

**GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS, S.A.  
(27.06. 2011)**

**REPORT REGARDING  
ARTICLES 456 AND 460  
OF THE COMPANIES CODE**

**I  
JUSTIFICATION OF THE PROPOSAL TO SUPPRESS PREFERENCE  
RIGHTS**

The Executive Board of Directors submitted to the appraisal and approval of the General Meeting of Banco Comercial Português, S.A. a possible, cautionary and preventive proposal for the suppression of the preference rights of the shareholders in case the Executive Board of Directors resolves to carry out one or more share capital increases for the conversion into share capital of the credits that may be held by the State pursuant to a possible execution of a guarantee or guarantees provided under the terms of Law 60-A/2008, of 20 October, on funding obtained by Banco Comercial Português, S.A. or by a controlled company, namely by issuing debt securities;

As mentioned in said proposal, available together with this report for consultation by the Shareholders as of the date of the call notice for the General Meeting, to authorize the request for guarantees, Banco de Portugal demands that the Bank's General Meeting previously adopt measures meant to specifically consider the conditional and possible right of the State to subscribe the share capital increases mentioned above by converting the credits. Therefore it is necessary to meet this demand, namely foreseeing the possibility of the State deeming it necessary to protect its property, by suppressing the preference rights of the shareholders.

This report, drawn up pursuant to article 456 and 460 of the Companies Code, will begin with the grounds for suppressing the preference rights:

- a) The current situation of some of the economies of the euro area and the potential impact of the financial aid programs have significantly conditioned the access to the capital market by the majority of the Portuguese credit institutions, thus affecting their capacity to continue granting credit to domestic companies and to their individual customers;
- b) Taking this conjuncture into consideration, legal mechanisms were created to increase the financial strength of the financial institutions and increase liquidity in the financial markets, that foresee, within that scope, the provision of guarantees by the State, namely in accordance with the provisos of Law nr. 60-A/2008, dated 20 October and the Law nr. 63-A/2008, dated 24 November and Banco Comercial Português, S.A. has an obvious interest

- and convenience in being able to use the guarantees provided by the State for its own funding or for the funding of a controlled company, by resolving to issue debt securities;
- c) Therefore, the proposal made in item 1 of the Agenda for this General Meeting, providing for the possibility of the Executive Board of Directors, on one or more occasions, with the favourable opinion of the Supervisory Board, requesting and arranging the granting of State guarantees for funding the Bank or a controlled company by issuing debt securities;
  - d) Article 10 of Ordinance nr. 1219-A/2008, of 23 October sets forth that *“in the event of the guarantee’s execution as the result of default by the beneficiary entity, the State is subrogated to the rights of the creditor until full repayment of the loan, and the State can, if and to the extent deemed necessary to protect its property: a) Convert the credit it holds in the beneficiary entity into share capital in the same, namely through the issue of preferential shares, following the consultation of the Portuguese Central Bank;”*
  - e) For purposes of the required authorization for issuing guarantees, Banco de Portugal adopted the position, in line with most banks interested, to require that the Bank's General Meeting previously adopt the measures meant to specifically consider the conditional and possible right of the State to, in the event of the guarantee’s execution (and, as quoted above, if and to the extent deemed necessary to protect its property), convert the possible credit into share capital, namely represented by preference shares, making it necessary, in order to protect the company's interests, to meet this requirement and adopt the pertinent previous and cautionary measures;
  - f) Among these measures, taking into consideration that, in accordance with article 25 (1) (3) of the Law nr. 63-A/2008, dated 24 November, the possible share capital increases by conversion of State credits are considered share capital increases in cash and, therefore, the Bank’s shareholders have preference right in the subscription of the new shares to issue, is the suppression of such rights so as not to damage the possibility that the State has of making that conversion, in case it deems it necessary to protect its property;

## II ATTRIBUTION AND CONDITIONS TO EXERCISE THE SHARE’S INHERENT RIGHTS

After the occurrence of the condition of the guarantee or guarantees provided by the State being executed and all other legal requirements are met, if the State deems the conversion of the credits under those conditions necessary to protect its property, the shares, which may be preferential, that the Executive Board of Directors resolves to issue under the legal and statutory terms shall be fully attributed to the State, after the completion of the conversion of the credits into share capital, and delivered for the State to exercise the inherent rights, pursuant to the subscription of the increase through the a.m. conversion.

## III

## **ISSUE PRICE AND HOW IT IS DEFINED**

We expect that the shares that may be issued, namely preferential, will be issued without premium and that the issue value will be determined depending on the market conditions at the time of the resolution, taking into consideration the weighted average price per volumes of the Bank's shares in the regulated market Euronext Lisbon during a relevant period of time prior to the resolution.

Oeiras, 31 May 2011

**THE EXECUTIVE BOARD OF DIRECTORS**