GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS, S.A.
(2012/06/25)

PROPOSAL IN CONNECTION WITH **ITEM 1** OF THE AGENDA

Considering that:

A) The current situation of some of the economies of the euro area and the impact of the financial aid program in Portugal have significantly conditioned the access to the capital market by the majority of the Portuguese credit institutions, thus affecting the conditions to continue granting credit to domestic companies and to individual customers;

B) Within such context, and pursuant to the commitments assumed by the State within the Economic and Financial Aid Plan ("EFAP"), agreed with the International Monetary Fund and with the European Union, Banco de Portugal defined, heightening the permanent requisites in effect, that certain financial groups subject to consolidated supervision by Banco de Portugal, among which BCP is found, should increase their consolidated Core Tier 1 ratios, to at least 9%, until 31 December 2011, and 10%, until 31 December 2012, without prejudice to the time adjustments established by Banco de Portugal;

C) It was also decided by Banco de Portugal in Notice 5/2012, following the European Banking Authority's ("EBA") recommendation "*on the creation and supervisory oversight of temporary capital buffers to restore market confidence*" (EBA/REC/2011/1), published on 8 December 2011, that the bank groups subject to the EBA's stress tests, among which is the BCP, should strengthen their capital levels so as to attain, until 30 June 2012, a Core Tier 1 ratio (computed according to the terms and conditions of said Recommendation) of 9%, after a market price valuation of the exposure to sovereign debt held on 30 September 2011, so as to create a temporary capital buffer;

D) Without prejudice to the fact that the Bank currently has one of highest capitalisation levels of all time, the 2011 figures were severely affected by factors that are exceptional and exogenous, and partly temporary as well, among others, particularly the alteration of the accounting policy related to the recognition of actuarial deviations, anticipating the transfer to the Social Security General Regime of the liabilities with pensions being paid to pensioners and retirees, set forth by Decree-Law 127/2011, of 31 December, the recognition of impairment in the Greek public debt, the devaluation of the Portuguese public debt and the increase of cautionary provisions for credit impairment, as a result of the Special Inspections Programme, executed in the wake of the EFAP;

E) The clear commitment, always announced by the Bank, to ensure a sustained compliance with the levels of core tier 1 own funds until the dates set forth by the regulations;

F) The legal mechanisms, which were created to establish measures to increase the financial strength of credit institutions within the scope of the initiative to improve financial stability and provide liquidity to the financial markets, foresee the possibility of the financial strength of credit institutions being increased or supplemented with access to transitory and reimbursable public investment, under the terms of Law 63-A/2008, of 24 November and respective supplementary regulations;

G) The Bank has an evident interest and convenience in having the possibility of accessing transitory and reimbursable public investment as a part of the reinforcement of its own funds, a measure that, apart from its own impact, may also increase the possibility of resorting to private capital;

H) Following the presentation of the Bank's draft capitalisation plan to Banco de Portugal, drawn up for purposes of Law 63-A/2008, of 24 November, and its examination with Banco de Portugal and the State, whose indications and determinations were already received by the Bank, the latter already established a set of terms and conditions on some of the main design aspects of the public investment;

We do hereby propose that the General Meeting resolves to:

1. Approve the inclusion of access to public investment in the increase of the Bank's capital, in accordance with Notices 3/2011 and 5/2012 of Banco de Portugal and with Law nr. 63-A/2008, dated 24 November and respective complementary legislation, under the terms of the recapitalisation plan mentioned in article 9 of that Law;

2. Approve, in its design hereto attached, (with the data and adjustment or update information provided to this General Meeting), the recapitalisation plan foreseen in article 9 of Law 63-A/2008, of 24 November, drawn up by the Board of Directors, with a favourable opinion of the Audit Committee, including the respective attachments, especially term sheets, recapitalisation conditions and statements therein included, without prejudice and subject to amendments, additions or alterations that, approved by the Board of Directors and with a favourable opinion of the Audit Committee, come to be established pursuant to the decision of the member of Government in charge of Finances, as provided in article 13 of the a.m. Law;

3. Authorize, including in that authorization all the acts already carried out, the Board of Directors to, one or more times, and always after obtaining the favourable opinion of the Audit Committee, exercise all actions required to request and arrange access to the aforementioned public investment under the terms of Law 63-A/2008, of 24 November and respective supplementary regulations, related obligations and commitments, granting it powers to undertake all actions or diligences deemed necessary or convenient, including without limitations (*i*) the eventual adjustment of the terms of the plan and related obligations and commitments, in accordance with the ministry's approval decision mentioned in article 13 of the Law, (*ii*) the completion and development of the respective execution measures, including namely the resolution regarding issues of financial instruments convertible into shares, resolution to increase the share capital by issuing new shares (either ordinary or special, under the terms of Law 63-A/2008, of 24 November and respective complementary regulation), in both cases including the public investment, namely by subscription of the State through underwriting/guarantee of placement or yet as option of the Bank, for the eventual replacement remuneration of instruments issued, approving namely the contents of the term sheets of the "Core Tier 1 capital instruments subscribed by the State" convertible into shares and the "Special Shares" in Annex 1 to the recapitalisation plan, as well as the conditions in their attachments, the exercise by the State of its rights, and the conditions for the Bank to repurchase them, and (*iii*) definition and execution of eventual adjustments of the plan to correct extraordinary deviations or update the conditions for the public divestment;

4. Within the scope of this approval, to take cognisance of the commitment of the Bank to take the measures that may be demanded by the State regarding shares held by it within the context of the Bank's recapitalisation, namely regarding any conversion of the "Core Tier 1 capital instruments subscribed by the State", including, when necessary, to convene the General Meeting of Shareholders to resolve on the consolidation of shares or to renounce statutory limitations (or, as permitted by law, to approve their derogation), shareholders rights regarding shares held by the State within the scope of the Bank's recapitalisation, namely after the conversion of the "Core Tier 1 capital instruments subscribed by the State" and only while they are held by the latter, recognising the principle that, regarding shares held by the State within the scope of the Bank's recapitalisation, namely after the conversion of the "Core Tier 1 capital instruments subscribed by the State", eventual voting limitations set forth in the Bank's articles of association shall not apply to the State;

5. To approve, as per article 9 (4) of Law 63-A/2008, of 24 November, the waiver of amount limitations to the resolution or resolutions of the Board of Directors, with a favourable opinion of the Audit Committee, regarding the issue of shares and/or "Core Tier 1 capital instruments subscribed by the State" convertible into shares under the terms of the recapitalisation plan, granting it powers to approve the amount of the issues, with a favourable opinion of the Audit Committee, in addition and autonomously from the limits established in article 5 of the Articles of Association, which are hereby renewed.

Lisbon, 8 June 2012

[THE BOARD OF DIRECTORS]

Annex: Recapitalisation Plan, with the respective attachments