

ANNUAL GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS, S.A.

(2013/05/20)

PROPOSAL IN CONNECTION WITH ITEM 5 OF THE AGENDA

STATEMENT ON THE REMUNERATION POLICY OF MEMBERS OF MANAGEMENT AND SUPERVISION BODIES

FRAMEWORK

In accordance with the provisos of article 2 (1) of the Law 28/2009 of 19 June, the management body or the remuneration board, if there is one, of the entities serving the public interest mentioned in Decree- Law 225/2008 of 20 November, wherein credit institutions are included, must present *“every year, to the approval of the general meeting a statement on the remuneration policy of the members of the respective management and supervision bodies.”* The above mentioned statement on the remuneration policy of the members of the management and supervision bodies must contain the elements foreseen in article 2 (3) of the Law 28/2009 mentioned above, as well as in article 16 of the Notice of Banco de Portugal 10/2011 of 29 December.

In the case of Banco Comercial Português, S.A. (hereinafter “BCP” or “Bank”), the competence to approve that statement and submit the same to the General Meeting of Shareholders pertains to the Remuneration and Welfare Board (art. 14 (c) of the Articles of Association).

In the meantime the Ordinance 150-A/2012 of 17 May was also published, defining the procedures necessary for the execution of the Law 63-A/2008, of 24 November, as successively altered and republished by Law 4/2012 of 11 January (“Law 63-A/2008”), according to which limitations were introduced to the remunerations of the members of the corporate bodies of credit institutions benefiting from recapitalisation operations through state aid. These limitations shall be in force as long as the state aid is in force. Among other aspects and due to the provisos of Ordinance 150-A/2012, are specifically applicable to credit institutions benefiting from recapitalisation operations through state aid and for the duration of such aid, the provisos of item XI (1.24) of the annex to the Decree-Law 104/2007 of 3 April, introduced by article 4 of Decree-law nr. 88/2011 of 20 July. As is publicly known, this situation applies to BCP since June 2012.

By means of the Decision 15463-A/2012, published on 4 December 2012, for the purposes of art. 14 (2) of the Law 63-A/2008 and of nr. 11 of Decision 8840-B/2012, the Portuguese State appointed two non-executive members to the Board of Directors of BCP, being their remuneration defined therein.

In accordance with the Commitments assumed by BCP in the annex to the terms and conditions of the Core Tier 1 Capital Instruments subscribed by the State and ruled by Decision 8840-B/2012, *“the remuneration and complementary benefits of senior managers will be subject to appropriate levels of transparency and scrutiny in order to ensure that the same are kept at an appropriate level.”*

On 25/03/2013 the Remuneration and Welfare Board appraised and approved this document that contains the policy for the remunerations of the members of the management and supervision bodies.

The remuneration policy herein mentioned and the respective appraisal by the General Meeting of Shareholders will not harm, in fact it implies, the additional application of all the specific mechanisms and instruments for application and control established within the scope of the obligations assumed under the capitalization plan through state aid currently underway, whose application must always be deemed as safeguarded.

Taking into account the framework described above and in accordance with Law 28/2009 of 19 June and with the Notice of Banco de Portugal nr. 10/2011 of 29 December, the Remuneration and Welfare Board submits to the appraisal of the Shareholders this statement on the remuneration policy of the members of the management and supervision bodies of Banco Comercial Português, S.A.

I. Process for the definition and approval of the remuneration policy

In accordance with the provisos of article 14 of the Articles of Association, it pertains to the Remuneration and Welfare Board to: *a)* establish the remunerations of the members of the corporate bodies, *b)* determine the terms of the complements due for retirement, old age and disability of the directors and *c)* submit to the annual General Meeting of Shareholders a statement on the remuneration policy of the corporate bodies of BCP, in accordance with the rules and taking into account the applicable recommendations.

On 28 February 2012 the General Meeting elected the Remuneration and Welfare Board for the 2012/2014 term-of-office, which is composed by the following members;

Chairman: Baptista Muhongo Sumbe

Members: Manuel Soares Pinto Barbosa

José Manuel Archer Galvão Teles
José Luciano Vaz Marcos

The Remuneration and Welfare Board was assisted by the Nominations and Evaluations Committee of the Bank and by Mercer (Portugal), Lda in the determination of the remuneration policy of the members of the administration and supervision bodies.

II. Composition of the Remuneration

a) The Board of Directors

In accordance with article 15 of the Articles of Association of BCP, the amount of the remuneration of the directors shall be set for each director individually, taking into account, notably, the medium and long-term interests of the Bank and the aim of not encouraging excessive risk-taking.

Taking into account the provisos of article 9 of Notice 10/2011 of Banco de Portugal and article 15 (1) of the Articles of BCP's Association, the non-executive members of the Board of Directors of BCP earn a fixed remuneration paid 12 times per year, the amount of which is currently determined taking into account the provisos of article 12 (2) of the Ordinance 150-A/2012. The remuneration of the non-executive members appointed by the Portuguese State was defined by the Decision 15463-A/2012, mentioned above.

The remuneration of the members of the Executive Committee may consist of a fixed and of a variable component, in accordance with article nr. 8 of the Notice 10/2011 of Banco de Portugal and with article 15 (1) of BCP's Articles of Association, considering the limitations set forth in item XI of the annex to the Decree-Law 104/2007, introduced by article 4 of the Decree-Law 88/2011:

i. Annual Fixed Remuneration

The fixed component of the remuneration of the executive members of the Board of Directors is:

- Paid 14 times a year
- Determined in view of the criterion established in article 12 (2) of Ordinance 150-A/2012.

ii. Variable Remuneration

In accordance with article 15 (2) of the Company's Articles of Association, the sum of the variable parts of the remuneration of all the directors shall not exceed an amount corresponding to 2% of the distributable net income for the financial year.

Considering the provisos of article 12 of the Ordinance 150-A/2012, the Bank currently chooses not to pay variable remuneration while the Bank is under the capitalisation program through state aid, which is scheduled to end on 30 June 2017.

iii. Benefits

The existing benefits in terms of health insurance, credit card and mobile phones remain in effect, being the Executive Committee responsible for authorizing them.

The limits to the value of company vehicles, an issue that does not fall under the competence of the Remuneration and Welfare Board, shall be determined by the Executive Committee, taking into account the practice followed by other credit institutions of an equivalent size.

The members of the Executive Committee shall receive no other cash benefits.

iv. Social Security and complements

In accordance with article 17 of the Articles of Association of BCP, approved at the General Meeting of Shareholders held on 28 February 2012:

“1. The directors shall benefit from the social security regime applicable in each case.

2. The directors are also entitled to a supplement to the retirement or disability pensions and the Bank may enter into insurance contracts in favour of such directors.

3. At the beginning of each term of office and by agreement with each director, the insurance policy may be replaced by contributions to a pension fund of defined contributions.

4. The amount of the contributions of the Bank, within the scope of the two previous paragraphs, shall be established on a yearly basis by the Remuneration and Welfare Board.

5. The Bank shall not bear any additional expenses with the retirement and disability pensions after the termination of each director's functions.

6. The right to the supplement shall only become effective if the beneficiary retires due to old age or disability, under the terms of the applicable social security regime.

7. *At the time of the retirement, the beneficiary may choose to redeem the capital.*
8. *In case of death before retirement, the right to receive the accrued capital shall remain effective pursuant to the applicable provisions established by the contract or by law."*

v. Other aspects

Apart from the ones herein described, the members of the Executive Committee receive no additional compensations.

Hence, given that the remuneration of the Members of the Executive Committee is aimed at the direct compensation of the activities they carry out at the Bank directly or in companies related with it (namely companies in a control or group relation with BCP) or in corporate bodies to which they have been appointed by indication or in representation of the Bank, the net value of the remunerations received annually for such duties by each Member of the Executive Committee will be deducted from their respective Annual Fixed Remuneration. It is the obligation and responsibility of each Member of the Board of Directors to inform the Bank of any additional compensations they may have received, for the purposes of the procedure established above.

The members of the Executive Committee will not enter into any hedging or risk-transfer agreements regarding any deferred remuneration components that may minimise the effects of the risk underlying the remuneration system.

The compensations and indemnities paid or due to members of the administration body if the term of office is terminated during the financial year are described in the Corporate Governance Report.

b) Supervision bodies

As mentioned above and taking into consideration the provisos of article 9 of the Notice nr. 10/2011 of Banco de Portugal, the members of the Audit Committee receive a fixed remuneration, paid 12 times per year, the amount of which is currently determined pursuant to article 12 (2) of Ordinance 150-A/2012.

III. Defining the Remuneration

The allocation of the amount resulting from the application of the provisos of article 12 (2) of the Ordinance 150-A/2012 amongst each one of the management and supervision bodies as well as among each one of their members, was made by the Remuneration and

Welfare Board taking into account, particularly, the nature of the functions performed by each one of the members of those bodies.

Lisbon, 15 April 2013

THE REMUNERATION AND WELFARE BOARD

Baptista Muhongo Sumbe
(Chairman)

José Manuel Archer Galvão Teles

Manuel Soares Pinto Barbosa

José Luciano Vaz Marcos