No person is or has been authorised to give any information or to make any representation not contained in or consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by BCP Finance, the Bank, any Dealer or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by BCP Finance, the Bank, any Dealer or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme 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 BCP Finance or the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of BCP Finance, the Bank, any Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Copies of each Final Terms (in the case of Notes to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities) will be available from FT Business Research Centre, operated by FT Interactive Data at Fitzroy House, 13-17 Epworth Street, London EC2A 4DL and (in the case of all the Notes) from the specified office set out below of the Trustee (as defined herein) and (in the case of Bearer Notes) from the specified office set out below of each of the Paying Agents and (in the case of Registered Notes) from the specified office set out below of each of the Registrar and the Transfer Agents (each as defined below).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series sold outside the United States in reliance on Regulation S under the Securities Act will be represented by a permanent global Note in registered form, without interest coupons (a "Reg. S Global Note"), deposited with a common depositary for, and registered in the name of a common nominee of, Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. ("Euroclear"). Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of such Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the "Distribution Compliance Period"), beneficial interests in the Reg. S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Clearstream, Luxembourg and Euroclear. The Registered Notes of each Tranche of such Notes sold in private transactions to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("QIBs") will be represented by a restricted permanent Global Note in registered form, without interest coupons (a "Restricted Global Note", and, together with a Reg. S Global Note, "Registered Global Notes"), deposited with a custodian for, and registered in the name of a nominee of, DTC. The Registered Notes of each Tranche sold to "accredited investors" (as defined in Rule 501 (a) (1), (2) or (3) under the Securities Act) that are institutions ("Institutional Accredited Investors") will be in definitive form, registered in the name of the holders thereof. Registered Notes in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Final Terms), be issued in exchange for interests in the Registered Global Notes upon compliance with the procedures for exchange as described in "Form of the Notes" on page 25. Each Tranche of Bearer Notes will initially be represented by a temporary bearer global Note (a "Temporary Bearer Global Note") which will be deposited on the issue date thereof with a common depositary on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearance system. Beneficial interests in a Temporary Bearer Global Note will be exchangeable for either beneficial interests in a permanent bearer global Note (a "Permanent Bearer Global Note") or definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any Permanent Bearer Global Note may be exchanged for definitive Bearer Notes (save to the extent otherwise indicated in the applicable Final Terms) upon request, in each case in accordance with the procedure described in "Form of the Notes" on page 25, for further details of clearing and settlement of the Notes issued under the Programme see '*Clearing and Settlement*' below. The Book Entry Notes will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa) as management entity of the Portuguese Centralised System of Registration of Securities (Central de Valores Mobiliários) (CVM). The Book Entry Notes shall not be issued in bearer form, whether in definitive bearer form or otherwise. Each person shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the *Central de Valores Mobiliários* on behalf of their customers (and includes any depository banks appointed by Euroclear and/or Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) ("Affiliated Member") as having an interest in the Book Entry Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Book Entry Notes (each a Certificate) will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (Código dos Valores Mobiliários).

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning BCP Finance and the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing such information. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of BCP Finance or the Bank during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. To the extent that any information received from BCP Finance or the Bank is material non-public information, each of the Dealers and the Trustee have expressly agreed to maintain its confidentiality until the information is public. Investors should review, amongst other things, the most recent financial statements, if any, of BCP Finance and the Bank when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. BCP Finance, the Bank, the Dealers and the Trustee do not represent that this Offering Circular 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, nor assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by BCP Finance, the Bank, the Dealers or the Trustee (save for the approval of this Offering Circular as a base prospectus for purposes of the Prospectus Directive by the FSA) which would permit a public offering of the Notes or distribution of this Offering Circular or any other offering material relating to the Programme or the Notes issued thereunder in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Programme or the Notes issued thereunder may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the terms indicated above. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any applicable restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal), Japan and the Cayman Islands (see "*Subscription and Sale and Transfer Restrictions*" below).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer, the Managers or the Financial Intermediaries, as the case may be.

All references in this Offering Circular to (i) "U.S. dollars", "dollars", "USD", "U.S.$", "$" and "U.S. cent" refer to the currency of the United States of America, (ii) "Sterling" and "£" refer to the currency of the United Kingdom, and (iii) "euro" and "EUR" 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 Communities, as amended by the Treaty on European Union, the Treaty of Amsterdam and as further amended from time to time. All references in this Offering Circular to the "United States" refer to the United States of America, its territories and possessions.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms 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(s) (or persons acting on behalf of a 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 relevant Tranche of Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

INFORMATION AS TO PLACEMENT OF NOTES WITHIN THE UNITED STATES

With respect to the offering and sale of Notes issued under the Programme within the United States, this Offering Circular is highly confidential and has been prepared by the Issuers solely for use in connection with the offering of the Notes issued under the Programme described herein. In the United States, this Offering Circular is personal to each offeree to whom it has been delivered by the relevant Issuer or a Dealer or an affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution in the United States of this Offering Circular to any person other than such offerees and those persons, if any, retained to advise such offerees with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the relevant Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular.

The offers of Notes issued under the Programme are being made on the basis of this Offering Circular and the applicable Final Terms. Any decision to subscribe for any Notes must be based on the information contained herein and therein, except that each person receiving this Offering Circular acknowledges that such person has been afforded an opportunity to request and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein.

Any Notes offered and sold in the United States have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. For a description of certain further restrictions on resale of the Notes, see "*Clearing and Settlement*" and "*Subscription and Sale and Transfer Restrictions*".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTE WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and, any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated. Words and expressions defined in "*Form of the Notes*", "*Applicable Final Terms*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary. References in this summary to a particular numbered Condition are to such Condition as set out in "Terms and Conditions of the Notes."

Issuers:	BCP Finance Bank, Ltd. Banco Comercial Português, S.A., acting, subject as provided below, either through its head office or through its international Madeira branch "*Sucursal Financeira Internacional*", as indicated in the applicable Final Terms.
Guarantor:	Banco Comercial Português, S.A., acting, subject as provided below, either through its head office or through its international Madeira branch "*Sucursal Financeira Internacional*" as indicated in the applicable Final Terms. Notes issued by BCP Finance will be guaranteed by the Bank acting through its international Madeira branch "*Sucursal Financeira Internacional*". In certain limited circumstances (including but not limited to, relevant Portuguese tax laws and other applicable laws and regulations) Notes issued by BCP Finance may also be guaranteed by the Bank acting through its head office.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and/or the Bank's ability to fulfil its obligations under the Guarantee. These are set out under "Risk Factors" below and include factors specific to the Portuguese economy, legal and regulatory framework and shareholding, financial and organisational structure of the Bank. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme. These are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of a particular series of Notes and certain market risks.
Description:	Euro Note Programme
Arranger:	UBS Limited
Dealers:	ABN AMRO Bank N.V. Banco Santander Central Hispano, S.A. Banco Millennium bcp Investimento, S.A. Barclays Bank PLC Bear, Stearns International Limited BNP Paribas Banca Caboto S.p.A. Citigroup Global Markets Limited Deutsche Bank AG, London Branch Fortis Bank nv-sa

	J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Merrill Lynch International Morgan Stanley & Co. International plc UBS Limited
	The Issuers may at any time appoint an additional dealer or dealers in relation to the Programme or in connection with the issue of a Tranche of Notes issued under the Programme and may issue Notes to such dealers in accordance with the provisions of the Dealer Agreement.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Portuguese Paying Agent:	Banco Comercial Português, S.A.
Issuing and Principal Paying Agent and Agent Bank:	Citibank, N.A. (the "**Agent**")
Programme Size:	Up to EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein on page 24) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency as may be agreed between the relevant Issuer and the relevant Dealer except for Book Entry Notes, which may only be issued in Euro until such date as Interbolsa accepts to register and settle securities denominated in currencies other than Euro.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer Restrictions*" below) including, but not limited to the following restrictions applicable at the date of this Offering Circular.
	Notes issued by BCP Finance with a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and the Bank (where the Issuer is BCP Finance) or the relevant Specified Currency. Book Entry Notes shall not be issued with a maturity of less than one year.
Form of Notes:	Notes will be issued in bearer form and/or registered form and/or book entry form as described in "*Form of the Notes*" below and as indicated in the applicable Final Terms. Bearer Notes will be exchangeable for Registered Notes in accordance with Condition 12(a). Registered Notes will not be exchangeable for Bearer Notes.
	Book Entry Notes will be integrated in and held through Interbolsa in dematerialised form.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption, and

will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each series of Floating Rate Notes.

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or in respect of interest in the case of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption: The Final Terms relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

Any early redemption of a Subordinated Note (other than following an Event of Default) will be subject to the prior consent of the Bank of Portugal.

Substitution:	The Trustee, the relevant Issuer and the Bank (where the Issuer is BCP Finance) are permitted to agree to the substitution of the relevant Issuer as principal debtor in respect of the Note, subject to the fulfilment of certain conditions, as more fully set out in Condition 18 and the Trust Deed.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that: (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" on page 10; and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. At present, payments of interest and other revenues to be made by the Bank, acting either through its head office or through its international Madeira branch (*Sucursal Financeira Internacional*) directly to non-resident entities of Portugal would be subject to Portuguese withholding tax at a rate of 20 per cent. or, if applicable, to reduced withholding tax rates pursuant to tax treaties signed by Portugal, unless in respect of Book Entry Notes held through Interbolsa and Notes issued by the Bank, acting through its international Madeira branch (*Sucursal Financeira Internacional*) certain procedures and certification requirements are complied with. See "Taxation – Portuguese Taxation". Euroclear and Clearstream, Luxembourg do not offer any tax relief service to the holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office. The payments of interest or other revenues to be made by the Bank thereunder will be subject to Portuguese taxation rules. See "Taxation—Portuguese Taxation".
Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3. The terms of the Subordinated Notes will contain no negative pledge.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 10*(a)*. The terms of the Subordinated Notes will contain no cross default provision.
Status of the Senior Notes:	The Senior Notes and the relative Receipts and Coupons will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, save for those that have been accorded by law preferential rights.
Subordination:	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 2(b) (in the case of Subordinated Notes issued by BCP Finance) or Condition 2(c) (in the case of Subordinated Notes issued by the Bank).
Status of the Guarantee:	The payment of the principal of, and interest on, the Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed (the

"**Guarantee**") by the Bank in the Trust Deed. The obligations of the Bank under such guarantee will constitute:

(1) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those that have been accorded by law preferential rights; and

(2) in the case of Subordinated Notes, direct, unconditional and unsecured obligations of the Bank but, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) subordinated in right of payment to the claims of all Senior Creditors of the Bank.

Rating: Ratings of certain Series of Notes to be issued may be specified in the applicable Final Terms.

Listing: Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

Governing Law: Subject as provided in Condition 21, the Trust Deed is, and the Notes will be governed by, and construed in accordance with, English law except that Conditions 2(c) and 4(b) and, with respect to Book Entry Notes, the form and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes will be governed by, and construed in accordance with, Portuguese law.

Selling Restrictions: There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and Portugal), Japan and the Cayman Islands. In connection with the offering and sale of a particular Tranche of Notes additional restrictions may be imposed which will be set out in the applicable Final Terms. See "*Subscription and Sale and Transfer Restrictions*" below.

For United States securities law and tax purposes only, the Issuer's are Category 2 issuers under Regulation S, and, in relation to Bearer Notes, TEFRA D will apply.

revenue side measures (eg, VAT hike) and led to a fast decrease in the public deficit, from more than 6% of GDP to about 3.9%, (estimate for 2006). For 2007 and beyond, a comprehensive set of expenditure-based fiscal adjustments is being enacted, through reforms on public administration, in the social security system and on health and education spending. These efforts represent a drag on short-term growth prospects and may fall short of required objectives, demanding further restrictive policy initiatives with negative consequences on growth and, hence, on the Bank's results.

The Portuguese banking sector has performed very favourably despite the challenging economic climate of the last few years. Business volumes have been expanding, most noteworthy in the mortgage market, which accounts for about 80% of total banks' loans to private individuals. More recently, as external demand turned more resilient, credit granted to firms has accelerated as well. Non-performing loans remain at historical lows. Banks have diversified their source of income, reigned in operating costs and enhanced risk management procedures. Notwithstanding the good performance and sound solvability, there are important risk factors that may adversely affect the bank's financial condition. These include households' and corporations' indebtedness levels, the exposure to the real estate/construction sector, the reliance of employees pension schemes and of other sources of income, namely asset management and other retail products, on the stock markets' performance, and the increase in net external liabilities, raising the vulnerability to financing shocks.

Terrorist attacks or an avian influenza pandemic could have disruptive consequences on both business volumes and debtors performance, affecting significantly the Bank's income, credit quality and, hence, its financial condition.

Although the likelihood, timing and severity of such events are difficult to assess, they are prone to cause significant disruptions in economic activity, by increasing the uncertainty surrounding the economic outlook, constraining economic players' confidence and leading to severe disturbances in overall economic activity.

The Bank could be adversely affected by regulatory changes, which could affect, among other things, its capital adequacy requirements.

The Bank operates in a highly regulated industry. The Bank could be adversely affected by regulatory changes in Portugal, the EU or those foreign countries in which it operates, or by other political developments in or affecting Portugal, the EU or such foreign countries. The Bank has no control over such regulatory changes or political developments. The capital adequacy requirements currently applicable to Portuguese banks are in many respects similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. Recent changes have been proposed by the Basel Committee to capital requirements. The implementation of the new capital adequacy accord (Basel II) started in January 2007. The Bank decided to keep the current approach (Basel I) for calculating its capital requirements during 2007 and apply for an IRB Advanced approach for Credit Risk and Standardised approach for Operational Risk in 2008, as allowed by Bank of Portugal. The implementation of the new capital adequacy accord in 2008 will increase the sensitivity of capital requirements to credit risk and establish operational risk coverage requirements.

The Bank could be adversely affected by increased taxes or decreased tax benefits.

The Bank could be adversely affected by tax changes in Portugal, the EU or those foreign countries in which it operates. The Bank has no control over such tax changes.

Risk of the divesture of large shareholding positions.

The Bank's share price and volatility could be affected if large shareholders reduce their stakes in the Bank's share capital.

The Bank may be object of an unsolicited acquisition bid.

In the context of the pan-European consolidation trend, the Bank could be the object of an unsolicited acquisition bid. If such acquisition occurred there could be changes in current corporate strategy, main businesses, operations and resources.

The Bank faces strong competition in its principal areas of operation.

Since 1996, there has been significant expansions of personal financial services in the Portuguese banking market, resulting in a sustained development of mortgage credit, consumer loans, investment funds and unit linked products and increased use of credit cards. The Portuguese banking market is now well developed, and includes strong and dynamic domestic and foreign competitors that incorporate a multi-product, multi-channel and multi-client segmented approach. In addition, there has been significant development of internet banking operations and the use of new techniques, such as customer relationship management, which enable banks to track customers' requirements accurately. Foreign banks have also entered the Portuguese market, particularly in areas such as corporate banking, asset management, private banking and brokerage services. These factors have resulted in increased competition. Moreover, the trend of integration of European financial markets is likely to intensify, which may contribute to increased competition, namely in the areas of asset management, investment banking and online brokerage. Although the Bank believes that it is in a strong position to continue to compete in the Portuguese market, the Bank cannot assure potential investors that it will be able to compete effectively in the markets in which it operates, or that it will maintain or increase the level of its results of operations.

The Bank may not be able to preserve its customer base.

The Bank's success depends on its ability to maintain customer loyalty and to offer customers a wide range of high quality, competitive products and consistently high levels of service. The Bank has sought to achieve this objective by segmenting its customers' basis to serve the diverse needs of each customer segment better and by cross-selling the products and services of its subsidiaries through its marketing and distribution network in Portugal under a single brand – "Millennium bcp". The Bank has also sought to maintain long term customer financial relationships through the sale of anchor products and services, such as mortgage loans, domiciliation of wages, permanent automatic payments, credit cards and saving products. Bancassurance products are also part of the wide range of products sold by the Bank, which are managed by the insurance company "Millennium bcp Fortis", which resulted from the agreement with the Belgian-Dutch group Fortis involving the sale of 51% of the share capital and the transfer of management control of the insurers Ocidental – Companhia Portuguesa de Seguros, S.A. ("Ocidental"), Ocidental – Companhia Portuguesa de Seguros de Vida, S.A. ("Ocidental Vida") and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. ("Médis") and the Pension-fund manager Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A. ("Pensõesgere"). Increased competition in the Portuguese and European banking markets via the offer of significantly lower prices and a growing importance of category killer products may impact customer behaviour patterns and loyalty. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products or consistently high levels of service could have a material adverse effect on the Bank's financial condition and results of operations. As of 31 December 2006, around 5% of the Bank's total customer base in Portugal were also holders of its ordinary shares. If the price of the Bank's ordinary shares were to decline, this could lead to shareholder dissatisfaction and, to the extent that such shareholders are also customers of the Group, this could result in broader customer dissatisfaction, which could, in turn, adversely affect the Bank's financial condition and results of operations.

The Bank may face difficulties with its international expansion.

The BCP Group continues to pursue its internationalisation strategy, with particular emphasis on the Polish and Greek banking markets. There is no guarantee that the BCP Group will be successful in Polish, Greek or other international markets in which it operates. In addition, such international operations are exposed to the risk of possible adverse political, governmental or economic developments in the countries in which they operate. These factors could have a material adverse affect on the BCP Group's financial condition and results of operations. Several BCP Group's international operations expose it to foreign currency risk. A decline in the value of the currencies in which some of the BCP Group's international subsidiaries receive their income relative to the value of the euro may have an adverse effect on the BCP Group's financial condition and results of operations.

The Bank's liabilities to its customers exceed its liquid assets.

The Bank's primary source of funds is its retail deposit base. In recent years, however, as interest rates stood at historically low levels, customers have started to channel their individual savings away from traditional bank products, such as deposits, and towards other instruments with higher expected returns. The Bank's other funding sources include medium and long-term bond issues, commercial paper and medium-term structured products. In addition, the Bank has carried out various asset securitisation operations. The Bank also borrows money in the money markets, and in recent years, the Bank has also increased own funds through share capital increases (most recently in March 2003 and January 2006 following the conversion of the Mandatory Convertible Securities "Capital BCP 2005", which matured on 30 December 2005) and subordinated bonds. While the Bank complies in full with the Bank of Portugal's regulations governing liquidity, the Bank's liabilities to its customers exceed the amount of its liquid assets. As of 31 December, 2002, 2003, 2004, 2005 and 2006, this shortfall amounted to approximately EUR 15.2 billion, EUR 14.8 billion, EUR 15.1 billion, EUR 14.1 billion, EUR 15.5 billion and EUR 21.1 billion, respectively. If the Bank is unable to borrow sufficient funds to meet its obligations to its customers and other investors, the Banks' financial condition and results of operations will be materially adversely affected. In addition, due to the Bank's net funding position, any rating downgrade could adversely affect the Bank's financial condition and results of operations.

There is a risk that the Bank's pension fund is under-funded and that the Bank may be required to make additional contributions to the fund in the future.

There is a risk that the Bank's pension fund is under-funded. The sharp decline in the global financial markets throughout 2001 and 2002 has caused investment returns and the value of the Bank's pension fund to decline, which determined unrecognised actuarial losses. As of December, 2006 the unrecognised actuarial losses of the Bank's pension fund stood at EUR 1,239,889,000 and, showing a decrease from EUR 1,470,821,000 as of 31 December, 2005. The reserves the Bank has made in its consolidated financial statements for its pension liabilities are based on certain assumptions regarding mortality and, accordingly, there is a risk that beneficiaries of the policy will live longer and draw more from the pension fund that has been allowed for. Within the scope of IFRS and as defined in IFRS 1 the BCP Group decided to recalculate the actuarial calculations from the date of the set up of the pension fund. This resulted in an increase of deferred actuarial differences and shareholders' equity. Within this scope all actuarial gains and losses in excess of 10% of the value of pensions' liabilities (the corridor) are now being amortised for the remaining average working life of the employees in 20 years (previously: 10 years). On an ongoing basis, the extended amortisation period of the actuarial losses will lead to a decrease in annual charges to the profit and loss account. If the Bank's pension fund is under-funded, the Bank will be required to make additional contributions to the fund in the future, which could adversely affect the Bank's financial condition and results of operations. In addition, the Bank is required to deduct from its tier 1 capital the portion of unrecognised actuarial losses exceeding 10% of the Bank's pension liabilities or the value of the Bank's pension fund assets. As a result, any further declines in the value of the Bank's pension fund assets could adversely affect its capital position.

The Bank is exposed to credit risk.

The Bank is exposed to the creditworthiness of its customers and counterparties. If the value of the collateral securing the Bank's loan portfolio declines, the Bank will be exposed to a higher credit risk and increased risk of non-recovery in the event that any loans failed to perform. The Bank cannot guarantee that it would be able to realise adequate proceeds from collateral disposals to cover loan losses.

Despite the adverse economic environment, in recent years there has not been a deterioration of the creditworthiness of its customers. However, if the economic growth trend continues feeble, if unemployment increases and if interest rates increase sharply, this may result in the deterioration of the credit worthiness of customers.

Notwithstanding the BCP Group's high coverage level of past due loans by provisions for impairment losses (Impairment for loans losses/ loans overdue by more than 90 days stood at 287.0% and Impairment for loan losses / Non performing loans stood at 199.8% as of 31 December 2006), the Bank cannot assure potential investors that its level of provisions and other reserves will be adequate or that the Bank will not have to take significant additional provisions for possible impairment losses in future periods.

The Bank's risk management policies may leave it exposed to unidentified risks or an unanticipated level of risk.

The Bank is exposed to a number of risks, including, among others, market risk, credit risk, liquidity risk and operational risk. Although the Bank has implemented risk management policies for each of the risks to which it is exposed, taking into account worst case scenarios, the policies and procedures that the Bank employs to identify, monitor and manage these risks may not be fully effective. See "Risk Management" in the

Bank's 2005 Annual Report (volume I) for a more detailed description of the Bank's risk management procedures.

The Bank's propriety trading business involves a significant degree of risk.

The Bank currently engages in various treasury activities for its own account, including placing euro and foreign currency-denominated deposits in the inter-bank market and trading in the primary and secondary markets for government securities. Proprietary trading includes taking positions in the fixed income and equity markets using both cash and derivative products and financial instruments. Although the Bank's level of engagement in such activities is limited, propriety trading involves a degree of risk. Future proprietary trading results will in part depend on market conditions and the Bank could incur significant losses, which could adversely affect its financial condition and results of operations. See in this Offering Circular the Consolidated Balance Sheet as at 31 December, 2006, 2005 and 2004, included in the section "Description of Business of the Group" for information on the Bank's securities portfolio of trading and investment securities as of 31 December, 2006, 2005 and 2004.

The Bank is subject to operational risks.

In the ordinary course of the Bank's business and as a result of the Bank's organisational structure, the Bank is subject to certain operational risks, including interruption of service, errors, fraud by third parties, omissions, delays in providing services and risk management requirements. The Bank continually monitors these risks by means of, among other things, advanced administrative and information systems and insurance coverage in respect of certain operational risks in the future. Any failure to execute the Bank's risk management and control policies successfully could materially adversely affect the Bank's financial condition and results of operations.

The Bank faces technological risks.

The Bank's consolidated operations are highly dependent on computerised record-keeping, financial reporting and other systems, including point of sale monitoring and internal accounting systems, particularly following the centralisation of the Bank's information technology systems. Since 1996, the BCP Group has integrated its back office operations in one company, Millennium bcp – Prestacão de Serviços, ACE (formerly known as ServiBanca). Millennium bcp - Prestacão de Serviços was responsible for carrying out standardised back office activities, management of information technology, accounting and audit, and the strategic monitoring of the BCP Group. Millennium bcp - Prestacão de Serviços was reorganised in 2006, with the aim of rationalising the Group management. According to this reorganisation process several services previously provided by Millennium bcp Prestacão de Serviços started to be provided directly by Millennium bcp. This reorganisation has not affected service or security levels as represents only an internal reorganisation. The scope of the services provided by Millennium bcp Prestacão de Serviços narrowed as a result of this transfer to Millennium bcp. Millennium bcp Prestacão de Serviços continues to represent their associates regarding third parties, namely in the areas of IT, operational, administrative and procurement. The BCP Group has also integrated the technological platforms of the different businesses it has acquired and some countries where it is present. Although the Bank's computer systems have been evaluated and the Bank believes it back-up facilities to be adequate, the Bank cannot assure potential investors that it will be able to identify and correct problems related to its information technology systems, or that it will be able to implement technological improvements successfully.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

The Notes may not be a suitable investment for all prospective 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 Offering Circular 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 Notes with principal or interest payable in one or more currencies, or 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 indices and financial market; 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.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those 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 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.

Index Linked Notes and Dual Currency Notes.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interestbearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated

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

Risks related to 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 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.

EU Savings Directive

Under the domestic rules that implemented Council Directive 2003/48/EC on the taxation of income in the form of interest payments (the Savings Directive), Member States are required, from 1 July, 2005, 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. For a transitional period, Belgium, Luxembourg and Austria are instead required (unless the beneficial owners of the interest elect otherwise, agreeing on the exchange of information) 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. Andorra, Liechtenstein, Monaco, San Marino and Switzerland have agreed to adopt a similar withholding system with effect from the same date. Ten dependent or associated territories adopted either a withholding tax or an information exchange system, also with effect from the same date.

If, following implementation of this Directive, a payment were to be made or collected through a Member State in which a withholding system applies 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.

Change of law

The Trust Deed (except Clauses 2(H) and 7(H) insofar as they relate to Subordinated Notes), the Agency Agreement, the Notes (except Conditions 2(c) and 4(b)), the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. Clauses 2(H) and 7(H) of the Trust Deed (in so far as they relate to Subordinated Notes), Conditions 2(c) and 4(b) and, with respect to Book Entry Notes, the form and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

The conditions of the Notes are based on relevant law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative practice after the date of this Offering Circular.

Risks relating to Book Entry Notes

Risks related to withholding tax

Under Portuguese law, income derived from the Book Entry Notes integrated in and held through Interbolsa, as management entity of the Portuguese Centralised System (*Central de Valores Mobiliários*) held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-Law193/2005, of 7 November, as amended, ("Decree-Law193/2005") and in force as from 1 January 2006, may benefit from withholding tax exemption, provided that certain procedures and certification requirements are complied.

Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding tax.

Decree-Law193/2005 does not apply to Notes other than Book Entry Notes.

See details of the Portuguese taxation regime in Portuguese Taxation.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally.

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

The secondary market generally

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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and, in the case of Notes issued by BCP Finance, the Guarantor will make any payments under the Guarantee in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 the Specified Currency 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 Currencyequivalent 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 Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign 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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes incorporated in, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or incorporated in, such Notes, as more fully described under "*Form of the Notes*" below. Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed by the Bank, as described in the Trust Deed.

This Offering Circular and any supplement will only be valid for listing Notes during the period of twelve months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount of all Notes then outstanding or simultaneously issued under the Programme, does not exceed EUR25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time after the date of this Offering Circular:

(a) the Euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") shall be determined, at the discretion of the relevant Issuer, as of the date of agreement to issue such Notes (the "**Agreement Date**") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Euro against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant date of calculation;

(b) the Euro equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the Euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

beneficial interest to an Institutional Accredited Investor who is required to hold its beneficial interest in the Registered Notes in definitive form, (vi) not less than 60 days' written notice requesting exchange has been given by Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, (acting on the instructions of any holder of an interest in a Registered Global Note) to the Registrar; provided that in the case of (iv) a written notice or request, as the case may be, is submitted to the Registrar. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event referred to in (i) to (iv) above, Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange (except in the case of (vi) above) shall occur not later than 30 days after the date of receipt of the first relevant notice by the Registrar. Upon the occurrence of an Exchange Event, the relevant Issuer will cause the appropriate Registered Notes in definitive form to be delivered, provided that, notwithstanding the above, no Registered Notes in definitive form will be issued in exchange for a Registered Global Note until the expiry of the applicable Distribution Compliance Period.

2. Bearer Notes

Each Tranche of Bearer Notes will initially be represented by a Temporary Bearer Global Note (without receipts, interest coupons or talons) which, will:

(i) if the Temporary Global Note is intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); and

(ii) if the Temporary Global Note is not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note if the Temporary Global Note is not intended to be issued in NGN form only to the extent that certification to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Clearstream, Luxembourg and/or Euroclear, as applicable, and Clearstream, Luxembourg and/or Euroclear, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after the date on which a Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (free of charge) upon a request by Clearstream, Luxembourg and/or Euroclear acting on the instruction of the holders of interests in the Temporary Bearer Global Note either for interests in a Permanent Bearer Global Note (without receipts, interest coupons or talons) or for security printed definitive Bearer Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above and in accordance with the terms of the Temporary Bearer Global Note unless such certification has already been given. Unless exchange for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused, the holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through Clearstream, Luxembourg and/or Euroclear against presentation or (as the case may be) surrender of the Permanent Bearer Global Note if the Permanent Global Note is not intended to be issued in NGN form without any requirement for certification. The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Clearstream, Luxembourg and/or Euroclear (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event.

For these purposes, "Exchange Event" means that (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that both Clearstream, Luxembourg and Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Clearstream, Luxembourg and/or Euroclear (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

3. Book Entry Notes

The Book Entry Notes are issued in dematerialised book-entry (*forma escritural*) and nominative (*nominativas*) form in the specified denomination provided that in the case of any Book Entry Notes which are to be admitted to trading on a regulated market within the European Economic Union or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be as indicated in the applicable Final Terms.

The Book Entry Notes will be registered by Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (**Interbolsa**) as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) (**CVM**). The Book Entry Notes shall not be issued in bearer form, whether in definitive bearer form or otherwise.

Each person shown in the individual securities accounts held with an Affiliated Member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a **Certificate**) will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários)*.

Any holder of Book Entry Notes will (except as otherwise required by law) be treated as its absolute owner for all purposes regardless of the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating holder of Book Entry Notes.

4. General

Pursuant to the Agency Agreement (as defined under "Terms and Conditions of the Notes" below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned (where applicable) a CUSIP number, and, in the case of Bearer Notes and Reg. S Notes (as defined in the Conditions), a CINS number, common code and ISIN which are different from the CUSIP number, CINS number, common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to such Tranche. The end of such period and, as the case may be, the CUSIP number, CINS number, common code and ISIN thereafter applicable to the Notes of the relevant Series will be notified by the Agent to the relevant Dealer.

All global Notes and definitive Notes will, subject to any mandatory provisions of law, be issued pursuant to the Trust Deed (as defined under "Terms and Conditions of the Notes" below) and the Agency Agreement.

For so long as any of the Notes is represented by a Global Note deposited with a common depositary for Clearstream, Luxembourg and Euroclear or for so long as DTC or its nominee is the registered holder of a Registered Global Note, each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear or, as the case may be, DTC as entitled to a particular nominal amount of Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg, Euroclear or DTC or its nominee as to the nominal amount of Notes standing to the account of any person shall be conclusive and

(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
(vi)	Payment Date:	[ ]
(vii)	Minimum Final Redemption Amount:	[ ]
(viii)	Maximum Final Redemption Amount:	[ ]

23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7*(e)*): [ ] per Calculation Amount/**specify other**/ see Appendix

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(a) Form:

[*Bearer Notes:*
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[*Registered Notes*:
Regulation S Global Note (U.S.$[ ] nominal amount)/Rule 144A Global Note (U.S.$[ ] nominal amount/Definitive IAI Registered Notes (*specify nominal amounts*)]
Book Entry Notes:
Book Entry Notes (*nominativas*)
N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000].

(b) New Global Note: [Yes] [No]

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which item 17(iii) relates)

26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes which will be incorporated by reference into each global Note or Book Entry Note and which will be endorsed on or attached to (or, if permitted by the relevant stock exchange or other relevant authority and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Notes supplements the following Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms will be incorporated into, or attached to, each Temporary Bearer Global Note, Permanent Bearer Global Note, Registered Global Note, Book Entry Note and definitive Note. Reference should be made to "Form of the Notes" above for the form of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Banco Comercial Português, S.A. (the "Bank"), acting either through its head office or through its international Madeira branch "*Sucursal Financeira Internacional*" as specified in the Final Terms relating to this Note (the "**applicable Final Terms**"), or BCP Finance Bank, Ltd. ("**BCP Finance**" and, together with the Bank in its capacity as an issuer of Notes, the "**Issuers**" and each an "**Issuer**"). References in these Terms and Conditions to the "Issuer" shall be references to the party specified as the Issuer in the applicable Final Terms. This Note other than a Book Entry Note (as defined below) is constituted by a Trust Deed dated 8 October, 1998 (such Trust Deed as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") made between the Issuers and The Law Debenture Trust Corporation p.l.c. as trustee (the "**Trustee**", which expression shall include any successor trustee). Notes in book entry form (**Book Entry Notes**) are integrated in the Interbolsa book-entry system and governed by these conditions and a deed poll given by the Bank in favour of the holders of Book Entry Notes dated 18 April 2007 (the **Instrument**). References herein to the "Notes" shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency (each as defined below), (ii) definitive Bearer Notes issued in exchange (or part exchange) for a global Note, (iii) definitive Registered Notes, (iv) Book Entry Notes and (v) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 8 October, 1998 (such Agency Agreement as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") and made between the Issuers, Citibank, N.A., London office, as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent specified in the applicable Final Terms), the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank, N.A., New York office, as registrar (the "**Registrar**", which expression shall include any successor registrar), the transfer agents named therein (the "**Transfer Agents**", which expression shall include any additional or successor transfer agents), Citibank, N.A., New York office, as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent), Banco Comercial Português, S.A., as Portuguese paying agent (the "Portuguese Paying Agent" which expression shall include any successor Portuguese paying agent) and the Trustee.

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**"), unless otherwise indicated in the applicable Final Terms and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes, in definitive or global form, do not have Receipts or Coupons attached on issue.

The applicable Final Terms for this Note is attached hereto or (to the extent relevant) incorporated herein and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note.

The applicable Final Terms will state in particular whether this Note is (i) a senior Note issued by BCP Finance or the Bank and, where the Issuer is BCP Finance, guaranteed on an unsubordinated basis by the Bank as described in Condition 4(a) (a "**Senior Note**") or (ii) a subordinated Note issued by BCP Finance or the Bank and, where the Issuer is BCP Finance, guaranteed on a subordinated basis by the Bank as described in Condition 4(b) (a "**Subordinated Note**").

(b) In the case of Subordinated Notes of BCP Finance

If the Notes are specified as Subordinated Notes and the Issuer is specified as BCP Finance in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional and unsecured obligations of BCP Finance subordinated as provided below and rank and will rank *pari passu* among themselves.

The claims of the holders of the Notes and the relative Receipts and Coupons against BCP Finance in respect of payments pursuant to the Notes and the relative Receipts and Coupons will, in the event of the winding up of BCP Finance, be subordinated to the claims of all Senior Creditors of BCP Finance in accordance with the provisions of the Trust Deed. "**Senior Creditors of BCP Finance**" means all secured creditors of BCP Finance and all other creditors of BCP Finance except those whose claims are or are expressed to be subordinated, in the event of the winding up of BCP Finance, to the right to payment of all unsubordinated creditors of BCP Finance.

(c) In the case of Subordinated Notes of the Bank

If the Notes are specified as Subordinated Notes and the Issuer is specified as the Bank in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional and unsecured obligations of the Bank, save that the claims of the holders of the Notes and the relative Receipts and Coupons in respect of payments pursuant thereto will, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) be subordinated to the claims of all Senior Creditors of the Bank. The subordination of the Notes is for the benefit of the Bank and all Senior Creditors of the Bank. "**Senior Creditors of the Bank**" means all secured creditors of the Bank and all other creditors of the Bank except those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the holders of the Notes and the relative Receipts and Coupons.

3. Negative Pledge

This Condition 3 shall apply only to Senior Notes and references to "**Notes**", "**Noteholders**", "**Receiptholders**" and "Couponholders" shall be construed accordingly.

So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Bank (where the Issuer is BCP Finance) shall create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest (each a "**security interest**") upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital if applicable), to secure any Indebtedness (as defined below) or to secure any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of a security interest, at the same time and, in any other case, promptly according to the Noteholders, the Receiptholders and the Couponholders an equal and rateable interest in the same or, at the option of the relevant Issuer, providing to the Noteholders, the Receiptholders and the Couponholders such other security as the Trustee shall, in its absolute discretion, deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer or the Bank (where the Issuer is BCP Finance) may create or permit to subsist a security interest to secure Indebtedness and/or any guarantee or indemnity given in respect of Indebtedness of any person, in each case as aforesaid, (but without the obligation to accord or provide to the Noteholders, the Receiptholders and the Couponholders either, an equal and rateable interest in the same or such other security as aforesaid) where such security interest:

(a) is only over such part of the undertaking or assets, present or future, of the Issuer or the Bank (where the Issuer is BCP Finance) that belonged to a company whose assets or undertaking have become part of the assets or undertaking of the Issuer or the Bank (where the Issuer is BCP Finance) pursuant to an amalgamation or merger of such company with the Issuer or the Bank (where the Issuer is BCP Finance), which security interest exists at the time of such amalgamation or merger and was not created in contemplation thereof or in connection therewith and the principal, nominal or capital amount secured at the time of such amalgamation or merger is not thereafter increased; or

(b) is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice and whereby the amount of Indebtedness secured by such security interest or in respect of which any guarantee or indemnity is secured by such security interest is limited to the value of the assets secured; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5:

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

"**Determination Period**" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked interest Notes

(i) Interest Payment Dates

Each Floating Rate Note or Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the

Calculation Period in the applicable Final Terms after the preceding Specified Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes or Index Linked Interest Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up). In respect of each definitive Floating Rate Note or Index Linked Interest Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up). Interest on Floating Rate Notes or Index Linked Interest Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding Floating Rate Notes or Index Linked Interest Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

If a business day convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date (or any other date) would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(*b*)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

(I) a day 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 London and any Additional Business Centre specified in the applicable Final Terms; and

(II) either (1) in relation to any sum payable in a Specified Currency other than euro, a day 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 the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans- European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "TARGET System") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this Condition 5(*b*)(iii), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(iv) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) in the case of LIBOR, or Brussels time, in the case of EURIBOR on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Alternatively, provisions dealing with this may be included in the applicable Final Terms.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being based on a rate other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(v) Minimum Rate of Interest and/or Maximum Rate of Interest If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent or, where the Final Terms specifies another person to act as calculation agent, such person (the "**Calculation Agent**"), in the case of Floating Rate Notes and Index Linked Interest Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after determining and calculating the same. The Agent will calculate the amount of interest ("Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the full amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(a) if "**Actual/365**" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(c) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(d) if "**Actual/360**" is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;

(e) if "**30/360**", "**360/36**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(f) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on but excluding the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) Determination or Calculation by Trustee

If for any reason the Agent or, as the case may be, the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii), (iii) or (iv) above, as the case may be, and, in each case, (vii) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Interest Rate specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(ix) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(*b*), whether by the Agent, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Bank (where the Issuer is BCP Finance), the Agent, the Calculation Agent, the Trustee, the other Paying Agents, the Transfer Agents, the Exchange Agent, the Registrar and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Bank (where the Issuer is BCP Finance), the Noteholders, the Receiptholders or the Couponholders shall attach to either the Agent, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of Interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed or in the applicable Final Terms.

6. Payments

(a) Method of Payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro 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 a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph *(a)* above only against presentation and surrender (or, in the case of part payment only of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

In respect of Bearer Notes in definitive form, payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph *(a)* above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph *(a)* above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Notes to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Index Linked or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any bearer global Note will (subject as provided below) be made in the manner specified in paragraph *(a)* above and otherwise in the manner specified in the relevant bearer global Note against presentation or surrender, as the case may be, of such bearer global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such bearer global Note, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

Payments in respect of the Book Entry Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in euro, details of which appear in the records of the relevant Affiliated Member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and or interest.

Payment Business Day means a day which (subject to Condition 8):

(a) is or falls before the due date for payment of principal and or interest; and

(b) is a TARGET Settlement Day.

Payments of principal (other than instalments of principal prior to the final instalment) in respect of Registered Notes (whether or not in global form) will be made in the manner specified in paragraph *(a)* above to the persons in whose name such Notes are registered at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment only of any sum due, endorsement) of such Notes at the specified office of the Registrar.

Payments of interest due on a Registered Note (whether in definitive or global form) and payments of instalments of principal (if any) due on a Registered Note (other than the final instalment) will be made in the manner specified in paragraph *(a)* above to the person in whose name such Note is registered at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) (the "**Record Date**")) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder's registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Notes is required by credit or transfer as referred to in paragraph *(a)* above application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

Unless otherwise specified, the holder of a global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer and the Bank (where the Issuer is BCP Finance) will be discharged by payment to, or to the order of, the holder of such global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of DTC, Clearstream, Luxembourg or Euroclear as the beneficial holder of a particular nominal amount of Notes represented by such global Note must, unless the applicable Final Terms states otherwise, look solely to DTC, Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each payment so made by the Issuer or the Bank (where the Issuer is BCP Finance) to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). Unless otherwise specified or in the circumstances specified in the second paragraph of Condition 11, no person other than the holder of such global Note (or the Trustee, as the case may be) shall have any claim against the Issuer or the Bank (where the Issuer is BCP Finance) in respect of any payments due on that global Note.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency or conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of Bearer Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used in this Condition 6 and in Conditions 7, 8 and 12, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

(A) the Issuer and the Bank (where the Issuer is BCP Finance) have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

(C) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Bank (where the Issuer is BCP Finance), adverse tax consequences to the Issuer or the Bank (where the Issuer is BCP Finance).

(c) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, "**Payment Day**" means any day which (subject to Condition 9) is:

(i) a day 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:

  (A) the relevant place of presentation;

  (B) London;

  (C) any Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day 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 the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) 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 Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Bank (where the Issuer is BCP Finance) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7*(b)* will be redeemed at their Early Redemption Amount referred to in paragraph *(e)* below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(i) not less than 30 nor more than 60 days' notice (or such period as specified in the applicable Final Terms) to the Noteholders in accordance with Condition 15; and

(ii) not less than 30 days before the giving of the notice (or such period as specified in the applicable Final Terms) referred to in (i), notice to the Trustee and (in the case of a redemption of Registered Notes), the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes (or, as the case may be, parts of Registered Notes), the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot without involving any part only of a Bearer Note, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Clearstream, Luxembourg and/or Euroclear (to be reflected in the records of Clearstream, Luxembourg and/or Euroclear as either a pool factor or a reduction in nominal amount, at their discretion) or, as the case may be, DTC, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph *(c)* and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must deliver (i) (in the case of Notes in definitive form) a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or Transfer Agent or the Registrar or (ii) (in all other cases) a notice to the Paying Agent or Transfer Agent or Registrar (as the case may be) in accordance with the standard procedures of DTC, Clearstream, Luxembourg, Euroclear and/or Interbolsa or any common depositary or custodian for them stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") accompanied by, if the Note is in definitive form, the Note itself, to the specified office of any Paying Agent, in the case of Bearer Notes, or of any Transfer Agent or the Registrar, in the case of Registered Notes or Book Entry Notes, at any time within the notice period during normal business hours of such Paying Agent, Transfer Agent or the Registrar, as the case may be. No deposit of Notes will be required in respect of Book Entry Notes. In the Put Notice the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and repayable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph *(b)* above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of Notes (other than Zero Coupon Notes but including instalment Notes and a Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$ where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph *(e)* above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as amended by the applicable Final Terms.

(h) Purchases

The Issuer, the Bank (where the Issuer is BCP Finance) or any other Subsidiary (as defined in the Trust Deed) of the Bank may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, such tenders will be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Bank (where the Issuer is BCP Finance) or the relevant Subsidiary, surrendered to any Paying Agent or the Registrar for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption), in the case of Book Entry Notes in accordance with Interbolsa Regulations. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph *(h)* above (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent, save in the case of Book Entry Notes, and shall not be capable of being reissued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph *(a)*, *(b)*, *(c)* or *(d)* above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph *(e)*(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) the fifth day after the date on which the full amount of the moneys payable has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholder either in accordance with Condition 15 or individually.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Bank (where the Issuer is BCP Finance) will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; and/or

(ii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is able to avoid such withholding or deduction by making a declaration of non-residence or other claim for exemption to the relevant tax authority; and/or

(iii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder in respect of whom the information and documentation (which may include certificates) required in order to comply with Decree-Law 193/2005 of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; or

(iv) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder of whom the information and documentation required in order to comply with Madeira Free Trade Zone tax regime, and any implementing legislation, is not received before the Relevant Date; or

(v) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Noteholders before the Relevant Date, and (ii) who is resident in one of the contracting states; or

(vi) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder resident in a tax haven jurisdiction as defined in Order 150/2004, of 13 February 2004 (Portaria do Ministro das Financas e da Administraação Pública n° 150/2004), as amended from time to time, issued by the Portuguese Ministry of Finance, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in the Portuguese Republic.

(vii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6*(c)*); and/or

(viii) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or

(ix) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

(i) "**Tax Jurisdiction**" means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BCP Finance) or Portugal or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Bank) or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which BCP Finance or the Bank become subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons, and

(ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent, the Registrar or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6*(b)* or any Talon which would be void pursuant to Condition 6*(b)*.

10. Events of Default

(a) Events of Default relating to Senior Notes

If the Notes are specified as Senior Notes in the applicable Final Terms and if any one or more of the following events (each an "**Event of Default**") shall occur:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or

(ii) the Issuer or the Bank (where the Issuer is BCP Finance) fails to perform or observe any of its other obligations in respect of the Notes or under the Trust Deed or (in the case of Book Entry Notes) the Instrument and ((in the case of Notes other than Book Entry Notes) except where, in the opinion of the Trustee, such default is not capable of remedy where no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or (in the case of Notes other than Book Entry Notes) such longer period as the Trustee may permit) after notice has been given to the Issuer or, as the case may be, the Bank requiring the same to be remedied; or

(iii) the repayment of any indebtedness owing by the Issuer or by the Bank (where the Issuer is BCP Finance) is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or the Bank (where the Issuer is BCP Finance) defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event referred to in this sub-paragraph (iii) shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred shall exceed U.S.$25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to one per cent. of the Bank's Shareholders' Funds (as defined below); or

(iv) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (where the Issuer is BCP Finance) (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or

(v) the Issuer or the Bank (where the Issuer is BCP Finance) shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or

(vi) the Issuer or the Bank (where the Issuer is BCP Finance) shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

(vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or the Bank (where the Issuer is BCP Finance) or in relation to the whole or a substantial part of the assets of either of them or a temporary manager of the Bank is appointed by the Bank of Portugal or an encumbrancer shall take possession of the whole or a substantial part of the assets of the Issuer or the Bank (where the Issuer is BCP Finance), or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of either of them and in any of the foregoing cases it or he shall not be discharged within 60 days; or

(viii) the Bank sells, transfers, lends or otherwise disposes of the whole or a substantial part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis; or

(ix) except where the Issuer has been substituted as principal debtor pursuant to Condition 18, the Issuer (where the Issuer is BCP Finance) ceases to be a Subsidiary wholly owned and controlled, directly or indirectly, by the Bank; or

(x) (where the Issuer is BCP Finance) the Guarantee is terminated or shall cease to be in full force and effect,

then,

(a) in respect of Notes other than Book Entry Notes, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal 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 to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7*(e)*) together with accrued interest (as provided in the Trust Deed) provided that, in the case of any such Events of Default other than those described in subparagraphs (i) and (iv) above, the Trustee shall have certified in writing to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders; and

(b) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Bank and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e) together with accrued interest (as provided in the Instrument)).

As used above, "**Bank's Shareholders' Funds**" means, at any relevant time, a sum equal to the aggregate of the Bank's shareholders' equity as certified by the Directors of the Bank or in certain circumstances provided in the Trust Deed by the Auditors of the Bank by reference to the latest audited consolidated financial statements of the Bank.

(b) Events of Default relating to Subordinated Notes

If the Notes are specified as Subordinated Notes in the applicable Final Terms and if any one or more of the following events (each an "**Event of Default**") shall occur:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or

(ii) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (where the Issuer is BCP Finance) (other than for the purposes of an amalgamation, merger or reconstruction on terms previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders),

then,

(a) in respect of Notes other than Book Entry Notes the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal 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 to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early

Redemption Amount (as described in Condition 7*(e)*) together with accrued interest (as provided in the Trust Deed).

(b) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Bank and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e)) together with accrued interest (as provided in the Instrument).

11. Enforcement

In the case of Notes other than Book Entry Notes, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Issuer or the Bank (where the Issuer is BCP Finance) to enforce the provisions of the Trust Deed, the Notes, the Receipts, the Coupons, but it shall not be bound to take any such action or any other proceedings to enforce the obligations of the Issuer or the Bank (where the Issuer is BCP Finance), as the case may be, in respect of the Trust Deed, the Notes, Receipts or Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

In the case of Book Entry Notes, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Bank to enforce the obligations of the Bank in respect of the covenants granted to the Trustee by the Bank under the Conditions or the Trust Deed, however the Trustee shall in no circumstances be bound to do so.

No Noteholder, Receiptholder or Couponholder (in respect of Notes other than Book Entry Notes) shall be entitled to proceed directly against the Issuer or the Bank (where the Issuer is BCP Finance) unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing provided that in the case of Book Entry Notes, the Trustee may not but the holders thereof may at any time take such proceedings against the Bank as they may think fit to enforce the provisions of the Book Entry Notes and/or the Instrument.

12. Exchange of Notes, transfer of Registered Notes and replacement of Notes, Receipts, Coupons and Talons

(a) Exchange of Bearer Notes for Registered Notes

If so specified in the applicable Final Terms, a Bearer Note in definitive form may be exchanged for Registered Notes of like aggregate nominal amount (in global or definitive form) by submission of a duly completed request for exchange substantially in the form provided in the Agency Agreement (an "**Exchange Request**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, together with the Bearer Note and (subject as provided below) all unmatured Coupons, Talons and Receipts appertaining thereto, to a Transfer Agent at its specified office. Within three business days of the request, if the Registered Notes for which the Bearer Note is to be exchanged are in definitive form, the relevant Transfer Agent will authenticate and deliver, or procure the authentication and delivery of, at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the Exchange Request, a definitive Registered Note of a like aggregate nominal amount to the Bearer Note exchanged and will enter the exchange of the Bearer Note in the Register maintained by the Registrar as of the exchange date. If the Registered Note(s) for which such Bearer Note is to be exchanged is/are in global form, the amount of the applicable Registered Global Note(s) will be increased accordingly.

A Bearer Note surrendered in exchange for a Registered Note after a Record Date (as defined in Condition 6*(b)*) and on or before the next following Fixed Interest Date or Interest Payment Date (each as defined in Condition 5) is not required to be surrendered with the Coupon maturing on that payment date. Interest on a Registered Note issued on exchange will accrue as from the immediately preceding Fixed Interest Date or Interest Payment Date, as the case may be, except where issued in respect of a Bearer Note surrendered after a Record Date and on or before the next following Fixed Interest Date or Interest Payment Date, in which event interest shall accrue as from that date.

No exchanges of Bearer Notes for Registered Notes or interests in Registered Global Notes (as defined below) will be permitted for so long as the Bearer Notes are represented by a temporary bearer global Note.

(b) Form of Registered Notes

Registered Notes of each Tranche sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended, (the "**Securities Act**") will initially be represented by a permanent global Note in registered form, without interest coupons, (the "**Reg. S Global Note**"), deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearsteam, Luxembourg. Notes in definitive form issued in exchange for Reg. S Global Notes or otherwise sold or transferred in reliance on Regulation S under the Securities Act, together with the Reg. S Global Notes, are referred to herein as "**Reg. S Notes**". Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer, in the case of a non-syndicate d issue, or by the Lead Manager, in the case of a syndicated issue (the "**Distribution Compliance Period**"), beneficial interests in a Reg. S Global Note may be held only through Clearstream, Luxembourg or Euroclear. After the expiry of the Distribution Compliance Period, beneficial interests in a Reg. S Note may be held through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC.

Registered Notes of each Tranche sold in private transactions to qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("**QIBs**") will initially be represented by a permanent global Note in registered form, without interest coupons, (the "**Restricted Global Note**") deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes in definitive form issued in exchange for Restricted Global Notes or otherwise sold or transferred in accordance with the requirements of Rule 144A under the Securities Act, together with the Restricted Global Notes, are referred to herein as "**Restricted Notes**".

Registered Notes of each Tranche sold to accredited investors (as defined in Rule 501(a) (1), (2) or (3) under the Securities Act) ("**Institutional Accredited Investors**") who agree to purchase the Notes for their own account and not with a view to the distribution thereof will be in definitive form, registered in the name of the holder thereof.

Registered Notes in definitive form issued to Institutional Accredited Investors and Restricted Notes shall bear the legend set forth in the Restricted Global Note (the "**Legend**"), such Notes being referred to herein as "**Legended Notes**". Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall (save as provided in Condition 12*(f)*) deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Subject as otherwise provided in this Condition 12, Registered Notes in definitive form may be exchanged or transferred in whole or in part in the authorised denominations for one or more definitive Registered Notes of like aggregate nominal amount.

(c) Transfers of Registered Global Notes

Transfers of beneficial interests in Restricted Global Notes and Reg. S Global Notes (together the "**Registered Global Notes**") will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(d) Transfers of interests in Reg. S Notes

Prior to the expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg. S Note to a transferee in the United States will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

(A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(B) to a person who is an Institutional Accredited Investor, together with a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an "**IAI Investment Letter**"); or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States, and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After the expiry of the applicable Distribution Compliance Period (i) beneficial interests in Reg. S Notes may be held through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(e) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Reg. S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Reg. S Global Note registered in the name of a nominee of DTC, if such transfer is being made prior to the expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Note:

(A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

(f) *Exchanges and transfers of Registered Notes generally*

Registered Notes may not be exchanged for Bearer Notes.

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Clearstream, Luxembourg or Euroclear, as the case may be, and, in turn, by participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will be transferable and exchangeable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in accordance with the rules and operating procedures for the time being of DTC, Clearstream, Luxembourg or Euroclear, as the case may be (the "**Applicable Procedures**").

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms) by the holder or holders surrendering the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar, or as the case may be, the relevant Transfer Agent may with the prior written approval of the Trustee prescribe, including any restrictions imposed by the Issuer on transfers of Registered Notes originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of a Registered Note in definitive form for an interest in, or to a person who takes delivery of such Note through, a Registered Global Note will be made no later than 60 days after the receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the Registered Note in definitive form to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

(g) *Form and Transfer of Book Entry Notes generally*

Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book-entry form (*forma escritural*) and are registered notes (*nominativas*). Book Entry Notes shall not be issued in bearer form (*ao portador*), whether in definitive bearer form or otherwise. Book Entry Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Book Entry Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg). The transfer of Book Entry Notes and their beneficial interests will be made through Interbolsa.

(h) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7*(c)*, the Issuer shall not be required:

(a) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the date on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or

(b) to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(i) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note during the period of 30 days ending on the due date for any payment of principal or interest on that Note.

(j) Costs of exchange or registration

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions (except for the expenses of delivery by other than regular mail (if any) and, if the Issuer shall so require, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto which will be borne by the Noteholder) will be borne by the Issuer or the Bank (where the Issuer is BCP Finance), as the case may be.

(k) Replacement of Notes, Receipts, Coupons and Talons

If any Note, Receipt, Coupon or Talon shall become mutilated, defaced, destroyed, lost or stolen, it may be replaced at the specified office of the Agent outside the United States and its possessions in the case of Bearer Notes, Receipts, Coupons or Talons, or the Registrar in New York City, in the case of Registered Notes, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity and/or security as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Agent, Paying Agents, Transfer Agents, Exchange Agents and Registrar

The names of the initial Agent, the initial Registrar, the other initial Paying Agents, the initial Exchange Agent and the initial Transfer Agents and their initial specified offices are set out below.

The Issuer and the Bank (where the Issuer is BCP Finance) are, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent or the Registrar or the Exchange Agent or any Transfer Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Exchange Agents or Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, Exchange Agent or Transfer Agent acts, provided that:

(i) so long as the Notes are listed on any stock exchange (or any other relevant authority), there will at all times be a Paying Agent (which may be the Agent), in the case of Bearer Notes, and a Transfer Agent (which may be the Registrar), in the case of Registered Notes, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(ii) there will at all times be a Paying Agent with a specified office in a principal financial centre approved by the Trustee in continental Europe;

(iii) in the case of Bearer Notes, there will at all times be an Agent;

(iv) in the case of Registered Notes, there will at all times be a Registrar with a specified office in New York City and, so long as the Notes are listed on any stock exchange (or any other relevant authority), in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(v) in the case of Registered Notes, there will at all times be a Transfer Agent having a specified office in a place approved by the Trustee;

(vi) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

(vii) the Issuer undertakes that it will maintain 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.

In addition, the Issuer and the Bank (where the Issuer is BCP Finance) shall, with the prior written approval of the Trustee, forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6*(b)*. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 30 days before or after any Fixed Interest Date or Interest Payment Date, as the case may be.

Banco Comercial Português, S.A. will be the Paying Agent in Portugal in respect of Book Entry Notes.

In acting under the Agency Agreement, the Exchange Agent, the Registrar, the Agent, the Paying Agents and the Transfer Agents act solely as agents of the Issuer and the Bank (where the Issuer is BCP Finance) and, in certain circumstances specified therein, of the Trustee, and do not assume any obligation or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the issuer and the Bank (where the Issuer is BCP Finance) to the Noteholders, Receiptholders and Couponholders to repay Notes and pay interest thereon) any funds received by the Agent for the payment of the principal of or interest on the Notes shall be held by it on trust for the Noteholders and/or Receiptholders and/or Couponholders until the expiry of the period of prescription specified in Condition 9. Each of the Issuer and the Bank (where the Issuer is BCP Finance) has covenanted with the Trustee in the Trust Deed to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents, the Registrar, the Exchange Agent and the Transfer Agents and for their relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with either the Issuer or the Bank (where the Issuer is BCP Finance) and any of their Subsidiaries without being liable to account to the Noteholders, Receiptholders or Couponholders for any resulting profit.

14. Exchange of Talons

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

15. Notices

All notices regarding the Notes shall be valid if published in a leading English language daily newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in the *Financial Times* or another daily newspaper in the United Kingdom approved by the Trustee. The Issuer and the Bank (where the Issuer is BCP Finance) shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other 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 in all the relevant newspapers.

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Clearstream, Luxembourg and/or Euroclear or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Clearstream, Luxembourg and/or Euroclear or DTC, unless otherwise specified in the applicable Final Terms.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes is represented by a global Note, such notice may be given by any Noteholder to the Agent via Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, in such manner as the Agent and Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, may approve for this purpose.

The Issuer shall comply with Portuguese law in respect of Notices relating to Book Entry Notes.

16. Meetings of Noteholders, Modification and Waiver

The Trust Deed (in the case of Bearer Notes and Registered Notes only) and the Instrument (in the case of Book Entry Notes only) contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Notes, the Receipts, the Coupons or the Trust Deed. A meeting convened pursuant to the provisions of the Trust Deed, may be convened by the Issuer or the Bank (where the Issuer is BCP Finance) and shall be convened by the Issuer upon a requisition by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. A meeting convened pursuant to the provisions of the Instrument, may be convened by the Bank and should be convened by the Bank upon a requisition by Book Entry Noteholders holding not less than one-tenth in nominal amount of the Book Entry Notes for the time being remaining outstanding. The quorum at either of such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including, amongst other things, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons) or certain provisions of the Trust Deed or the Instrument, as the case may be, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may (in respect of Notes other than Book Entry Notes), without the consent of the Noteholders, Receiptholders or Couponholders agree to any waiver or authorisation of any breach or proposed breach by the Issuer or the Bank (where the Issuer is BCP Finance) of, any of the provisions of these Terms and Conditions or of any of the provisions of the Trust Deed or may determine that any act, omission, event or condition which, but for such determination, would or might otherwise on its own or together with another act, omission, event or condition constitute an Event of Default (without prejudice to the rights of the Trustee in respect of any subsequent breach of any of the provisions of these Terms and Conditions or any of the provisions of the Trust Deed or any subsequent act, omission, event or condition) shall not be treated as such, which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders (other than Book Entry Noteholders).

The Trust Deed provides that the Trustee may, without the consent of Noteholders, Receiptholders or Couponholders (including in respect of Book Entry Notes) agree to any modification of the provisions of the Terms and Conditions or of any of the provisions of the Trust Deed or the Instrument, which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed or the Instrument which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but 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, Receiptholders 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, Receiptholders and Couponholders (whatever their number) resulting

are governed by, and shall be construed in accordance with, Portuguese law. Clauses 2(H) and 7(H) of the Trust Deed (in so far as they relate to Subordinated Notes) and Conditions 2*(c)*and 4*(b)* are governed by, and shall be construed in accordance with, Portuguese law. In each case, the application of such governing law shall be without prejudice to the applicability, under the conflicts rules applicable in the relevant forum, in the light of such submission, of Cayman Islands law (in relation to matters concerning BCP Finance) or Portuguese law (in relation to matters concerning the Bank as an Issuer or as guarantor, as the case may be).

(b) Each of BCP Finance and the Bank has in the Trust Deed irrevocably agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons may be brought in such courts.

(c) Each of BCP Finance and the Bank has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(d) Each of BCP Finance and the Bank has in the Trust Deed appointed the London Representative Office of Banco Comercial Português, S.A. at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of it ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

BCP FINANCE BANK, LTD.

Audited Statements of Cash Flows
for the years ended 31 December, 2006 and 2005

(Amounts expressed in thousands of USD)

	2006	*2005*
Cash flows from operating activities		
Interest income and other income received	750,691	500,066
Interest expense and other expense paid	(721,005)	(448,291)
Net cash flows from trading and hedging activities	47,077	37,022
Operating fees and other payments	(993)	(2,741)
Exchange differences arising on translation of subordinated loans at year-end rates	–	(259,920)
(Increase)/decrease in operating assets		
Loans and advances to credit institutions	(8,843,132)	330,531
Other assets	37,922	(41,958)
Increase/(decrease) in operating liabilities		
Amounts owed to credit institutions	158,627	451,201
Other liabilities	(2,037)	(383,851)
	(8,572,850)	182,059
Cash flows from investing activities		
Subordinated loans matured	(266,242)	–
	(266,242)	–
Cash flows from financing activities		
(Repayment)/proceeds from issuance of debt securities	8,659,270	(480,304)
Proceeds from issuance of subordinated debt	170,436	353,910
Proceeds from issuance of share capital	–	–
Share premium proceeds from issuance of share capital	–	–
Dividends paid	–	(4,818)
	8,829,706	(131,212)
Exchange differences arising on translation of retained earnings and income for the period at year-end rates	8,827	(50,274)
	8,827	(50,274)
Net decrease in cash and equivalents	(559)	573
Cash and cash equivalents at the beginning of the year	618	45
Cash and equivalents at the end of the year	59	618

advantage of efficiency-improvement opportunities through staff redimensioning, rationalisation and reallocation of resources, process re-engineering and increase of productivity on a sustained basis, preparation for the possible integration of Banco BPI in the wake of the takeover bid for this bank launched on March 13, 2006, and continuation of the optimisation of the operations in Poland and Greece;

- Promotion of growth through greater presence in other markets (Poland and Greece) and through the development of growth options in new areas or niche markets as and when opportunities arise (Angola and Romania).

Discipline in capital management

Major transactions were carried out during 2006, involving sales of or reduction of exposure to non-core assets, with emphasis on the following: conclusion of the sale of the 50.001% stake in Interbanco, S.A., in a transaction that had been announced on August 5, 2005; completion of the sale of 80.1% of the share capital of Banque BCP France and Banque BCP Luxembourg to the French financial institution, Groupe Caisses d'Epargne - BCP Group will retain 19.9 per cent. participations in both of the French and Luxembourg operations and has established cooperation agreements with the buyer for developing cross-border remittances in both markets -; closing of an agreement with Canadian financial institution BMO Financial Group (formerly the Bank of Montreal) in respect of the sale of the whole of the share capital of bcpbank Canada; and closing of an agreement by BCP and the BCP Group Pension Fund with EDP - Energias de Portugal S.A. with a view to the sale of the whole of Millennium bcp's holding in ONI SGPS S.A., corresponding to 23.062% of its share capital.

Besides these measures a mortgage loan securitisation operation, Magellan Mortgages No4, in the sum of €1.5 billion was also carried out. Its international placement was notably successful. Also note worthy was the mortgage loan securitisation operation in the sum of €600 million carried out by Millennium bank in Greece, the first operation of its kind carried out by a subsidiary of a Portuguese bank.

Improvement of profitability

Consolidation of the Group's leadership in Portugal is part of a wider plan directed at the sustained improvement of consolidated profitability – the Millennium Refoundation Programme – through a number of measures directed at stimulation of the business, at improving the customer loyalty indicators, at stricter definition of pricing and at optimisation of the multi-channel distribution channel. The main initiatives included in the Millennium Programme directed at increasing profitability are as follows:

- in the Retail area, the "More Prestige" Programme – strengthening the position in the affluent segment through stimulation of sales and the service of excellence – and the "M3" Programme – enhancing relations with customers and increasing sales productivity;
- in the Companies and Corporate area, increase of revenues and reduction of costs through stimulation of sales and optimisation of margins; and
- optimised management of the "Pricing/Offer" – aiming at rationalising the offer in every product, improving both the value proposition and the profitability.

The following initiatives were also implemented regarding the cost-optimisation:

- in the Corporate Processes area – objective of structure costs reduction by 30%;
- in the Operational area – process simplification, cutting costs and, at the same time, optimising service levels through identification of programmes directed at a true operational transformation; and
- a focus on credit-risk management, introducing improvements to credit workflows, warning systems, rating systems, collateral and credit-recovery processes.

The goal of the Millennium Programme announced in 2003 for the period from 2004 to 2006 consisted of increasing net income by 310 million euros by means of increasing revenues in the Retail and Companies and Corporate segments, reducing loan-loss provisions and increasing the profitability of the international operations. At the beginning of 2006, and in view of the good results achieved in the Retail segment by the end of 2005, the goals of the Millennium Programme were revised up to consist of attracting additional revenues in the sum of about 100 million euros in 2007, compared to the initial objectives for 2006. The objective of increasing Retail revenues was also revised up by around 65 million euros compared to the initial goal for 2006.

The revised objectives of increasing profitability were exceeded by 4% and the initial target was exceeded by 22%, driven by the excellent results returned by the Retail and International areas, while the demanding objectives of reduction of the credit-risk cost were met. These three areas largely offset the results of the Companies and Corporate networks that were below expectations, in which market competition factors and the macroeconomic environment limited the growth of revenues.

In Retail, the revenue growth targets were exceeded, with a degree of compliance of 116% (177% higher than the initial target), to stand at 221 million euros in the wake of the focus on and systematisation of the improvements introduced by the Millennium programme initiatives, particularly the "M3", the Prestige Programme, the optimised management of the Pricing/Offer, the Mandatory Contacts Plans and the initiatives directed at improvement of commercial activity and relationship. It is worth mentioning the evolution of the "Mass Market" segment, whose contribution to this result stood at 56%, with 124 million euros to the growth of revenues, significantly more than targeted, while the "Prestige" and "Businesses" segments were fully up to expectations, adding 47 million euros and 50 million euros, with their degree of compliance standing at 117% and 100%, respectively.

The results of the measures in the credit and recovery area stood at 102% of the targeted figure, representing an improvement of the credit-risk cost of 48 basis points of the portfolio balance in 2006.

Lastly, within the scope of the measures directed at improving profitability, Millennium bcp continued to optimise its operations in Poland and Greece. In Poland, the main objectives consist in the optimisation of the commercial effectiveness of the retail network and development of the "affluent" and "corporate" sales teams, increasing cross selling, sustaining the category killer position in mortgage loans and creation of the consumer credit unit. In Greece, the main objectives include increasing the product offer, restructuring the bank's presence in the "businesses" and "private banking" segments and development of a corporate desk. The international area exceeded the proposed targets with a compliance rate of 133%, increasing recurrent revenues net of taxes by 93 million euros.

The results of the international operations confirm that the ambition of creating a multi-domestic bank has been successfully implemented, based on Millennium bcp's competitive advantages and on those of the various segments in which it does business, on the capacity to adapt its business models to the various local environments taking advantage of the skills of each country and sharing best practices, on its experience in developing operations in economies that are converging towards the Euro Area, in its ability to innovate and to renovate and on its ongoing endeavour to outperform the most adequate and ambitious benchmarks in each country, segment or support area.

Beside the initiatives included in the Millennium Programme, the Bank began to prepare the possible integration of Banco BPI should the takeover bid proves successful.

The preliminary announcement of a takeover bid for Banco BPI, S.A., on March 13, 2006, is part of the second pillar of the strategy defined and pursued by Millennium bcp, directed at improving profitability. It was also a natural, timely decision having evident strategic and financial rationale: consolidation of the domestic market, improvement of the Bank's leading position, gains of dimension and creation of value through the synergies generated. Combining both banks will give rise to an institution of greater dimension and relevance in a Portuguese and international context, leading to the generation of significant synergies, sharing of best practices and skills, and integration of their international expansion plans, reflected in additional efficiency and competitiveness. The incorporation of Banco BPI would stimulate innovation in the commercial offers and an improvement of the quality of services provided to the customers. It would also create new opportunities and challenges for the employees of both institutions as a result of the greater scale and diversity of the operations.

Promotion of growth

The strategic agenda for 2006 included a number of measures directed at promoting growth, which can be split into two categories: strengthening presence in the various markets in which the group operates and developing growth options in new areas or market niches as and when opportune.

The first of these categories include expansion of the branch networks in Poland and Greece. Opening new branches in Poland will coincide with the implementation of a new distribution and business segmentation model. In Greece, the branch network will continue to concentrate mainly on Athens and Thessalonica, and the new branches to be opened will focus on areas in which NovaBank provided limited cover. The new branches are set to increase profits as from 2009. The final objective is to strengthen the operations in Poland and Greece through intensive use of the potential of the profitability optimisation programmes currently under way and through the opening of 120 branches in Poland and 128 in Greece by 2008. The aspiration of achieving an important position in these two markets, Poland and Greece, is related with attracting an additional share of the future growth of these markets in an endeavour to put both these operations within the top 5 and/or to secure a 10% market share in the medium term.

The second category includes the announcement of the launch in 2007 of a greenfield operation in Romania designed to attract a relevant share of a market undergoing fast growth, through a focused branch network complemented by a specialised approach; development of the operations in Angola through a project of branch opening to attract a share of the market's growth potential and through the ambition to be leader in Angola; and the development and internationalisation of the investment bank.

With regard to the latter aspect, the plan calls for the creation of a multi-domestic investment bank operating independently of the Retail and the Companies and Corporate business units, developing its own strategy within a more entrepreneurial international culture. As far as Strategic Positioning is concerned, the main messages consist of: exploiting the existing franchise in Portugal, focusing on specific opportunities; gearing the existing relationship and creating origination and execution skills in Poland, Greece and Angola; and, at international level, to gear the relationship with banks and companies in order to move into their markets and to provide Portuguese customers with a gateway to those markets in which Millennium bcp operates.

A word is due to the rebranding process in the international operations all of which now operate under the Millennium brand, reflected in the implementation of the international operations' image harmonization with that of Millennium in Portugal, as far as identity, name and logo are concerned. The objectives of alignment of the international operations relates with taking advantage of the international synergies, increasing the power and value of the brand worldwide, reducing the costs related with marketing campaigns and allowing co-ordination of the marketing strategies.

Business Model

Since 1996, the Bank has integrated its back office operations, namely in what regards technological, operational, administrative and purchasing services. These services are provided at cost to all members of the Group, namely in a standardized back-office to take advantage of economies of scale and better allocate its resource management and capabilities. Some of the back office operations are provided by the subsidiary Millennium bcp Prestação de Serviços A.C.E (former Servibanca), which plans, monitors and controls costs and service levels associated with the Group activities and carries out several operating and technological services and represents its associates regarding third parties, namely in the areas of IT, operational, administrative and procurement.

In 2005 Millennium bcp rolled out a new organisational model to respond to new challenges and demands in the operating environment and to secure its short, medium and long-term strategic objectives. Group executive co-ordination was restructured, now comprising eight units. There are six business areas – Retail Banking; Companies and Corporate; Private Banking and Asset Management; Investment Banking; European Banking and Overseas Banking; and two Service Units – the Banking Services and the Corporate Area. The management objectives for the new organisational model are transversal, applying to all business areas and service units, and are line with international best practice in the sector. The executive management of each Business Unit and of the Banking Services Unit is entrusted to executive committees comprising two or more Executive Board Members and members of top management directly responsible for areas in the Unit. This reinforces the strong commitment by all lines of management to strategic aspirations.

The strategic approach of Retail Banking in Portugal is to target "retail" customers, who appreciate a value proposition based on innovation and speed, and "prestige" and "business" customers, who for their specific interests, financial assets or income require a value proposition based on innovation and personalisation and a dedicated Account Manager. Within the scope of the Group's cross-selling strategy, Retail Banking also acts as a distribution channel for the financial products and services of Millennium bcp, namely Millennium bcp Fortis insurance products.

The Companies and Corporate area includes the Companies network in Portugal, which covers the financial needs of companies with an annual turnover between Euro 7.5 million and Euro 100 million focused on innovation and on an overall offer of traditional banking products complemented by specialised financing, and the Corporate network in Portugal, dedicated to corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value added products and services. Since the beginning of 2006, this business area includes the International Corporate Banking business (moved from Private Banking Network) and the activity of the International Department.

The Private Banking and Asset Management activity comprises the Private Banking network in Portugal, Millennium Banque Privée, a private banking platform incorporated under Swiss law, the ActivoBank7, a universal Bank, which maintains a focus on brokerage and on the selection and counselling of long-term investment products, and the subsidiary companies specialised in the asset management business. The International Corporate Banking business moved to the Companies and Corporate segment in the beginning of 2006.

The Investment Banking business is undertaken essentially by Millennium bcp investimento, a company specialised in capital markets, in providing strategic and financial advisory, specialised financial services – project finance, corporate finance, securities brokerage and equity research – and in structuring risk-hedging derivatives products.

The European Banking area comprises the operations carried out in Poland, Greece and Turkey under the commercial brand Millennium bank. In Poland the Group is represented by a universal bank, and in Greece, by an operation based on the innovation of products and services. Although a smaller operation, the activity in Turkey is performed through a bank operation focused on financial advising.

The Overseas Banking area represents the Group's activity in markets outside Europe, and carried out through markets with a close connection to Portugal. This segment includes Millennium bcpbank in the United States, a local bank that serves the local population, namely, the Portuguese community, Millennium bim in Mozambique, a universal bank, targeting both companies and individual customers, and Millennium Angola.

Banking Network in Portugal

The Bank's retail banking activities are conducted in Portugal through its customer-oriented marketing and distribution network with 864 branches as at the end of 2006. In addition to providing retail banking products and services, the Bank's banking distribution network also serves as a distribution channel for certain specialised products and services of the Bank, including investment banking, mortgage lending, consumer credit, specialised credit, asset management and insurance.

Other Financial Services in Portugal

Mortgage Lending

The Bank entered the mortgage lending business in 1992, when it launched, in association with Cariplo – Cassa di Risparmio delle Provincie Lombarda S.p.A. ("Cariplo") (now a part of the Italian financial group Banca Intesa), an autonomous mortgage bank, Banco de Investimento Imobiliário, S.A. ("BII"). BII was 69.9 per cent. owned by the BCP Group, with the remaining 30.1 per cent. being owned by Banca Intesa. BII previously distributed its mortgage products through the Bank's marketing and distribution networks, as well as through its own retail outlets. On 21 September 2005, the Bank reached an agreement with Banca Intesa for the unwinding of the joint venture arrangements regarding BII. In October 2005 the Bank acquired 30.1 per cent. of the capital of BII owned by Intesa, becoming the sole shareholder of BII. In 2006, the Board of Directors has decided to merge BII into Millennium bcp, which will enable the capturing of cost synergies and allow the creation of an integrated and dedicated business unit for the indirect mortgage distribution channel, i.e. through agents and brokers.

Insurance

The Bank has an interest in insurance activities through Millennium bcp Fortis, a joint-venture for bancassurance business with Fortis. The Group holds 49 per cent. of Millennium bcp Fortis' share capital, while the remaining 51 per cent. is held by Fortis.

International Activities

The Bank is actively pursuing its strategy of focused international expansion. Since 2000, the Bank has targeted countries that present strong business growth prospects and where the Bank believes there is a strong commercial rationale for establishing banking operations following a similar business model to the one the Bank has adopted in the Portuguese market. In exploiting this strategy, the Bank has concentrated on Poland and Greece in particular. In addition, the Bank established banking operations in a number of countries that have a close connection with Portugal or have large communities of Portuguese origin. These include Mozambique, Angola and the United States.

Poland

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Bank launched a retail operation within BBG in the Polish market under the name "Millennium". This joint venture was controlled jointly by the Bank and BBG. As part of a restructuring of BBG in 2002, the Bank and BBG decided to merge their Millennium joint venture into BBG and establish one banking operation. During the fourth quarter of 2002, the Bank increased its shareholding in BBG to 50 per cent. of its share capital. At the start of 2003, BBG changed its name to Bank Millennium. All existing BBG branches and brands have been rebranded under the name "Bank Millennium". In the second quarter of 2006, Millennium bcp requested authorisation from the Polish Banking Supervision Commission to increase the participation in the capital and voting rights of Bank Millennium S.A. from 50 per cent. to a maximum of 66 per cent., with a view to deliberate, in the future and opportunely, the more adequate form and amount to proceed to the reinforcement of the participation in that Bank considering the adequate economic, legal and market conditions. At the end of 2006, was completed the tender offer for up to 16% of the share capital of Bank Millennium S.A. in Poland with 131,701,722 shares being acquired, corresponding to 15.51% of Bank Millennium S.A. share capital and voting rights, at the price of PLN 7.30 per share, so increasing the Bank's holding to 556,325,794 shares, corresponding to 65.51% of Bank Millennium S.A. share capital and voting rights. Bank Millennium in Poland is a universal bank directed at medium and high net worth individuals, also developing a specialised approach to the medium companies and small businesses segments. Bank Millennium's activity is based on the three pillars that support its medium term strategy: gaining dimension and increasing the profitability of its retail business through organic growth; specialising in personal loans, adopting a 'category killer' approach in selected credit products; and renovation of the business model for companies with a view to improving both sales and the offer.

Greece

In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A. ("Interamerican"), one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50 per cent. of NovaBank's share capital and controlling rights, Millennium bcp wholly-owns NovaBank. Nova Bank entered a new era of its short history in 2006 with its refoundation as Millennium bank, adopting the identity of the Millennium Group at global level. Millennium bank is a universal bank, with an initial focus on the financial retail business, but which expanded its activity from 2003 onwards to the private banking and business banking segments. Millennium bank in Greece recent performance reflects the success of a pioneering strategy that combines products, high quality services, state-of-the-art technology and qualified human resources. Since its incorporation, the bank has implemented an aggressive growth plan with a focus on fast organic growth and, at the same time, on increasing revenues and on the creation of value.

Turkey

In order to leverage its operational capabilities and its geographic position, in 2002, NovaBank acquired Sitebank, a small Turkish commercial bank, to cater for the affluent individuals segment of the Turkish market in a selective and cost-efficient manner. This bank was subsequently renamed to BankEuropa in 2003 and adopted the Millennium brand in 2006. Millennium bank was the first Turkish bank to be exclusively directed at a specific segment of customers: affluent individuals. The bank addresses the affluent individuals segment. Its business is carried on the basis of a differentiating strategy through excellence and convenience of the service, financial advisory suited to each customer profile, and dedicated relationship managers, allied to a vast range of personalised products and services, including financial services provided by prestigious international institutions. Millennium bank in Turkey bases business on the provision of a service of excellence through purpose-designed branches, experienced staff and specific services designed to satisfy the needs of its customers.

Mozambique

Banco Internacional de Moçambique ("BIM") is a Mozambican retail bank that began operating in 1995. BIM was the first Mozambican bank to be created as a joint venture on an equal basis by local and foreign partners. In December 2001, BIM was merged into Banco Comercial de Moçambique, the Mozambican holding company of Banco Mello and Companhia de Seguros Império that was transferred to the Bank in 2000 following the Bank's agreement with the José de Mello Group to merge their financial services businesses. Banco Comercial de Moçambique was subsequently renamed Banco Internacional de Moçambique. BIM also holds interests in subsidiaries specialising in investment banking (BIM Investimento), in leasing activities (BIM Leasing), specialised credit (Credicar) and in insurance activities (SIM). In May 2006, the bank was rebranded to Millennium bim, concentrating 10 distinct brands into one, maintaning the approach to clients' segmentation ("Mass Market", "Affluent", "Businesses" and "Corporate"). The new image will enable the renewal of the commitment of the Bank to the Mozambique market. Millennium bcp bim is a universal bank that offers specialised products and services and clearly holds market leadership.

Angola

Banco Millennium Angola, S.A., was set up on April 3, 2006, as a result of the transformation of the Millennium bcp branch into a bank incorporated under Angolan law. Own funds at the time of its constitution amounted to US$ 40 million, of which $25 million are in respect of share capital wholly owned by the Group. Banco Millennium Angola's strategy is directed at enlargement of the individuals customer base, while ensuring continuation of high customer satisfaction and loyalty levels based on several factors: a high quality service and the offer of innovative financial products; development of business with public and private sector companies and institutions through satisfaction of their financial needs and through extending access to different markets and resources that will allow their growth, employing demanding criteria of strictness and risk control; contribution to the development of the capital market, seeking its conversion into an alternative source of financing for the Angolan economy; continuation of the high profitability and financial strength, ensuring sustained creation of value for shareholders; and enhancement of employees through training programmes, incentives and offer of career prospects.

United States of America

In November 2000, BCPBank (US), or BPABank, as it was then named, opened its first branches in the State of New Jersey in the United States of America. BCPBank (US) targeted the local population in areas where the Portuguese community has a strong presence and is wholly owned by the BCP Group. BCPBank was rebranded in 2006 to Millennium bcpbank. Millennium bcp bank is a global bank designed to serve the Portuguese speaking and Portuguese-descendant community. Offering a complete range of banking products and services, Millennium bcpbank provides its service of excellence through highly convenient, innovative services platforms and through personalised advisory services.

Macao

Millennium bcp had an operation in the Special Administrative Region of Macao since 1995, through Banco Comercial de Macau, a universal banking operation whose origins date back to the opening of the Banco Português do Atlântico branch and which was mostly directed at retail activities, having established important relations with institutional companies and Customers, and focusing on a global market approach centred on direct communication and insurance cross selling. After the necessary authorisations were obtained, the process of sale of the stakes corresponding to 100 per cent. of Banco Comercial de Macau, S.A., 96 per cent. of Companhia de Seguros de Macau, S.A.R.L. and 100 per cent. of Companhia de Seguros de Macau Vida S.A.R.L. to the Dah Sing Group, was concluded on the 19th of December of 2005. Millennium bcp continues to ensure its presence through its Macao branch.

France

Banque BCP (France) is a retail banking operation based in France established in 2001 as a result of the merger of the French banking institutions, which the Bank acquired as a result of the acquisitions of Atlântico, Banco Mello and SottoMayor. Banque BCP (France) serves a clearly defined market segment consisting of residents in France who originated from, or have close ties with, Portugal. Luxembourg Banque BCP (Luxembourg) became part of the BCP Group as a result of the acquisition of Banco Mello in 2000. It was formerly named Banco Mello (Luxembourg) and became wholly owned by the BCP Group. Banque BCP (Luxembourg) focuses on retail banking and targets the Portuguese community resident in Luxembourg. In July 2006, Banco Comercial Português completed the sale process of 80.1 per cent. of the share capital of Banque BCP France and Banque BCP Luxembourg to the French financial institution Groupe Caisse d´Epargne. BCP Group retained a 19.9 per cent. participations in both of the French and Luxembourg operations.

Canada

Following the acquisition by the Bank of SottoMayor in 2000, BCPBank (Canada), or SottoMayor Bank Canada, as it was then named, became part of the BCP Group. BCPBank (Canada) is a retail bank operating in Canada, which targets the local population in areas where the Portuguese community has a strong presence. BCPBank (Canada) was wholly owned by the BCP Group. In August, 2006, Banco Comercial Português signed an agreement with Canada's BMO Financial Group (originally Bank of Montreal) to sell 100 per cent. of the capital of bcpbank Canada for a consideration of CAD 41 million (28.4 million euros), with expected completion, subject to regulatory approvals, to occur on the fourth quarter of 2006. In December 2006, it was completed the sale to Canada's BMO Financial Group (originally Bank of Montreal) of bcpbank Canada was completed for a consideration of CAD 40.9 million (27.4 million euros). This sale generated a capital gain, before taxes, of 9.4 million euros, corresponding to an additional 3 b.p. in core tier 1 capital, and is part of BCP's strategy to divest from non-core markets, and refocus on core business.

International Partnerships

Since 1991, the Bank has also developed an internationalisation strategy based on establishing cooperation agreements with foreign partners. The Bank's current foreign partners are Eureko, Banco Sabadell and Fortis. These partnerships involve, among other things, joint ventures, cross-shareholdings and reciprocal board representation.

Banco Sabadell

In March 2000, the Bank announced the terms of a strategic partnership agreement with Banco Sabadell of Spain, seeking the development of joint initiatives in finance-related fields of mutual interest. In the first quarter of 2005, an agreement was reached to reinforce the offer of products and services common to Millennium bcp and to Banco Sabadell, notably in corporate loans and in innovating services for individuals. As a result of the agreement, Millennium bcp's clients can use the retail and corporate networks of Banco Sabadell in Spain and vice versa for Banco Sabadell's clients in Portugal. The Bank currently holds 2.75 per cent. of Banco Sabadell's share capital, while Banco Sabadell holds 2.49 per cent. of the share capital of the Bank.

Eureko

In 1991, the Bank established strategic partnerships with two significant European insurance groups, Friends Provident and AVCB Avero Centraal Beheer. In 1992, Eureko was established as a pan-European insurance group, as a result of the association of: the insurance groups Friends Provident, from the United Kingdom; AVCB Avero Centraal Beheer, from the Nederlands; Wasa, from Sweden; and the Danish financial group Topdanmark. In 1993, the Bank, through its insurance holding Seguros e Pensões Gere, became the fifth partner of this pan-European strategic insurance alliance. The Bank currently holds 2.63 per cent. of the share capital of Eureko, while Eureko Group holds 7.24 per cent. of the share capital of the Bank. Through its asset management subsidiary F&C, Eureko established an exclusive distribution agreement of its asset management products through the Millennium bcp banking network.

Fortis

In 2005, the Bank and Fortis established a joint venture for the bancassurance business, through the insurance company Millennium bcp Fortis. The Group holds 49 per cent. of Millennium bcp Fortis' share capital, while the remaining 51 per cent. is held by Fortis. In September 2005, Fortis increased its shareholding in the Bank to 4.99 per cent.. As a consequence of the two BCP share capital increases that took place in 2006 the Fortis's shareholding in the Bank decreased to 4.94 per cent..

Significant Developments in 2006

The following are among the most significant business developments of the Group since 31 December, 2005:

On 4 January, 2006, the Share Capital of the Bank was increased to 3,588,331,338 euros, following the conversion of the Mandatory Convertible Securities "Capital BCP 2005" ("**Securities**"), which matured on 30 December, 2005. A public deed of increase of the Bank's share capital was executed and 330,930,511 new ordinary shares were issued in relation with the conversion of the Capital BCP 2005 Securities. The new shares were listed on Euronext Lisbon on 6 January 2006, and were fully fungible with the existing shares.

On 10 January, 2006, the Bank concluded the sale of the participation of 50.001 per cent. in Interbanco, S.A. share capital, announced on 4 August, 2005. The acquirer was Santander Consumer Finance, S.A., the entity indicated by SAG GEST - Solucões Automóvel Globais, SGPS, S.A., in the exercise of its preference rights. The sale price was 110 million euros, as previously announced. This disposal generated a capital gain of 82.2 million euros, which had a positive impact of 27 basis points on the Bank's total capital ratio.

On 17 February, 2006, an agreement was reached with the French financial group Caisse Nationale des Caisses d'Epargne for the sale by BCP Group of shares representing 80.1 per cent. of the share capital of Banque BCP France and Banque BCP Luxembourg, both of which are currently fully owned by the Group, for a total consideration of 119.783 million euros, subject to final adjustments at completion. The Group will retained 19.9 per cent. participations in both of the French and Luxembourg operations and has established cooperation agreements with the buyer focused on developing cross-border remittances in both markets. The transaction was completed on 24 July 2006.

On 21 February, 2006, the redenomination of the Renting Operation of BCP (Classis) took place, which is now named Millennium bcp Renting. With this change, the Bank intended to clarify to the market the quality, dynamic and solidity which result from the inclusion of the business areas in the same financial group, without prejudice to the differentiating elements stemming from the specific area of action, through the adoption of a common communication matrix. Millennium bcp Renting has as its objective the commercialisation of Renting through the Banking networks of BCP and results from a joint venture agreement (concluded in May 1998 and recently renewed) between Banco Comercial Português Group and GE Commercial Finance Fleet Services (General Electric Group).

On 23 February, 2006, the Bank announced that it had been informed that the Angolan authorities had approved the transformation of its Angola branch into a local bank, through the incorporation of the respective assets and liabilities, with a share capital equivalent to approximately USD 25 million.

On 13 March, 2006, the Bank made a Preliminary Public Announcement for the launch of a general tender offer for the acquisition of the shares representing the 100 per cent. of share capital of Banco BPI, S.A. The offered consideration shall be in cash, in the amount of 5.70 euros per share.

On 13 March, 2006, the Annual General Shareholders Meeting of 2006 took place, with representatives of 69.15 per cent. of the share capital of the Bank present. Among the resolutions approved, the following are noteworthy: (i) Approval of the 2005 management report and of the consolidated and non-consolidated accounts of the Bank; (ii) Approval of the distribution, in cash, of a gross additional dividend of 0.037 euros per share, relative to the profit of 2005. Given that in October 2004 the bank had already been paid an early dividend with a gross value of 0.033 euros per share, the total amount of the dividends amounts to 0.070 euros per share, which represents a unit increase of 7.6 per cent. In relation to the previous year; (iii) Approval of the changes to the Bank's articles of association as listed in paragraph 4 of the call notice of the General Meeting of Shareholders, namely having in view the adoption of one of the models foreseeable in the changes to the Commercial Companies Code approved in Council of Ministers, and which do not differ materially from the project released by the Securities Market Commission, with adoption of the dualist model of corporate organisation, composed by a Supervisory Board, an Executive Board and a Single Auditor, maintaining the Senior Board and the Remuneration and Welfare Board. Once the above mentioned regulation changes took place, the Supervisory Board then created became a social body and the Board of Auditors was replaced by a Single Auditor. From that date onwards, the Board of Directors is called Executive Board, with the composition and mandate in place at the time of the Annual General Shareholders Meeting; (iv) Election of the corporate bodies created in the General Annual Meeting.

On 14 March, 2006, Standard & Poor's Ratings Services raised its long- and short-term counterparty credit ratings on the Bank, from "A-" and "A-2", to "A" and "A-1", respectively, changing simultaneously the

"Outlook" from "Positive" to "Stable". The improvement of the credit ratings by Standard & Poor's represents the first change announced by this agency since 1992, when it began to attribute ratings on the Bank. This change took into consideration the launch of a tender offer for Banco BPI by the Bank.

On 27 March, 2006, the Share Capital of the Bank was increased following the exercise of the Employees' Stock Option Program to 3,611,329,567 euros, a public deed of increase of the Bank's share capital was executed and 22,998,229 shares in relation to the exercise of the employees' stock option program were issued on April 2003. The new shares were not entitled to the 2005 dividend, and were listed on Euronext Lisbon on 7 April, 2006, being then fully fungible with the existing shares.

On 31 March, 2006, following the Preliminary Public Announcement of the decision to launch a public tender offer for the acquisition of shares of Banco BPI, S.A, the Bank and BCP Investment B.V. announced that they had delivered to Portuguese Securities Market Commission ("CMVM") the request for registration of the offer.

On 10 April, 2006, the Bank requested authorization to the Polish Banking Supervision Commission to increase the participation on the capital and voting rights of Bank Millennium S.A. from 50 per cent. to a maximum of 66 per cent. According to the new recent legal changes that have occurred in Poland, such increase of participation did not imply any obligation to launch a general tender offer.

On 22 May, 2006, the rebranding of BIM to Millennium bim took place. Millennium bim consolidates 10 distinct brands in one, keeping the approach by clients' segments ("Mass Market", "Affluent", "Businesses" and "Corporate"). The new image enabled the renewal of the Bank's commitment with the Mozambican market.

On 29 May, 2006, the Bank announced that its US subsidiary bcpbank n.a. has entered into an agreement with the Office of the Comptroller of the Currency of the United States. The agreement sets forth certain measures designed to strengthen its management procedures to support its strategic organic growth plans.

On 6 June, 2006, the Board of Directors of Bank of Portugal deliberated the non opposition to the acquisition, through general tender offer, by the Bank and its subsidiary BCP Investment B.V., of a qualified participation in Banco BPI, S.A., of up to 100 per cent. of its share capital and voting rights. This decision was taken on the assumption that a capital increase will be carried out in order for the Bank to comply with the capital adequacy regulatory requirements, this being in line with the Bank's intention to increase its own funds announced at the time of the preliminary public announcement of the offer.

On 23 June, 2006, the Bank stated its potential willingness to sell its stake in ONI SGPS, S.A. within the scope of the sale process by EDP – Energias de Portugal S.A. of its stake of 56.61 per cent. in ONI SGPS' S.A. share capital, provided that conditions are satisfactory and safeguard the interests of BCP.

On 28 June, 2006, the Competition Authority determined that it would initiate an in-depth investigation into the proposed acquisition of exclusive control in Banco BPI, S.A. This is the second phase of the process in course, as envisaged in the Competition Law for those operations that, due to their size and complexity, require a more detailed analysis by the Authority.

On 4 July, 2006, the Board of Directors of the Portuguese Insurance Supervisor "Instituto de Seguros de Portugal" (Portuguese Insurance Institute) took the decision of non-opposition to the projected acquisition by the Bank of up to 100 per cent. of Banco BPI, S.A. share capital, which owns 35 per cent. of the share capital of Companhia de Seguros Allianz Portugal, S.A., 50 per cent. of the share capital of COSEC - Companhia de Seguro de Créditos, S.A., 100 per cent. of the share capital of BPI Vida - Companhia de Seguros de Vida, S.A., and, through Banco Português de Investimentos, SGPS, S.A., 100 per cent. of the share capital of BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A..

On 6 July, 2006, following the pre-marketing process initiated on 26 June, the Bank announced that Magellan Mortgages No4, a Residential Mortgage-Backed Securities (RMBS) transaction was launched and priced. The 1.5 billion euros transaction was managed by the joint lead managers Millennium bcp Investimento, ABN AMRO and Merrill Lynch International. This transaction was also a part of the Bank's on-going optimisation of its risk-weighted assets.

On 14 July, 2006, the Competition Authority notified the Bank of the decision of starting the phase of in-depth investigation in the scope of the analysis of the public tender offer for the acquisition of the shares representing the total share capital of Banco BPI, S.A..

On 24 July, 2006, further to the announcements made on 17 February, 2006, the Bank informed the completed the sale of 80.1 per cent. of the share capital of Banque BCP France and Banque BCP Luxembourg to the French financial institution Groupe Caisses d'Epargne, for a total consideration, net of transaction costs, of 119.783 million euros, with final technical adjustments to be made during the third quarter of 2006. BCP Group will retain 19.9 per cent. participations in both of the French and Luxembourg operations and has established cooperation agreements with the buyer for developing cross-border remittances in both markets. This transaction will generate a capital gain of 51.6 million euros, before taxes and transaction costs, and will have a positive estimated impact of 13 basis points in the core tier I capital ratio of the Bank. The transaction will be booked on third quarter 2006 accounts.

On 3 August, 2006, the Bank signed an agreement with Canada's BMO Financial Group (originally Bank of Montreal) to sell 100 per cent. of the capital of bcpbank Canada for a consideration of CAD 41 million (28.4 million euros), with expected completion, subject to regulatory approvals, to occur in the fourth quarter of 2006. The estimated capital gain, before taxes, amounted to 8.9 million euros, corresponding to an additional 4 basis points in core tier 1 capital.

On 10 November, 2006, an agreement was closed by BCP and the BCP Group Pension Fund with EDP - Energias de Portugal S.A. with a view to the sale of the whole of Millennium bcp's holding in ONI SGPS S.A., 1,000 shares or 23.062% of its share capital. Considering the sum for which these shares were carried in the books both of the Bank and of the BCP Group Pension Fund, these sales had no impact in the respective statements of income and balance sheets. Additionally, Banco Comercial Português agreed to assign EDP its credits over the ONI Group. Taking into account the book value, net of provisions, at which these credits were carried, this assignment had no impact in the Bank's statement of income.

On 4 December, 2006, the sale to Canada's BMO Financial Group (originally Bank of Montreal) of bcpbank Canada for a consideration of CAD 40.9 million (27.4 million euros) was completed. This sale generated a capital gain, before taxes, of 9.4 million euros, corresponding to an additional 3 b.p. in core tier 1 capital, and was part of BCP's strategy to divest from non-core markets, and focus on core businesses.

On 7 December, 2006, Millennium bank in Greece issued 600 million euros of RMBS, the first securitisation operation carried out by a subsidiary of a Portuguese bank.

On 18 December, 2006, the tender offer for up to 16% of the share capital of Bank Millennium S.A. in Poland was completed with 131,701,722 shares being acquired, corresponding to 15.51% of Bank Millennium S.A. share capital and voting rights, at the price of 7.30 zlotys per share, so increasing the Bank's holding to 556,325,794 shares, corresponding to 65.51% of Bank Millennium S.A. share capital and voting rights.

Recent Developments

On 29 January, 2007, Banco Comercial Português signed an agreement with Group Banco Santander (Portugal) and BCP Pension Fund, represented by its management company PensõesGere, subject to the relevant regulatory approvals, for the acquisition by BCP of BPI shares, representing 10.5% of BPI share capital, held by those entities. Furthermore, the Chairman of BCP's Executive Board expresses to the CEO of Banco Santander Totta a commitment to award to Banco Santander Totta a qualified position on any disposal of branches and/or related assets it might decide to make as a condition set by the Portuguese Competition Authority in connection with the offer for the acquisition of Banco BPI and during the term prescribed by it. Banco Santander Totta will conversely take the obligation to put a firm offer (first offer), in reasonable terms and good-faith, for the to the fulfilment of such obligation. This matter is subject to the necessary legal and regulatory approvals, provided the observance of competitive requirements of the disposal process, and the existence and outcome of that process does not affect the above mentioned share sale contract.

On 6 February, 2007, the process of study of the merger by incorporation of Banco Millennium bcp Investimento, S.A., into Banco Comercial Português was initiated, with the aim of developing investment banking directly. This process should be concluded in the beginning of 2008 and should not have an impact on the consolidated accounts of the Group, given that in essence, it represents only an internal reorganisation.

On 1 March, 2007, the Portuguese Competition Authority issued the non-opposition Draft Decision regarding the Banco BPI acquisition by BCP in connection with the pending Offer for the acquisition of Banco

The following table illustrates the competitive environment in Portugal as at 31 December, 2005, 2004, 2003, 2002 and 2001, and shows the change between 31 December, 2005 and 31st December, 2004:

	As at 31 December,					*Change*
	2005	*2004*	*2003*	*2002*	*2001*	*(2005-2004)*
			(in thousands)			
Number of Banks[1]	48	50	52	52	51	-4.0 per cent.
Number of Branches ..	5,357	5,488	5,256	5,140	5,167	-2.4 per cent.
Population (thousands)	10,570	10,529	10,476	10,407	10,329	0.4 per cent.
Inhabitants per branch	1,973	1,919	1,993	2,025	1,999	2.8 per cent.
Branches per bank	112	110	101	99	101	1.7 per cent.

Sources: Portuguese Banking Association and National Statistics Institute of Portugal.

(1) Including Caixa Económica Montepio Geral.

The Bank is also subject to strong competition in the international markets in which it operates. In Poland and in Greece, household and corporate indebtedness remain low by international standards, which the Bank believes supports strong medium term credit growth and therefore makes its strategy of organic growth viable. However, these opportunities have led to increased competition in recent years. Privatisation and consolidation in the Polish banking industry in the second half of the 1990s has also led to the establishment of foreign banks and increased competition. In addition, in both Poland and Greece, European Union integration has created strong incentives for the cross-border provision of financial services without a local commercial presence, and for cross-border mergers, resulting in significant additional competition from foreign banks.

D. Organisational Structure

The Bank and the Group

The following diagram summarises the organisational structure of the principal subsidiaries of the Group on 31 December, 2006 (being the latest practicable date for which such information is available):

Name	*Position(s) held*	*Company/Institution*
Filipe de Jesus Pinhal	Vice-Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Vice-Chairman of the Board of Directors	Banco de Investimento Imobiliário, S.A.
	Chairman of the *Conseil de Surveillance*	Banque BCP, S.A. S.
	Member of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Vice-Chairman of the Board of Directors	Fundação Millennium bcp
	Chairman of the Board of Directors	Seguros & Pensões Gere, SGPS, S.A.
	Manager	BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda
	Manager	BII Internacional, SGPS, Lda
	Member of the Remuneration Commission	BIM – Banco Internacional de Moçambique, SARL
Christopher de Beck	Vice-Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Vice-Chairman of the Board of Directors	Banco Millennium bcp Investimento, S.A.
	Member of the Supervisory Board	Bank Millennium, S.A. (Polónia)
	Member of the Senior Board	Millennium Bank, S.A. (Grécia)
	Member of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Vice-Chairman of the Board of Directors	Fundação Millennium bcp
	Member of the Remuneration Commission	BIM – Banco Internacional de Moçambique, AS
	Member of the Remuneration Commission	Seguradora Internacional de Moçambique, SARL
	Member of the Board of Directors	bcp holdings (USA), inc
	Member of the Board of Directors	Banca Millennium, S.A. (Roménia)
António Manuel de Seabra e Melo Rodrigues	Member of the Executive Board	Banco Comercial Português, S.A.
	Member of the Board of Directors	Banco ActivoBank (Portugal), S.A.
	Vice-Chairman of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Seguros & Pensões Gere, SGPS, S.A.
	Manager	BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda
	Member of the Board of Directors	bcp holdings (USA), inc

Name	*Position(s) held*	*Company/Institution*
António Manuel Pereira Caldas de Castro Henriques	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Banco ActivoBank (Portugal), S.A.
	Chairman of the Board of Directors	Banque Privée BCP (Suisse), S.A.
	Vice-Chairman of the Board of Directors	Milleniumn bcp Fortis Grupo Segurador, SGPS, S.A.
	Vice-Chairman of the Board of Directors	Médis – Companhia Portuguesa de Seguros de Saúde, S.A.
	Vice-Chairman of the Board of Directors	Ocidental – Companhia Portuguesa de Seguros, S.A.
	Vice-Chairman of the Board of Directors	Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.
	Vice-Chairman of the Board of Directors	Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.
	Member of the Board of Directors	Millenium bcp – Prestação de Serviços, ACE
	Member of the Board of Directors	Fundação Millenium bcp
	Vice-Chairman of the Board of Directors	BIM – Banco Internacional de Moçambique, SARL
	Manager	BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda
	Chairman of the Board of Directors	bcp holdings (USA), inc
	Chairman of the Board of Directors	Banco Millenium Angola, S.A.
Alípio Barrosa Pereira Dias	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Banco Millennium bcp Investimento, S.A.
	Manager	VSC – Aluger de Veiculos sem Condutor, Lda
	Member of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Seguros & Pensões Gere, SGPS, S.A.
	Manager	BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
	Manager	BCP International II, Sociedade Unipessoal, SGPS Lda
Alexandre Alberto Bastos Gomes	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Banco ActivoBank (Portugal), S.A.
	Member of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Member of the Board of Directors	Seguros & Pensões Gere, SGPS, S.A.
	Member of the Board of Directors	Fundação Millennium bcp

Name	*Position(s) held*	*Company/Institution*
Francisco José Queiroz de Barros de Lacerda	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Banco Millennium bcp Invstimento, S.A.
	Member of the Supervisory Board	Bank Millennium, S.A. (Polónia)
	Member of the Senior Board	Millennium Bank, S.A. (Grécia)
	Vice-Chairman of the Board of Directors	Millennium Bank, A.S. (Turquia)
	Member of the Board of Directors	Millennium bcp – Prestaçaão de Serviços, ACE
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Seguros & Pensões Gere, SGPS, S.A.
	Manager	BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda
	Manager	BCP International II, Sociedade Unipessoal, SGPS Lda
	Chairman of the Board of Directors	Banca Millennium, S.A.
Boguslaw Jorzy Kott	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Chairman of the Management Board and CEO	Bank Millennium, S.A. (Polónia)
	Chairman of the Supervisory Board	Millennium Dom Maklerski, S.A.
	Chairman of the Supervisory Board	Millennium Leasing Sp. Z.o.o
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Senior Board	bcp holdings (usa), inc.
	Member of the Board of Directors	Millennium bcp – Prestação de Serviços, ACE
	Chairman of the Board	Millennium bcp Bank, NA
	Member of Board of Directors	Banca Millennium, SA (Roménia)

The business address for each of the Directors of the Bank is Rua Augusta, Nº 84, 4º, 1100-053 Lisboa, Portugal.

Positions held outside the Banco Comercial Português Group by Banco Comercial Português Board Members, which are significant with respect to the Banco Comercial Português Group:

Name	*Position(s) held*	*Company/Institution*
Paulo Jorge de Assunção Rodrigues Teixeira Pinto	Vice Chairman of the Board on behalf of BCP Member of the Supervisory Board	EDP – Energiais de Portugal, S.A.
Filipe de Jesus Pinhal	Member	Conselho Nacional do Consumo
	Member	Conselho Económico e Social
António Manuel Pereira Caldas de Castro Henriques	Member of the Board of Directors	APS – Associação Portuguesa de Seguradoras
	Member of the Senior Board	AAMBA – Ass. Dos Antigos Alunos do MBA da Universidade Nova de Lisboa
	Vice-Chairman of the Supervisory Board	Federação Portuguesa dos Bancos Alimentares contra a Fome

BANCO COMERCIAL PORTUGUÊS

The financial information set out below has been derived from the audited consolidated financial statements of the Bank as at, and for the years ended, 31 December, 2004 and 31 December, 2005. The audited consolidated financial statements of the Bank for the financial year ended 31 December, 2004 were prepared in accordance with Portuguese GAAP, and the audited consolidated financial statements of the Bank for the financial year ended 31 December, 2005 were prepared in accordance with International Financial Reporting Standards ("IFRS"). Such financial information should be read in conjunction with, and is qualified in its entirety by reference to, the Bank's annual reports and audited financial statements as at, and for the years ended, 31 December, 2004 and 31 December, 2005, incorporated by reference in this Offering Circular. The unaudited financial statements of the Bank for the year ended 31 December, 2006, which were prepared in accordance with IFRS, are also set out below for reference.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2006 and 2005

	31 December 2006 (*) (unaudited)	*31 December 2005 (audited)*	*31 December 2004 (audited)*
	(Thousands of Euros)		
Interest income	3,367,101	3,083,733	2,795,236
Interest expense	(1,936,341)	(1,676,074)	(1,523,675)
Net interest income	1,430,760	1,407,659	1,271,561
Dividends from equity instruments	32,494	58,771	30,514
Net fees and commissions income	713,508	658,725	616,363
Net gains arising from trading and hedging activities	191,954	285,171	255,655
Net gains arising from available for sale financial assets	202,964	315,939	64,480
Other operating income	118,549	119,915	187,965
	2,690,229	2,846,180	2,426,538
Other net income from non banking activities	11,773	14,151	–
Total operating income	2,702,002	2,860,331	2,426,538
Staff costs	1,034,678	1,187,486	1,211,968
Other administrative costs	579,313	580,961	585,383
Depreciation	111,492	139,789	212,185
Operating costs	1,725,483	1,908,236	2,009,536
	976,519	952,095	417,002
Loans impairment	(129,743)	(113,494)	(134,300)
Other assets impairment	(19,413)	(19,717)	(38,601)
Other provisions	(15,951)	(37,521)	(47,803)
Operating profit	811,412	781,363	196,298
Share of profit of associates under the equity method	42,047	27,011	17,076
Gains from the sale of subsidiaries and other assets	130,640	129,562	76,414
Profit before income tax	984,099	937,936	289,788
Income tax			
Current	(87,936)	(72,934)	(57,776)
Deferred	(64,285)	(24,515)	(9,174)
Profit for the period	831,878	840,487	631,534
Attributable to:			
Shareholders of the Bank	779,894	753,490	606,465
Minority interests	51,984	86,997	25,069
	831,878	840,487	631,534
Earnings per share (in euros)			
Basic	0.20	0.22	0.18
Diluted	0.20	0.20	0.16

(*) The financial statement for the Bank for the year ended 31st December, 2006 are in the form which will be proposed for formal adoption at the annual general meeting of shareholders to be held on 28th May, 2007. Although the auditors of the Bank have signed their audit opinion on such financial statements, as a technical matter, they cannot be described as audited until formally adopted at the annual general meeting.

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended 31 December, 2006, 2005 and 2004

	31 December 2006(*) (unaudited)	31 December 2005 (audited)	31 December 2004 (audited)
	(Thousands of Euros)		
Cash flows arising from operating activities			
Interest income received	3,298,501	2,683,018	2,774,051
Commissions income received	871,380	783,114	724,425
Fees received from services rendered	264,110	109,803	130,500
Interest expense paid	(1,876,625)	(1,938,451)	(1,571,513)
Commissions expense paid	(59,891)	(150,082)	(108,278)
Recoveries from charged-off loans	151,939	233,756	255,612
Net earned premiums	25,969	54,013	–
Claims incurred	(7,807)	(13,247)	–
Payments to suppliers and employees	(1,716,062)	(1,994,675)	(1,891,330)
	951,514	(232,751)	313,467
Decrease / (increase) in operating assets:			
Loans and advances to credit institutions	(528,575)	(807,898)	(2,588,359)
Deposits with Central Banks under monetary regulations	(287,320)	435,952	(17,968)
Loans and advances to customers	(4,213,864)	(2,343,040)	(1,867,064)
Short term trading account securities	(583,960)	(193,850)	(251,075)
Increase / (decrease) in operating liabilities:			
Deposits from credit institutions repayable on demand	74,220	(23,014)	7,306
Deposits from credit institutions with agreed maturity date	1,278,672	1,155,496	(1,328,874)
Deposits from clients repayable on demand	(85,120)	1,044,317	827,769
Deposits from clients with agreed maturity date	(1,032,851)	(132,107)	2,106,014
	(4,427,284)	(1,096,895)	(2,798,784)
Income taxes (paid) / received	27,683	(26,135)	2,489
	(4,399,601)	(1,123,030)	(2,796,295)
Cash flows arising from investing activities			
Proceeds from sale of shares in subsidiaries	256,620	1,095,805	676,899
Acquisition of shares in subsidiaries	(253,672)	(463,085)	(172,131)
Dividends received	50,276	61,576	51,336
Interest income from available for sale financial assets	187,158	201,860	167,237
Proceeds from sale of available for sale financial assets	29,387,475	20,819,135	48,370,930
Available for sale financial assets purchased	(39,351,074)	(36,826,118)	(53,490,038)
Proceeds from available for sale financial assets on maturity	9,952,624	16,235,542	5,367,683
Acquisition of fixed assets	(109,711)	(64,513)	(114,240)
Proceeds from sale of fixed assets	80,633	47,391	80,971
Increase / (decrease) in other sundry assets	329,663	(510,904)	(201,312)
	529,992	596,689	737,335
Cash flows arising from financing activities			
Proceeds from issuance of subordinated debt	423,413	345,869	41,588
Reinbursement of subordinated debt	(444,546)	(1,151,501)	(89,958)
Proceeds from issuance of debt securities	5,728,436	3,077,394	4,250,051
Repayment of debt securities	(4,898,256)	(2,339,484)	(2,893,934)
Proceeds from issuance of commercial paper	17,986,824	9,657,332	9,226,597
Repayment of commercial paper	(14,189,842)	(8,933,942)	(8,629,228)
Share Capital increase	22,998	0	0
Proceeds from the increase of Preference Shares	0	500,000	0
Certificates of deposit	–	–	(216)
Dividends paid	(266,387)	(221,502)	(293,096)
Dividends paid to minority interests	(58,018)	(31,494)	(3,641)
Increase / (decrease) in other sundry liabilities and minority interests	(251,164)	(580,611)	(344,217)
	4,058,882	322,061	1,763,946
Exchange differences effect on cash and equivalents	(11,590)	13,340	12,306
Net changes in cash and equivalents	177,683	(190,940)	(282,708)
Cash and equivalents at the beginning of the year	1,345,722	1,536,662	1,819,370
Cash	606,126	470,118	504,073
Other short term investments	917,279	875,604	1,032,589
Cash and equivalents at the end of the year	1,523,405	1,345,722	1,536,662

(*) The financial statement for the Bank for the year ended 31st December, 2006 are in the form which will be proposed for formal adoption at the annual general meeting of shareholders to be held on 28th May, 2007. Although the auditors of the Bank have signed their audit opinion on such financial statements, as a technical matter, they cannot be described as audited until formally adopted at the annual general meeting.

Stated Interest; Original Issue Discount

Except as set forth below, interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with such U.S. Holder's method of accounting for tax purposes. U.S. Holders of Notes that bear original issue discount ("**OID**") and that mature more than one year from the date of issuance will generally be required to include OID in income as it accrues in advance of the receipt of cash attributable to such income, regardless of whether such U.S. Holder uses the cash or accrual method of accounting. The U.S. Internal Revenue Service (the "**Service**") has issued final regulations (the "**OID Regulations**") addressing in detail the tax rules applicable in the case of debt instruments issued with OID. These OID Regulations contain an anti-abuse rule which provides that, if a principal purpose in structuring a debt instrument or engaging in a transaction is to achieve a result that is unreasonable in light of the applicable statutes, the Commissioner of the Service can apply or depart from the regulations as necessary or appropriate to achieve a reasonable result. Although the Issuers do not believe that the Notes will be structured with such a principal purpose, there can be no assurance that the Service will agree with such position.

Subject to a statutory *de minimis* exception, the amount of OID, if any, on a Note is the excess of its "stated redemption price at maturity" over its "issue price". For this purpose, *de minimis* OID is OID that is less than 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to its maturity from the issue date. If the amount of OID is *de minimis*, it is deemed to be zero.

The issue price of a Note will be the initial offering price to the public at which a substantial amount of the Note is sold excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. A U.S. Holder may elect in certain circumstances to decrease the issue price, and the stated redemption price at maturity, by the amount of pre-issuance accrued interest and offset such pre-issuance accrued interest against an equal amount of stated interest payable on the first interest payment date.

A Note's stated redemption price at maturity includes all payments required to be made over the term of the Note other than the payment of "qualified stated interest" which is defined as interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or, in the circumstances described below, a qualified floating rate or objective rate on a variable rate note. If a debt instrument provides for alternate payment schedules upon the occurrence of one or more contingencies which provide for payments the timing and amount of which are known as of the issue date, the yield and maturity of the debt instrument are computed based on a single payment schedule if, based on all of the facts and circumstances, that schedule is significantly more likely than not to occur. If no one payment schedule is significantly more likely than not to occur, the rules for contingent payment debt obligations described below under the heading "Indexed Notes" will apply. However, if a debt instrument provides for one or more alternative payment schedules, but all possible payment schedules under the terms of the instrument result in the same fixed yield, that yield is the yield of the instrument.

Interest is considered unconditionally payable only if reasonable legal remedies exist to compel timely payment or the debt instrument otherwise provides terms and conditions that make the likelihood of late payment (other than a late payment within a reasonable grace period) or non-payment a remote contingency. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. Thus, if the interval between payments varies during the term of the instrument, the value of the fixed rate on which payment is based generally must be adjusted to reflect a compounding assumption consistent with the length of the interval preceding the payment.

A U.S. Holder (whether on the cash or accrual method of accounting) must include in income the sum of the daily portions of OID for each day of the taxable year during which the U.S. Holder held the Note. The daily portions of OID are determined by determining the OID attributable to each accrual period and allocating a rateable portion of such amount to each day in the accrual period. The accrual period may be any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal and interest occurs on the final day of an accrual period or on the first day of an accrual period. In general, OID allocable to an accrual period equals (i) the product of the adjusted issue price at the beginning of the accrual period (i.e., the original issue price plus previously-accrued OID minus previous payments other than payments of qualified stated interest) multiplied by the original yield to maturity of the Note (determined on the basis of compounding at the end of each accrual period) minus (ii) the amount of qualified stated interest allocable to the accrual period.

The OID Regulations provide special rules for determining the amount of OID allocable to a period when there is unpaid qualified stated interest, for short initial accrual periods and final accrual periods, and for determining the yield to maturity of debt instruments subject to certain contingencies as to the timing of payments, including debt instruments that provide for options to accelerate or defer any payments and debt instruments with indefinite maturities. For example, the maturity date and yield will be determined to take into account the options. In the case of such options held by issuers, the options will be deemed exercised or not in a manner that minimises the yield on the instrument, while in the case of options held by holders, the options will be deemed exercised or not in a manner that maximises yield. Under the OID Regulations, an option to convert debt into stock of the issuer or into stock or debt of certain related parties or to cash or other property in an amount equal to the approximate value of such stock or debt are disregarded in determining OID.

Variable Rate Notes

The OID Regulations contain special rules for determining the accrual of OID and the amount of qualified stated interest on a "variable rate debt instrument." For purposes of these regulations, a "variable rate debt instrument" is a debt instrument that: (1) has an issue price that does not exceed the total non-contingent principal payments by more than a specified amount; (2) provides for stated interest (compounded or paid at least annually) at (a) one or more "qualified floating rates", (b) a single fixed rate and one or more qualified floating rates, (c) a single "objective rate", or (d) a single fixed rate and a single objective rate that is a "qualified inverse floating rate"; (3) provides that a qualified floating rate or objective rate in effect at any time during the term of the instrument is set at a current value of that rate; and (4) except as permitted in (1), does not provide for any principal payments that are contingent.

For purposes of determining if a Note is a variable rate debt instrument, a floating rate is a "qualified floating rate" if variations in the rate can reasonably be expected to measure contemporaneous variations in the costs of newly-borrowed funds in the currency in which the debt instrument is denominated. A multiple of a qualified floating rate is generally not a qualified floating rate, unless it is either (a) a product of a qualified rate times a fixed multiple greater than 0.65 but not more than 1.35 or (b) a multiple of the type described in (a) increased or decreased by a fixed rate. If a debt instrument provides for two or more qualified floating rates that can reasonably be expected to have approximately the same value throughout the term of the instrument, the debt instrument will be considered to provide for a single qualified rate. Two or more such rates will be considered to have approximately the same value throughout the term of the instrument if the values of the rates on the date of issuance are within 25 basis points of each other.

An "objective rate" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information, including, for example, a rate based on one or more qualified floating rates or a rate based on the yield of actively-traded personal property (within the meaning of Section 1092(d)(1)of the Code). The rate, however, must not be based on information that is within the control of the issuer (or a related party), or that is, in general, unique to the circumstances of the issuer (or a related party) such as dividends, profits, or the value of the issuer's stock. In addition, the Service may designate other variable rates as objective rates. Restrictions establishing a minimum interest rate ("floor") or maximum interest rate ("cap"), or the amount of increase or decrease in the stated interest rate ("governor"), generally will not result in the rate failing to be treated as a qualified floating rate or an objective rate, if the restriction is fixed throughout the term of the instrument and the cap, floor, or governor is not reasonably expected to affect the yield significantly as of the date of issuance. However, a rate is not an objective rate if it is reasonably expected that an average value of such rate of interest over the first half of the instrument's term will be either significantly less or more than the average value of the rate during the final half of the instrument's term (i.e., if there is a significant front loading or back loading of interest).

A "qualified inverse floating rate" is a rate that is equal to a fixed rate minus a qualified floating rate if variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds (disregarding any cap, floor or governor).

Under the OID Regulations, for purposes of determining the amount and accrual of OID and qualified stated interest, a debt instrument providing for a qualified floating rate or qualified inverse floating rate is in effect converted to an equivalent fixed rate debt instrument by assuming that each qualified floating rate, or qualified inverse floating rate, respectively, will remain at its value as of the issue date. A debt instrument providing for an objective rate (other than a qualified inverse floating rate) is in effect converted to an equivalent fixed rate debt instrument and the amounts of qualified stated interest and OID allocable to any accrual period are determined by assuming that the objective rate will equal a fixed rate that reflects the yield that is reasonably expected for the instrument. The rules applicable to fixed rate debt instruments are then applied to determine the qualified stated interest payments and OID accruals on the equivalent fixed rate debt instrument. Appropriate adjustments are made to the extent the interest or OID actually accrued or paid differs from that assumed on the equivalent fixed rate debt instrument.

Elections to Treat All Interest as OID

Under the OID Regulations, a U.S. Holder may elect to account for all income on a Note (other than foreign currency gain or loss), including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, amortisable bond premium, or acquisition premium, in the same manner as OID. The election is made in the year of acquisition of the Note and such election is irrevocable without the consent of the Service. If this election is made, the U.S. Holder may be subject to the conformity requirements of section 171(c) or 1278(b) of the Code, respectively, which may require the amortisation of bond premium and the accrual of market discount on other debt instruments held by the same U.S. Holder.

Short-Term Notes

In general, an individual or other cash method U.S. Holder of a Note that has an original maturity of not more than one year from the date of issuance (a "**short-term Note**") is not required to accrue OID unless he or she elects to do so. Such an election applies to all short-term Notes acquired by the U.S. Holder during the first taxable year for which the election is made, and all subsequent taxable years of the U.S. Holder, unless the Service consents to a revocation. U.S. Holders who report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders and electing cash method U.S. Holders are required to include OID on such short-term Notes on a straight-line basis, unless an irrevocable election with respect to any short-term Note is made to accrue the OID according to a constant interest rate based on daily compounding. In the case of a U.S. Holder who is not required, and does not elect, to include OID in income currently, any gain realised on the sale, exchange or retirement of the short-term Note will be ordinary income to the extent of the OID accrued (on a straight-line basis or, if elected, according to the constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, such non-electing U.S. Holders who are not subject to the current inclusion requirement described above will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry such short-term Notes in an amount not exceeding the deferred income until such income is realised.

Market Discount

If a Note (other than a short-term Note described above) is acquired at a "market discount," some or all of any gain realised upon a sale or other disposition, a payment at maturity, or a partial principal payment on such Note may be treated as ordinary income, as described below. For this purpose, "market discount" generally is the excess (if any) of the stated redemption price at maturity over the purchase price, subject to a statutory *de minimis* exception. In the case of a Note issued with OID, in lieu of using stated redemption price at maturity, the "revised issue price" is used. For this purpose, the "revised issue price" of an obligation is presently defined as the issue price of the obligation, increased by the aggregate amount of OID (determined without regard to Sections 1272(a)(7) and (b)(4) of the Code) included in the gross income of all previous holders thereof.

Unless a U.S. Holder has elected to include the market discount in income as it accrues, any gain realised on any subsequent disposition of such Note (other than in connection with certain non-recognition transactions), payment at maturity, or partial principal payment on such Note will be treated as ordinary income to the extent of the market discount that is treated as having accrued during the period such Note was held.

The amount of market discount treated as having accrued will be determined either (i) on a rateable basis by multiplying the market discount times a fraction, the numerator of which is the number of days the Note was held by a U.S. Holder and the denominator of which is the total number of days after the date such U.S. Holder acquired the Note up to and including the date of its maturity or (ii) if the U.S. Holder so elects, on a constant interest rate method. A U.S. Holder may make that election with respect to any Note, but such election is irrevocable.

In lieu of re-characterising gain upon disposition as ordinary income to the extent of accrued market discount at the time of disposition, a U.S. Holder of such Note acquired at a market discount may elect to include market discount in income currently, through the use of either the rateable inclusion method or the elective constant interest method. Once made, the election to include market discount in income currently applies to all Notes and other obligations of the U.S. Holder that are purchased at a market discount during the taxable year for which the election is made, and all subsequent taxable years of the U.S. Holder, unless the Service consents to a revocation of the election. If an election is made to include market discount in income currently, the basis of the Note in the hands of the U.S. Holder will be increased by the market discount thereon as it is included in income.

If the U.S. Holder makes the election to treat as OID all interest on a debt instrument that has market discount, the U.S. Holder is deemed to have made the election to accrue currently market discount on all other debt instruments with market discount. In addition, If the U.S. Holder has previously made the election to accrue market discount currently, the conformity requirements of that election are met for debt instruments with respect to which the U.S. Holder elects to treat all interest as OID.

Unless a U.S. Holder who acquires a Note at a market discount elects to include market discount in income currently, such U.S. Holder may be required to defer deductions for any interest paid on indebtedness allocable to such Notes in an amount not exceeding the deferred income until such income is realised.

Premium

If a subsequent U.S. Holder purchases a Note issued with OID at an "acquisition premium", the U.S. Holder reduces the amount of OID includible in income in each taxable year by that portion of the acquisition premium allocable to that year. A Note is purchased at an "acquisition premium" if, immediately after the purchase, the purchaser's adjusted basis in the Note is greater than the adjusted issue price but not greater than all amounts payable on the instrument after the purchase date (other than qualified stated interest) (i.e., the Note is not purchased at a "bond premium"). In general, the reduction in OID allocable to acquisition premium is determined by multiplying the daily portion of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after the acquisition over the adjusted issue price of the Note and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date (other than payments of qualified stated interest) over the Note's adjusted issue price. Rather than apply the above fraction, the U.S. Holder who, as discussed above, elects to treat all interest as OID would treat the purchase at an acquisition premium as a purchase at original issuance and calculate OID accruals on a constant yield to maturity basis.

If a U.S. Holder purchases a Note and immediately after the purchase the adjusted basis of the Note exceeds the sum of all amounts payable on the instrument after the purchase date, other than qualified stated interest, the Note has "bond premium". Special rules govern the determination of adjusted basis for this purpose. For example, a U.S. Holder's basis in a convertible bond is reduced by the value of the conversion privilege. A U.S. Holder that purchases a Note at a bond premium is not required to include OID in income. In addition, a U.S. Holder may elect to amortise such bond premium over the remaining term of such Note (or, in certain circumstances, until an earlier call date). That election must be made with a timely-filed U.S. federal income tax return for the first taxable year to which the U.S Holder wishes the election to apply.

If bond premium is amortised, the amount of interest that must be included in the U.S. Holder's income for each period ending on an interest payment date or on stated maturity, as the case may be, will be reduced by the portion of premium allocable to such period based on the Note's yield to maturity. If the bond premium allocable to an accrual period is in excess of qualified stated interest allocable to that period, such premium is carried to the next accrual period and offsets qualified stated interest in such period. Special rules govern the determination of bond premium on variable rate debt instruments, inflation-indexed debt instruments and bonds with alternative payment schedules that are not treated as contingent payment obligations. If an election to amortise bond premium is not made, a U.S. Holder must include the full amount of each interest payment in income in accordance with its regular method of accounting and will receive a tax benefit from the premium only in computing its gain or loss upon the sale or other disposition or payment of the principal amount of the Note.

An election to amortise bond premium will apply to amortisable bond premium on all Notes and other bonds, the interest on which is includible in the U.S. Holder's gross income, held at the beginning of the U.S. Holder's first taxable year to which the election applies or thereafter acquired, and may be revoked only with the consent of the Service. The election to treat all interest, including for this purpose amortisable premium, as OID is deemed to be an election to amortise bond premium. In addition, if the U.S. Holder has already made an election to amortise premium, the conformity requirements will be deemed satisfied with respect to any Notes for which the U.S. Holder makes an election to treat all interest as OID.

Sale, Exchange, Redemption or Repayment of the Notes

Upon the disposition of a Note by sale, exchange, redemption or repayment, the U.S. Holder will generally recognise gain or loss equal to the difference between (i) the amount realised on the disposition (excluding amounts attributable to accrued interest) and (ii) the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note generally will equal the cost of the Note (net of accrued interest) to the U.S. Holder, increased by amounts includible in income as OID or market discount (if the holder elects to include market discount in income on a current basis) and reduced by any amortised premium and any payments, other than payments of qualified stated interest, made on such Note.

Provided that the Note is held as a capital asset, such gain or loss (except to the extent that the market discount rule or rules relating to certain short-term OID notes otherwise provide) will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such Note for longer than one year. In certain circumstances, if an issuer were found to have had an intention, at the time its debt obligations were issued, to call such obligations before maturity, gain would be ordinary income to the extent of any unamortised OID. The OID Regulations clarify that this rule will not apply to publicly-offered debt instruments.

Foreign Currency Notes

The following discussion applies to Foreign Currency Notes, provided that such Notes are not denominated in or indexed to a currency that is considered a "hyperinflationary" currency. Special U.S. Federal income tax considerations applicable to obligations denominated in or indexed to a hyperinflationary currency or to "dual currency" Notes will be discussed in the applicable Final Terms.

In general, a U.S. Holder that uses the cash method of accounting and holds a Foreign Currency Note will be required to include in income the U.S. dollar value of the amount of interest income (other than OID) received, whether or not the payment is received in U.S. dollars or converted into U.S. dollars. The U.S. dollar value of the amount of interest received is the amount of foreign currency interest paid, translated at the spot rate on the date of receipt. The U.S. Holder will not have exchange gain or loss on the interest payment, but may have exchange gain or loss when it disposes of any foreign currency received.

A U.S. Holder on the accrual method of accounting is generally required to include in income the U.S. dollar value of interest accrued during the accrual period. Accrual basis U.S. Holders may determine the amount of income recognised with respect to such interest in accordance with either of two methods. Under the first method, the U.S. dollar value of accrued interest is translated at the average rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). For this purpose, the average rate is the simple average of spot rates of exchange for each business day of such period or other average exchange for the period reasonably derived and consistently applied by the U.S. Holder. Under the second method, a U.S. Holder can elect to accrue interest at the spot rate on the last day of an interest accrual period (in the case of a partial accrual period, the last day of the taxable year) or, if the last day of an interest accrual period is within five business days of the receipt, the spot rate on the date of receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired and will be irrevocable without the consent of the Service. An accrual basis U.S. Holder will recognise exchange gain or loss, as the case may be, on the receipt of a foreign currency interest payment if the exchange rate on the date payment is received differs from the rate applicable to the previous accrual of that interest income. The foreign currency gain or loss will generally be treated as U.S. source ordinary income or loss.

OID on a Foreign Currency Note is determined in the foreign currency at the time of acquisition of the Note and is translated into U.S. dollars in the same manner that an accrual basis U.S. Holder accrues stated interest. Exchange gain or loss will be determined when OID is considered paid to the extent the exchange rate on the date of payment differs from the exchange rate at which the OID was accrued.

The amount of market discount on a Foreign Currency Note includible in income will generally be determined by computing the market discount in the foreign currency and translating that amount into U.S. dollars at the spot rate on the date the Foreign Currency Note is retired or otherwise disposed of. If the U.S. Holder has elected to accrue market discount currently, the amount of market discount which accrues during any accrual period is determined in the foreign currency and translated into U.S. dollars on the basis of the average exchange rate in effect during the accrual period. In that event, exchange gain or loss may be recognised to the extent that the rate of exchange on the date of the retirement or disposition of the Note differs from the exchange rate at which the market discount was accrued.

Amortisable premium on a Foreign Currency Note is also computed in units of foreign currency and, if the U.S. Holder elects, will reduce interest income in units of foreign currency. At the time amortised bond premium offsets interest income (i.e., the last day of the tax year in which the election is made and the last day of each subsequent tax year), exchange gain or loss with respect to amortised bond premium is recognised measured by the difference between exchange rates at that time and at the time of the acquisition of the Note.

With respect to the sale, exchange, retirement or repayment of a Foreign Currency Note, the foreign currency amount realised will be considered to be the payment first of accrued but unpaid interest (on which exchange gain or loss is recognised as described above), then of accrued but unpaid OID (on which exchange gain or loss is recognised as described above), next of accrued but un-amortised market discount (on which exchange gain or loss is recognised as described above) and finally as a payment of principal (except to the extent of accrued but un-amortised market discount on which exchange gain or loss is recognised as described above). With respect to such payment of principal: (i) gain or loss is computed in the foreign currency and translated on the date of retirement or disposition and (ii) exchange gain or loss is separately computed on the foreign currency amount of the purchase price, reduced by amortised bond premium, that is repaid to the extent that the rate of exchange on the date of retirement or disposition differs from the rate of exchange on the date the Note was acquired, or deemed acquired. Exchange gain or loss computed on accrued interest, OID, market discount and principal is recognised, however, only to the extent of total gain or loss on the transaction. For purposes of determining the total gain or loss on the transaction, a U.S. Holder's tax basis in the Note will generally equal the U.S. dollar cost of the Note, increased by the U.S. dollar amounts includible in income as accrued interest, OID, or market discount (if the U.S. Holder elects to include such market discount on a current basis) and reduced by the U.S. dollar amount of amortised premium and of any payments other than payments of qualified stated interest.

In the case of a Note denominated in foreign currency, the cost of the Note to the U.S. Holder will be the U.S. dollar value of the foreign currency purchase price translated at the spot rate for the date of purchase (or, in some cases, the settlement date). The conversion of U.S. dollars into a foreign currency and the immediate use of that currency to purchase a Foreign Currency Note generally will not result in a taxable gain or loss for a U.S. Holder. A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such currency on the date of receipt.

Indexed Notes

Pursuant to certain OID Regulations (the "**Contingent Debt Regulations**"), certain debt instruments calling for one or more contingent payments are subject to special rules. These rules generally will apply to the Indexed Notes, the interest or principal of which may be indexed to property other than foreign currency.

In general, under the Contingent Debt Regulations, the amount of interest that is taken into account for each accrual period is computed by determining a yield for the debt instrument as described below, then constructing a projected payment schedule for the debt instrument that produces that yield and finally applying rules similar to those for accruing OID on a non-contingent debt instrument. This method is referred to as the non-contingent bond method. The issuer's projected payment schedule must be used to determine the holder's interest accruals and adjustments, unless the issuer does not create a payment schedule or the holder determines that the issuer's projected payment schedule is unreasonable, in which case the holder must disclose its own schedule in connection with its U.S. federal income tax return filings and the reasons why it is not using the issuer's projected payment schedule.

In general, under the non-contingent bond method, the yield on a contingent bond is determined by reference to the comparable yield at which the issuer would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions similar to those of the contingent debt instrument, including the level of subordination, term, timing of payments, and general market conditions. If a hedge is available and the combined cash flows of the hedge and the non-contingent payments would permit the calculation of a yield to maturity such that the debt instrument and the hedge could be integrated into a synthetic fixed-rate instrument, the comparable yield is the yield that the synthetic fixed-rate instrument would have. However, if a substantial part of the issue is being marketed to persons for whom the inclusion of interest is not expected to have a substantial effect on their U.S. federal income tax liability and the instrument

Non-U.S. Holder in light of his or her personal circumstances. This discussion also does not consider holders of interests in pass through entities that hold the Notes nor any state or local tax consequences.

For purposes of the following discussion, interest (including OID) and gain on the sale, exchange or other disposition of the Note will be considered "U.S. trade or business income" if such income or gain is (i) effectively connected with the conduct of a U.S. trade or business and (ii) in the case of a treaty resident, attributable to a permanent establishment (or to a fixed base) in the United States.

Interest and Original Issue Discount

Subject to the discussion below on information reporting and backup withholding, in general any interest or OID paid to a Non-U.S. Holder of a Note that is not "U.S. trade or business income" will not be subject to U.S. federal income tax.

Sale of Notes

Subject to the discussion concerning information reporting and backup withholding, any gain realised by a Non-U.S. Holder on the sale, exchange, redemption, or repayment of a Note generally will not be subject to U.S. federal income tax, unless (i) such gain is U.S. trade or business income, (ii) the Non-U.S. Holder is an individual who holds the Note as a capital asset, is present in the United States for 183 days or more in the taxable year of the disposition and satisfies certain other requirements, or (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of the Code applicable to certain U.S. expatriates.

United States Federal Estate Tax

Except in the case of certain U.S. expatriates, Notes held (or treated as held) by an individual who is a Non-U.S. Holder at the time of his death will not be subject to United States federal estate tax.

Information Reporting and Backup Withholding

A Non-U.S. Holder generally will be exempt from backup withholding tax and information reporting requirements, but may be required to comply with certification and identification procedures in order to obtain an exemption from backup withholding tax and information reporting in certain circumstances. A Non-U.S. Holder that fails to satisfy any applicable certification, documentation or identification procedures in order to obtain an exemption from backup withholding tax may be subject to U.S. backup withholding tax at a 30 per cent. rate on interest (including OID) or principal paid on, and proceeds from a sale, exchange or other disposition of, the Notes.

Any amounts withheld under the backup withholding tax rules from a payment to a Non-U.S. Holder will be allowed as a refund or a credit against such Non-U.S Holder's U.S. federal income tax liability, provided that certain required information is furnished to the Service in a timely manner. Non-U.S Holders should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of exemptions and the procedure for obtaining any available exemption.

2. Portuguese Taxation

The following is a general summary of the Bank's understanding of current law and practice in Portugal as in effect on the date of this Offering Circular in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Notes. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are absolute beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences of the purchase, ownership and disposal of Notes.

The reference to "interest", "other investment income" and "capital gains" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the "Terms and Conditions of the Notes" or any related documentation.

Notes issued by BCP Finance

Interest and other investment income obtained by Portuguese resident individuals on Notes issued by BCP Finance is subject to individual tax. If the payment of interest or other investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non resident entity, withholding tax applies at 20 per cent., which is the final tax on that income unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42%. In this case, the tax withheld is deemed a payment on account of the final tax due. If the interest on the Notes is not received through an entity located in Portugal it is not subject to Portuguese withholding tax, but an autonomous taxation of 20 per cent. will apply, unless an option for aggregation is made.

Capital gains obtained by Portuguese resident individuals on the transfer of the Notes are not subject to tax. Accrued interest does not qualify as capital gains for tax purposes.

Interest and other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to corporate tax at 25 per cent. and may be subject to a municipal surcharge ("derrama") of up to 1.5 per cent., resulting in a combined tax rate of up to 26.5 per cent.

No Stamp tax applies to the acquisition through gift or inheritance of Notes by an individual.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non resident acting through a Portuguese permanent establishment is subject to corporate tax, at 25 per cent. A municipal surcharge of up to 1.5% may also be due.

There is neither wealth nor estate tax in Portugal.

Payments made by BCP Finance of interest, other investment income or principal on Notes issued by it to an individual or legal person non-resident in Portugal for tax purposes without a Portuguese permanent establishment to which income may be attributable are not subject to Portuguese tax.

Capital gains realised on the transfer of a Note by a holder who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese tax.

Notes issued by the Bank acting through its international branch (Sucursal Financeira Internacional) within the legal framework of Madeira Free Zone (MFZ)

Interest paid on Notes issued by Banco Comercial Português, S.A. acting through and within the legal framework of its international branch (Sucursal Financeira Internacional) in the Madeira free zone to an individual or a legal person non resident in Portugal and without a permanent establishment in Portugal to which the income is attributable where such interest arises from operations connected with the funding of balance sheet liabilities of the branch is exempt from Portuguese withholding tax.

Gains obtained on the disposal of Notes issued by Banco Comercial Português, S.A. acting through and within the legal framework of its international branch (Sucursal Financeira Internacional) in the Madeira free zone by an individual non resident in Portugal for tax purposes are not subject to Portuguese capital gains taxation.

Gains obtained on the disposal of Notes issued by Banco Comercial Português, S.A. acting through and within the legal framework of its international branch (Sucursal Financeira Internacional) in the Madeira free zone by a legal person non resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the holder is resident in a country included in the "tax havens" list approved by Ministerial order no. 150/2004 of 13 February. If the exemption does not apply, the gains will be subject to tax at 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

Interest paid on Notes issued by Banco Comercial Português, S.A. acting through and within the legal framework of its international branch (Sucursal Financeira Internacional) in the Madeira free zone to an individual or a legal person resident in Portugal or non resident with a permanent establishment in Portugal to which the income is attributable and gains on the disposal of such Notes are taxed as described below (see *Notes issued by the Bank acting other than through its international branch (Sucursal Financeira Internacional) in the Madeira free zone*).

Stamp tax at 10% applies to the acquisition through gift or inheritance of Notes by an individual who is domiciled in Portugal. No such tax applies if the acquirer is not domiciled in Portugal. An exemption applies to transfers is favour of the spouse, descendants and parents/grandparents.

The acquisition of Notes through gift or inheritance by a legal person is subject to corporate tax at 25 per cent. If the acquirer is a Portuguese resident legal person or a non resident acting through a Portuguese permanent establishment, a municipal surcharge of up to 1.5% may also be due. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

There is neither wealth nor estate tax in Portugal.

Notes (including Book Entry Notes) issued by the Bank acting other than through its international Madeira branch (Sucursal Financeira Internacional) within the legal framework of Madeira free zone

Portuguese resident holders and non resident holders with a Portuguese permanent establishment

Investment income on the Notes paid to a holder of Notes (who is the effective beneficiary thereof (the "Beneficiary")) considered resident for tax purposes in the Portuguese territory is subject to withholding tax at a rate of 20 per cent., except where the Beneficiary is either a financial institution or an exempt entity as specified by current Portuguese tax law. Regarding Beneficiaries that are corporate entities, withholding tax is treated as a payment in advance and therefore Beneficiaries are entitled to claim appropriate credit against any charge to tax which arises on the income from their holding of the Notes. Regarding Beneficiaries that are individuals resident in the Portuguese territory, withholding tax shall be considered a definitive tax payment.

In the case of zero coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is also subject to Portuguese taxation.

Capital gains obtained by Portuguese resident individuals on the transfer of the Notes are not subject to tax. Accrued interest does not qualify as capital gains for tax purposes.

Stamp tax at 10% applies to the acquisition through gift or inheritance of Notes by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, descendants and parents/grandparents.

Interest or other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to corporate tax at 25 per cent. and may be subject to a municipality surcharge ("derrama") of up to 1.5 per cent., resulting in a combined tax rate of up to 26.5 per cent. Withholding tax at 20 per cent. applies, which is deemed a payment on account of the final tax due.

Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and some exempt entities, among other entities, are not subject to withholding tax.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non resident acting through a Portuguese permanent establishment is subject to corporate tax, at 25 per cent. A municipal surcharge of up to 1.5% may also be due.

There is no wealth nor estate tax in Portugal.

Notes issued by the Bank acting other than through its international Madeira branch (Sucursal Financeira Internacional) within the legal framework of Madeira free zone

Non resident holders without a Portuguese permanent establishment

Investment income on the Notes paid to Beneficiaries considered as non-residents in the Portuguese territory is also subject to withholding tax at a definitive rate of 20 per cent. Relief may be available to reduce the marginal rate in accordance with any applicable double taxation treaty, subject to compliance with all relevant conditions imposed by the taxing authorities in Portugal and the jurisdiction of the Beneficiary.

According with information provided by Euroclear and Clearstream, Luxembourg (the "ICSDs"), the ICSDs do not offer any tax relief to the holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office.

No stamp tax applies to the acquisition through gift and inheritance of Notes by an individual who is not domiciled in Portugal.

The acquisition of Notes through gift or inheritance by a non resident legal person is subject to corporate tax at 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis

There is neither wealth nor estate tax in Portugal.

Book Entry Notes issued by the Bank

Pursuant to the regime approved by Decree-law 193/2005, of 7 November 2005, as amended from time to time ("**Decree-law 193/2005**"), which is in full force and effect as from 1 January 2006, investment income paid to holders of Notes regarding the Notes, as well as capital gains deriving from a sale or other disposition of such Notes, may be exempt from Portuguese income tax, and consequently from withholding tax, provided that: (i) the holders of Notes have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; (ii) they are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by the Order issued by the Portuguese Minister of Finance and Public Administration (currently *Portaria do Ministro das Finanças e da Administração Pública* n. 150/2004, of 13 February 2004), with the exception of central banks and agencies bearing a governmental nature of those blacklisted jurisdictions; and (iii) they are non-resident entities who are not held, directly or indirectly, in more than 20 per cent. by Portuguese resident entities.

Decree-law 193/2005 established the applicable instrument in respect of the provision of evidence of non-residence by the holders of Notes for the purpose of the above tax exemptions and that the absence of evidence of non-residence in relation to any non-resident entity which benefits from the above mentioned tax exemptions shall result in the loss of the tax exemptions and consequent submission to the applicable Portuguese general tax provisions.

In order to benefit from the taxation regime contained in Decree-law 193/2005, the Notes must be integrated in a centralised system for securities recognised under the terms of the Portuguese Securities Code and complementary legislation.

Under Decree-law 193/2005, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Notes are integrated, will be under the obligation to obtain and maintain evidence that the beneficial owner is a non-resident entity as set out below. As a general rule, the evidence of non-residence by the holders of Notes must be provided to, and received by, the direct registration entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and prior to the transfer of Notes, as the case may be.

(a) Domestic Cleared Notes

Each holder of Notes must provide to the direct register entity, the respective proof of non- residence in Portuguese territory substantially in the terms set forth below.

(i) If a holder of Notes is a central bank, public institution, international body, credit institution, financial company, pension fund, insurance company with its head office in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Notes and its head office; or (C) a declaration of tax residence issued by the holder of Notes itself, duly signed and authenticated, if a central bank, public law entity taking part on the public administration (either central, regional or peripheral, indirect or autonomous of the country of the relevant holder of Notes) or an international body; or (D) proof of non-residence, pursuant to the terms of paragraph (iii) below, so long as the holder of Notes provides the confirmation referred to in paragraph (iii) below.

(ii) If a holder of Notes is either an investment fund or a collective investment scheme domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, domicile and law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iii) below, so long as the holders of Notes provide the confirmation referred to in paragraph (iii) below.

(iii) In any other case, information provided in accordance with the following rules: confirmation must be made by the relevant holder of Notes by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities, (B) a document issued by the relevant Portuguese Consulate certifying residence abroad, or (C) a document specifically issued by an official entity taking part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country; for these purposes, an identification document such as a passport or an identity card or document by means of which it is indirectly possible to presume the relevant tax residence (such as a work or permanent residency permit) are not acceptable.

There are rules relating to the authenticity and validity of the documents mentioned in paragraph (iii) above, in particular that the holder of Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such document is produced. The holder of Notes must inform the register entity immediately of any change on the requirement conditions that may eliminate the tax exemption.

(b) Internationally Cleared Notes

If the Notes are held through Interbolsa or any other centralised depositary system for securities recognised under the Portuguese Securities Code and complementary legislation, and registered in an account with an international clearing system recognised by the Minister of Finance in accordance with the above-referred regime approved by Decree-Law 193/2005 (in particular Euroclear or Clearstream, Luxembourg) and the management entity of such international clearing system undertakes not to provide registration services to (i) residents for tax purposes in Portugal which do not benefit from either an exemption or waiver of Portuguese withholding tax, and (ii) non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, the proof of the requirements to benefit from the exemption is performed as follows:

(i) Through presentation of a certificate, on a yearly basis, with the name of each beneficial owner, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver from Portuguese withholding tax. The following corresponds to the current wording and contents of the form of certificate for exemption from Portuguese withholding tax on income from debt securities, as contained in Order ("*Despacho*") n. 4980/2006 (second series) is published in the Portuguese official diary, second series, n. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently "*Ministro das Finanças e da Administração Pública*") and may be available for viewing at the following website: www.dgci.min-financas.pt:

CERTIFICATE FOR EXEMPTION FROM PORTUGUESE WITHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 1 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE-LAW 193/2005, OF 7 NOVEMBER 2005)

The undersigned Participant hereby declares that he holds debt securities covered by the special tax regime approved by Decree-law 193/2005, of 7 November 2005 (the "**Securities**"), in the following securities

account number ....(the "**Account**")

with ....

....(name and complete address of the international clearing system managing entity).

We will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to the laws of Portugal.

1. We are:

Name: ....

Residence for tax purposes (full address): ....

Tax ID Number:..

2. We hereby certify that, from the date hereof until the expiry date of this certificate:

A. We are the beneficial owner of the following Securities:

Security ISIN or Common Code	Security description	Nominal position

and we hereby declare that we are not liable to Portuguese withholding tax, in accordance with the applicable legislation, indicated below:

- Decree-law 193/2005, of 7 November 2005
- Art. 90 of CIRC ("*Corporate Income Tax Code*") – Exemption from withholding tax

B. We are intermediaries of the following Securities:

Security ISIN or Common Code	Security description	Nominal position

which are held on behalf of:

Name: ....

Residence for tax purposes (full address): ....

Tax ID Number:..

and we attach a statement of beneficial ownership, which includes the reason for exemption from personal or corporate income withholding tax.

3. We hereby undertake to provide the .... (name of the international clearing system managing entity) with a document evidencing the exemption from personal or corporate income withholding tax referred in the attached statement of beneficial ownership, whenever the beneficial owner is not a central bank, public institution, international body, credit institution, financing company, pensions fund and insurance company resident in any OECD country or in a country with which Portugal has entered into a Convention for the Avoidance of International Double Taxation, on behalf of which we hold Portuguese debt securities in the Account.

4. We hereby undertake to notify the.. (name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

5. We acknowledge that certification is required in connection with Portuguese law and we irrevocably

authorise .... (name of the international clearing system managing entity) and its Depository to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.

6. ***This statement is valid for a period of twelve months as from the date of signature.***

PLACE: .... ***DATE:*** ....

....
Authorised Signatory Name

....
Title/Position

....
Authorised Signatory Name

....
Title/Position

APPENDIX

STATEMENT OF BENEFICIAL OWNERSHIP

The undersigned beneficiary:

- Name: ....
- Address:...
- Tax ID number: ....

Holding via the following financial intermediary:

- Name of the financial intermediary:...
- Account number: ....

The following securities:

- Common /ISIN code: ....
- Security name:...
- Payment date: ....
- Nominal position: ....

1. Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal position at the payment date...; and
2. Hereby declares that he/she/it is not liable to withholding tax, in accordance with the applicable legislation, indicated hereinafter (tick where applicable):

- Decree-law 193/2005, of 7 November 2005 ☐
- Art. 90 of CIRC ("*Corporate Income Tax Code*") – Exemption from withholding tax ☐
- Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions ☐
- Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities; exemption by Ministerial Regulation no., ... published in *Diário da República* .... ☐
- Art. 14 of EBF ("*Tax Incentives Statute*") – Pension Funds and assimilated funds ☐
- Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E) ☐
- Art. 22 - A of EBF – Venture Capital Investment Funds ☐
- Art. 24 of EBF – Stock Savings Funds (FPA) ☐
- Other legislation (please give details) .... ☐

This document is to be provided to the Portuguese tax authorities, upon request, pursuant to Article 17 of the Special Tax Regime approved by the Decree-law 193/2005, of 7 November 2005.

Authorised signatory:

Name: ....

Title:...

Signature:..

(ii) Alternatively, through a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of each beneficial owner's identification, with address, tax payer number (if applicable), security identification, quantity held, and the reference to the legislation supporting either the tax exemption or the exemption of the withholding tax. The following corresponds to the current wording and contents of the form of certificate for exemption from Portuguese withholding tax on income from debt securities, as contained in Regulatory Notice ("Aviso") n. 3714/2006 (second series), published in the official diary, second series, no 59, of 23 March 2006 issued by the Portuguese Secretary of State of Tax Affairs (currently "Secretário de Estado dos Assuntos Fiscais"), and may be available for viewing at the following website: www.dgci.min-financas.pt

STATEMENT FOR EXEMPTION FROM PORTUGUESE WITHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 2 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE-LAW 193/2005, OF 7 NOVEMBER 2005)

The undersigned participant hereby declares that he holds or will hold debt securities in accordance with the special tax regime approved by the Decree-law 193/2005, of 7 November 2005 (the "Securities"), in the following securities account number ....(the "Account")

with ....
(name and complete address of the international clearing system managing entity).

We hold or will hold the Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name: ....

Residence for tax purposes (full address): ....

Tax ID Number:..

2. We hereby undertake to provide the ....

(name of the international clearing system managing entity) with a list of beneficial owners at each relevant record date containing the name, residence for tax purposes, Tax Identification Number and nominal position of Portuguese debt Securities for each beneficial owner, including ourselves if relevant, on behalf of which we hold or will hold Portuguese debt securities in the Account.

3. We hereby undertake to notify the...
(name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

4. We acknowledge that certification is required in connection with Portuguese law and we irrevocably

authorise ....
(name of the international clearing system managing entity) and its Depository to collect and forward this statement or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.

5. This statement is valid for a period of twelve months as from the date of signature.

PLACE: .... ***DATE:*** ....

....
Authorised Signatory

....
Name

....
Title/Position

....
Authorised Signatory

....
Name

....
Title/Position

APPENDIX

LIST OF BENEFICIAL OWNERS

For:

Interest due ..../......../........

Security code (ISIN or Common Code)..

Securities description: ....

Securities Clearance Account Number:..

We certify that the above Securities are held on behalf of the following beneficial owners:

Name	Tax identification number	Residence for tax purposes	Quantity of securities	Legal basis of the exemption from withholding tax	
				Code(*)	Legislation(**)

(*) Please indicate the legal basis for the exemption from withholding tax to apply:

Code	Legal basis of the exemption
1	Decree-law 193/2005, of 7 November 2005
2	Art. 90 of CIRC (*Corporate Income Tax Code*) – Exemption from withholding tax
3	Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
4	Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities
5	Art. 14 of EBF (*Tax Incentives Statute*) – Pension Funds and assimilated funds
6	Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E)
7	Art. 22 - A of EBF – Venture Capital Investment Funds
8	Art. 24 of EBF – Stock Savings Funds (FPA)
9	Other legislation

(**) This column must be filled out when the code "9" is indicated in the previous column.

The two documents referred to in (i) or (ii) above shall be provided by the participants (i.e. the entity that operates in the international clearing system) to the direct register entity through the international clearing system managing entity and must take into account the total accounts under their management regarding each holder of Notesthat are tax exempt or benefit from a waiver of Portuguese withholding tax.

International clearing system managing entity shall inform the direct register entity of the income paid to each participant for each security payment.

No Portuguese withholding tax exemption shall be granted under the regime approved by DL 193/2005 if the requirements set forth therein are not complied with and, consequently, the general Portuguese tax provisions shall apply as described above. This will be the case whenever the Notes are not integrated in Interbolsa or in any other centralised depositary system for securities recognised under the Portuguese Securities Code and complementary legislation.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg, Euroclear or Interbolsa (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Trustee or any agent party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Registered Global Notes – General

The relevant Issuer will make application to DTC for acceptance in its book-entry settlement system of each Tranche of Notes represented by a Reg. S Global Note and/or a Restricted Global Note, respectively.

The custodian with whom the Registered Global Notes are deposited (the "**Custodian**") and DTC will electronically record the principal amount of the Notes represented by the Reg. S Global Note and the Restricted Global Note, as the case may be, held within the DTC system. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Notes, investors may hold their interests in the Reg. S Global Note only through Clearstream, Luxembourg or Euroclear. Thereafter, investors may additionally hold such interests directly through DTC if they are participants in such system ("**Direct Participants**"), or indirectly through organisations which are participants in DTC ("**Indirect Participants**"). Clearstream, Luxembourg and Euroclear will hold interests in the Reg. S Global Note on behalf of their accountholders through customers' securities accounts in Clearstream, Luxembourg or Euroclear's respective names on the books of their respective depositaries, which in turn will hold such interests in the Reg. S Global Note in customers' securities accounts in the depositaries' names on the books of DTC. Citibank, N.A. will initially act as depositary for Clearstream, Luxembourg and Morgan Guaranty Trust Company of New York will act as depositary for Euroclear. Investors may hold their interests in the Restricted Global Note directly through DTC if they are Direct Participants, or indirectly through organisations which are Direct Participants in such system.

Payments of principal and interest in respect of Registered Global Notes registered in the name of DTC's nominee, will be to or to the order of its nominee as the registered holder of such Registered Global Note. The relevant Issuer expects that the nominee will, upon receipt of any such payment, immediately credit Direct Participants' accounts with any such payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Registered Global Note as shown on the records of DTC or the nominee. In the case of any such payments which are denominated otherwise than in U.S. dollars payment of such amounts will be made to the Exchange Agent on behalf of the nominee who will make payment of all or part of the amount to the beneficial holders of interests in such Registered Global Note directly, in the currency in which such payment was made and/or cause all or part of such payment to be converted into U.S. dollars and credited to the relevant Direct Participant's DTC account as aforesaid, in accordance with instructions received from DTC. The relevant Issuer also expects that payments by Direct Participants to owners of beneficial interests in such DTC Global Note held through such Direct Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such Direct Participants. Neither the Issuers nor any agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

Application will be made on behalf of the relevant Issuer to Clearstream, Luxembourg and Euroclear for acceptance of each Tranche of Notes issued under the Programme in their respective book-entry system.

Transfers of Notes represented by Registered Global Notes

Transfers of interests in Registered Global Notes within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant system. The laws in some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer a beneficial interest in a Registered Global Note to such persons may require that such interests be exchanged for Notes in definitive form. Because DTC can only act on behalf of

Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a DTC Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest may require that such interests be exchanged for Notes in definitive form. The ability of the holder of a beneficial interest in any Registered Note represented by the Registered Global Notes to resell, pledge or otherwise transfer such interest may also be impaired if the proposed transferee of such interest is not eligible to hold the same through a Direct Participant or Indirect Participant in DTC.

DTC has advised the Issuers that it is a limited purpose trust company organised under the laws of the State of New York, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the U.S. Securities Exchange Act of 1934. DTC holds securities that its Direct Participants deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in such securities through electronic book-entry changes in accounts of the Direct Participants, thereby eliminating the need for physical movement of security certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC is available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and its Direct Participants are on file with the U.S. Securities and Exchange Commission.

DTC has advised the Issuers that it will take any action permitted to be taken by the holding of a beneficial interest in a Registered Global Note (including, without limitation, the presentation of a Global Note for exchange as described above) only at the direction of one or more Direct Participants to whose account with DTC interests in such Registered Global Note are credited and only in respect of such portion of the aggregate nominal amount of Notes in respect of which such Direct Participant or Participants has or have given such direction. If an Event of Default under the Notes occurs, DTC will exchange the Registered Global Notes for Notes in definitive form, legended as appropriate, which it will distribute to the relevant Direct Participants.

Bearer Notes held outside the United States may be held in book-entry form through Clearstream, Luxembourg or Euroclear. Clearstream, Luxembourg and Euroclear will operate with respect to the Notes in accordance with customary Euromarket practice.

Secondary Trading, Same-Day Settlement and Payment

All payments made by the relevant Issuer or the Guarantor with respect to Registered Notes registered in the name of Cede & Co., as nominee for DTC, will be passed through to DTC in same-day funds. In relation to secondary market trading, since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading within DTC

If neither the seller, nor the purchaser of Registered Notes represented by any Registered Global Note holds or will receive (as the case may be) such Notes through a Direct Participant in DTC acting on behalf of Clearstream, Luxembourg or Euroclear, the trade will settle in same-day funds and in accordance with DTC rules, regulations and procedures.

Trading within Clearstream, Luxembourg or Euroclear

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Trading between Clearstream, Luxembourg or Euroclear seller and DTC purchaser involving only Registered Global Notes

Due to time zone differences in their favour, Clearstream, Luxembourg and Euroclear accountholders may employ their customary procedures for transactions in which interests in a Registered Global Note are to be transferred by Clearstream, Luxembourg or Euroclear (as the case may be) to a Direct Participant. The seller will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear accountholder (as the case may be) at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depositary to deliver the interests in the Registered Global Note to the Direct Participant's account against payment. Payment will include interest (if any) accrued on such interests in the Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg or Euroclear accountholder the following day, and receipt of cash proceeds in the Clearstream, Luxembourg or Euroclear accountholder's account would be back-valued to the value date (which would be the preceding day when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear accountholder have a line of credit in its respective Clearing System and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg accountholder's account would be valued instead as of the actual settlement date.

Trading between DTC seller and Clearstream, Luxembourg or Euroclear purchaser involving only Registered Global Notes

When interests in a Registered Global Note are to be transferred from the account of a Direct Participant to the account of a Clearstream, Luxembourg or Euroclear accountholder, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear accountholder, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or Euroclear, as the case may be, will instruct its respective depositary to receive such interests against payment. Payment will include interest (if any) accrued on such interests in the Registered Global Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. Payment will then be made by the depositary to the Direct Participant's account against delivery of the interests in the Note. After settlement has been completed, the interests will be credited to the respective Clearing System, and by the Clearing System, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear accountholder's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and any interests on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e. the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in an Reg. S Global Note from Direct Participants for delivery to Clearstream, Luxembourg or Euroclear accountholders should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

(i) borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the Clearing System's customary procedures;

(ii) borrowing the interests in the United States from a Direct Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or

(iii) staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the Direct Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg or Euroclear accountholder.

Euroclear or Clearstream, Luxembourg accountholders will need to make available to the respective Clearing System the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre- position funds for settlement, either from cash on-hand or existing lines of credit, as such Direct Participants would for any settlement occurring within Clearstream, Luxembourg or Euroclear. Under this approach, such Direct Participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

Alternatively, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear accountholder, as the case may be, such accountholder may elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg or Euroclear accountholders purchasing interests in the Note held in DTC would incur overdraft charges for one day, assuming they cleared the overdraft when the interests in the Note were credited to their accounts. However, any interest on the Note would accrue from the value date. Therefore, in many cases the investment income on the interests in the Note held in DTC earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each accountholder's particular cost of funds.

Since the settlement is taking place during New York business hours, Direct Participants can employ their usual procedures for transferring interests in global Notes to the respective depositaries of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg or Euroclear accountholders. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the Direct Participants, a crossmarket transaction will settle no differently from a trade between Direct Participants.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, Registered Notes held through Direct Participants or Indirect Participants will trade in DTC's Same-Day Funds Settlement System until the earliest of maturity or redemption, and secondary market trading activity in such Registered Notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlements in immediately available funds on trading activity in such Registered Notes.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Registered Global Notes among Direct Participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, any agent or any Dealer will have the responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Registered Global Note is lodged with DTC or its custodian, Notes represented by individual Definitive Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Book Entry Notes Held Through Interbolsa – General

Interbolsa holds security through a centralised system ("sistema centralizado") composed by interconnected securities accounts, through which such securities (and inherent rights) are, held and transferred, and which allows Interbolsa to control at all times and the amount of securities so, held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry notes held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, inter alia, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its consumers in accordance with its individual securities accounts.

Book Entry Notes held through Interbolsa will be attributed an International Securities Identification Number ("ISIN" code) through the codification system of Interbolsa. These Book Entry Notes will be accepted and registered with CVM the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

Form of the Book Entry Notes held through Interbolsa

The Book Entry Notes of each Series will be in book entry form and title to the Book Entry Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliáros ("CMVM") and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Notes held through Interbolsa.

The Book Entry Notes of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa an will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Book Entry Notes. Such control accounts reflect at all times the aggregate of Book Entry Notes held in the individual securities accounts opened by the holders of the Book Entry Notes with each of the Interbolsa Participants. The expression "Interbolsa Participant" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts of behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Book Entry Notes shall be treated as the holder of the principal amount of the Book Entry Notes recorded therein.

Payment of principal and interest in respect of Book Entry Notes held through Interbolsa

Whilst the Book Entry Notes are held through Interbolsa, payment of principal and interest in respect of the Book Entry Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) to the payment current-accounts held in the payment system of the Bank of Portugal by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Book-Entry Notes and thereafter (ii) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Cleanstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Book Entry Notes held through Interbolsa

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wished to hold such Book Entry Notes. No owner of Book Entry Notes will be able to transfer such Book Entry Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

TRANSFER, SHALL HAVE FURNISHED TO SUCH HOLDER AND TO THE ISSUER OF THIS NOTE A WRITTEN CERTIFICATION CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENTS), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION WHICH MEETS THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. UPON ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN PURSUANT TO CLAUSES (C) OR (F), AND CLAUSE (B) IN THE CASE OF REG. S NOTES ONLY (AS SUCH TERM IS DEFINED IN THE CONDITIONS), THE HOLDER WILL BE REQUIRED TO FURNISH TO THE ISSUER SUCH CERTIFICATIONS (WHICH IN THE CASE OF TRANSFERS PURSUANT TO CLAUSES (C) OR (F), AND CLAUSE (B), IN THE CASE OF REG. S NOTES ONLY, CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENTS), LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER WILL ALSO BE REQUIRED TO DELIVER TO THE TRANSFEREE OF THIS NOTE OR ANY INTEREST OR PARTICIPATION THEREIN A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. ANY RESALE OR OTHER TRANSFER OR ATTEMPTED RESALE OR OTHER TRANSFER OF THIS NOTE MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTION SHALL NOT BE RECOGNISED BY THE ISSUER, THE REGISTRAR, THE TRANSFER AGENTS OR ANY OTHER AGENT OF THE ISSUER."

The legend endorsed on each Reg. S Global Note shall cease to apply after expiration of the Distribution Compliance Period applicable thereto.

By its purchase of any Notes, each investor in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Note purchased by it (to the extent still applicable) and each such purchaser shall be deemed to have represented to the relevant Issuer, the seller and the Dealer, if applicable, that it is either (i) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (ii) an Institutional Accredited Investor that is acquiring the Notes for its own account for investment and not with a view to the distribution thereof. If it is acquiring any Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account. Each investor (other than an investor in Reg. S Notes following expiration of the applicable Distribution Compliance Period), by its purchase of any Notes, also agrees to deliver to the transferee of any Note a notice substantially to the effect of the above legend.

Each prospective investor is hereby offered the opportunity to ask questions of, and receive answers from, the relevant Issuer and the Dealers concerning the terms and conditions of the offering. Each prospective investor acknowledges that (i) it has been afforded an opportunity to request from the Issuer and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of the information herein; (ii) it has not relied on any Dealer or any person affiliated with any Dealer in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision; and (iii) no person has been authorised to give any information or to make any representation concerning the Issuer or the Notes other than those contained in this Offering Circular and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Pursuant to the Dealer Agreement, each Issuer has agreed to indemnify the Dealers against, or to contribute to losses arising out of, certain liabilities, including liabilities under certain securities laws, in respect of Notes of which it is the Issuer.

Bearer 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 and regulations thereunder.

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes of any Tranche (i) as part of their distribution at any time or (ii) otherwise until expiration of the Distribution Compliance Period applicable to such Tranche issued prior to such determination, within the United States or to, or for the account or benefit of, U.S. Persons, and it will have sent to each Dealer to which it sells 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 to or, for the account or benefit of, U.S. Persons.

In addition, until expiration of the relevant Distributed Compliance Period, an offer or sale of Notes within the United States by a dealer, including a dealer that is not participating in the offering, may violate the registration requirements of the Securities Act.

Each issuance of Dual Currency or Indexed Linked Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Final Terms. Each Programme Dealer has agreed and, if different, the relevant dealer in respect of each such issue will be required to agree that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Programme Dealer has represented and agreed, and each further Programme Dealer or Issuer Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes issued by BCP Finance which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by BCP Finance;

(b) 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 FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) 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.

The Cayman Islands

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that no invitation will be made to the Public in the Cayman Islands to purchase any Notes, whether directly or indirectly. "*Public*" for these purposes does not include a sophisticated person, a high net worth person, a company, partnership or trust of which the shareholders, unit holders or limited partners are each a sophisticated person, a high net worth person any exempted or ordinary non-resident company registered under The Companies Law (2004 Revision) or a foreign company registered pursuant to Part IX of The Companies Law (2004 Revision) or any such company acting as general partner of a partnership registered pursuant to Section 9(1) of the Exempted Limited Partnership Law (2003 Revision) or any director or officer of the same acting in such capacity or the Trustee of any trust registered or capable of registering pursuant to Section 74 of The Trusts Law (2001 Revision).

Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Offering Circular has not been and will not be registered with or approved by the Portuguese Securities Exchange Commission ("*Comissão do Mercado de Valores Mobiliários, "CMVM*") nor has a prospectus recognition procedure been commenced with the Portuguese Securities Exchange Commission and therefore the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November, 1999 unless the requirements and provisions applicable to the public offerings in Portugal are met and the above mentioned registration approval or recognition procedure is made. In addition, each Programme dealer has represented and agreed, an each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes only ("*oferta particular*"); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal; (iv) if the Notes are subject to a private placement addressed exclusively to qualified investors ("*investidores qualificados*"), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; (v) private placements addressed by companies open to public investment ("*sociedades abertas*") or by companies issuing securities listed on a market shall be notified to the CMVM for statistics purposes; (vi) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive, and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be including the publication of a Base Prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers nor any Dealer shall have any responsibility therefor.

Neither the Issuers nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and such Dealer shall agree and as shall be set out in the applicable Final Terms.

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