11 June 2012

Summary of the recapitalization plan

Banco Comercial Português, SA (“BCP”) informs regarding its recapitalization plan, published today, to be considered and voted upon at the next General Meeting of Shareholders, scheduled for June 25, 2012.

Reasons behind the need for additional capital
The international financial crisis and the impact on the financial condition of the sovereign nations were decisive factors driving the degradation of the business environment, profitability and financial strength of the banking sector in Portugal. This situation, as well as the new regulatory requirements of eminently temporary nature, determined the additional capital needs:

- The Financial and Economic Assistance Program (“FEAP”) which imposed a minimum ratio for core tier I of 9% at the end of 2011 and 10% at the end of 2012;
- The European Banking Authority (“EBA”), which imposed a minimum ratio for core tier I of 9% at the end of June 2012, calculated on the basis of additional deductions, in particular a temporary buffer to cover sovereign risk and the anticipation of Basel III rules.

Quantification of the capital requirements
The amount of capital solicited is therefore aimed at satisfying the capital needs determined by what are primarily exogenous impacts, of which a substantial portion are of a temporary nature or designed to anticipate requirements expected under Basel III.
The aforementioned impacts are as follows:

1. Exogenous impacts
   - Downgrades of the sovereign ratings for Portugal and Greece (151 million euros)
   - Impairment of Greek public debt (409 million euros)
   - The EBA’s sovereign buffer, excluding Greek public debt (848 million euros)
   - Other EBA deductions, in anticipation of the Basel III rules (724 million euros)
   - Losses from the transfer of pensions to the National Social Security System (439 million euros)
2. Contingent risks related to the need to establish provisions of a non-recurring nature for our Greek subsidiary, as a result of the gradual deterioration of the economic and financial situation in that country (450 million euros)
3. Additional safety buffer against future uncertainty (479 million euros)

The recapitalization operation
After considering the risks, uncertainty and volatility associated with the expected development of BCP’s activity, the estimated additional capital needed, to be realized through public investment, is 3.0 billion euros, complemented by an additional 500 million euros to be raised through private investment:

1. Issuance of hybrid instruments in the estimated total amount of 3.0 billion euros, eligible as Core tier I, to be subscribed by the Portuguese State, and which is expected to begin being paid back starting in 2014, with full amortization by the end of 2016 (500 million euros in 2014, 1.0 billion euros in 2015 and 1.5 billion euros in 2016), even though the bank has the right to complete the repayment in 2017;

BANCO COMERCIAL PORTUGUÊS, S.A., a public company (sociedade aberta) having its registered office at Praça D. João I, 28, Oporto, registered at the Commercial Registry of Oporto, with the single commercial and tax identification number 501 525 882 and the share capital of EUR 3,000,000,000.00.

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2. Issuance of ordinary shares, in the estimated amount of 500 million euros, in exchange for new funds, to be subscribed by shareholders and fully underwritten by the State. For the underwriting agreement a price has been established of €0.04 a share.

The strategic program (2012-17) designed to comply with capital requirements without public investment

The execution of the recapitalization plan and the internal generation of capital forecast by the strategic plan and set out in the Funding and Capital Plan (FCP) will permit BCP to fully repay the hybrid instruments, based on three key factors:

1. Elimination of the temporary buffer to cover sovereign risk, owing to the repayment of related debt instruments (848 million euros)
2. Organic generation of results, minorities and others (2.472 billion euros)
3. Normalization of capital requirements with the progressive introduction of the new criteria for Basel III that ends at the end of 2018 and which imposes minimum Core tier I ratios that are lower than those currently required (4.0% at the start of 2014; 5,75% at the start of 2017 and 7,0% at the start of 2019).

The strategic program (2012-17) will involve:

1. Reinforcing the capital position, to comfortably above regulatory requirements, with a simultaneous reduction of the transformation ratio, thereby allowing for a balance sheet structure that is less dependent on wholesale markets
2. Recovery of profitability
    a. Recovery of income, in particular through the normalization, in accordance with the economic cycle, of the cost of deposits
    b. Continuation of the restructuring of the cost base
    c. Strengthening of the mechanisms for risk management, allowing for the normalization, in accordance with the economic cycle, of the cost of risk
    d. Greater focus in lending decisions, increasing new production for SMEs and exporting companies
    e. Continuation of the focus on markets with high growth potential (in particular Poland, Mozambique and Angola) while reducing and mitigating the exposure to Greece.

Banco Comercial Português, SA believes that with this recapitalization plan and the strategic program underway it will be able to reinforce its financial strength and recover profitability, allowing the bank to repay ahead of schedule the public investment and lay the foundation necessary to be prepared to face future challenges.

End of statement

Banco Comercial Português