in arrear on 21 October (each an **Interest Payment Date**). The first payment (representing a full year’s interest) shall be made on 21 October 2010.

### **3.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### **3.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

## **4. PAYMENTS**

### **4.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **4.2 Method of Payment**

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

### **4.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 6) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 7) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

### **4.4 Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6.

### **4.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 7):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this Condition, **Business Day** means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

#### **4.6 Paying Agents**

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are admitted to official listing on the Luxembourg Stock Exchange shall be Luxembourg or such other city as is permitted by the rules of the Luxembourg Stock Exchange;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 11.

### **5. REDEMPTION AND PURCHASE**

#### **5.1 Redemption at Maturity**

Unless previously redeemed or purchased as provided below, the Issuer will redeem the Notes at their principal amount on 21 October 2019.

#### **5.2 Redemption for Taxation Reasons**

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 6), or any change in the official interpretation of the laws or regulations of the Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 6; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may (after obtaining the consent of the Bank of Portugal, if then required) at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time, at their principal amount together with interest accrued to but excluding the date of redemption,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it will be conclusive and binding on the Noteholders and Couponholders.

### **5.3 Purchases**

The Issuer or any of its subsidiaries may, after obtaining the consent of the Bank of Portugal (if then required), at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

### **5.4 Cancellations**

The Issuer may at its option retain any Notes which have been redeemed or purchased pursuant to this Condition 5 and any unmatured Coupons attached to or surrendered with such Notes for its own account and/or resell or cancel or otherwise deal with such Notes at its discretion.

### **5.5 Notices Final**

Upon the expiry of any notice as is referred to in Condition 5.2, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms thereof.

## **6. TAXATION**

### **6.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment in Luxembourg; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or

- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date.

## 6.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 11; and
- (b) **Relevant Jurisdiction** means Luxembourg or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

## 6.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 7. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject as provided in Condition 4.3.

## 8. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of interest or seven days in the case of principal; or
- (b) if:
  - (i) the Issuer (1) is subject to insolvency proceedings (*faillite*), (2) is subject to controlled management (*gestion contrôlée*), (3) has entered into a voluntary arrangement with its creditors (*concordat préventif de faillite*), (4) is granted a suspension of payments (*sursis de paiement*), (5) is put into voluntary or compulsory winding-up pursuant to the Luxembourg law of 10 August 1915 on commercial companies, as amended; or
  - (ii) an ad hoc director (*administrateur provisoire*) is appointed by a court in respect of any part of the Issuer's assets,

save in any such case for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

## **9. ENFORCEMENT**

### **9.1 Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

### **9.2 Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **10. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **11. NOTICES**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Trustee may approve and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in one daily newspaper published in Luxembourg approved by the Trustee. It is expected that publication will normally be made in *Luxemburger Wort*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

## **12. SUBSTITUTION**

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any other company being a subsidiary of the Issuer, subject to:

- (a) the prior consent of the Bank of Portugal (if then required);
- (b) the Notes being guaranteed by the Issuer on a basis which is no more subordinated than as is described in Condition 2.1;

- (c) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (d) certain other conditions set out in the Trust Deed being complied with.

### **13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER and AUTHORISATION**

#### **13.1 Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

#### **13.2 Modification, Waiver and Authorisation**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

#### **13.3 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 6 and/or any undertaking given in addition to, or in substitution for, Condition 6 pursuant to the Trust Deed.

#### **13.4 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 11.

## **14. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER**

### **14.1 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

### **14.2 Trustee Contracting with the Issuer**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **15. FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **16. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **16.1 Governing Law**

The Trust Deed, the Notes and the Coupons (and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) are governed by, and will be construed in accordance with, English law, except for Condition 2, which will be governed by Luxembourg law. The provisions of Articles 86 to 94-8 of the Luxembourg law of 10 August 1915 on commercial companies, as amended, are hereby excluded to the extent that they would have been applicable.

### **16.2 Jurisdiction of English Courts**

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons (including any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust

Deed, the Notes or the Coupons respectively (including any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively) (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and, to the extent permitted by law, concurrent Proceedings in any number of jurisdictions.

### **16.3 Appointment of Process Agent**

The Issuer will receive service of process in England in connection with any Proceedings at its London representative office for the time being (currently at 33 Queen Street, London EC4R 1ES). If for any reason the Issuer does not have a London representative office, it will promptly appoint a substitute agent to receive service of process in England in connection with any Proceedings and promptly notify the Trustee and the Noteholders of any such appointment. Service of process in respect of such Proceedings may also be made in any other manner permitted by law.

## **17. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any Event of Default;
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee, the Principal Paying Agent and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

On and after 30 November 2009, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be

*prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### **3. Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 11, provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) if and to the extent that the rules of the Luxembourg Stock Exchange so require. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (including any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID and Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the holder of a particular principal amount of Notes is clearly identified together with the amount of such holding) as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### **5. Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 6.2).

### **6. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption, or if the Issuer requires any Notes represented by a Global Note to be cancelled following purchase, will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

**7. Euroclear and Clearstream, Luxembourg**

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, amounting to approximately €397,052,000 (after deduction of commissions and estimated expenses), will be applied by the Issuer to augment its regulatory capital and for general financing and corporate purposes.

## ESPÍRITO SANTO FINANCIAL GROUP S.A.

Espírito Santo Financial Group S.A. is a limited liability company (*société anonyme*) incorporated under Luxembourg law on 28 November 1984 for an unlimited duration. The registered office and principal place of business of ESFG is located at 231, Val des Bons-Malades, L-2121 Luxembourg, Grand Duchy of Luxembourg and its telephone number is +352 437-227. ESFG is registered with the Luxembourg Register of Commerce and Companies under number B-22.232.

### Introduction

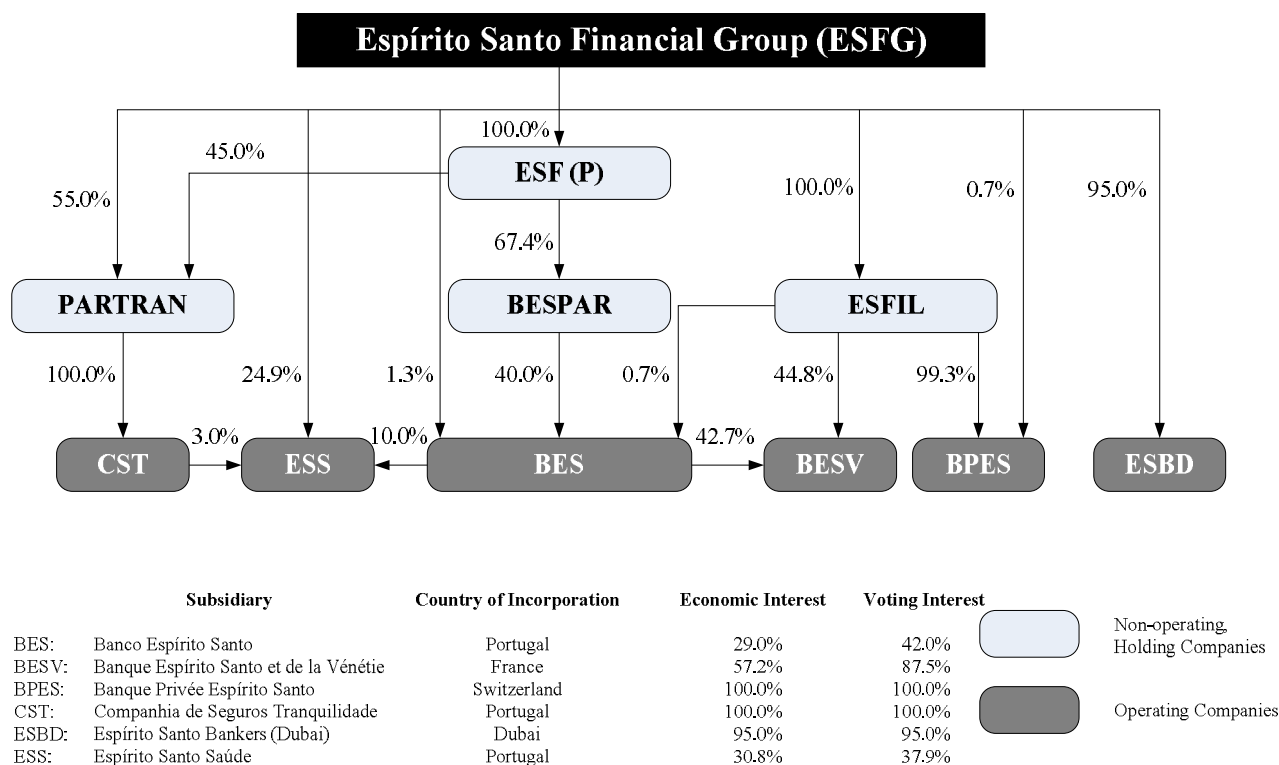
The ESFG Group is an integrated financial services group comprising ESFG and its subsidiary companies. Its banking operations are located primarily in Portugal, and also in Angola, Brazil, France, Spain and Switzerland. The ESFG Group had consolidated assets of EUR 78.1 billion and consolidated equity (attributable to equity holders of ESFG) of EUR 1,282.7 million at 31 December 2008. At 30 June 2009 the ESFG Group had consolidated assets of EUR 84.7 billion and consolidated equity (attributable to equity holders of ESFG) of EUR 1,355.2 million. Consolidated net profit for the year ended 31 December 2008 (attributable to equity holders of ESFG) was EUR 77.1 million. Consolidated net profit for the six months ended 30 June 2009 (attributable to equity holders of ESFG) was EUR 71.0 million.

The ESFG Group engages in a broad range of banking, insurance and financial activities, including taking deposits, lending, asset management, private banking, leasing and factoring, investment banking and brokerage services. The ESFG Group conducts its commercial banking activities primarily through Banco Espírito Santo S.A. (BES), the third largest full-service financial group in Portugal in terms of total assets, headquartered in Portugal. BES is the largest Portuguese listed bank by market capitalisation. The ESFG Group's investment banking business is managed primarily through Banco Espírito Santo Investimento, S.A. (BESI), while its asset management and private banking activities are operated through Espírito Santo Activos Financeiros, SGPS, S.A. (ESAF), Banco BEST, Banque Privée Espírito Santo, S.A. (BPES) and ES Bankers (Dubai) Limited (ESBD) based in Portugal, Switzerland and the U.A.E., respectively. The ESFG Group conducts its stockbrokerage activities through BESI in Portugal and through branches of BESI in Spain and Poland, through BESI's Brazilian subsidiary BES Investimento do Brasil, S.A., in which Banco Bradesco, S.A. holds a 20 per cent. interest, in Brazil and through E.S. Financial Services, Inc, an Espírito Santo Bank subsidiary, in the United States. The ESFG Group conducts its insurance business through Tranquilidade, T-Vida and LOGO, in the non-*bancassurance* area, and in the *bancassurance* area through BES Vida and BES Seguros in each of which Crédit Agricole has a 50 per cent. interest and controls their activities.

The ESFG Group holds a voting interest of 42.0 per cent. in BES, a level which cannot exceed 50 per cent. without triggering provisions of the Portuguese takeover law, which would require it to offer to purchase all of the outstanding shares.

The ESFG Group conducts its non-life non-*bancassurance* insurance activities in Portugal mainly through Tranquilidade, a wholly owned subsidiary. The ESFG Group's life non-*bancassurance* insurance activities in Portugal are conducted through T-Vida, which is wholly owned by Tranquilidade. The ESFG Group conducts its activities in healthcare services through Espírito Santo Saúde (ESS) a holding company which operates in the following main areas of healthcare management: hospitals and out-patient clinics, residential hospitals and senior citizen residences.

The principal organisational structure of the ESFG Group as at 18 September 2009 is set out below:



## History

The ESFG Group's origins date from 1869, when José Maria de Espírito Santo Silva founded a bank in Lisbon, which was BES's predecessor. In the 1930s, the Espírito Santo family acquired a significant shareholding in Tranquilidade. After the Second World War, BES became one of Portugal's largest commercial banks and Tranquilidade became one of its leading insurance companies. In 1975, the Portuguese government nationalised virtually all institutions in the domestic banking and insurance industries, including BES and Tranquilidade. The Espírito Santo family, deprived of its Portuguese base, began new operations outside Portugal, primarily in the financial services industry, and in 1984, ESFG was established.

In 1986, when the Portuguese government enacted legislation which once again permitted the private ownership of financial services companies, the ESFG Group recommenced its operations in Portugal through Banco Internacional de Crédito, S.A. (BIC) and BESI. In the same year, the Portuguese government embarked on a programme of privatising state-owned companies which they had previously nationalised, including many in the financial services sector. In association with Crédit Agricole, a major French financial services group, and other investors, ESFG acquired control of Tranquilidade and BES between 1990 and 1992. In order to maximise its resources and gain access to additional sector know-how, the ESFG Group has made its primary investments in these companies primarily in association with strategic partners which have assisted the ESFG Group in formulating its strategy, particularly in connection with the development and marketing of products in the retail sector.

## Key minority interests in ESFG Group companies

The ESFG Group has made most of its investments in association with partners in the financial services industry in order to maximise its resources. The ESFG Group's most significant association has been with Crédit Agricole, which in 1990 and 1991 joined with the ESFG Group in the acquisition of BES and Tranquilidade. To this end, ESFG and Crédit Agricole formed two acquisition vehicles, BESPAR and PARTRAN. ESFG acquired full control and ownership of PARTRAN in 2006. Through BESPAR, Crédit Agricole participates as a strategic partner in the management and operation of BES. In 2006 Crédit

Agricole assumed management control of BES Vida and BES Seguros. The ESFG Group's association with Crédit Agricole has been mutually beneficial, in terms of profitability for the ESFG Group and introducing the ESFG Group to new financial techniques (including the *bancassurance* operations described below). The association has also enabled Crédit Agricole to gain access to the Portuguese market.

BESPAR is controlled, directly and indirectly, by the ESFG Group, which, as of 30 June 2009 held, 67.4 per cent. of the voting interest in this entity. In order to reflect Crédit Agricole's interest, the articles of association of BESPAR provide certain protections for minority shareholders. Pursuant to these provisions, any two directors who vote against a resolution of the board of directors because they view it as contrary to the shareholders' interests have the right to request a general meeting of shareholders. Resolutions facing such objections will be suspended unless and until approved by a majority of 76 per cent. of the shareholders. A super-majority of 76 per cent. of the shareholders is also required for the transfer of shares of BES by BESPAR, amendments to the articles of association of these companies, the issuance of convertible bonds, and the election and removal of corporate officers. As of 30 June 2009, Crédit Agricole had a voting interest of 32.6 per cent. in BESPAR. Consequently, Crédit Agricole's votes are necessary to obtain the required super-majority.

Because the ESFG Group's interests in certain of its subsidiaries are held by one or more entities controlled by the ESFG Group, ESFG's economic interest (i.e. the percentage interest in the shareholders' equity and net income of such subsidiary after eliminating minority interests in such subsidiary and immediate ESFG Group controlled entities) in such subsidiaries is less than the ESFG Group's direct or indirect voting interest therein.

In June 2006, BESPAR, obtained a loan from a consortium of banks led by Caixa Geral de Depósitos, S.A. in the amount of EUR 101.5 million which is repayable in June 2010. To secure this loan, BESPAR pledged to Caixa Geral de Depósitos, S.A. 11 million shares in BES, representing 2.2 per cent. of the share capital of BES.

## **The ESFG Group's business**

### ***Principal activities and markets***

The ESFG Group is engaged principally in three business areas, banking, insurance and healthcare services, and its operations are concentrated mainly in Portugal. Banking comprises banking, leasing, consumer credit, asset management, brokerage, factoring and others. Insurance comprises life insurance and non-life insurance. Healthcare services include hospitals, outpatient clinics, residential hospitals and senior citizen residences.

The ESFG Group's operations outside of Portugal complement its Portuguese activities, primarily serving Portuguese businesses and individuals abroad. For the year ended 31 December 2008, the ESFG Group derived 72.5 per cent. of its consolidated net profit attributable to equity holders from its operations in Portugal and for the six months ended 30 June 2009, the ESFG Group derived 61.5 per cent. of its consolidated net profit attributable to equity holders from its operations in Portugal, in each case, after intra-group eliminations.

### ***Banking***

The ESFG Group conducts a broad range of banking activities, including corporate and retail banking, investment banking, asset management, specialised credit and others. The BES Group is one of the leading banking groups in Portugal offering individual and corporate customers a wide range of banking and financial services. The BES Group is the third largest provider of financial services in Portugal based on total assets. The BES Group accounted for 94.0 per cent. of the ESFG Group's total assets as at 31 December 2008 and 94.3 per cent. of ESFG's Group's assets as at 30 June 2009, 88.3 per cent. of the ESFG Group's revenues for the 12 months ended 31 December 2008 and 88.7 per cent. of the ESFG Group's revenues for the six months ended 30 June 2009, and 74.0 per cent. of the ESFG Group's operating income

for the 12 months ended 31 December 2008 and 77.2 per cent. of the ESFG Group's operating income for the six months ended 30 June 2009, in each case after intra-group eliminations.

At the BES Group level, total solvency ratio, Core Tier I ratio and Tier I ratio, under Basel II, IRB Foundation Method were 11.3 per cent., 6.1 per cent. and 7.1 per cent., respectively, at 31 December 2008. On 16 April 2009 BES completed a EUR 1.2 billion increase of its share capital. At 30 June 2009, the BES Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 12.2 per cent., 8.3 per cent. and 8.9 per cent., respectively, under the Basel II, IRB Foundation Method.

At 31 December 2008, the ESFG Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 9.5 per cent., 5.7 per cent. and 7.0 per cent., respectively, calculated under Basel II, IRB Foundation Method. ESFG subscribed its full entitlement in BES's EUR 1.2 billion capital increase which was concluded on 16 April 2009. At 30 June 2009, the ESFG Group's total solvency ratio, Core Tier I ratio and Tier I ratio were 9.7 per cent., 7.1 per cent. and 8.2 per cent., respectively under the Basel II, IRB Foundation Method.

Based on internal studies, the ESFG Group believes that, in 2008, the BES Group had an average market share in the Portuguese banking market of 20.7 per cent. (compared with 20.4 per cent. in 2007 and 19.0 per cent. in 2006). The BES Group calculates its average market share based on the non-weighted average of the market shares it holds in products such as deposits, individual pension plans, other financial life insurance, mutual funds, production of mortgage loans, loans to corporations, consumer loans, leasing, factoring and POS (traded volume). In calculating market share data, the BES Group uses relevant available official sources of information, including publications by the Bank of Portugal, the Portuguese Banks Association, the Association of Mutual Funds, the APFIN – Associação Portuguesa das Sociedades Gestoras de Fundos de Investimento and the Portuguese Association of Insurance Companies. Where no official sources exist, the BES Group relies on its own estimates.

Since 1992, the BES Group has substantially expanded its banking network, increasing the number of BES Group branches from 230 at 31 December 1992 to 794 at 30 June 2009 (803 at 31 December 2008). While the BES Group has focused on organic growth through expansion of its branch network in Portugal, it embarked on a strategic branch expansion in Spain in June 1992 when it acquired a small Spanish bank, with currently 25 branches many of which are located along the Portuguese-Spanish border. BES Angola has 30 branches in Angola. The BES Group also has six representative offices for residents abroad.

### ***Corporate and retail banking***

Corporate and retail banking consists of the ESFG Group's banking business with retail, corporate and private banking customers, including its mortgage business. The ESFG Group is active in Portugal, Spain, the United States, China and Angola through BES's international branches, subsidiaries and representative offices, and separately in France and Dubai.

The ESFG Group's corporate and retail banking operations in Portugal are conducted primarily through BES, in which the ESFG Group holds a 42.0 per cent. voting and a 29.0 per cent. economic interest. Crédit Agricole is a minority investor in BES and is the ESFG Group's strategic partner in the management and operation of BES. See "*Key minority interests in ESFG Group companies*". Further to the capital increase that took place on 16 April 2009, at 30 June 2009 38.5 per cent. of BES's ordinary shares, which are listed on NYSE Euronext Lisbon, are held by shareholders with less than 2 per cent. individually. At 30 June 2009, BES had consolidated shareholders' equity of EUR 6,229.4 million (including minority interests).

BES in turn conducts a portion of its commercial banking business through its subsidiaries, namely, BAC (corporate banking in the Azores Islands), BES Oriente (private and corporate banking in Macao), ESB (private and corporate banking in the United States) and BES Angola (corporate banking in Angola).

The ESFG Group's commercial banking activities are carried out in France through BES Vénétie, which is jointly controlled by ESFG and BES.

ESBD is a private banking and wealth management operation incorporated in Dubai. ESBD's activities include asset and cash management, leverage and credit facilities, investment and advisory services, securities trading, structured products, investment funds, alternative investments and investment banking. ESBD is also able to offer shariah compliant investments.

The ESFG Group's customer base is diverse and is comprised of large Portuguese corporations, Portuguese subsidiaries of foreign corporations, public sector institutions, small- to medium-sized Portuguese businesses and individuals.

The ESFG Group believes its success in broadening its customer base over the last decade is evidenced by the expansion in loans to individuals, including mortgages and consumer credit during that period. Accounting for a small percentage of the total in 1992, such loans represented 27.7 per cent. of the ESFG Group's total loan portfolio at the end of 2008 and 27.2 per cent. at the end of June 2009. In 2008, the ESFG Group's gross consolidated loan portfolio grew by 11.4 per cent. to EUR 50.4 billion, with domestic loans growing 9.2 per cent. and in the six months to 30 June 2009, the ESFG Group's gross consolidated loan portfolio grew by 1.0 per cent. to EUR 50.9 billion, and domestic loans remained stable.

The ESFG Group's gross consolidated domestic (non-cross border) loan portfolio amounted to EUR 35.7 billion as of 31 December 2008 and 30 June 2009 and was directed to the following principal business sectors: real estate – mortgage 29.1 per cent. at 31 December 2008 and 30 June 2009., consumer and other loans 6.8 per cent. at 31 December 2008 and 6.6 per cent. at 30 June 2009 and corporate credit 64.1 per cent. at 31 December 2008 and 64.3 per cent. at 30 June 2009. Total gross international loans amounted to EUR 14.0 billion as of 31 December 2008 and EUR 14.3 billion as of 30 June 2009, and were directed to the following principal business sectors: real estate – mortgage loans 3.9 per cent. at 31 December 2008 and 3.8 per cent. at 30 June 2009, consumer credit and other loans 3.0 per cent. at 31 December 2008 and 30 June 2008 and corporate credit 93.0 per cent. at 31 December 2008 and 93.3 per cent. at 30 June 2009.

The ESFG Group's strategy is to increase its lending activity with respect to the corporate segment which increased by 21.7 per cent. in 2007, by 15.1 per cent. in 2008 but decreased by 3.6 per cent. in the six month period ended 30 June 2009. Corporate loans accounted for 64.4 per cent. and 61.4 per cent. of total gross loans at 31 December 2008 and 30 June 2009, respectively, while loans to individuals represented 27.7 per cent. and 27.2 per cent. of total gross loans at 31 December 2008 and 30 June 2009, respectively. The percentage of the loan portfolio with a maturity of less than one year decreased from 63 per cent. as of 31 December 1995 to 24.7 per cent. as of 31 December 2008.

As at 31 December 2008 approximately 27.7 per cent. of the ESFG Group's consolidated loans are to customers who are not resident in Portugal. Most of these loans are extended through BES's overseas branches (London, New York, Nassau, Cayman Islands and Madeira-offshore), and various subsidiaries of ESFG and BES (BES Vénétie in France, Espírito Santo Bank (Panama), S.A. in Panama, BPES in Switzerland, ESFIL - Espírito Santo Financière, S.A. in Luxembourg, BES Oriente in Macao, ESB in the United States, ESBD in Dubai and BES Angola). Most of the trade finance lending is conducted through these entities. ESFIL - Espírito Santo Financière S.A. has from time to time issued, and may from time to time issue, unsecured and unsubordinated debt instruments which have been guaranteed by ESFG. As at the date of this Prospectus, EUR 150,000,000 4.50 per cent. Guaranteed Notes due 2011 which were issued by ESFIL - Espírito Santo Financière S.A. on 28 May 2009 and which are unconditionally and irrevocably guaranteed by ESFG are outstanding. At the end of July 2009 ESFIL - Espírito Santo Financière S.A. and ESFG established a €1,000,000,000 Euro Commercial Paper Programme. Commercial paper issued by ESFIL - Espírito Santo Financière S.A. under that Programme is unconditionally and irrevocably guaranteed by ESFG.

### ***Investment banking***

The ESFG Group conducts investment banking operations in Portugal through BESI, a wholly owned subsidiary of BES. BESI's investment banking and advisory activities focus on domestic as well as certain

international markets (Brazil, Spain, Ireland and the United Kingdom) and mainly concentrate on project finance, structured finance, mergers and acquisitions, corporate finance and capital markets (including privatisations, primary and secondary market securities trading as well as underwriting of equity and debt issues).

BESI had total consolidated assets of EUR 5,331.8 million at 31 December 2008 and EUR 5,311.9 million at 30 June 2009 and a net profit of EUR 47.6 million for the 12 months ended 31 December 2008 and EUR 22.5 million for the six months ended 30 June 2009, respectively. In 2008/2009 the strategy adopted for investment banking continued to focus on Iberia, Brazil, the United States and Northern Europe (namely the United Kingdom and Poland). In Brazil, BES Group continues to develop the investment banking joint venture with Banco Bradesco, S.A. in order to benefit from the potential for this business area in Brazil.

### ***Asset management and private banking***

The ESFG Group carries out asset management activities mainly through two operations, ESAF in Portugal (fund management) and BPES in Switzerland (private banking). Private banking activities are also carried out at BES. The ESFG Group holds a 90.0 per cent. voting and a 29.6 per cent. economic interest in ESAF, whose subsidiaries are involved in various fund management activities.

Outside Iberia, the ESFG Group conducts private banking activities principally through BPES, a wholly owned portfolio management company established in Switzerland in 1975 under the name of Compagnie Financière Espirito Santo. BPES's income primarily comprises management commissions, transaction fees income from foreign exchange transactions and lending activities.

Investment funds managed by the ESFG Group amounted to approximately EUR 18.1 billion at 31 December 2008 and approximately EUR 19.0 billion at 30 June 2009.

### ***Specialised credit***

Through BES, the ESFG Group is also involved in leasing and factoring and in the credit card business, following the merger into BES of Besleasing e Factoring – Instituição Financeira de Crédito, S.A in December 2008 and through the merger into BES of CREDIFLASH Sociedade Financeira para Aquisição a Crédito, S.A., a credit card management company, during the course of 2007. The BES Group also provides many types of consumer credit through its network of branches.

### **Insurance**

According to the Portuguese Insurance Institute (ISP), at 30 June 2009, the ESFG Group's insurance operations, Tranquilidade, T-Vida, LOGO, together with BES Vida and BES Seguros (where Crédit Agricole has a 50 per cent. interest and controls their activities) were, together, the third largest insurance group in Portugal in terms of premium income. At the ESFG Group consolidated level, after intra-group eliminations, the insurance companies accounted for 1.8 per cent. of ESFG's total assets at 31 December 2008 and 1.7 per cent. of ESFG's total assets at 30 June 2009, 5.4 per cent. of the ESFG Group's revenues for the 12 months ended 31 December 2008 and 5.0 per cent. of the ESFG Group's revenues for the six months ended 30 June 2009, in each case excluding gains on the sale of investments in subsidiaries and associates and share of profit of associates, and 14.1 per cent. of the ESFG Group's operating income for the 12 months ended 31 December 2008 and 11.3 per cent. of the ESFG Group's operating income for the six months ended 30 June 2009.

Since it acquired control of Tranquilidade in 1990, the ESFG Group has achieved substantial growth in its insurance business. Prior to the formation of Tranquilidade-Vida in 1994 (renamed BES Vida in 2006), Tranquilidade conducted both the ESFG Group's life insurance business and its non-life insurance business. In 1994, the ESFG Group's life insurance business was transferred to this new entity. In part based on the experience of Crédit Agricole in France, the ESFG Group has been able to expand its activities by using BES's branch network to distribute life and non-life *bancassurance* products and by implementing policies to increase efficiency and enhance cost reduction. According to the figures published by ISP, at 30 June

2009, Tranquilidade, LOGO, BES Seguros (formerly ES Seguros), BES Vida and T-Vida achieved an overall market share of 13.0 per cent. in the Portuguese insurance market (14.7 per cent. in life and 9.3 per cent. in non-life), based on insurance premiums. The Portuguese insurance market increased 10.9 per cent. to 31 December 2008 with an increase of 17.3 per cent. in life and a 2.1 per cent. decrease in non-life. In particular, motor insurance decreased by 6.5 per cent. in the 12 months ended 31 December 2008 and by 29.9 per cent. year on year in the first six months of 2009, reflecting the high level of competition in this market.

### ***Non-life insurance***

Tranquilidade conducts its private and commercial business (comprising accident and health, fire and other damage, motor, marine and third party liability insurance) via non-banking channels, while BES Seguros markets its products primarily through the branch networks of BES.

Tranquilidade is also active in the *assurfinance* business, which involves selling products such as mortgage loans, personal loans and current accounts through selected agents. At the end of 2008, Tranquilidade's *assurfinance* programme accounted for approximately 13.0 per cent. of BES's new mortgage loans. The 439 insurance managers, 1,370 best agents and 2,751 other *assurfinance* agents contributed 20 per cent. of the total clients acquired by BES as at the end of June 2009. In addition, the programme allows Tranquilidade to improve retention of its best agents and brokers, who at the end of June 2009 had contributed 65.0 per cent. and 20.0 per cent., respectively of the total income of Tranquilidade. Commercial lines business coming from BES represents 24.8 per cent. of commercial business premiums and 26 per cent. of motor business is linked to the T-Credit launched together with BES, at the end of June 2008.

In 2009, Tranquilidade continues to expand its franchise network. As of 30 June 2009, Tranquilidade operated 48 of its own branches and through 69 franchise outlets. Together with a further 223 independent agent outlets, these 340 outlets have permitted Tranquilidade to expand significantly its geographical coverage in Portugal. Management believes that its coverage is critical in terms of client service and nationwide brand development.

LOGO, the direct telephone and internet based insurer, established in January 2008, reached almost 50,000 clients in its first 18 months of operation. Gross written premiums relating to the motor sector during the period from establishment in January 2008 to 30 June 2009 amounted to EUR 8.8 million. The number of clients and premiums remain above budget though net results continue to be negative.

### ***Life Insurance***

T-Vida, a subsidiary dedicated to the life insurance business was established in August 2006, reported a net loss of EUR 13.2 million for the 12 month period to 31 December 2008 due to negative financial results which declined by 110.8 per cent. in 2008. T-Vida reported a net profit of EUR 2.1 million for the first six months of 2009. T-Vida explores the opportunities available in the Portuguese life insurance market, namely in the areas of life risk and private pension plans, using non-*bancassurance* channels for marketing purposes.

### **Healthcare**

ESS operates in the following main areas of healthcare management: hospitals and outpatient clinics, residential hospitals and senior citizen residences. The main events in 2008 were:

- 44.2 per cent. rise in operating income;
- the sale of the spa tourism business; and
- launch of radiotherapy services at Hospital da Luz.

Turnover at the healthcare operator in 2008 rose by 44.2 per cent., from EUR 128.5 million to EUR 185.3 million, primarily due to strong growth at Hospital da Luz. Turnover for the first half of 2009

increased by 18.0 per cent. year on year from EUR 90.5 million to EUR 106.6 million, mostly attributable to Hospital da Luz where operating income rose by 30.0 per cent. year on year. Hospital da Luz opened for business in March 2007, is located in Lisbon and is ESS's flagship operation. In 2008, Hospital da Luz also celebrated the opening of its radiotherapy unit, which is key to Hospital da Luz's profitability.

On 30 July 2009, Cliria, a subsidiary of ESS, concluded the acquisition of Clinica Central De Oiã, a clinic located in the Aveiro area of Portugal, strengthening ESS's presence in this region.

On 22 July 2009, ESS received the final evaluation report relating to the new Loures Public Hospital tender under the Public-Private Partnership programme where ESS was identified as being in first place. It is expected that the management contract will be signed by the end of 2009.

## **RECENT DEVELOPMENTS**

### **Moody's ratings**

On 16 September 2009, Moody's concluded its review of several Portuguese banks, initiated on 6 April 2009. Moody's downgraded BES's bank financial strength rating to C- (outlook stable) from C+. BES's debt and deposit ratings were downgraded to A1 (outlook stable) from Aa3. BES's short-term rating was affirmed at Prime-1. BES's senior and junior subordinated debt were downgraded to A2 (outlook stable) and its Tier I capital instruments were also downgraded to A3 (outlook stable).

Moody's downgraded ESFG's issuer rating to A3 (outlook stable) from A2. The downgrade reflects the ratings of BES A1/P-1/C-, as BES is ESFG's main operating subsidiary and accounted for 90 per cent. of ESFG's operating income in the six months to 30 June 2009. Moody's downgraded the short-term rating of ESFIL - Espírito Santo Financière, S.A.'s and ESFG's Euro Commercial Paper Programme to Prime-2 from Prime-1. Moody's also downgraded ESFG International Limited's preferred securities (which are guaranteed by ESFG) to Baa2 (outlook stable) from Baa1.

### **Banco BEST/Saxo Bank A/S**

On 15 September 2009, ESFG announced that it had agreed to increase its shareholding in Saxo Bank A/S by 2.5 per cent. to almost 5.0 per cent. After completion, ESFG and BES will hold almost 10.0 percent of the share capital of Saxo Bank A/S. ESFG also agreed to sell shares representing 25.0 percent. of the capital of Banco BEST to Saxo Bank. Completion of these transactions is subject to regulatory and other approvals.

### **Espírito Santo Financial Group S.A.**

On 19 August 2009, the unaudited results of ESFG and its consolidated subsidiaries for the six months ended 30 June 2009, prepared in accordance with IFRS as adopted by the European Union were announced. The following is a summary of those results:

- Consolidated net income for the six months ended 30 June 2009 increased by 13.3 per cent. year on year to EUR 71.0 million (compared with EUR 62.7 million for the first six months of 2008) and corresponds to an annualised return on equity of 15.4 per cent.
- Consolidated net interest income increased by 25.9 per cent. year on year to EUR 666.9 million (compared with EUR 529.9 million for the first six months of 2008) on the back of significant contributions from Portuguese and international business.
- Consolidated net fees and commissions rose by 15.2 per cent. year on year to EUR 354.8 million (compared with EUR 308.0 million for the first six months of 2008) benefiting from ESFG's strategy of supporting international trade activities.
- Consolidated market results (being the aggregate of net gains/losses from financial assets at fair value through profit and loss, net gains on available for sale financial assets, net gains from foreign exchange

differences and net gains/losses from sale of other assets) and other results decreased by 8.9 per cent. year on year to EUR 265.4 million (compared with EUR 291.3 million for the first six months of 2008).

- Consolidated insurance earned premium net of reinsurance decreased 12.8 per cent. year on year to EUR 153.1 million (compared with EUR 175.6 million for the first six months of 2008) reflecting the high level of competition in the market;
- Consolidated claims incurred net of reinsurance decreased by 3.1 per cent. year on year to EUR 112.2 million (compared with EUR 115.8 million for the first six months of 2008) as a result of improvements to management of claims beginning to take effect.
- Consolidated staff costs and general administrative expenses increased moderately by 1.3 per cent. to EUR 569.6 million (compared with EUR 562.4 million for the first six months of 2008). Excluding pension charges, both staff costs and total operating costs were down year on year resulting from the strict cost management programme in place.
- ESFG reported in its Interim Report 2009 a Core Tier I ratio of 7.1 per cent. and a Tier I ratio of 8.2 per cent. as of 30 June 2009.

The full text of the results announcement of ESFG for the six months ended 30 June 2009 is available for inspection. See “*General Information – Documents Available*”. The above information is based on, and should be read together, with the unaudited consolidated financial statements of ESFG for the six months ended 30 June 2009 which are incorporated by reference in this Prospectus as provided in “*Incorporation by Reference*”.

### **Banco Espírito Santo, S.A.**

On 28 July 2009, the unaudited results of ESFG’s subsidiary BES and its consolidated subsidiaries for the six months ended 30 June 2009, prepared in accordance with IFRS as adopted by the European Union were announced. The following is a summary of those results:

- Net income for the six months ended 30 June 2009 decreased by 6.8 per cent. year on year to EUR 246.2 million, and corresponds to an annualised return on equity of 10.1 per cent. The international area made an important contribution of EUR 84.8 million to consolidated results (an increase of 9.8 per cent.).
- As reported in the Activity and Results of BES Group and BES 1st Half of 2009, the EUR 1.2 billion rights issue of April 2009 strengthened the Core Tier I ratio to 8.3 per cent. and the Tier I ratio to 8.9 per cent. The available for sale portfolio recovered, showing a potential gain of EUR 58.2 million.
- EUR 3.7 billion of debt was issued in the international markets in the six months ended 30 June 2009, 20 per cent. above the refinancing requirements for the full year.
- Total assets (being the total of net assets, asset management, off-balance sheet items and securitised loans) exceeded EUR 100 billion. The growth of customer funds (by 5.7 per cent.) and customer loans (by 4.6 per cent.) kept the transformation ratio at 118 per cent. Loans to corporate clients increased by 8 per cent. year on year (an increase of EUR 2,585 million).
- Commercial banking income increased by 22 per cent. year on year, which included growth of 40.1 per cent. from the international area.
- Operating costs, excluding pension benefits, were down by 3.2 per cent., reflecting cost control measures in place.

- Efficiency improved and cost to income declined to 44.2 per cent. (51.4 per cent. ex-markets).
- Credit provision charge represented 1.13 per cent. of the loan portfolio, including an extra-charge of EUR 40 million provided in light of the current recession, lifting the provisions to 2.81 per cent. of total loans (compared with 2.52 per cent. for the first quarter of 2009). The overdue loans ratio (>90 days) was 1.42 per cent. (compared with 1.20 per cent. for the first quarter of 2009) with the respective coverage reaching almost 200 per cent.

The full text of the results announcement of BES Group for the six months ended 30 June 2009 is available for inspection. See “*General Information – Documents Available*”.

## **SUPERVISION AND REGULATION**

### **Introduction**

Since the majority of the ESFG Group’s activities are conducted in Portugal, a summary of Portuguese banking and insurance regulations is set out below. There are no applicable regulatory controls under Luxembourg law that are likely to have a material impact on the ESFG Group’s future financial performance.

In 1997, the Bank of Portugal initiated supervision of ESFG on a consolidated basis pursuant to Council Directive 92/30/EEC of 6 April 1992 on the supervision of credit institutions on a consolidated basis, and since 15 June 2000 pursuant to Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions.

### **Portugal**

#### ***Regulation of Portuguese banking companies***

The Bank of Portugal is a part of the European System of Central Banks (“ESCB”), which was created in connection with the European Economic and Monetary Union (“EMU”). The EMU implies a single monetary policy, the main features of which are a single currency – the Euro – and the creation of a European Central Bank (“ECB”) and the ESCB. According to the European Union (“EU”) treaty, the primary objective of the ESCB is to maintain price stability through monetary policy.

The Bank of Portugal is directed to provide for the stability of the domestic financial system, performing for this purpose the function of lender of last resort. This goal is achieved through the supervision of credit institutions, financial companies and some holding companies of credit institutions and financial companies.

According to the “*Regime Geral das Instituições de Crédito e Sociedades Financeiras*”, or the Portuguese Legal Framework of Credit Institutions and Financial Companies (Decree Law NR 298/92 of 31 December 1992 as amended from time to time), the Bank of Portugal authorises the setting up of credit institutions and financial companies based on technical and prudential criteria, monitors the activity of the institutions under its supervision and their compliance with the rules governing their activities, issues recommendations for the correction of any deviations from such rules, sanctions breaches, should they occur, and is able to take extraordinary measures of reorganisation.

The Bank of Portugal has established rules governing solvency ratios, reserve requirements, control of major risks and provisions for specific and general credit risks. It monitors compliance with these rules through periodic inspections, review of regularly filed financial statements and reports and continuing assessment of adherence to current legislation.

The Bank of Portugal is also charged with the duty to regulate, oversee and promote the smooth operation of payment systems, namely within the scope of its participation in the ESCB.

Membership in the EU subjects Portugal and Portuguese Credit Institutions to compliance with European legislation. The Portuguese authorities have introduced EU directives and recommendations into legislation to adapt Portuguese laws to European regulatory standards.

### ***Additional supervision***

Credit institutions incorporated in Portugal are also subject to the supervision of the CMVM with respect to the performance of investment services/ancillary services. Therefore, CMVM supervises BES in relation to its performance of the activities foreseen in Articles 290 and 291 of the Portuguese Securities Code (*Código dos Valores Mobiliários*), or Portuguese Securities Code, such as asset management on behalf of third parties, securities custody, assistance and placement of public offers of securities, investment consultancy and brokerage.

Furthermore, BES is also subject to the supervision of CMVM as an issuer with securities admitted to trading on a Portuguese regulated market, which qualifies it as a public company (*sociedade aberta*) that is required to comply with the applicable provisions of the Portuguese Securities Code, in particular, with regard to qualifying holdings and disclosure requirements (such as inside information and financial information).

### ***Capital adequacy requirements***

#### ***Capital and solvency ratios***

Portuguese credit institutions are subject to solvency ratio requirements. These requirements conform to the EU legal framework establishing common standards for the measurement of capital and a system for weighting assets according to credit risk (currently contained principally in the “Banking Consolidation Directive”) with the requirement that, since 31 December 1992, all credit institutions must maintain capital of at least 8 per cent. of risk-weighted assets. In particular cases, the Bank of Portugal may impose a higher solvency ratio to ensure weighting assets according to credit risk. Credit institutions that fail to comply with these requirements are subject to various measures that may be imposed by the Bank of Portugal, including possible restrictions on dividends and imposition of fines and other sanctions on, not only the bank, but also its directors and executive officers.

At the BES Group level, total solvency ratio, Core Tier I ratio and Tier I ratio, under Basel II, IRB Foundation Method were 11.3 per cent., 6.1 per cent. and 7.1 per cent., respectively, at 31 December 2008. On 16 April 2009 BES completed a EUR 1.2 billion increase of its share capital. At 30 June 2009, the BES Group’s total solvency ratio, Core Tier I ratio and Tier I ratio were 12.2 per cent., 8.3 per cent. and 8.9 per cent., respectively, under the Basel II, IRB Foundation Method.

At 31 December 2008, the ESFG Group’s total solvency ratio, Core Tier I ratio and Tier I ratio were 9.5 per cent., 5.7 per cent. and 7.0 per cent., respectively, calculated under Basel II, IRB Foundation Method. ESFG subscribed its full entitlement in BES’s EUR 1.2 billion capital increase which was concluded on 16 April 2009. At 30 June 2009, the ESFG Group’s total solvency ratio, Core Tier I ratio and Tier I ratio were 9.7 per cent., 7.1 per cent. and 8.2 per cent., respectively under the Basel II, IRB Foundation Method.

#### ***Own Funds and Large Exposures***

Credit institutions are required under Portuguese law to maintain an adequate level of own funds, which shall be at least equal to the minimum share capital. The relevant criteria to determine the level of own funds are determined by the Bank of Portugal.

Under Portuguese law, credit institutions may not incur an exposure to a client or group of connected clients exceeding 25 per cent. of own funds. Institutions may also not incur large exposures (exposures to a client or group of connected clients with a value equal to or exceeding 10 per cent. of own funds) which in total exceed 800 per cent. of its own funds.

### ***Minimum cash requirements***

The minimum cash requirement is set by the ECB, and the rate of interest is the rediscount rate at which the ECB lends to the other European central banks. The failure of a bank to maintain adequate liquidity may result in (i) an increase in the cash amount required (of up to three times the original amount), or (ii) an additional payment of up to twice the rediscount rate, or (iii) up to 5 basis points over that market rate.

### ***Deposit Guarantee Fund***

The Deposit Guarantee Fund was established in December 1994 and has administrative and financial autonomy. All credit institutions with head offices in Portugal that accept deposits must participate in this fund. The financial resources of the Deposit Guarantee Fund are mainly composed of initial contributions from the Bank of Portugal and the participating credit institutions and, thereafter, periodic contributions from the participating credit institutions.

The annual contributions are defined according to the monthly average of the deposits made in the previous year and the fixed contribution rate, weighted by the solvency ratio of each institution in the previous year (the lower an institution's ratio, the higher its contribution). The annual contributions rate is determined by the Bank of Portugal annually and the rate is 0.03 per cent. for 2009.

The Bank of Portugal may determine that the payment of up to 75 per cent. of the annual contributions may be partly replaced by an irrevocable contract, guaranteed where necessary by securities that have a low credit risk and high liquidity. The Bank of Portugal determined that this limit would be 10 per cent. for the 2009 annual contribution. If the resources are insufficient to comply with its commitments, the Deposit Guarantee Fund may ask for additional contributions or resort to loans.

When a credit institution is unable to comply with its commitments, the Deposit Guarantee Fund guarantees the total repayment to depositors up to EUR 100,000 per depositor. Decree Law 211-A/2008 of 3 November 2008 increased this limit from EUR 25,000 until 31 December 2011.

The deposits made on Portuguese territory are guaranteed regardless of the currency in which they are denominated, and whether the depositor is resident or non-resident in Portugal. However, some deposits are excluded from the guarantee scheme – such as those of credit institutions, financial companies, insurance companies, investment funds, pension funds and central or local administration bodies in their own name and for their own account. Moreover, in order to prevent a conflict of interests, the Deposit Guarantee Fund does not cover deposits made by an institution's managing bodies, qualifying shareholders, external auditors and non-financial companies under the control of the credit institution at issue, or which together with the latter belong to the same group.

Unlike the systems existing in other countries, the Deposit Guarantee Fund is not responsible for any procedures aimed at the reorganisation and recovery of participating credit institutions.

### ***Borrowing from the Bank of Portugal***

The Bank of Portugal has followed a policy of intervening as a lender of last resort in cases of liquidity shortfalls in the banking system. The basic method of lending employed takes the form of advances and overdrafts against collateral. For this purpose the Bank of Portugal discloses a list of securities eligible as collateral. The rediscount rate is now set by the ECB.

### ***International capital flows***

The Portuguese authorities have established a programme of liberalisation of international capital flows in furtherance of the country's integration into the single market of the European Union.

### ***Restrictions on acquisition of capital stock of a bank***

According to the Legal Framework of Credit Institutions and Financial Companies, any legal or natural person who proposes either to acquire directly or indirectly a qualified direct or indirect holding (5 per cent. or more of the capital or the voting rights, or a holding which makes it possible to exercise significant influence over management) in a credit institution is required to give the Bank of Portugal prior notice of such intention.

Prior notice must also be given to the Bank of Portugal by any such person intending to increase an existing qualified holding as a result of which the percentage of the voting rights or of the share capital held by such person would directly or indirectly (through persons acting in concert pursuant to the provisions governing the attribution of voting rights, that include companies and their affiliates) reach or exceed 5 per cent., 10 per cent., 20 per cent., 33 per cent. or 50 per cent., or when such credit institution would become a subsidiary of such person.

The Bank of Portugal may oppose any such acquisition or increase if it does not consider the concerned person to meet certain conditions designed to ensure sound and prudent management of the credit institution.

All acquisitions of holdings as a result of which the percentage of the voting rights or of the share capital held by such person would reach or exceed 2 per cent. must be notified to the Bank of Portugal within a period of 15 days after they occur. The Bank of Portugal will then determine if the holding is qualified or not. Should the Bank of Portugal not consider such holding as a qualifying holding, it may require the participant to disclose the increase of its holding to 3 per cent. or 4 per cent. of the shareholding or voting rights.

Similarly, any legal or natural person who proposes either to dispose of a qualified holding in a credit institution or to reduce the percentage of the voting rights and/or of the share capital directly or indirectly held in a credit institution as a result of which: (i) such person's holding in the credit institution would fall below any of the percentages referred to above, (ii) such person would no longer be able to exercise a significant influence over the credit institution, or (iii) such credit institution would cease to be a subsidiary of such person, is also required to give the Bank of Portugal notice prior to proceeding with the proposed transaction. The notification must include information on the new amount of the holding.

Under the Portuguese Securities Code (*Código dos Valores Mobiliários*), any natural or legal person who directly or indirectly (through persons acting in concert pursuant to the provisions governing the attribution of voting rights, that include companies and their affiliates) reaches or exceeds a holding of 5 per cent., 10 per cent., 20 per cent., 33 per cent., 50 per cent., 66 per cent. or 90 per cent. of the voting rights attributable to the share capital of any public company (*sociedade aberta*) or reduces its holding below any of the above referred limits, must notify the CMVM and the company within three days from the occurrence of the event. The notice must identify, *inter alia*, the chain of entities to which, according to law, such holding is attributed. In the event the target company is the issuer of shares or of other securities that grant the holder the right to subscribe or acquire shares listed on regulated markets located or operating in Portugal, the respective stock exchange authorities must also be notified.

In addition, these requirements also apply in the case of a listed company in Portugal if any natural or legal person directly or indirectly (through persons acting in concert pursuant to the provisions governing the attribution of voting rights, that include companies and their affiliates) reaches or exceeds a holding of 2 per cent. or 5 per cent. of the voting rights attributable to the share capital of the company or reduce such holding to an amount below any of these limits.

The Portuguese Securities Code provides that any natural or legal person or persons acting in concert (including companies and their affiliates) whose holding reaches or exceeds 33 per cent. or 50 per cent. of the voting rights attributable to the share capital of a public company, are required to launch a takeover offer for all the shares and other securities issued by the company that grant the holder the right to subscribe for or acquire shares. Such offer must be for cash or have a cash alternative. These provisions would apply in the event that ESFG increased its voting control of BES to more than 50 per cent. The ESFG Group's current

voting interest in BES of 42.0 per cent. allows it to maintain control of BES. ESFG has no present intention of increasing its percentage shareholding in BES.

### ***Investment in non-banking companies***

According to the Legal Framework of Credit Institutions and Financial Companies, no credit institution may, in principle, have any direct or indirect qualified holding exceeding 15 per cent. of its own funds. In addition, the total amount of qualified holdings by a credit institution in such non-banking companies may not exceed 60 per cent. of its own funds (qualifying capital and reserves).

The Legal Framework of Credit Institutions and Financial Companies also provides that no credit institution may directly or indirectly own more than 25 per cent. of the capital of any single non-financial company for a period longer than three years (five years for shareholdings held through venture capital companies). These limitations are not applicable to auxiliary service companies.

### ***Treasury shares***

Portuguese law prohibits a company from subscribing for its own shares and generally from issuing guarantees or lending money to any third party in connection with the subscription for or acquisition of such shares, except for loans made in the ordinary course of business by banks and other financial institutions. In the event the by-laws of a company do not prohibit the acquisition of its own shares, the company may only acquire or sell its own shares on terms and conditions determined at a general meeting of shareholders and, with certain exceptions, such shares, together with shares held by the company as collateral, may not exceed 10 per cent. of its capital. During the period the company owns such shares, all rights relating to the ownership of such shares are suspended except for the right to receive additional, free or bonus shares. With certain exceptions, a Portuguese subsidiary is prohibited from subscribing for, or acquiring, shares of its parent.

Treasury shares of a company that exceed the 10 per cent. limit must be sold within one year (if unlawfully acquired) or within three years (if lawfully acquired). Failure to sell shares in accordance with these provisions will subject such shares to cancellation and the directors of the company to potential personal liability for damages to the company, to the creditors of the company or to third parties.

Issuers subject to Portuguese or foreign law with shares or other securities that confer rights of subscription, acquisition or disposal and that are admitted to trading on regulated markets located or operating in Portugal must notify the managing body of that market and the CMVM, within three business days from the date of the relevant transaction, of any acquisitions or disposals by them of such treasury shares or securities conferring rights over treasury shares, indicating:

- the final position resulting from such transactions where such position amounts to, exceeds or falls 1 per cent. and subsequent multiples of the equity capital; or
- all acquisitions or disposals, irrespective of their net balance, made in the same trading session of a regulated market located or operating in Portugal, where such transactions, either individually or together with any already effected, amount to or exceed 5 per cent. of the quantity admitted to trading.

Controlling companies must give notice, in accordance with the terms of the preceding paragraph, of all acquisitions and disposals of securities issued by the controlling company itself and executed by a company controlled by it.

### ***Other controls***

The Bank of Portugal imposes a number of other controls covering various aspects of a bank's business. It administers these controls through reporting requirements and ongoing supervision, including periodic examinations of the operations and asset portfolios of individual banks and consolidated banking groups.

### ***Regulation of Portuguese insurance companies***

Decree Law number 94-B/98, as amended, regulates the insurance and reinsurance activities in Portugal and established the autonomy of the ISP which regulates and supervises insurance companies in Portugal.

Insurance companies are subject to minimum capital requirements which are EUR 7.5 million for non-life companies with more than one branch of activity, the same amount for life companies and EUR 15.0 million for companies with life and non-life activities.

The ISP is responsible for setting the accounting and solvency requirements to be followed by insurance companies in Portugal. ISP regulations require that life and non-life insurance companies be subject to technical provisions, solvency margins and guarantee funds.

The calculation of technical provisions follow methods, rules and principles established by the ISP. The amount in technical provisions should allow an insurance company to fulfil its commitments within reasonable expectations. Required technical provisions are unearned premium reserve, unexpired risk reserve, claims reserve, provision for results participation and equalisation reserve.

Technical provisions must be represented by assets kept separately in a permanent inventory, which cannot be offered in guarantee by the company or be subject to any lien. The nature, valuation and limits relating to each category of assets are established by the ISP.

Solvency margins must be sufficient to support an insurance company's activities, with a minimum of 100 per cent. It corresponds to the assets of the company free from any reasonably anticipated liability and excluding intangibles. As with technical provisions, the valuation criteria of these assets is established by the ISP.

Insurance companies incorporated in Portugal and branches of insurance companies incorporated outside the European Union, must file annually with the ISP detailed information which allows the assessment of their global solvency. The ISP has issued rules relating to documentation and financial and statistical information required to be filed by insurance companies, for purposes of supervision. This includes:

- documentation: including report and accounts, reports from the official accounts review body (*revisor oficial de contas*) actuary's reports, reports on attribution of costs to branches and operational areas and reports on the use of derivative products;
- accounts and other accounting information: general costs and provision for receivables;
- solvency calculations;
- investments: assets and other investments, derivatives and income from investments;
- technical provisions and technical analysis of non-life activity: including unearned premium reserve, unexpired risk reserve, claims reserve, provision for results participation, equalisation reserve and analysis of the activities of workers compensation, motor and health;
- information on reinsurance; and
- statistical analysis: including quarterly data, provisional accounts and the amounts in pension funds managed and information on personnel.

### **Switzerland**

The ESFG Group conducts asset management and private banking activities principally through BPES, a wholly owned portfolio management company established in Switzerland in 1976 (the company changed its name from Compagnie Bancaire Espírito Santo, S.A. to Banque Privée Espírito Santo, S.A. on 11 January 2007). BPES is separately and solely regulated in Switzerland by the Swiss Federal Banking Commission.

## DIRECTORS

Details of each of the directors of ESFG (being all the members of ESFG's administrative, management or supervisory bodies) and their positions are set out in the table below accompanied by their principal outside activities.

<b>Name</b>	<b>Position</b>	<b>Principal Outside Activities</b>
Ricardo Espírito Santo Silva Salgado	Chairman	Vice-Chairman of the board of directors of Banco Espírito Santo and Chairman of its Executive Committee; Chairman of BESI, BES.com, Banco BEST, BESPARG, ESBD, ESAF, Espírito Santo Ventures, S.A., ES Tech Ventures, Espírito Santo – Empresa de Prestação de Serviço 2, ACE, Espírito Santo Financial (Portugal) SGPS, S.A., ESS, Espírito Santo Ventures – Sociedade de Capital de Risco, S.A. and PARTRAN; Director of BES Oriente, BES Vénétie, BPES and ESB; Chairman of Casa dos Pórticos - Sociedade de Administração de Bens, S.A. and Pedra da Nau, S.A.; Director of Banco Bradesco, S.A., Espírito Santo International and Espírito Santo Resources Limited; member of the Institut International d'Études Bancaires, the Supervisory Board of NYSE Euronext and the Conseil de Cooperation Economique (Europe).
José Manuel Pinheiro Espírito Santo Silva	Vice-Chairman	Chairman of Banque Privée Espírito Santo, Espírito Santo Financial Consultants, S.A. and Fiduprivate – Sociedade de Serviços Consultoria Administração de Empresas, S.A.; Vice-Chairman of Espírito Santo Financial (Portugal) SGPS, S.A.; Director of BES, BESI, BES Vénétie, BESPARG, ESAF and ESB; Chairman of Sociedade Imobiliária e Turística da Quinta do Perú, S.A.; Director of Espírito Santo International, Espírito Santo Resources Limited, Espírito Santo Services, S.A., Espírito Santo Control, S.A. and Europ Assistance.
António Luís Roquette Ricciardi	Director	Chairman of Espírito Santo Services, S.A.; Vice-Chairman of BESPARG; Director of BPES; Chairman of Espírito Santo Control, S.A. and Espírito Santo International; Director of Espírito Santo Resources Limited, Espírito Santo Resources (Portugal), S.A., Espírito Santo Services S.A, Casa do Guincho – Sociedade de Administração de Bens, S.A. and Consultoria de Gestão Empresarial, S.A.
Mário Mosqueira do Amaral	Director	Chairman of Banco Espírito Santo North American Capital Corporation; Director of BPES, BES Finance Ltd, BESPARG, Espírito Santo Services, S.A., Espírito Santo Empresa de Prestação de Serviços, S.A. and PARTRAN; Vice-Chairman of Espírito Santo Control, S.A. and Espírito Santo International; Director of Banque Marocaine du Commerce Extérieur, Espírito Santo Resources Limited and COPORGEST - Companhia Portuguesa de Gestão e Desenvolvimento Imobiliário, S.A.; Chairman of Amaral e Pinto, S.A.
Manuel Fernando de Moniz Galvão Espírito Santo Silva	Director	Director of BESPARG and ESB. Chairman of Academia de Música de Santa Cecília, Espírito Santo Health & SPA, S.A., Espírito Santo Resources Limited, Espírito Santo (Portugal), S.A., Espírito Santo Tourism (Europe), S.A., Espírito Santo Tourism Ltd., Euroamerican Finance Corporation, Inc. and Herdade da Comporta-Actividades Agro Silvícolas e Turísticas, S.A.; Director

<b>Name</b>	<b>Position</b>	<b>Principal Outside Activities</b>
		of BES, Espírito Santo Control, S.A., Espírito Santo International, Espírito Santo Industrial, S.A., Santogal, SGPS, S.A., Sapec, S.A. and Sociedade de Investimentos Imobiliários SODIM, S.A.
Jackson Behr Gilbert	Director	Chairman Emeritus of ESB.
Patrick Monteiro de Barros	Director	Chairman of Argus Resources (UK) Ltd.; Director of Petroplus Holdings.
Robert Studer	Director	Director of Schindler Switzerland
Philippe Guiral	Director	Chairman of BES Vénétie; Vice-Chairman of Banco delle Tre Venezie.
Manuel António Ribeiro Serzedelo de Almeida	Director	Director of Estrela SGPS and Lusoponte.
José Maria Espírito Santo Silva Ricciardi	Director	Director and member of the Executive Committee of BES; Chairman of BES Investimento do Brasil, S.A.; Chairman of the Executive Committee of BESI, ESI, ESSI – Comunicações SGPS, S.A., ESSI – Investimentos SGPS, S.A. and ESSI SGPS, S.A.; Vice-Chairman of BESI and ESAF; Director of BES, BESPARG, Espírito Santo Cobranças, S.A. and Espírito Santo Capital - Sociedade de Capital de Risco, S.A.; Director of Espart – Espírito Santo Participações Financeiras, SGPS, S.A.; Vice-Chairman of the Supervisory Board of Sporting Clube de Portugal.
Pedro Guilherme Beauvillain de Brito e Cunha	Director	Chairman of Advancecare, BES Seguros, Espírito Santo Contact Center and Esumédica; Director of BESPARG, BES Vida, Tranquilidade and ESS; Director of Europ Assistance Portugal.
Carlos Augusto Machado de Almeida Freitas	Director	-
Aníbal da Costa Reis Oliveira	Director	Director of BES; Chairman of ACRO SGPS, S.A., Diliva – Sociedade de Investimentos Imobiliários, S.A., and Olinveste SGPS Lda.
Juan Villalonga Navarro	Director	-
Othman Benjelloun	Director	Chairman of Banque Marocaine de Commerce Extérieur, BMCE Capital, BMCE International, RMA WATANYA, the Moroccan Bankers' Association, the Centre Monétique Interbancaire and Union des Banques Maghrébines and Adviser to the Center for Strategic International Studies in Washington D.C.
José Pedro Torres Garcia Caldeira da Silva	Director	Director of BPES, ESBG, ESGF International Limited and ES Bank (Panama), S.A.; Member of the Supervisory Board of Banco delle Tre Venezie; Director of E.S. Private Equity Ltd. and E.S. Venture Ltd.

<b>Name</b>	<b>Position</b>	<b>Principal Outside Activities</b>
Fernando Pedro Braga Pereira Coutinho	Director	-
Yves Alain Marie Morvan	Director	Director of BES Vénétie and Vice Chairman of ESBD.
Alexandre da Paixão Coelho	Director	Partner of O. Lima, N. Silva, F. Colaço, A. Coelho e L. Rosa - Sociedade de Revisores Oficiais de Contas Lda. and Member of the Quality Control Committee of the Portuguese Institute of Statutory Auditors.
Horácio Lisboa Afonso	Director	-
José Carlos Cardoso Castella	Director	Director of Espírito Santo Financière, S.A. Lausanne Branch, Espírito Santo Financial (Portugal) SGPS, S.A. and ESFG International Limited.
Bernard Basecqz	Director	Chairman of ESFIL – Espírito Santo Financière S.A. and non-executive director of BESI and Chairman of Benetton International, Luxembourg.
Manuel Guerrero Péman	Director	President of the Advisory Board of BESI in Madrid.; Director and Assistant to the Chairman of Inveravante; Director and Vice-Chairman of Grupo CETSSA Seguridad, S.A.; Chairman of Parque Temático de Madrid (Parque Warner); Director of Grupo Prensa Joly, Tradisa, Repsol Group and Grupo Troll; Chairman of the Advisory Board of University Francisco de Vitoria; Advisor for the Business School ESIC.
Gerard Laffineur Petracchini	Chief Executive Officer	Member of the board of directors of the CFCII (French Chamber of Commerce and Industry in Italy, Milan); Conseiller du Commerce Extérieur de la France (French Foreign Trade Advisor); Academician of the Accademia Angelica Costantiniana of Rome, Italy.

The Directors' current business addresses are as follows:

<b>Name</b>	<b>Current business address</b>
Ricardo Espírito Santo Silva Salgado	Avenida da Liberdade 195, 1250-142 Lisbon, Portugal
José Manuel Pinheiro Espírito Santo Silva	Avenida da Liberdade 195, 1250-142 Lisbon, Portugal
António Luís Roquette Ricciardi	Rua de São Bernardo 62, 1200-826 Lisbon, Portugal
Mário Mosqueira do Amaral	Avenida da Liberdade 195, 1250-142 Lisbon, Portugal
Manuel Fernando de Moniz Galvão Espírito Santo Silva	Rua de São Bernardo 62, 1200-826 Lisbon, Portugal
Jackson Behr Gilbert	1395 Bricknell Avenue, Miami, Florida 33131, USA

<b>Name</b>	<b>Current business address</b>
Patrick Monteiro de Barros	19 Berkeley Street, London W1J 8ED, United Kingdom
Robert Studer	Sonnenblick 15, Schöenberg, Switzerland
Philippe Guiral	45 avenue Georges Mandel, 75116 Paris, France
Manuel António Ribeiro Serzedelo de Almeida	Avenida Sidónio Pais 14, 1050-214 Lisbon, Portugal
José Maria Espírito Santo Silva Ricciardi	Rua Alexandre Herculano, No 38, 1269-161 Lisbon, Portugal
Pedro Guilherme Beauvillain de Brito e Cunha	Avenida da Liberdade, 242, 1250-149 Lisbon, Portugal
Carlos Augusto Machado de Almeida Freitas	Rua N. Senhora da Ajuda, 193, Moreira de Cónegos 4815-257, Portugal
Aníbal da Costa Reis Oliveira	Avenida Reopele 888, 4770-405, Pousada de Saramagos, V.N. Famalicão, Portugal
Juan Villalonga Navarro	14 Cottessmore Gardens, London W8 5PR, United Kingdom
Othman Benjelloun	140 avenue Hassan II, Casablanca 2000, Morocco
José Pedro Torres Garcia Caldeira da Silva	70 Avenue Général Guisan, CH-1009, Pully, Switzerland
Fernando Pedro Braga Pereira Coutinho	Avenida da Liberdade 195, 1250-142 Lisbon, Portugal
Yves Alain Marie Morvan	45 avenue Georges Mandel, 75116 Paris, France
Alexandre da Paixão Coelho	Avenida da Liberdade 195, 1250-142 Lisbon, Portugal
Horácio Lisboa Afonso	Avenida da Liberdade 195, 1250-142, Lisbon, Portugal
José Carlos Cardoso Castella	Rua de São Bernardo 62, 1200-826 Lisbon, Portugal
Bernard Basecqz	1, Rue Plaetis, L-2338, Luxembourg, Grand Duchy of Luxembourg
Manuel Guerrero Péman	Calle Santiso 9, 1ºA, 28050, Madrid, Spain
Gerard Laffineur Petracchini	33 Queen Street, London EC4R 1ES, United Kingdom

The Directors believe that, save as described above under the heading “Principal Outside Activities”, no director has any potential conflict of interest between his duties to ESFG and his private interests and/or other duties.

## MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As at 18 September 2009, Espírito Santo International held directly or indirectly 30,558,063 shares with a nominal value of 10 euro each in the share capital of ESFG (the **Shares**), representing approximately 39.25 per cent. of the share capital of ESFG.

Espírito Santo International S.A., a limited liability corporation (*société anonyme*) incorporated under the laws of Luxembourg, holds 29.62 per cent. of the Shares directly and the remaining 9.63 per cent. of the Shares are held indirectly through Espírito Santo Irmãos SGPS, S.A., a limited liability corporation organised under the laws of Portugal and controlled by Espírito Santo International. In so far as is known to ESFG, there are no other persons who have an interest in, or voting rights in respect of, 10 per cent. or more of ESFG's share capital.

Espírito Santo International S.A. is the immediate holding company of ESFG. Seven of the directors of Espírito Santo International S.A. are also directors of ESFG. Espírito Santo International S.A. is 49.1 per cent. owned, directly or indirectly, by members of the Espírito Santo family and certain Portuguese nationals close to the family (including certain of the directors of Espírito Santo International S.A. and ESFG). Private individuals not related to the family hold the balance of the shares in Espírito Santo International S.A.

Espírito Santo International S.A.'s and Espírito Santo Irmãos SGPS, S.A.'s voting rights do not differ from those of other shareholders of ESFG.

ESFG does not know of any arrangements the operation of which may at a subsequent date result in a change of its control.

The ESFG Group has business relationships with a number of entities in which it owns significant equity interests, which own significant equity stakes in the ESFG Group, or with which it is otherwise associated. It also has business relationships with a number of entities in which members of the Board hold management positions. The ESFG Group conducts all of its business with these entities on terms equivalent to those that would exist if it did not have equity interests in them or management members in common and were not otherwise associated with them.

## **TAXATION**

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries including Switzerland and dependent or associated territories have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

### **Luxembourg Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

### **Withholding Tax**

#### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EU Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 20 per cent. and will increase to a rate of 35 per cent. as from 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

## **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended by the law of 17 July 2008 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime) will be subject to a withholding tax of 10 per cent. (the **10% Luxembourg Withholding Tax**). Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### **Taxation of the holders of Notes**

#### *Taxation of Luxembourg non-residents*

Holders of Notes who are non-residents of Luxembourg and who have neither a permanent establishment, a permanent representative nor a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable for any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption or repurchase of the Notes, or realize capital gains on the sale of any Notes.

#### *Taxation of Luxembourg residents*

Holders of Notes who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

#### *Luxembourg resident individuals*

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the **10% Tax**) on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the EU Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the EU Savings Directive. The 10% Luxembourg Withholding Tax or the 10% Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg. Individual Luxembourg resident holders of Notes receiving the interest as business income must include this interest in their taxable basis; if applicable, the 10% Luxembourg Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident individual holders of Notes are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of the Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 10% Luxembourg Withholding Tax or to the 10% Tax if the Luxembourg resident individuals opt for the 10% Tax. Individual Luxembourg resident holders of Notes receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income; the 10% Luxembourg Withholding Tax levied will be credited against their final income tax liability.

## Luxembourg resident companies

Luxembourg resident companies (*société de capitaux*) holders of Notes or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and the difference between the sale or redemption price (received or accrued) and the lower of the cost or book value of the Notes sold or redeemed.

## Luxembourg resident companies benefiting from a special tax regime

Holders of Notes who are undertakings for collective investment subject to the law of December 20, 2002 or to the law of February 13, 2007 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax), other than the subscription tax calculated on their net asset value. This annual tax is paid quarterly on the basis of the total net assets as determined at the end of each quarter. Holders of Notes who are holding companies subject to the law of July 31, 1929 as repealed or to the law of May 11, 2007 on family estate management companies are also not subject to income tax and are liable only for the so-called subscription tax at the rate of respectively 0.2 per cent. and 0.25 per cent.

## Net Wealth Tax

Luxembourg net wealth tax will not be levied on a holder of Notes, unless (i) such holder is a Luxembourg fully taxable resident company or (ii) such Notes are attributable to an enterprise or part thereof which is carried on through a Luxembourg permanent establishment by a non-resident company.

## Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes. Proceedings in a Luxembourg court or the presentation of documents relating to the Notes, other than the Notes themselves, to an “*autorité constituée*” may require registration of the documents, in which case the documents will be subject to registration duties depending on the nature of the documents.

There is no Luxembourg VAT payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

Luxembourg VAT may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg VAT purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg VAT does not apply with respect to such services.

No Luxembourg inheritance taxes are levied on the transfer of the Notes upon death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

## SUBSCRIPTION AND SALE

Banco Espírito Santo de Investimento, S.A. and J.P. Morgan Securities Ltd. (the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 19 October 2009, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 99.788 per cent. of the principal amount of Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Notes was duly authorised by resolutions of the Directors dated 7 April 2009, 30 September 2009 and 14 October 2009.

### Listing and admission to trading

2. Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and Directive 2003/71/EC (the Prospectus Directive).

### Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0458566071 and the Common Code is 045856607.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### No significant or material adverse change

4. There has been no significant change in the financial or trading position of the ESFG Group since 30 June 2009, the date to which the last unaudited consolidated financial statements of ESFG, which are incorporated by reference in this document in "Incorporation by Reference" were prepared and there has been no material adverse change in the financial position or prospects of the ESFG Group since 31 December 2008, the date to which the last audited consolidated financial statements of ESFG, which are incorporated by reference in this document in "Incorporation by Reference" were prepared.

### Litigation

5. Save as set out below, neither the Issuer nor any other member of the ESFG Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the ESFG Group.

In August 2007, a BES officer was charged by the Public Prosecutor (Ministério Público) for abuse of authority/influence peddling in connection with his corporate functions. After a preliminary and secret hearing phase, the BES officer requested a process to present new facts and evidence.

### Auditors

6. The auditors of the Issuer are KPMG Audit S.à.r.l, chartered accountants (a member of the Luxembourg *Institut des Réviseurs d'Enterprises*) whose registered address is at 9 Allée Scheffer, L-2520 Luxembourg, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2008. The auditors of the Issuer have no material interest in the Issuer.

## **U.S. tax**

7. The Notes and Coupons will contain the following legend: “Any United States person (as defined in Section 7701(A)(30) of the United States Internal Revenue Code of 1986, as amended (the **Code**) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code.”

## **Material Contracts**

- 8.1 The Subordinated Guarantee dated 6 June 2007 of the Issuer in respect of EUR 400,000,000 Series A Non-Cumulative Guaranteed Step-Up Preferred Securities issued by ESFG International Limited (not being a contract entered into in the ordinary course of business) which has been entered into by members of the ESFG Group which is material as at the date of this document.
- 8.2 The Guarantee dated 28 May 2009 of the Issuer in respect of EUR 150,000,000 of unsecured and unsubordinated notes issued by ESFIL - Espírito Santo Financière S.A. (not being a contract entered into in the ordinary course of business) which has been entered into by members of the ESFG Group which is material as at the date of this document.
- 8.3 The Guarantee dated 31 July 2009 of the Issuer relating to commercial paper issued from time to time by ESFIL - Espírito Santo Financière S.A. under the €1,000,000,000 Euro Commercial Paper Programme established by ESFIL - Espírito Santo Financière S.A. and the Issuer on 31 July 2009.

## **Miscellaneous**

9. The total expenses related to the admission to trading of the Notes are estimated to be EUR 500,000.
10. The initial yield on the Notes will be 6.905 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price of 99.788 per cent. of the aggregate principal amount of Notes. It is not an indication of future yield.

## **Documents Available**

11. For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg:
- (a) the *Statuts* of the Issuer;
  - (b) the audited consolidated financial statements of the Issuer in respect of the financial years ended 2007 and 2008, in each case together with the auditors' reports in connection therewith;
  - (c) the unaudited consolidated financial statements of ESFG for the six months ended 30 June 2009, together with the auditors' review report thereon;
  - (d) the announcement of the unaudited consolidated financial statements of ESFG for the six months ended 30 June 2009;
  - (e) the announcement of the unaudited consolidated financial statements of BES Group for the six months ended 30 June 2009; and
  - (f) the Trust Deed and the Agency Agreement in draft form and then in final form when available.

The Issuer currently prepares audited consolidated accounts on an annual basis and unaudited consolidated interim accounts on a quarterly basis.

In addition, copies of this Prospectus and each document incorporated by reference is available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

## **DEFINITIONS**

“BAC”	Banco Espírito Santo dos Açores, S.A.
“BES”	Banco Espírito Santo, S.A.
“BES Angola”	Banco Espírito Santo de Angola, SARL
“BES Group”	BES and its consolidated subsidiaries
“BESI” or “Espírito Santo Investment”	Banco Espírito Santo de Investimento, S.A.
“Besleasing e Factoring”	Besleasing e Factoring – Instituição Financeira de Crédito, S.A.
“BES Oriente”	Banco Espírito Santo do Oriente, S.A.
“BES Seguros”	BES, Companhia de Seguros, S.A.
“BES Vénétie”	Banque Espírito Santo et de la Vénétie, S.A.
“BES Vida”	BES Vida, Companhia de Seguros, S.A.
“BESPAR”	BESPAR SGPS, S.A.
“Banco BEST”	Banco Electrónico de Serviço Total, S.A.
“BIC”	Banco Internacional de Crédito, S.A.
“Board” or “Directors”	the board of directors of ESFG
“BPES”	Banque Privée Espírito Santo, S.A. (formerly Companie Bancaire Espírito Santo, S.A.)
“CMVM”	Comissão do Mercado de Valores Mobiliários, the Portuguese securities market authority
“Crédit Agricole”	Caisse Nationale de Crédit Agricole, S.A.
“ECB”	European Central Bank
“economic interest”	the percentage interest in the shareholders’ equity and net income of a subsidiary after eliminating the minority interests in such subsidiary and intermediate ESFG Group-controlled entities
“EMU”	European Economic and Monetary Union
“ESAF”	Espírito Santo Activos Financeiros, SGPS, S.A.
“ESB”	Espírito Santo Bank
“ESBD”	ES Bankers (Dubai) Limited
“ESCB”	European System of Central Banks

“ESFG” or “Issuer”	Espírito Santo Financial Group S.A.
“ESFG Group”	Espírito Santo Financial Group S.A. and its consolidated subsidiaries
“ESI”	Espírito Santo Investimentos, S.A.
“ESS”	Espírito Santo Saúde, SGPS, S.A.
“Espírito Santo International”	Espírito Santo International S.A. and Espírito Santo Irmãos SGPS, S.A.
“ES Seguros”	Espírito Santo Companhia de Seguros, S.A. (now renamed BES Seguros)
“EU”	the European Union
“Europ Assistance”	Europ Assistance – Companhia Portuguesa Seguros Assistência, S.A
“ISP”	the Portuguese Insurance Institute or Instituto de Seguros de Portugal
“LOGO”	Seguros Logo S.A.
“PARTRAN”	PARTRAN SGPS, S.A.
“Securities Act”	the US Securities Act of 1933, as amended
“ <i>Statuts</i> ”	the Articles of Association of ESFG, as most recently amended on 26 February 2009
“Tranquilidade”	Companhia de Seguros Tranquilidade, S.A.
“T-Vida”	T-Vida, Companhia de Seguros, S.A.

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