



Banco Comercial Português, S.A.

(Incorporated with limited liability under the laws of Portugal)
acting either through its head office or through its international Madeira branch
"Sucursal Financeira Internacional"

and

BCP Finance Bank, Ltd.

(An exempted company incorporated with limited liability under the laws of the Cayman Islands)

guaranteed unconditionally and irrevocably by

Banco Comercial Português, S.A.

acting either through its head office or through its
international Madeira branch *"Sucursal Financeira internacional"*

EUR25,000,000,000 Euro Note Programme

Arranger

UBS Investment Bank

Programme Dealers

Activo Bank 7
Barclays Capital
BofA Merrill Lynch
Deutsche Bank
Millennium Investment Banking
UBS Investment Bank

Banca IMI
BNP PARIBAS
Citi
HSBC
Morgan Stanley

Banco Santander Totta
BNP Paribas Fortis
Credit Suisse
J.P. Morgan
The Royal Bank of Scotland

This Offering Circular replaces and supersedes the Offering Circular dated 28 April, 2009 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

Under the EUR25,000,000,000 Euro Note Programme (the “Programme”), each of Banco Comercial Português, S.A. (the “Bank”, “BCP”, “Banco Comercial Português” or “Millennium bcp”), acting either through its head office or through its international Madeira branch, (*Sucursal Financeira Internacional*) and BCP Finance Bank, Ltd. (“BCP Finance” and, together with the Bank in its capacity as an issuer of Notes under the Programme, the “Issuers” and each an “Issuer”) may from time to time issue notes in bearer and/or registered forms (respectively, “Bearer Notes”, and “Registered Notes” and together the “Notes”, which expression shall include Senior Notes and Subordinated Notes (each as defined below)) denominated in any currency agreed between the Issuer of such Notes (the “relevant Issuer”) and the relevant Dealer (as defined herein). The payment of all amounts payable in respect of Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed by the Bank.

In addition, the Bank acting through its head Office may issue Notes in book-entry and registered form that will be held through 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 (*Central de Valores Mobiliários*).

Notes issued by BCP Finance will be guaranteed by the Bank (the “Guarantor”) acting through its international Madeira branch “*Sucursal Financeira Internacional*”. Notes issued by BCP Finance will only be guaranteed through the head office of the Bank after (i) an appropriate resolution has been passed by its Board of Directors and (ii) the Dealers have been provided with a legal opinion from the Bank’s external legal advisers in Portugal.

The Final Terms (as defined below) for each Tranche (as defined below) of Notes will state whether the Notes of such Tranche are to be (i) senior Notes which, in the case of Notes issued by BCP Finance, will be guaranteed on an unsubordinated basis (“Senior Notes”) or (ii) subordinated Notes which, in the case of Notes issued by BCP Finance, will be guaranteed on a subordinated basis (“Subordinated Notes”).

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided herein. A description of the restrictions applicable at the date of this Offering Circular relating to the maturity of certain Notes is set out on page 10.

The Notes will be issued on a continuing basis to one or more of the Programme Dealers or Issue Dealers (each as defined herein) appointed under the Programme from time to time. The Programme Dealers and the Issue Dealers are herein together referred to as the “Dealers” and references to a “Dealer” are to a Programme Dealer or, as the case may be, an Issue Dealer. References to the “relevant Dealer” are references to the Dealer or Dealers with whom the relevant Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

Any person (an “Investor”) intending to acquire or acquiring any securities from any person (an “Offeror”) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (FSMA), the relevant Issuer may be responsible to the Investor for the Offering Circular under section 90 of FSMA, only if the relevant Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the relevant Issuer. If the Offeror is not authorised by the relevant Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents it should take legal advice.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market. References in this Offering Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer. Each Issuer may also issue unlisted Notes.

Notice of the aggregate nominal amount, the issue price, the issue date and maturity date of the Notes, interest (if any) payable in respect of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in Final Terms (the “Final Terms”) which, with respect to Notes to be listed on the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange, respectively.

The Programme has been rated “A1/P-1” (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and “A2” (in respect of Subordinated Notes) by Moody’s Investors Service Limited (“Moody’s”), “A-/A-2” (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and “BBB+” (in respect of Subordinated Notes) by Standard & Poor’s Rating Services, a Division of McGraw-Hill Companies, Inc. (“Standard & Poor’s”), and “A+/F1” (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) by Fitch Ratings Ltd (“Fitch”). Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2008 and 2009 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes set out herein, in which event (in the case of Notes admitted to the Official List) a supplementary Offering Circular if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

The Issuers may decide in the future to issue Notes on an undated subordinated basis under the Programme. In such circumstances, the Issuers will prepare a supplementary offering circular containing the terms and conditions of such Notes which will include, where the Issuer is BCP Finance, details of the guarantee of the Bank.

Each of BCP Finance and the Bank (the “Responsible Persons”) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each of BCP Finance and the Bank (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the last paragraph on the preceding page.

Subject to the provisions of the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other

arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The relevant Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Offering Circular and any Final Terms will not contain such information. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION, THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Certain information relating to the terms of an offer by an Offeror to an Investor may not be available at the time of publication of this Offering Circular. The Investor must look to the Offeror at the time of such offer for the provision of such information and it is the responsibility of the Offeror to ensure that information relating to the offer that has been omitted from this Offering Circular is provided to the Investor at the time such offer is made. Neither the relevant Issuer nor any of its affiliates shall have any responsibility to an Investor in respect of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

Neither the Trustee nor any Dealer has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by BCP Finance or the Bank in connection with the Programme. Neither the Trustee nor any Dealer accepts any liability in relation to the information contained in this Offering Circular or any other information provided by BCP Finance or the Bank in connection with the Programme.

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 will be available 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 account or benefit of, U.S. persons within the meaning of Regulation S under the Securities Act (“Regulation S”) 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 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 except in accordance with Rule 144A under the Securities Act (“Rule 144A”) or pursuant to another applicable exemption from the registration requirements of the Securities Act. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Notes sold in private transactions to qualified institutional buyers within the meaning of Rule 144A (“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, The Depository Trust Company (“DTC”). The Registered Notes of each Tranche sold to “accredited investors” that are institutions (as defined in Rule 501 (a) (1), (2), (3) or (7) under the Securities Act) (“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 38. Each Tranche of Bearer Notes will be sold outside the United States in reliance on Regulation S and 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 depository or common safekeeper on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearance system. On and after the date which is 40 days after the date on which a Temporary Bearer Global Note is issued, 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 38. 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).

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the relevant Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

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”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union amended from time to time. All references in this Offering Circular to the “United States” and the “US” refer to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

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 by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) 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*”.

A person investing in Notes issued under the Programme should be aware that such an investment may have tax consequences in the United States and other jurisdictions. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. See “*Taxation—United States Taxation*” in this Offering Circular.

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 STATUTES (“RSA 421-B”) 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 OF THE STATE OF NEW HAMPSHIRE 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 OF THE STATE OF NEW HAMPSHIRE 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 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 “ <i>Sucursal Financeira Internacional</i> ”, 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 “ <i>Sucursal Financeira Internacional</i> ”, as indicated in the applicable Final Terms. Notes issued by BCP Finance will be guaranteed by the Bank acting through its international Madeira branch “ <i>Sucursal Financeira Internacional</i> ”. In certain 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:	Certain factors 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” and include factors specific to the Portuguese economy, legal and regulatory framework and shareholding, financial and organisational structure of the Bank. Additionally, there are certain factors which are material when assessing market risks associated with 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, risks relating to the structure of a particular series of Notes and market risks.
Description:	Euro Note Programme
Arranger:	UBS Limited
Dealers:	Banca IMI S.p.A. Banco ActivoBank, S.A. Banco Comercial Português, S.A. Banco Santander Totta, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Fortis Bank NV/SA acting under the commercial name of BNP Paribas Fortis in Belgium HSBC Bank plc

J.P. Morgan Securities Ltd.
Merrill Lynch International
Morgan Stanley & Co. International plc
The Royal Bank of Scotland plc
UBS Limited

The Issuers may at any time appoint additional dealer(s) in relation to the Programme or in connection with the issue of a Tranche of Notes issued thereunder 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., London Branch (the “ Agent ”)
Programme Size:	Up to EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein on page 37) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the Dealer Agreement.
Currencies:	Subject to 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, U.S. dollars, Sterling, Japanese yen and Swiss francs.
Certain Restrictions:	<p>Each issue of Notes denominated in a currency to 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 “<i>Subscription and Sale and Transfer Restrictions</i>”) including, but not limited to the following restrictions applicable at the present date.</p> <p>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 under 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 “<i>Subscription and Sale and Transfer Restrictions</i>”.</p>
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 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.
Form of Notes:	<p>Notes will be issued in bearer form and/or registered form and/or book entry form as described in “<i>Form of the Notes</i>” 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.</p> <p>Book Entry Notes will be integrated in and held through Interbolsa in dematerialised form.</p>
Fixed Rate Notes:	Fixed interest will be payable on such date(s) 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 on:

- (i) 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);
- (ii) the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) 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 or 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 relevant 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 relevant 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 5 nor more than 60 days' irrevocable notice (or such other notice period (if any) as indicated in the applicable Final Terms) to the Noteholders or the relevant Issuer on a date or dates specified before 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) may agree to the substitution of the relevant Issuer as principal debtor in respect of the Note, subject to the fulfilment of certain conditions, as 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*”; 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, pay additional amounts to cover the amounts so deducted. Currently, 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 services to holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office. 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 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 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 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. Payments in respect of the Subordinated Notes will be subordinated as described in Conditions 2(b) or (c) in the case of Subordinated Notes issued by BCP Finance and the Bank respectively.

Status of the Guarantee:

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 regulated market.
Governing Law:	Subject as provided in Condition 21, the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law except that 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 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 " <i>Subscription and Sale and Transfer Restrictions</i> ".

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the Financial Services Authority, shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the published audited annual financial statements and audit reports of BCP Finance for the years ended 31 December, 2008 and 31 December, 2009;
- (b) the published annual reports (except for the 2009 Annual Report Pro Forma Information*) and audited consolidated annual financial statements and audit reports of the Bank and its subsidiaries (the “**Banco Comercial Português Group**” or the “**BCP Group**”) for the years ended 31 December, 2008 and 31 December, 2009; and
- (c) the Terms and Conditions of the Notes contained in the previous Offering Circulars dated 21 December, 2001, pages 27-51 (inclusive), 19 December, 2002, pages 26-50 (inclusive), 21 November, 2003, pages 26-50 (inclusive), 22 November, 2004, pages 25-49 (inclusive), 13 December, 2005, pages 37-61 (inclusive), 21 September, 2006, pages 38-62 (inclusive), 18 April, 2007, pages 43-71 (inclusive), 30 April, 2008, pages 64-93 (inclusive) and 28 April, 2009, pages 68-97 (inclusive), prepared by BCP Finance and the Bank in connection with the Programme.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2008 and 2009 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

Following the publication of this Offering Circular, a supplement may be prepared by the Issuers and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly, by implication or otherwise) be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered offices of BCP Finance and the Bank and from the specified offices of the Paying Agents for the time being.

BCP Finance and the Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes. Each of BCP Finance and the Bank have undertaken to the Dealers in the Dealer Agreement to comply with sections 87G of the Financial Services and Markets Act 2000.

Any documents themselves incorporated by reference in the documents deemed to be incorporated by reference herein shall not form part of this Offering Circular.

* The “2009 Annual Report Pro Forma Information” means the pro forma information contained in the annual report for the year ended 31 December, 2009: (a) the rows “Core Tier I ratio (IRB*)” and “Tier I ratio (IRB*)” on page 5 of volume I, relating to pro forma information; (b) column 4 of the graph titled “Core Tier I” on page 7 of volume I, relating to pro forma core tier I IRB; (c) paragraph 2 on page 12 of volume I, relating to core Tier I and Tier I ratios; (d) the rows “Core Tier I ratio (IRB*)” and “Tier I ratio (IRB*)” on page 64 of volume I, relating to pro forma information; (e) paragraph 1 on page 66 of volume I, relating to “Core Tier I”, “Tier I” and “total solvency” ratios; (f) the third column of the table titled “Capital requirements: calculation methods and scope of application, as at 31 December” on page 95 of volume I, relating to pro forma IRB; (g) paragraph 4 on page 96 of volume I, relating to “Core Tier I”, “Tier I” and “total solvency ratio”; (h) column 4 of the graph titled “Core Tier I” on page 96 of volume I, relating to pro forma core tier I IRB; (i) column 4 of the graph titled “Solvency” on page 97 of volume I, relating to pro forma IRB 2009; (j) bullet 2 on page 1 and paragraph 2 on page 3, of Annex IV of volume II, relating to pro forma core tier I; (k) (i) bullet 4 on page 1, (ii) paragraph 1 of the “RESULTS” section on page 3, and (iii) bullet “vi” on page 6 of Annex IV of volume II, relating to pro forma tier I and core tier ratios; (l) paragraph 4 of the “CAPITAL” section on page 16 of Annex IV of volume II, relating to “Core Tier I”, “Tier I” and “total solvency ratio”; and (m) column 3 of the table titled “SOLVENCY” on page 17 of Annex IV of volume II, relating to pro forma IRB.

RISK FACTORS

Each of the Issuer and the Bank believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies that may or may not occur and neither the Issuer nor the Bank is in a position to express a view on the likelihood of any such contingency occurring.

Each of the Issuer and the Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Bank to pay interest or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor the Bank represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks Relating to the Bank's Business

The Bank is dependent on the state of the Portuguese economy. The correction of the relevant macro-economic imbalance, within an external adverse framework and in the light of more demanding financial conditions, may have a negative impact on the Bank's activity and results.

The Bank's activity is exposed to the evolution of the Portuguese economy, notwithstanding the contribution of its operations in other countries for its global results. On 31st December 2009, activities carried out in Portugal accounted for approximately 95% of the Group's net income, excluding specific items. Therefore, the state of the Portuguese economy remains critical to the Group's results and to its capacity to fulfil its goals.

The Portuguese Gross Domestic Product (GDP) contracted 2.7% in real terms in 2009, reflecting the delayed effects of the international financial markets crisis, the slowdown in world economic activity and anaemic domestic demand. This demonstrates the highly negative evolution of domestic demand, with an estimated contribution of -3.2 % to GDP growth, in particular the sharp contraction in investment and, to a much lesser extent, in private consumption. Net foreign demand had a positive contribution, though, due to significantly lower imports.

Tough conditions in the global financial markets and restrictions on funds accessibility thwarted the potential gains arising from the persistent accommodative stance taken on monetary policy, including very low levels for official interest rates and enhanced credit facilities in open market operations. The low interest rates did, however, help to alleviate the service burden on households and corporations, thereby mitigating some of the negative effects stemming from much weaker activity and rising unemployment. Current interest levels are probably at their lowest point in the cycle. Going forward, debt servicing will be expected to increase.

This increase in debt servicing could be more worrisome if the rise in interest rates at an EU level is displaced from the Portuguese economic reality. In a monetary union, one of the bigger risks faced by a small open economy is economic asymmetry with core countries.

The unemployment levels increased significantly to above 10% of the labour force, despite the public initiatives to support underlying economic activity and employment retention.

As a result of efforts to stabilise the economy and the negative cyclical effects, public finances deteriorated significantly. The budget deficit and public debt increased to 9.3% of GDP and 7.6% of GDP, respectively. These levels are in line with the EU average, but represent nevertheless a significant effort going forward to mend public finances. The inevitable consolidation path means that fiscal policy will remain tight for several years to come, with policies likely to comprise both expenditure moderation and higher revenues, either by broadening the tax base or by increasing taxes selectively. Furthermore, if economic activity turns softer than expected additional fiscal measures will need to be implemented. Hence, there is a risk that fiscal policy will hinder activity levels over the medium term, thereby affecting, directly and indirectly, banks' earnings and the financial condition of their customers.

Growth prospects continue to depend on developments in external markets, but the contribution of domestic demand to growth is expected to turn positive this year as investment spending becomes less negative and private consumption is expected to return to a more normal growth rate. However, the unemployment rate is expected to remain high, as economic growth is too weak to foster rising employment levels. Moreover, long-

term unemployment levels have risen as well, signalling a slow descent for unemployment figures in the early stages of economic recovery. Households' financial condition will remain poor, with the interest rate cushion not likely to be as favourable as before, as central banks slowly normalise monetary policy.

High external imbalances are likely to persist in a less benign environment for commodity prices, namely energy prices. The financing of the ongoing current account deficit is now more challenging, as global risk sentiment has changed significantly. The improvement, or deterioration, of the economic climate might interfere in the regular financing of the external deficit and constrain the economy's growth potential.

For several years now, the Portuguese economy has faced a slow process of adjustment to meet the challenges brought about by the single currency. At the same time, it has maintained a growth model that has led to higher indebtedness. In a sense, this has only been feasible given the success of the intermediation of banks in accessing funding in the international markets. This condition, however, implies a reduced ability to undertake an independent and sustained economic recovery given the current financial constraints, thereby increasing the economy's vulnerability to outside events.

The prevalent low competitiveness and increased indebtedness of both households and businesses have been a characteristic of the Portuguese economy. It is an unsustainable situation over the long run. A more challenging environment in accessing wholesale funding and the increasing cost of risk could mean greater restrictions on investment plans and consumption ahead, compromising banking volumes, banks' earnings and asset quality.

Competition in the goods markets for foreign direct investment ("FDI") and structural funds is strong. In the traditional tradable sectors, there is significant competition from low-cost producers, whereas Eastern European countries have taken a greater share of FDI and the European Structural Funds. This environment requires a change in the underlying business model of the Portuguese economy, improving the degree of efficiency and changing the pattern of product specialisation. But such change involves risks and entails significant transition costs, such as labour market tensions and the closure of non-competitive production units.

Portugal has no significant fossil fuel natural endowments and its use of renewable energy resources, though increasing, does not yet provide for all its needs. Significant financial resources have recently been allocated for energy imports. This means that there is high sensitivity to disruptions in the international energy markets with direct implications on the evolution of profit margins of companies and household finances.

As a result of the persisting macro-economic imbalances described above, and the dynamics for their correction, the ability of the Bank to generate results could be affected, namely by an economic recession, with effects on banking volumes, increased funding costs, volatility in the financial portfolio market value, income related to credit and market evolution and the increase in overdue credit and consequent deterioration in asset quality.

The Portuguese Republic may be subject to a downgrade by the rating agencies, with implications for the financing of the economy

The Standard & Poor's, Moody's and Fitch rating agencies have put the Portuguese Republic's rating under negative watch, justifying this action with a lack of significant and credible measures to control the budget deficit by the Government, with the increase in public debt nearing 100% of GDP and with a lack of consensus between the Government and the opposition on what constitutes public finance consolidation measures to achieve the necessary convergence with countries of a similar rating. The rating agencies' outlook on the Portuguese Republic is dependent on the measures included in the Stability and Growth Programme and on the feasibility and credibility of the plan to reduce the public deficit to 3% of GDP by 2013. A downgrade of the Portuguese Republic's rating may occur again in the future in the event of a more drastic deterioration in public finances as a result of a poorer performance in economic activity or as a result of the measures proposed being perceived as insufficient. Accordingly, the cost of risk for the Portuguese Republic would increase, with negative side effects on the cost of risk for Portuguese banks and hence on their results.

Despite the limited direct exposure of the Portuguese financial system to the U.S. subprime market and the measures of State support to the financial system, the spread of the crisis effects will continue to affect negatively the results of Portuguese banks

The Group does not have any exposure to the US subprime/Alt-A mortgage market through Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Asset-Backed Securities (ABS) or Collateralised Debt Obligations (CDO). The Group also does not have any exposure to monoline insurance companies. The Group's exposure to the structured credit products potentially affected by the financial markets turmoil was limited to the exposure of its subsidiary company Millennium bcpbank, n.a. in the United States, through which the Group owned, as at 31 December 2009, Euro 17.8 million of Residential Mortgage-Backed Securities (RMBS) and Euro 17.3 million of bonds with senior AAA debt, both issued and guaranteed by Government Sponsored Entities (GSEs), and Euro 7.1 million of Commercial Mortgage-Backed Securities (CMBS) SBA Pools issued and guaranteed by the Small Business Administration, a Government Agency, which are backed by the full faith and credit of the United States Government. The Group carries out operations with derivatives fundamentally to hedge structured products for customers (guaranteed-capital and other products), to hedge risks stemming from the Bank's day-to-day business, essentially including hedging the interest-rate risk and the exchange-rate risk. The trading activity of the Group's own portfolio in derivatives is rather immaterial insofar as Group profits or risk exposure are concerned. Over the years, the Group has carried out securitisation operations based on loans to individuals – mortgage loans and consumer credit – and also on loans to companies. Credit securitisation is used as a liquidity and capital management tool, with the aim of financing the Group's business and, under certain circumstances, to free up capital. The Group has no exposure to Special Purpose Entities (SPE) other than that resulting from the securitisation of normal credit business, as described in Notes 1 and 21 of the Notes to the Consolidated Financial Statements. Furthermore, the accounting policies in respect of SPE and securitisations have not been altered over the past 12 months. The Group's accounting policies are described in Note I from the Notes to the Consolidated Financial Statements, in Volume II of the 2009 Annual Report. Additional information about the valuation of financial assets may also be found in Notes 22, 23, 24, 40, 47 and 51 under the same section and volume of the referred Annual Report.

Despite the Portuguese financial system's low direct exposure to complex financial assets associated with the disruption in international financial markets, side effects such as increased difficulty in obtaining regular funding in the interbank and capital markets, the devaluation of the financial holdings portfolio and pension funds, lower fees related to the markets and in financial operations and the increase in impairment affected the profitability, liquidity and solvency of banks. The structural increase in the credit/deposits ratio until 2007 as a result of a very favourable financial markets context implied an increase in wholesale and interbank funding by Portuguese banks to compensate for the shortfall in domestic savings, whose sustainability dynamic will be more uncertain if the present market conditions continue. Measures to support the financial system, notably the establishment of a personal guarantee from the State for bank debt issuance and the plan for recapitalisation of banks, helped to mitigate the negative effects of instability in the funding markets, but the pressure for lower maturities and increased costs of financing continue to affect the performance of the banking sector.

The Bank is exposed to macro-economic risks through its international operations, particularly in Poland, Greece, Mozambique, Angola and Romania

Until 2009 the economies of Greece, Poland and Romania have posted strong GDP growth rates resulting from the processes of European integration, benefiting in particular from high inflows of foreign investment and opportunities underlying the use of EU funds, reflected in the increase of capital expenditure and providing a substantial improvement in employment.

In 2009, the GDP of both Greece and Romania contracted, while Poland was the only country in the European Union to escape the recession, although it did experience a pronounced slowdown. The scenarios of growth in GDP in Poland have been revised upwards by the main supranational institutes, but major risk factors prevail relating to the dynamism and strength of the economic recovery process. Amongst these, the erosion in the condition of public finances stands out, reinforced by adverse demographic trends and structural problems of competitiveness. The inevitability of the return to equilibrium of the financial condition of sovereign states and the close scrutiny of investors with mounting public debt could lead to the need to adopt restrictive fiscal policies conditioning the strength of economic activity and the profitability of financial institutions, whether due to a reduction in business volumes, or by a reduction in the associated level of income. An accentuated reduction in the levels of activity strengthens the pressure of competition in the global

economy, thereby accentuating problems of competitiveness. The process of adjustment could require salary moderation or, in extreme situations, a profound internal restructuring, with discontinuity of the productive cycle and of the labour market which could possibly upset the social environment, with parallel effects on banking activity, namely through an increase in loss events and the associated impairment. The return of the sentiment of risk aversion and a deterioration in the climate of confidence could induce a return to a context of volatility in the financial markets, worsened by a feeling of drained institutional capacity for additional support to the business. In this regard, the economic context could get significantly worse, being particularly penalising for financial systems with greater exposure, active or passive, to the international financial markets.

Angola and Mozambique have been noted for strong and sustained growth in recent years and the use of monetary policies to reduce inflation. The development process is still in an initial phase in these countries and characterises itself by the high economic dependence on a limited number of sectors, including commodities such as oil (Angola) and aluminium (Mozambique), increasing their vulnerability to shocks in these specific markets. The context of abundant liquidity could jeopardise the objectives of price developments and the emergence of economic activities, which will eventually promote sectoral diversification. The climate of optimism, abundant liquidity and extension of geographical coverage and range of banking products and services that has characterised recent years, within a framework for further development of their nascent financial systems, could lead to a deterioration of credit quality, with the consequences to be felt by the generation to come. The poor social conditions, though with a remarkable improvement in recent years, are still a factor likely to cause social instability, which would subsequently be detrimental to the development of regular banking business.

In February 2009, Banco Comercial Português, S.A. entered into financial transactions regarding the agreements of strategic partnership established with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública (Sonangol) and the Banco Privado Atlântico, S.A. (BPA), within which, through the share capital increase of Banco Millennium Angola (BMA), in the amount of USD 105,752,496.80, Sonangol became holder of 29.9% of BMA share capital and BPA assumed a 20% participation in the share capital of the Bank. BMA will acquire a shareholding of 10% in BPA's share capital. Following this share capital increase, BMA will be in a position to accelerate its business plan, foreseeing for the next three years an investment of more than USD 200 million in the development of branches and in the creation of more than 1,000 jobs in Angola. It is not possible to provide an assessment in advance of the success of the Group's expansion in Angola.

Terrorist attacks or a pandemic could have disruptive effects on business volumes and debtor performance, adversely affecting the Bank's income, credit quality and overall financial condition

Terrorist attacks or a pandemic could cause significant disruptions to economic activity, increase economic uncertainty, reduce economic confidence and lead to severe disturbances in overall economic activity. Any of the above could have a material adverse effect on the Bank's business, financial condition or results of operations.

A material decline in global equity markets could adversely affect the activity, results and value of strategic investments of the Bank, as well as the value of assets included in the portfolio of the Group Pension Fund

Investment returns are an important part of the Bank's overall profitability, in particular in relation to its asset management business (carried out by Millennium bcp – Gestão de Fundos de Investimento, S.A.), life insurance business (carried out by the Millenniumbcp Fortis joint venture) and investment banking business. A decline in global equity markets could affect sales of some of the Bank's products and services, namely unit-linked products, participating life insurance and pension products, mutual funds and asset management services, brokerage services, equity capital markets and investment banking transactions, and could significantly decrease the Bank's income from commissions. A decline in global equity markets resulting in any of the foregoing could have a material adverse effect on the Bank's business, financial condition or results of operations. In addition, continued or prolonged fluctuation in the prices of securities or prolonged market volatility or disruption could result in investors withdrawing capital from the markets, decreasing their rate of investment or surrendering life insurance policies, any of which could adversely affect sales of the Bank's investment products, including some categories of life insurance products and would result in the Bank's own funds being diminished.

As at 31 December 2009, the equity portfolio of the Group, including investments in associated companies, was Euro 834.131 million, which is equivalent to 0.9% of the total assets of the Group.

The value of the assets included in the portfolio of the Group Pension Fund is also dependent on the future performance of the capital markets. To the extent that the Bank and certain Group companies guarantee certain post-retirement benefits to their employees, a sharp decline in capital markets could cause the value of the assets in the portfolio to be insufficient to cover the liabilities assumed by the Pension Fund, negatively affecting the Bank's capital ratios and financial results.

The recent turbulence in the main global financial markets, more specifically the interbank and debt markets, could materially and adversely affect the Bank's liquidity position and capacity to increase credit volumes

Since the second half of 2007, disruption in the global credit markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, created increasingly difficult conditions in the financial markets and had a negative impact on investor confidence. This has negatively affected the interbank markets and debt issues in terms of volume, maturity and credit spreads. Among the sectors of the global credit markets experiencing particular difficulty due to the current crisis are those associated with sub-prime mortgage backed securities, asset backed securities, collateralised debt obligations, leveraged finance and complex structured securities. These conditions have resulted in historic volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in certain markets.

These conditions have resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by government authorities, regulators and central banks around the world. It is difficult to predict how long these conditions will last and how the Bank's investments and markets will be adversely affected.

As a result, greater attention must be paid to liquidity risk management. Through its risk management policies, the Group seeks to mitigate the risk of liquidity. It adopted some measures in 2008 and reinforced them during 2009, easing the negative impact of the adverse environment of the markets' liquidity, through reduction of commercial gap (credit-on balance customer funds), reinforcement of deposits collection, sale of non-strategic assets and increase of highly liquid assets. The debt refinancing needs in the medium and long term for 2010 are estimated at Euro 4.6 billion. In accordance with the strategy of global liquidity management of the Group, a significant reduction of the commercial gap has been achieved since 2009. It is expected that the management of loans to customers and customers' funds growth in 2010 would reduce the commercial gap during 2010. The Bank funds itself in the interbank and capital markets in accordance with its financing needs. Resort to the ECB is justified mainly when the markets show signs of inefficiency. The Bank has a portfolio of highly liquid assets that can currently be used to raise about Euro 10.6 billion with central banks.

The Bank issued a sum of Euro 6.6 billion during 2009, including Euro 1.5 billion guaranteed by the Portuguese Republic in January 2009, and Euro 1 billion of Subordinated Perpetual Securities. The Bank has already issued Euro 750 million of unsecured debt under the Euro Note Programme in 2010 and therefore 47% of the 2010 debt refinancing needs are already covered.

Although the Bank considers that its risk management and risk mitigation policies are adequate, a continuation of this market environment could cause the Bank's liquidity position to deteriorate. Such deterioration would increase funding costs and limit the Bank's capacity to increase its credit portfolio and the total amount of its assets, which could have a material adverse effect on the Bank's business, financial condition or results of operations. These conditions may be exacerbated by persistent volatility in the financial sector and the capital markets, or concerns about, or a default by, one or more institutions, which could lead to significant market-wide liquidity problems, losses or defaults by other institutions. Further, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or whether such changes may be materially adverse to the Bank. If current market conditions and circumstances deteriorate further, or continue for protracted periods of time, this could also lead to a decline in available funding, credit quality and increases in defaults and non-performing debt, which may have a negative impact on the rating, investments, business, financial condition and results of operations of the Bank.

Volatility in interest rates may negatively affect the Bank's net interest income and have other adverse consequences

Interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently from

those it pays on interest-bearing liabilities. This difference could reduce the Bank's net interest income. Further, an increase in interest rates may reduce the demand for loans and the Bank's ability to originate loans and contribute to an increase in credit default rates among its customers. Conversely, a decrease in the general level of interest rates may adversely affect the Bank through, among other things, increased pre-payments on its loan and mortgage portfolio, lower net interest income from deposits, reduced demand for deposits and increased competition for deposits and loans. As a result, significant changes or volatility in interest rates may have a material adverse effect on the Bank's business, financial condition or results of operations.

The Bank may not be able to preserve its customer base

The Bank's success depends upon its ability to maintain customer loyalty by offering a wide range of high quality, competitive products with consistently high levels of service. The Bank has sought to achieve this objective by segmenting its customer base to better serve the diverse needs of each customer segment and by cross-selling its products and services through a distribution net in Portugal under a single brand, "Millennium bcp". Additionally, the Bank seeks to maintain a long-term financial relationship with customers through the sale of anchor products and services, including credit for housing, domiciled salaries, permanent transfers, credit cards and savings products. The "bancassurance" offer also includes a wide range of products available from the Bank and is managed by the insurance companies Ocidental Companhia Portuguesa de Seguros de Vida, SA ("Ocidental Vida"), Ocidental Companhia Portuguesa de Seguros, SA ("Ocidental"), Média Companhia Portuguesa de Seguros de Saúde, SA ("Média"), and the management company of pension funds PensõesGere – Society Pension Fund Manager, SA ("PensõesGere"), which is a tied insurance intermediary, all owned by Millenniumbcp Fortis Group Insurance, SGPS, SA. This entity resulted from the partnership agreement with the Fortis Group for the business of "bancassurance" in Portugal and is held 51% to 49% by Fortis and Banco Comercial Português. Increased pricing competition in the Portuguese and European banking markets through the offer of products at significantly low prices 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 with consistently high levels of service could have a material adverse effect on the Bank's business, financial condition or results of operations.

Labour disputes or other industrial actions could disrupt operations or make them more costly to run

The Bank is exposed to the risk of labour disputes and other industrial actions. Approximately 85% of the Group's employees in Portugal and 48% of all its employees are members of labour unions and the Bank may experience strikes, work stoppages or other industrial actions in the future. Any such action could disrupt operations, possibly for a significant period of time, result in increased wages and benefits or otherwise have a material adverse effect on the Bank's business, financial condition or results of operations.

The Bank may have to bear additional costs, especially as regards staff costs, related to the restructuring foreseen in its Management Priorities

In order to implement the restructuring outlined in its Management Priorities, the Bank may proceed with a gradual reduction in the number of employees in Portugal or other countries. This would be done mostly through negotiated redundancies or voluntary early retirements that could involve additional restructuring charges related to personnel costs. Although past reductions in the number of employees have been achieved without any significant social, legal or reputational damage, the Bank cannot guarantee that these measures or any other future actions related to the reorganisation of the Bank's activities would not result in litigation, a disruption of work, or other material adverse effects on the Bank's business, financial position or results of operations.

The Bank may have difficulty in hiring and retaining qualified personnel

The Bank's ability to successfully implement its strategy depends upon its ability to recruit and maintain suitably qualified and capable employees for each function in Portugal and other countries. Even though its human resources policy is aimed at achieving these goals, it is not possible to guarantee that constraints in this area will not arise in the future. An inability to attract and retain qualified and capable employees for each position may limit or delay the execution of the Bank's strategy, and could have a material adverse effect on its business, financial condition or results of operations.

The Bank faces strategy risks

The Bank is exposed to strategy risks. There is a possibility that the Bank may take inadequate strategic decisions, fail to implement decisions or experience a lack of capacity to respond to evolving market conditions, and may therefore be unable to partially or fully achieve the targets announced in its strategic plan. It is not possible to guarantee in advance that the Bank will be able to execute its strategy and achieve its targets due to general conditions, including those resulting from worsening market conditions, the adverse economic environment, increased competition or actions taken by its main competitors. The execution of its strategy and the achievement of its targets may also be affected by specific conditions, including those resulting from possible delays or a failure to implement its strategic plan, accomplishment or success of its structural expansion plan; impact of measures by the Bank focusing on the client; a lower than expected impact of initiatives to strengthen risk management focusing on liquidity and capital management; the implementation of measures for profitability recovery and international focus of the portfolio, considering possible divestiture of selected operations. The Bank could be unsuccessful in one or more measures in the ongoing management priorities. If Millennium bcp fails to achieve the established strategic objectives, its business, financial situation, results and the value of its shares may be adversely affected.

The Bank faces compliance risks

The Bank operates in a highly regulated industry and is subject to claims of non-compliance and lawsuits by government agencies, regulatory agencies and third parties. Results of compliance reviews or other proceedings that are unfavourable to the Bank may result in legal sanctions, limitations on its business opportunities, reduction of its growth potential or materially and adversely affect its ability to fulfil certain contractual obligations.

The Bank is also subject to rules and regulations related to money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although the Bank believes that its current anti-money laundering and anti-terrorist financing policies and procedures are adequate to ensure compliance with applicable legislation, the Bank cannot guarantee that it will comply at all times with all rules applicable to money laundering and terrorism financing as extended to the whole Group and applied to its workers in all circumstances. A possible violation, or even any suspicion of a violation of these rules, may have serious legal and financial consequences, which could have a material and adverse effect on the Bank's business, financial condition or results of operations.

The Bank may be exposed to unidentified risks or an unanticipated level of risk notwithstanding the risk management policies of the Bank

The Bank is exposed to a number of risks, including, among others, credit risk, market risk, operational risk and liquidity risk. Although the Bank has implemented risk management policies for each of the risks to which the Bank 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 effective. The Bank's risk management methods rely on a combination of technical and human controls and supervision that are subject to error and failure. Some of the Bank's methods of managing risk are based on internally developed controls and observed historical market behaviour, and also involve reliance on industry standard practices. These methods may not adequately prevent future losses, particularly those relating to extreme market movements, which may be significantly greater than what historical measures indicate. These methods also may not adequately prevent losses due to technical errors if testing and quality control practices are not effective in preventing software or hardware failures. See "Risk Management" for a more detailed description of the Bank's risk management procedures.

The Bank is exposed to credit risk

The Bank is exposed to the creditworthiness of its customers and counterparties.

This exposure can arise through trading, lending, deposit-taking, clearance and settlement and numerous other activities and relationships. These counterparties include institutional clients, brokers and dealers, commercial banks, investment banks and mutuals. Many of these relationships expose the Bank to credit risk in the event of default of a counterparty or client. In addition, the Bank's credit risk may be exacerbated when the collateral it holds cannot be realised at, or is liquidated at prices not sufficient to recover,

the full amount of the loan or derivative exposure it is due to cover, which could in turn affect the Bank's ability to meet its payments under the Notes. Many of the hedging and other risk management strategies utilised by the Bank also involve transactions with financial services counterparties. The insolvency of these counterparties may impair the effectiveness of the Bank's hedging and other risk management strategies, which could in turn affect the Bank's ability to meet its payments under the Notes and may have a material adverse effect on the Bank's financial condition and results of operations.

Risks arising from changes in credit quality and the repayment of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Bank's business. Adverse changes in the credit quality of the Bank's borrowers and counterparties, a general deterioration in Portuguese or global economic conditions, or increased systemic risks in financial systems, could affect the recovery and value of the Bank's assets and require an increase in provision for bad and doubtful debts and other provisions. This would have a material adverse effect on the Bank's financial condition and results of operations.

Despite the current adverse economic environment, in recent years there has not been a significant deterioration in the creditworthiness of the Bank's customers. Non-performing loans determined in accordance with the rule 16/2004 from Bank of Portugal, which includes loans over-due by more than 90 days and also doubtful debt, accounted for 3.4% of total loans and advances to customers as at 31 December, 2009, compared to 1.3% of total loans and advances to customers as at December 31, 2008, and to 1.0% as at 31 December 2007. Credit impairment charges (net of recoveries) amounted to Euro 560.0 million in 2009, versus Euro 544.7 million in 2008 and Euro 260.2 million in 2007, showing mainly the increase of credit impairment charges. The provision effort, measured as the proportion between the credit impairment charges (net of recoveries) and the total loan portfolio, excluding loans represented by securities, stood at 76 basis points (b.p.) as at 31 December 2009, an increase of 2 b.p. over the 2008 figure of 74 b.p., and 37 b.p. over the 2007 figure of 39 b.p. Coverage of overdue loans stood at 106.1% at 31 December, 2009, compared to 173.9% in 2008 and 220.4% in 2007. If economic growth continues to weaken, or if unemployment increases or if interest rates increase sharply, the creditworthiness of the Bank's customers may deteriorate. In addition, its provisions and other reserves may not be adequate or it may have to make significant additional provisions for possible impairment losses in future periods. Any failure in risk management and control policies with respect to credit risk could have a material adverse effect on the Bank's business, financial condition or results of operations.

The Bank is exposed to market risk

The Bank is exposed to market risk. This is the risk of a decline in the value of the Bank's investment holdings or its trading results as a consequence of changes in market factors, specifically: the risk of fluctuations in its share price; interest rate risk; foreign exchange risk and changes in the price of commodities. The performance of financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the level of interest rates, yield curves and spreads could affect the Bank's net interest margin. Changes in foreign exchange rates could affect the value of its assets and liabilities denominated in foreign currencies and could affect the results of trading.

As specified in Note 53 to the financial statements, included in Volume II of the Annual Report of 2009, the main measure used by the Group in evaluating the market risks (including interest rate risk, foreign exchange rate risk and equity price risk) is the VaR (Value at Risk). The VaR is calculated on the basis of the analysis approximation defined in the methodology developed by the RiskMetrics (1996). It is calculated using a 10-working day time horizon and unilateral statistical confidence interval of 99%. In 2009, the average of the VaR for the trading portfolio was Euro 4.3 million.

Evaluation of the interest rate risk originated by the banking portfolio is performed via a risk sensitivity analysis process carried out every month for all operations included in the Group's consolidated balance sheet. On 31 December, 2009 the interest rate risk sensitivity of the balance sheet, calculated through the difference between the present value of the interest rate mismatch after discounting the market interest rate and the discounted value of the same cash flows parallel shift of the market interest rate by +100 b.p., shows values of Euro 26.8 million and Euro -3.4 million on each of the Bank's main currencies, respectively, Euro and dollars.

The Group uses derivatives to hedge certain products sold to clients (guaranteed loans and others) and to hedge operating risks, particularly interest and exchange rate risks. The trading activity in the derivatives portfolio has little impact on the Group's results and on its risk exposure.

The trading portfolios of shares available for sale amounted Euro 395.2 million on 31 December, 2009. Potential depreciation in the Group's trading portfolio of shares available for sale may have an adverse effect on the Group's financial condition or results.

The Bank has implemented risk management methods to mitigate and control these and other market risks to which the Bank is exposed and its exposure is continuously monitored. However, it is difficult to reliably forecast changes in market conditions and to anticipate the effects such changes could have on its financial condition and results of operations. The Bank is exposed to the risk associated with investment in complex derivatives. Any failure in risk management and control policies with respect to market risk could have a material adverse effect on the Bank's business, financial condition or results of operations. Net trading income represented 9.0% of operating income as at 31 December, 2009.

The Bank is subject to operational risks

In the ordinary course of its business and because of its 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. However, it is not possible to ensure that the monitoring and prevention of these risks would be totally efficient. Any failure in its risk management and control policies with respect to operational risks could have a material adverse effect on the Bank's business, financial condition or results of operations.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Bank or the group will be unable to comply with its obligations as a company with securities admitted to the Official List of the Financial Services Authority.

Liabilities to customers of the Bank are higher than the highly liquid assets

The main source of funding for the Bank is its deposits base. In recent years, however, interest rates kept at historically low levels have resulted in the channelling of customers' savings applied in more traditional financial products, including deposits, into instruments with a greater profitability potential. This trend has been reversed since 2008. The other sources of funding include the Bank's money market operations, the medium-and long-term bonds, commercial paper, medium-term structured products and securitisation operations. In recent years the Bank has strengthened its own funds through capital increases (the most recent capital increase in cash entry occurred in April 2008), the issue of securities mandatorily convertible into shares, called Capital BCP 2005 (this issue occurred in December 2002, with a corresponding increase in capital in January 2006) of subordinated bonds and convertible bonds exchangeable (the remainder of the most recent issue, which occurred in 2001, has been repaid).

The Group seeks to mitigate the liquidity risk and adopted some measures throughout 2007 and 2008 to mitigate the impact of the adverse market environment on its liquidity position - namely, by reducing the deficit, enhancing deposit taking, sale of non-strategic assets, increasing highly liquid assets and increasing the maturity of institutional funding. However the prolonged market crisis led to a decline in the weight of the wholesale component with a maturity greater than one year from 59.0% in 2007 to 46.8% in 2008 but the weight of the medium-long term component had already risen to 49.3% as at 31 December, 2009. The Bank's potential inability to obtain sufficient funds, in an adverse financial markets environment, especially following the "subprime" crisis, and to fulfil its responsibilities to its clients and other investors could adversely affect its financial position and results. Additionally, due to the net borrowing position of the Bank, any reduction in its ratings could also adversely affect its financial position and results.

There is a risk that the Bank's pension fund is under-funded, and 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 may be under-funded. If the deterioration in global financial markets causes investment returns and the value of its pension fund to further decline, the Bank may have to increase the amount of actuarial losses that will need to be recognised as a cost over the next 20 years, which could also be the case if changes in the actuarial assumptions regarding the pension fund take place.

In 2009 the Pension Fund's rate of return was positive at 9.4% notwithstanding the adverse environment of the capital markets. The strict management of the fund's assets, together with the proportion of each class of assets, meant that the Bank was able to obtain a higher return than the expected return in the actuarial

assumptions for 2009. Assets in the Pension Fund appreciated to Euro 467 million, leading to an actuarial difference of Euro 188 million. In parallel with this, the changes made in the actuarial assumptions, namely in the discount rate to 5.50% (5.75% in 2008), in the rate of growth of salaries to 2.50% (3.25% in 2008) and in the rate of growth of pensions to 1.65% (2.25% in 2008), together led to a reduction in pension liabilities of Euro 299 million. On 31 December 2009, actuarial differences amounted to Euro 1,514 million (of which Euro 553 million were included in the corridor), which reflected a reduction of Euro 627 million over the value entered at the end of 2008. Given the extraordinary circumstances which have conditioned business in the financial markets in 2008, the Bank of Portugal, through Notice 11/2008, authorised the deferral of the actuarial losses determined in 2008 over the next four years, with the exception of the returns expected from the fund's assets in 2008. The value of actuarial losses determined in 2008, which will be deferred on a linear basis until 2012, amounted to Euro 534 million. On 31 December 2009 liabilities in respect of retirement pensions amounted to Euro 5,410 million and were fully financed at levels above the minimum limits defined by the Bank of Portugal, with a level of coverage of 109%.

The contributions the Bank has made to the pension fund are based on certain assumptions regarding mortality and, accordingly, there is a risk that the beneficiaries of the policy will live longer and draw more from the pension fund than has been allowed for. Within the scope of IFRS and as defined in IFRS 1, the Bank decided to recalculate the actuarial assumptions from the date of establishment of the pension fund, which results in an increase of the pension liabilities. Within the scope of this recalculation, all actuarial gains and losses in excess of 10% of the value of the fund's pension liabilities (the corridor) are now being amortised for the remaining average working life of the employees (now 20 years) until the retirement date of the employees (previously: 10 years). If its pension fund is under-funded, the Bank will be required to make additional contributions to the fund in the future, which could have a material adverse effect on its business, financial condition or results of operations. In addition, the Bank is required to deduct from Tier 1 Capital the portion of unrecognised actuarial losses exceeding 10% of its pension liabilities or the value of its pension fund assets, whichever presents the higher amount. As a result, any further declines in the value of its pension fund assets could have a material adverse effect on the Bank's capital position.

In 2006, the Executive Board of Directors decided that employees' pensions would be financed through a defined contribution plan, however, the employees recruited previously to that resolution, would maintain the rights arising from the benefits plan until then in force. With this measure there will be a gradual reduction of the financial risk of the Pension Fund in future years.

Reductions in the Bank's credit ratings would increase the cost of borrowing funds and make the ability to raise new funds or renew maturing debt more difficult

Credit ratings are an important component of the Bank's liquidity profile. Among other factors, credit ratings are based on the financial strength, and credit quality of, and concentrations in its loan portfolio, the level and volatility of earnings; capital adequacy; the quality of management; the liquidity of its balance sheet; the availability of a significant base of core retail and commercial deposits, and the ability to access a broad array of wholesale funding sources.

Although Moody's revised, on 16 September 2009, Banco Comercial Português, S.A.'s long-term senior rating from "Aa3/P-1" to "A1/P-1" and BFSR from "C+" to "D+", Fitch Ratings agency announced the downgrade of Banco Comercial Português's Individual rating to "B/C" from "B" on 31 July 2009 and Standard & Poor's rating agency lowered its long- and short-term counterparty rating on Banco Comercial Português to "A-/A-2" from "A/A-1" on 30 July 2009, there is no guarantee that the Bank will not be subject to additional downgrades in the near future. On the other hand, in November 2009 Moody's published a note with a perspective on the credit conditions of the Portuguese banking system, in which, although it stated that it did not expect further downgrades in the financial soundness ratings of most Portuguese banks, it admitted that their deposits and debt ratings could be downgraded if the rating of the Portuguese Republic is downgraded. The rating of the Portuguese Republic is a key element in determining its capacity to support the banking system. The indicator of support for the system (a measure of the capacity of the country to support its banking system), "Aaa" as at 23 April 2010, could be reduced, if the Portuguese Republic is downgraded, with negative implications for the rating of both deposits and the Banks' debt. Changes in the rating notations could affect the Bank's risk premium and the cost of financing in the international capital markets. Changes in the Bank's credit ratings could adversely affect its ability to raise funds in the capital markets. The Bank's customers are also sensitive to the risk of a ratings downgrade, which could increase the cost of borrowing funds.

The Bank's ability to compete successfully in the market for funding deposits depends on various factors, including financial stability as reflected by the operating results and credit ratings by internationally recognised credit agencies. Therefore, a downgrade in credit ratings may impact its ability to raise funding, and may have a material adverse effect on its business, financial condition and results.

The Bank faces technological risks

Within the implementation of a new organisational and strategic coordination model, the Bank was divided into five business areas and two service areas (Bank Services and Corporate Areas). The Bank Services area comprises the organic units whose functions involve: credit analysis, credit recovery, processing of operations, development and exploration of IT, physical and logistic security, administration and property management, purchasing and other units for the support of the business areas' activity. The operations developed by the Group, in Portugal and abroad, have an external but common and integrated IT infrastructure, promoting increased global efficiency. The Bank's operations are highly dependent on IT processing, especially following the centralisation of its IT systems. IT processing involves record-keeping, financial reporting and other systems, including point of sale monitoring and internal accounting systems. Regarding IT security, the Bank continued to pursue a strategy aligned with the best international practices; as an example there is the main rule of security information ISO 17799/27001 (now denominated ISO 27002). Although its computer systems have been evaluated and the Bank believes its back-up facilities are adequate, the Bank cannot assure potential investors that it will be able to identify and correct problems related to its IT systems, or that it will be able to implement technological improvements successfully. If any of these risks materialise, the Bank's business, financial condition or results of operations could be materially and adversely affected.

The Bank's proprietary trading business involves risks

The Bank currently engages in various treasury activities for its own account, including placing Euro and foreign currency-denominated deposits in the interbank market and trading in the primary and secondary markets for government securities. See "Selected Statistical Data – Assets – Treasury Bills, Government Bonds and Other Securities" for information on its portfolio of trading and investment securities for the three years ended 31 December 2009. 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 these activities is limited, proprietary trading involves a degree of risk, as its results will in part depend on market conditions. In addition, the Bank is dependent on a range of reporting and internal risk management tools to report its exposure in respect of such trading accurately and timely. The Bank could incur significant losses in respect of its future trading, which could have a material adverse effect on its business, financial condition or results of operations.

The Bank's hedging may not prevent losses

The Bank engages in hedging transactions to reduce its exposure to various types of risks associated with its business. Many of its hedging strategies are based on historical trading patterns and correlations. Unexpected market developments may therefore adversely affect the effectiveness of its hedging strategies. Moreover, the Bank does not hedge all of its risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in its reported earnings. If any of its hedging instruments or strategies is ineffective, the Bank could incur losses that could result in a material adverse effect on its business, financial condition or results of operations.

Regulatory Risks

The Bank could be adversely affected by regulatory changes, which could affect, among other things, applicable 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 the other countries in which the Bank operates or by political developments occurring in Portugal, the EU or in those countries. The Bank has no control over such regulatory changes and political developments and significant regulatory changes in Portugal, the EU or those foreign countries in which the Bank operates, or difficulty in implementing or complying with new regulatory requirements as well

as significant political developments could have a material adverse effect on the Bank's business, financial condition or results of operations.

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 to capital requirements have been proposed by the Basel Committee.

In 2007, a new regulatory framework was implemented following the enactment of legislation that transposed into the legislation of European Union countries EU directives codifying the principles and definitions of the New Capital Accord of the Basel Committee on Banking Supervision, commonly known as the Basel II Accord. During the third quarter of 2007, the Bank submitted to the Bank of Portugal a formal request for authorisation in respect of the following methods for calculating the regulatory own funds requirements:

- The Internal Ratings Based approach for credit risk (IRB);
- The Internal Model approach for the assessment of general market risk to the Bank's trading portfolio, for all Group entities; and
- The Standard Approach for calculating the operational risk for all Group entities.

This formal request was a binding and decisive step in the evolution of the risk management and control policy of the Group as a logical consequence of an entire work of preparation and practical implementation of structures, mechanisms and instruments that, at all levels, has been developed by the Bank since 2003.

In the first half of 2009, the Group received authorisation from the Bank of Portugal for the use of the standard approach for calculating capital requirements for operational risk (at the consolidated and individual levels, to entities in Portugal) and for the use of the internal model approach in the calculation of capital requirements for general market risk for activities in Portugal. Currently, the application for the use of methods based on internal ratings is subject to evaluation by the Portuguese supervisor.

Following the international financial crisis and the concerted action of central banks and governments to recapitalise European financial institutions and provide guarantees to the financial sector, and to create conditions for the banks to resume the financing market, and the intervention of the Portuguese State in Banco Português de Negócios S.A., the Bank of Portugal issued a recommendation for banks to reach a Tier I capital ratio of not less than 8% until September 2009. Although the Tier I ratio of Banco Comercial Português was at 9.3% on 31 December 2009, it cannot be guaranteed beforehand that the Tier 1 ratio would not fall below 8.0% in the near future, based solely on the organic capital generation; and it may be necessary to use specific measures, which may involve further sale of particular assets and the consequent reduction in Risk-Weighted Assets or issuance of non-dilutive financial instruments. Moreover, the capital adequacy requirements are established and amended from time to time by the regulator, so they are not determined by the Bank.

The Bank could be adversely affected by a change in tax legislation and regulation and 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 the Bank operates. The Bank has no control over such tax changes, or changes in interpretation of tax laws by any fiscal authority. Significant changes in tax legislation in Portugal, the EU or those foreign countries in which the Bank operates, or difficulty in implementing or complying with new tax legislation could have a material adverse effect on the Bank's business, financial condition or results of operations.

The several measures to stimulate the economy and to support the banking system, approved by the Portuguese Government, were reflected in a sharp increase in the public deficit, which exceeded 9.3% of GDP in 2009. In spite of the agreement with the European Commission to reduce the budget deficit to values below the limit imposed by the Stability and Growth Programme – 3% of GDP – by 2013, the Portuguese economy's evolution, in recent years, has diverged, in terms of the average, to the Eurozone as a result of its problems of poor productivity and competitiveness, which has necessitated bold measures and to obtain consensus, in view of the Government's minority in Parliament. The combination of the need to re-balance the public finances with the increase in the transparency of accounts reporting could be reflected by an increase in the fiscal burden, through an increase in taxation and/or a reduction in fiscal benefits in the diverse areas of taxation, and

in a reduction in gains arising from tax planning, with a direct impact on results and on the volume of the business.

Risks Relating to Acquisitions

The Bank may be the object of an unsolicited acquisition bid

In light of the ongoing trend in Europe towards consolidation in the banking sector, the Bank could be the object of an unsolicited acquisition bid. If such an acquisition were to occur, there could be changes in its corporate strategy, the main focus of its business, or its operations and resources.

The Bank may engage in mergers and/or acquisitions

Although the Bank's strategic plan is focused on organic growth and it has reinforced its commitment to its strategic goals, there is no guarantee that it will not participate in mergers and/or acquisitions in Portugal or elsewhere should such opportunities arise. In the event the Bank participates in mergers and/or acquisitions, there could be changes in its corporate strategy, in its organisation and structure, its main business focus, its resources, and in its financial condition and results of operations. Additionally, if the Bank was to engage in such an operation, it is possible that the Bank may not be able to extract all the cost and/or revenue synergies, totally or partially, associated with such mergers and/or acquisitions. The Bank may also have to support additional personnel costs resulting from any restructurings needed to integrate acquired operations or businesses successfully. Moreover, future mergers or acquisitions could result in unexpected losses due to unexpected liabilities, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

Risks Relating to the Market

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

Since 1996 the Bank has witnessed a significant expansion of personal financial services in the Portuguese banking market, resulting in the sustained development of the mortgage market, consumer credit, investment funds, unit linked products and in the increase in the use of credit cards. The Portuguese banking market is currently a fairly developed market that contains major national and foreign competitors, which follow multi-product, multi-channel and multi-segment approaches, and which have significantly improved their commercial capabilities. Over recent years there has also been a significant development of banking operations through the internet and the use of new techniques, which allow banks to assess more precisely the needs of their customers and to act accordingly, adjusting their value proposal. Foreign banks have also entered the Portuguese market, especially in areas such as corporate banking, asset management, private banking and investment banking services. These factors have led to an increase in competition. Furthermore, many Portuguese banks are dedicated to increasing their income through an increase in the respective market shares and cross-selling, as well as focusing on core operations, which tend to sustain more aggressive commercial strategies. An intensification of the trend towards integration of financial services on a European level is also expected, which could contribute towards an increase in competition, essentially in the areas of asset management, investment banking, online brokerage services and a growing offer of remote financial services. The high level of competition in the sector in Portugal and in other countries where the Bank operates, or the worsening thereof, means business and strategic risk, which could lead to the eventual loss of market share in some products and/or business segments and which might hamper the adjustment of spreads for credit risk. It could also lead towards a reduction in the net interest margin, of commissions and other income and penalise the evolution of income, results and the Bank's financial condition.

The Bank may face difficulties with its international expansion

The Group has operations in international markets, which are exposed to risks arising from possibly adverse developments on a political, governmental and economic level in the countries where it is established. The Bank has operations in markets which are in the process of integrating into the EU, namely Poland and Romania. Although these countries previously showed high rates of growth in GDP, currently, with their main trading partners in recession, they are experiencing deep slowdown (Poland) or a severe economic recession (Romania).

Angola and Mozambique have also not remained immune to the adverse economic situation. Development is still in the early stages in these countries and is characterised by high dependence on a limited number of economic sectors, including commodities such as petrol in Angola and aluminium in Mozambique, increasing their vulnerability to shocks in these specific markets. Some of the Group's international operations are also directly and indirectly exposed to currency exchange risks, which could adversely affect the Group's results. So, although the markets with exchange risk currently represent approximately 1% of the Group's net results, possible devaluations of these currencies against the Euro could have a negative impact on the Group's activity, its financial situation and results.

The use of financing in foreign currency in some countries of Eastern Europe exposes some of the Bank's customers to exchange risk, affecting the financial condition of these entities and, consequently, the results of the Bank. Although Bank Millennium tightly restricted the new production of foreign currency loans in Poland at the end of 2008, the Bank still holds a considerable credit portfolio in foreign currency, which could have a significant impact on its results through the making of additional payments for impairment in the credit portfolio and the high cost of zloty swaps. Results could also be adversely affected if these countries' current expectations of joining the European single currency in the medium term are frustrated or in the event of reallocation of institutional investors' portfolios in favour of refuge assets as opposed to assets in emerging markets. The deterioration of the macro-economic environment in most of the Group's international operations is also reflected in an increase in loss history and the associated impairment. The Group can also come up against difficulties in implementing its strategy with regard to the expansion of its international operations due to general conditioning factors such as the worsening of market conditions, the adverse environment, the actions of competitors or specific conditioning factors associated with possible delays in the implementation of its strategic programme. These difficulties could have a notable impact on the opening of new branches, getting new customers and business volumes.

Risks Relating to Administrative Proceedings by the CMVM and the Bank of Portugal

The Bank is being subject to administrative proceedings by the CMVM and the Bank of Portugal, under which the Bank is being charged and has provided defence, regarding operations, including the funding of the acquisition of shares that the Bank itself issued, performed with entities, notably off-shore entities, and, in that context, has proceeded, for precautionary reasons, to the registration of a 300 million Euros (220.5 million Euros net of taxes) adjustment to its financial statements.

Summary of proceedings and inspections by the CMVM and the Bank of Portugal

At the end of the year of 2007, the Bank received a formal notice dated 27 December 2007 informing it that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, *"based on preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular with respect to the amount of own funds and breach of prudential obligations"*.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought *"based on facts related to 17 off-shore entities, the nature and activities of which were always hidden from the Bank of Portugal, in particular in previous inspections carried out"*.

On 12 December 2008, the Bank was notified by the Bank of Portugal of an accusation against the Bank under the administrative proceeding no. 24/07/CO instructed by the Bank of Portugal. The Bank did not accept the charges or accusations against itself, and provided defense under this administrative proceeding within the respective term, which ended on 16 March, 2009.

The stage of discovery of evidence (testimonies) requested by the other defendants ended in October 2009. The Bank is now waiting for a decision from the Bank of Portugal.

On 12 December 2008, the Bank was also notified by the CMVM of an accusation against itself under the administrative proceeding no. 41/2008.

The Bank did not accept the accusation and has already provided, on 27 January 2009, defense under the administrative proceeding in question, having argued the total rejection of the accusation. Previously, on 21 December 2007, CMVM had addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

“The CMVM, pursuant to its powers, is now engaged in a supervision action on BCP (as a listed company), in order to determine the nature and the activities of several off-shore entities responsible for investments in securities issued by BCP Group or related entities. Despite the process of supervision being pending, in particular in order to obtain a complete and final description of the situation and of the market behaviour of those entities, as well as to determine the relevant liabilities (including personal liabilities), the CMVM came to the following preliminary findings:

- (a) The mentioned off-shore entities have constituted securities portfolios – which included almost exclusively shares of BCP Group – with financing obtained from Banco Comercial Português, and there is, in general, no evidence that such entities were financed for this purpose by any other significant transfer from an entity external to BCP Group;*
- (b) It is already known that part of the debt was eliminated through the assignment of credits to third parties for a residual consideration;*
- (c) The conditions of these financings and the governance of such entities give the appearance that BCP has assumed all the risk concerning those off-shore entities, and that it had power to control the life and business of such entities;*
- (d) Thus, such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;*
- (e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular concerning the amount of BCP’s own funds and its owners;*
- (f) Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.*

Thus, given the nature of these conclusions and the urgency of the matter, the CMVM, under article 360, no. 1, f) of the Portuguese Securities Code, asks BCP to immediately:

- (a) Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above mentioned situation;*
- (b) Inform about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP;*
- (c) Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.*

The CMVM will continue the current process of supervision within its powers and with all its consequences, and will notify the appropriate authorities of any illegalities of different nature, and will further cooperate with the Bank of Portugal within the framework of Bank of Portugal’s powers.”

In the process mentioned above, the Bank of Portugal charges the Bank with the practice of six administrative proceedings referred in g) and three administrative proceedings referred in r), both of article 211 of the General Framework of Credit Institutions and Financial Companies (“RGICSF”).

The administrative proceedings, in case the types of conduct listed in the accusation are demonstrated, would be the following:

- (a) the breach of accounting rules or procedures set forth in the law or by the Bank of Portugal which does not cause a serious harm to the knowledge of the patrimonial and financial standing of the Institution constitutes an administrative offence foreseen in article 210, f), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. If, on the other hand, the relevant conduct causes such serious harm, that it may constitute an administrative offence foreseen in article 211, g), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000;*

- (b) The (i) omission of information and communications due to the Bank of Portugal in the relevant delays; or (ii) the provision of incomplete information, constitutes an administrative offence foreseen in article 210, h) (now i)), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitutes an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000;

According to the accusation, each of the administrative proceedings is punished by a fine between Euros 2,493.99 and Euros 2,493,989.49, which, according to the rule of the concurrence of offenses foreseen in the article 19, no. 1 and 2 of the General Regime of Administrative Proceedings, in case of conviction of several administrative proceedings in concurrence, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in concurrence.

In the accusation notified to the Bank in the administrative proceeding no. 41/2008 CMVM referred to above, the Bank is charged with seven administrative proceedings for alleged violation of article 7. of Portuguese Securities Code (“CVM”) and article 389, no 1, a) of the CVM.

Pursuant to article 7 of the CVM, the information relating to financial instruments, securities markets, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful.

According to the accusation, each of the administrative proceedings charged are very serious administrative proceedings punished by a fine between Euros 25,000 and Euros 2,500,000, which, according to the rule of the concurrence of offences foreseen in the article 19, no. 1 and 2 of the General Regime of Administrative Proceedings, in case of conviction of several administrative proceedings in concurrence, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in concurrence, to a maximum amount of Euros 5,000,000.

Banco Comercial Português, S.A. received on 26 of June, a notification regarding the CMVM’s decision concerning the process 41/2008, that resulted in a single fine of 5,000,000 euros, with partial suspension of 2,500,000 euros over a 2 year period proceeding to the full fine if there is an infraction of the CMVM Regulation (Código de Valores Mobiliários).

On 24 of July, Banco Comercial Português, S.A. did not accept this decision and decided to appeal the CMVM’s decision.

In March 2010, the Bank, asked by the court whether it would object to a decision on the appeal without trial, expressed the intention to proceed with the trial

Financial statements adjustments

In December 2007 the Bank initiated an internal inquiry proceeding regarding the operations related with the above mentioned off-shore entities. Moreover, the Bank has fulfilled the requests made by CMVM and by the Bank of Portugal, namely by providing the documentation solicited.

According to the existing information of the supervision authorities inspections regarding a more complete analysis of the economic substance of the operations above described, in 2008 and in view of the risks now identified, the Bank decided to consider a more prudent interpretation of the nature and restructuring of the operations, and therefore proceeded to a 300 million Euros registration adjustment with effect as of 1 January 2006, the net tax effect of which amounts to about 220.5 million Euros. This decision did not imply any type of recognition by the Bank of the existence of any alleged offences.

This adjustment has reduced the Tier I capital ratios of the Bank and can decrease the confidence and therefore create difficulties in effecting eventual future share capital increases. It cannot be ensured that the Bank will not be required make new adjustments, depending, on the one hand, on the results of the proceedings and inspections made by the Bank of Portugal and by the CMVM or, on the other hand, as consequence of, or in relation with, the operations summarised below.

Summary of the off-shore entities activities and respective transactions

The aforementioned proceedings and inspections, as well as the referred adjustment, are related to the operations which will be summarised below.

Between 1999 and 2002, certain off-shore entities, with financing obtained by the Bank, acquired shares of the Bank, which, in November 2002, amounted approximately to 5% of the Bank's share capital. In November 2002, those entities alienated those shares to a financial institution, with a currency consideration, having also received securities indexed to shares issued by that financial institution (Equity-Linked Notes). In 2004, the mentioned financings were restructured and assumed by an enterprise group of which the activity consists of real estate projects (hereinafter referred to as "GI"). Within this operation, the GI assumed before the Bank a net liability of circa 450 million Euros. The Bank also alienated to GI the Real Estate Commercial Company (hereinafter referred to as "CI") by 26 million Euros and a set of other real estate in the amount of 61 million Euros. Subsequently, the Bank reacquired, during the year 2004, 11.5% of CI share capital.

In 2005, the Bank made a specimen contribution to the Group Pension Fund of a set of assets in which was included commercial paper issued by CI, in the amount of 200 million Euros, together with the shares issued by listed companies. The proceeds of the issuance of commercial paper by the CI were used to reimburse part of the debt towards the Bank. In 2007, with the conversion of the commercial paper into CI share capital, the GI Group became holder of a 68.34% of CI share capital and BCP Pension Fund of 28.29% (18.29% were subsequently alienated to the Bank).

In 2006, CI acquired a participation and economic interest of 54% in a real estate development project in Luanda, Angola ("*Baía de Luanda Project*") and the Bank granted shareholders loans in the amount of 300 million Euros, which was used to partially reimburse the loans due by GI to BCP.

In 2007, the Bank accepted 68.34% of CI share capital as payment of the 61 million Euros liabilities due.

As result of the above mentioned operations, among other factors, (i) all the loans granted by the Bank to the off-shares (subsequently assumed by GI) were reimbursed; (ii) as of 2005, the Bank allocated a 85 million Euros provision for that credit, (iii) the Bank is creditor of CI in the amount of 300 million Euros in shareholders' loans, which, after the above mentioned adjustment, are recorded by the net value of 23.4 million Euros; (iv) the Bank holds 99.99% of CI share capital and, indirectly, about 54% of the future benefices in Baía Luanda Project (participation which, according to two independent evaluations performed in September 2007, was then evaluated between 278.8 and 231.6 million Euros).

According to the existing information of the supervision authorities inspections regarding a more complete analysis of the economic substance of the operations described above, the Bank decided to consider a more prudent interpretation in view of the risks identified, the nature and restructuring of the operations, and therefore proceeded to a 300 million Euros registration adjustment (220.5 million Euros net of taxes) regarding the shareholder loan entered into with CI, having proceeded to its financial record in the amount invested (23.4 million Euros). This decision did not imply any type of recognition by the Bank of the existence of the alleged offences that may arise. The adjustment produced effects in 1 January 2006 and the financial statements of the Bank on 31 December 2007 were adjust as to reflect these restructuring effects as of 1 January 2006. The Bank had not been notified of any accusation when this adjustment was produced and did not admit or admits any offence or liability regarding the above mentioned operations.

During 2009, Banco Comercial Português, S.A., after analysing the market conditions and the development perspectives of the Luanda Bay Urban Requalification Project ("*Baía de Luanda Project*"), decided to reduce the Millenniumbcp Group shareholder participation in the project to 10%, through the sale to the Angolan company Finicapital – Investimentos e Gestão S.A.. This sale generates a cash inflow of approximately 100,000,000 USD, originating a gain of Euros 57,196,000.

Banco Comercial Português considers that the participation maintained by Millenniumbcp Group in the Baía de Luanda project will allow it to keep a relevant presence in a highly important project in Angola and maintains the expectation that the Baía de Luanda Project will generate results in the future, which will be registered in the accounts of the Bank in the years that are generated.

As previously mentioned, on 12 December 2008, the Bank was notified of the accusation by the CMVM and the Bank of Portugal under administrative processes against it and relative to facts, namely those mentioned above, which occurred previously to the 2008 financial year.

On 29 June, 2009 and 24 July, 2009, Banco Comercial Português, S.A. made public that it was notified on 26 June, 2009 of the decision adopted by CMVM in the scope of the administrative proceeding No. 41/2008. The decision resulted in a single fine of €5,000,000, with partial suspension of the execution of €2,500,000 for a period of 2 years, with full execution of the fine should any criminal act or administrative proceeding foreseen in the Portuguese Securities Code be recorded during the suspension period, as timely disclosed.

Banco Comercial Português, S.A. has decided to judicially appeal from this decision by CMVM, having presented the appeal within the respective legal period.

In March 2010, the Bank, asked by the court whether it would object to a decision on the appeal without trial, expressed the intention to proceed with the trial.

At the present time it is not possible to foresee the outcome of the aforementioned accusations or if, in the future, any new proceedings or inspections will be brought against the Bank. However, the Bank, depending on the result of the present accusations, inspections and proceedings, has a risk of being subject to penalties of civil, administrative and other nature, including fines. The Bank may also be subject to inspections or proceedings by other regulators and disputes, in Portugal or elsewhere, may be intended by the shareholders or third parties. Should those disputes be decided against the Bank, it may incur significant losses and its ratings may be downgraded. Any of these regulatory proceedings and disputes may result in negative publicity and perceptions regarding the activity developed by the Bank, which may result in the loss of clients and increase the financing costs and, furthermore, direct the attention of the day-to-day management team of the Bank's activity. As a consequence, the development of the regulatory inspections, any subsequent regulatory proceedings and liabilities charged and any dispute arising from, or connected with, the operations mentioned above, if decided against the Bank, could have a material adverse effect on the Bank's business, financial condition or results of operations.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme

BCP Finance Ltd is an overseas finance vehicle of BCP and of the BCP Group. As such it raises funds to BCP by way of intra-group loans. In the event that BCP fails to make a payment under an intra-group loan, BCP Finance may not be able to meet its payment obligations under the issued Notes.

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, notably if they include derivatives are complex financial instruments and/or complex financial products ("produtos financeiros complexos") as defined in Decree-Law 211-A/2008, of 3 November 2008 (or another that may replace it). A potential investor should not invest in Notes which are complex financial instruments and/or complex financial products 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 by the investor, as defined in the applicable Final Terms;
- (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;
- (vii) a fluctuation of the Relevant Factor may result in a greater negative impact on the yield or even result in an interest rate equal to zero; and
- (viii) 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 tends to 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 tends to 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 interest-bearing 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 EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required 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 or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If 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 "Taxation — 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:

Liquidity 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, which will result in the immobilisation of the invested capital, 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 Currency-equivalent 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.

FORM OF THE NOTES

The Notes of each Series will be in registered (“**Registered Notes**”), bearer (“**Bearer Notes**”) or book entry form (“**Book Entry Notes**”), as indicated in the applicable Final Terms.

1. Registered Notes

Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Reg. S Global Note which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Reg. S. Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 12 and such Reg. S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche of a particular Series may only be offered and sold in the United States or to, or for the account or benefit of, U.S. persons in private transactions: (i) to QIBs; or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche sold to QIBs will be represented by a Restricted Global Note which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”).

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holders thereof. The Restricted Global Note and the Registered Notes in definitive form issued to Institutional Accredited Investors will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of the principal of, and interest (if any) on, the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(b)) as the registered holder of the Registered Global Notes. None of the Issuers, the Trustee, the Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal on the Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register at the close of business on the business day immediately prior to the relevant payment or delivery date. Payments of interest on the Registered Notes will be made on the relevant payment date to the person in whose name such Notes are registered on the Record Date (as defined in Condition 6(b)) immediately preceding such payment date.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event unless otherwise provided in the applicable Final Terms. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iii) DTC has ceased to constitute a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, or the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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, in any such case, no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iv) 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 Registered Global Note in definitive form, (v) the holder of a

beneficial interest in the Restricted Global Note notifies the Registrar in writing that it is transferring such 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 be offered and sold in reliance on Regulation S and will be sold only to non-U.S. persons outside the United States and 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 form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer’s, request, can ask the Affiliated Members information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). The Book Entry Notes are issued 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 or common safekeeper 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 binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or, in the case of a Registered Global Note, voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose such common depositary, common safekeeper or, as the case may be, DTC or, in the case of payment only, its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note and the Trust Deed (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

No beneficial owner of an interest in a Registered Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear, as the case may be, in each case to the extent applicable.

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 50,000 (or its equivalent in another currency).

FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”) acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]⁽¹⁾

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Banco Comercial Português, S.A. acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]⁽¹⁾
under the EUR25,000,000,000
Euro Note Programme

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].²

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].³

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 23 April 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The

(1) Delete as appropriate

(2) Consider including this legend where a non-exempt offer of Notes is anticipated.

(3) Consider including this legend where only an exempt offer of Notes is anticipated.

- Amount [plus accrued interest from [insert date]]
6. (i) Specified Denominations: []
[]
- (N.B. If an issue of Notes is (i) NOT minimum integral amount in which transfers can be admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*
- Book Entry Notes will only be tradable in one Specified Denomination.)*
- (ii) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of

*Annex XII to the Prospectus Directive
Regulation will apply.)
[specify other]*

11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
[(ii)] If Perpetual: [Conditions attached/No]
[(iii)] Date of [Board] approval: [] [Not Applicable]
14. Method of distribution: [Syndicated/Non-syndicated]
(a) If syndicated, names of Managers and if non-syndicated, names of Dealers: [give details]
(b) Presumption that [Dealer(s)/Manager(s)] [is/are] selling as principal on [its/their] own account and not as agent is correct: [Yes/No]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 5)*
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date/[specify other]]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
(NB: if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)
- (vi) Determination Date(s): [] in each year
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
(NB: This will need to be amended in the case of regular interest payment dates which are not*

		<i>of equal duration)</i> <i>(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/Give details]
16.	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Specified Period(s)/Specified Interest Payment Dates:	[]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
	(iii) Additional Business Centre(s):	[]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/specify other]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[]
	(vi) Screen Rate Determination:	
	– Reference Rate:	[] <i>(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)</i>
	– Interest Determination Date(s):	[] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)</i>
	– Relevant Screen Page:	[] <i>(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i>
	(vii) ISDA Determination:	
	– Floating Rate Option:	[]
	– Designated Maturity:	[]
	– Reset Date:	[]
	(viii) Margin(s):	[+/-] [] per cent. per annum
	(ix) Minimum Rate of Interest:	[] per cent. per annum
	(x) Maximum Rate of Interest:	[] per cent. per annum

(xi)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] <i>(See Condition 5 for alternatives)</i>
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[]
17.	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Accrual Yield:	[] per cent. per annum
(ii)	Reference Price:	[]
(iii)	Any other formula/basis of determining amount payable:	[]
(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions [7(e) and 7(j)] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar denominated)</i>
18.	Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subpara-</i> <i>graphs of this paragraph)</i> <i>(N.B. If the Final Redemption Amount is other</i> <i>than 100 per cent. of the nominal value the</i> <i>Notes will be derivative securities for the</i> <i>purposes of the Prospectus Directive and the</i> <i>requirements of Annex XII to the Prospectus</i> <i>Directive Regulation will apply.)</i>
(i)	Index/Formula:	[give or annex details]
(ii)	Calculation Agent:	[give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[]
(iv)	Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	<i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
(v)	Specified Period(s)/Specified Interest Payment Dates:	[]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

(vii)	Additional Business Centre(s):	[]
(viii)	Minimum Rate of Interest:	[] per cent. per annum
(ix)	Maximum Rate of Interest:	[] per cent. per annum
(x)	Day Count Fraction:	[]
19.	Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> <i>(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[give details]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	<i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[] per Calculation Amount/specify other/see Appendix]
(iii)	If redeemable in part:	[]
(a)	Minimum Redemption Amount:	[]
(b)	Higher Redemption Amount:	[]
(iv)	Notice period (if other than as set out in the Conditions):	[] <i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)</i>
21.	Investor Put	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[]

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): ☐ per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): ☐ *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, if applicable, Trustee)*
22. **Final Redemption Amount of each Note** ☐ per Calculation Amount/ specify other / see Appendix]
(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: ☐ *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: ☐
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: ☐
- (iv) Determination Date(s): ☐
- (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/*

Book Entry Notes: *ao portador*]

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: "[] and integral multiples of [] in excess thereof up to and including []. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.

Notes shall not be physically delivered in Belgium, except to a clearing system, a depository, or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

(Ensure that this is consistent with the wording in the "Form of the Notes" section of the Offering Circular and the Notes themselves.)

(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 paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)

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]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details. NB: new forms of Global Note may be required for Partly Paid issues.]

28. Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
29. Redenomination applicable: Redenomination [not] applicable [*if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms*)]
30. Other final terms: [Not Applicable/*give details*]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)
- [The Notes are considered complex financial instruments (“*produto financeiro complexo*”) under Decree-Law no. 211-A/2008, of 9 November 2008 enacted by the Portuguese Government.]
- (N.B. Include the wording above if the Notes are considered complex financial instruments under Decree-Law no. 211-A/2008, of 9 November 2008 enacted by the Portuguese Government (“produto financeiro complexo”) and are placed with Portuguese residents.)*
- (If the wording above has been included, include the following, as applicable:)*
- [There is a risk of total/partial loss of the invested capital. See [paragraph/sub-paragraph].]
- [The payment of Interest is not guaranteed. See [paragraph/sub-paragraph]]
- [It is not possible to request an Early Redemption.]
- [The Early Redemption by the Investor is penalised. See [paragraph/sub-paragraph]]
- [Issuer Call option. See [paragraph/sub-paragraph]]
- [Please specify any custody, register and/or deposit costs and/or management commissions.]*
- [Additional [margin / disbursement] may be required from the investor.]

DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

- (ii) Date of Syndication Agreement: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
33. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA rules not applicable]
35. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and *[specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]]* (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in *[specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)]* (**Public Offer Jurisdictions**) during the period from *[specify date]* until *[specify date or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"]* (**Offer Period**). See further Paragraph 10 of Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
36. U.S. federal income tax considerations additional to those disclosed in the Offering Circular: [Not Applicable/give details]
37. Additional selling restrictions: [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]*] of the Notes described herein pursuant to the EUR25,000,000,000 Euro Note Programme of Banco Comercial Português, S.A., acting either through its head office or through its international Madeira branch "*Sucursal Financeira Internacional*" and BCP Finance Bank, Ltd.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index of its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By:
Duly authorised

By:
Duly authorised]

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [].] [Not Applicable.]

(When documenting a fungible issue need to indicate that original Notes are already admitted to trading)
2. Ratings

[The Notes have not been specifically rated].
[The Notes to be issued have been rated:
[S&P: []]
[Moody's: []]
[[Other]: []]]
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]
(The above disclosure should state that the Notes have not been specifically rated or reflect the rating allocated to Notes, if the issue has been specifically rated.)*
3. Interests of Natural and Legal Persons Involved In the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]
4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses
 - [(i) Reasons for the offer []
(See ["Use of Proceeds"] wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
 - [(ii) Estimated net proceeds: []
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all

proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses:

[].

[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)

5. Yield (*Fixed Rate Notes only*)

Indication of yield:

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. Historic Interest Rates (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

7. Performance of Index/Formula, Explanation of Effect on Value of Investment and Associated Risks and Other Information Concerning the Underlying (*Index-Linked Notes only*)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information.]

8. Performance of Rate[s] of Exchange and Explanation of Effect on Value of Investment (*Dual Currency Notes only*)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

9. Operational Information

- | | |
|--|---|
| (i) ISIN Code: | [] |
| (ii) Common Code: | [] |
| (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| (iv) Delivery: | Delivery [against/free of] payment |
| (v) Names and addresses of additional Paying Agent(s) (if any): | [] |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility: | <p>[Yes] [No]</p> <p>[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] <i>[include this text if “yes” selected and the Notes are not Book Entry Notes in which case the Notes must be issued in NGN form]</i></p> <p>[Note that the designation “yes” simply means that the Notes are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria <i>[include this text if “yes” is selected and the Notes are Book Entry Notes]</i></p> |

10. Terms and Conditions of the Offer

Offer Price:	[Issue Price/Not Applicable/ <i>specify</i>]
[Conditions to which the offer is subject:]	[Not Applicable/ <i>give details</i>]
[Description of the application process:]	[Not Applicable/ <i>give details</i>]
[Details of the minimum and/or maximum amount of application:]	[Not Applicable/ <i>give details</i>]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not Applicable/ <i>give details</i>]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not Applicable/ <i>give details</i>]
[Manner in and date on which results of the offer are to be made public:]	[Not Applicable/ <i>give details</i>]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable/ <i>give details</i>]
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not Applicable/ <i>give details</i>]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable/ <i>give details</i>]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not Applicable/ <i>give details</i>]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None/ <i>give details</i>]

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 50,000 (or its equivalent in another currency).

FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”) acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]⁽¹⁾

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Banco Comercial Português, S.A. acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]⁽¹⁾
under the EUR25,000,000,000
Euro Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 23 April 2010 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing during normal business hours at [address] and [website] and copies may be obtained from [address].

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/ 71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Offering Circular dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circulars dated 23 April 2010 and [original date]. Copies of such Offering Circulars are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as Not Applicable (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[If Notes issued by BCP Finance Bank, Ltd. have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

(1) Delete as appropriate

- | | | |
|----|--|--|
| 1. | [(i)] Issuer:

[(ii)] Guarantor:
Branch through which the Bank is acting: | [BCP Finance Bank Ltd. /Banco Comercial Português, S.A. acting through its [head office/international Madeira branch “ <i>Sucursal Financeira Internacional</i> ”]]

[Banco Comercial Português, S.A.]
[head office/international Madeira branch “ <i>Sucursal Financeira Internacional</i> ”]] ⁽²⁾ |
| 2. | [(i)] Series Number:

[(ii)] Tranche Number: | []

[]
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or (in the case of Dual Currency Notes) Currencies: | [] <i>(Note: Book Entry Notes may only be issued in Euro, U.S. dollars, Sterling, Japanese yen and Swiss francs or any other currency as can be settled through Interbolsa)</i> |
| 4. | Aggregate Nominal Amount:

– Tranche:

– Series: | []

[] |
| 5. | Issue Price of Tranche: | [] per cent. <i>(in the case of fungible issues only, if applicable)</i> of the Aggregate Nominal Amount [plus accrued interest from [insert date]] |
| 6. | (i) Specified Denominations: | []
[]

<i>(Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:</i>

<i>“[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”)</i>

<i>(N.B. If an issue of Notes is (i) NOT minimum integral amount in which transfers can be admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)</i>

<i>Book Entry Notes will only be tradable in one Specified Denomination.)</i> |

- (ii) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
- [(ii)] If Perpetual: [Conditions attached/No]
- [(iii)] Date of [Board] approval: [] [Not Applicable]
14. Method of distribution: [Syndicated/Non-syndicated]
- (a) If syndicated, names of Managers and if non-syndicated, names of Dealers: [give details]

- (b) Presumption that [Dealer(s)/Manager(s)] [Yes/No]
[is/are] selling as principal on [its/their]
own account and not as agent is correct:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable
[annually/semi-annually/quarterly/other
(specify)] in arrear] *(If payable other than
annually, consider amending Condition 5)*
- (ii) Interest Payment Date(s): [[] in each year up to and including the
Maturity Date/[specify other]]
*(NB: This will need to be amended in the case
of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the
(Applicable to Notes in definitive form) Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify
other]
*(NB: if interest is not payable on a regular basis
(for example, if there are Broken Amounts
specified) Actual/Actual (ICMA) may not be a
suitable Day Count Fraction)*
- (vi) Determination Date(s): [] in each year
*[Insert regular interest payment dates, ignoring
issue date or maturity date in the case of a long
or short first or last coupon]
(NB: This will need to be amended in the case
of regular interest payment dates which are not
of equal duration)
(NB: Only relevant where Day Count Fraction
is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of
calculating interest for Fixed Rate Notes: [None/Give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest
Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business
Day Convention/Modified Following Business
Day Convention/Preceding Business Day
Convention/[specify other]]
- (iii) Additional Business Centre(s): []

- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
 – Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 – Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)
 – Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
 – Floating Rate Option: []
 – Designated Maturity: []
 – Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360
 30/360
 30E/360
 30E/360 (ISDA)
 Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: []
 - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [7(e) and 7(j)] apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
18. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex VII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
 - (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
 - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
 - (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
 - (v) Specified Period(s)/Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
 - (vii) Additional Business Centre(s): []
 - (viii) Minimum Rate of Interest: [] per cent. per annum
 - (ix) Maximum Rate of Interest: [] per cent. per annum
 - (x) Day Count Fraction: []
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the

requirements of Annex VII to the Prospectus Directive Regulation will apply.)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part: []
 - (a) Minimum Redemption Amount: []
 - (b) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

21. Investor Put

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, if applicable, Trustee)

22. **Final Redemption Amount of each Note** [[] per Calculation Amount/ specify other / see Appendix]
(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: []
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
 - (iv) Determination Date(s): []
 - (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/ao portador]*)
 Notes shall not be physically delivered in Belgium, except to a clearing system, a depository, or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

(Ensure that this is consistent with the wording in the “Form of the Notes” section of the Offering Circular and the Notes themselves.)
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]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.

- (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 paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)
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]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: new forms of Global Note may be required for Partly Paid issues.]
28. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable [(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)]
30. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers)

[The Notes are considered complex financial instruments (“*produto financeiro complexo*”) under Decree-Law no. 211-A/2008, of 9 November 2008 enacted by the Portuguese Government.]

(N.B. Include the wording above if the Notes are considered complex financial instruments under Decree-Law no. 211-A/2008, of 9 November 2008 enacted by the Portuguese Government (“produto financeiro complexo”) and are placed with Portuguese residents.)

(If the wording above has been included, include the following, as applicable:)

[There is a risk of total/partial loss of the invested capital. See [paragraph/sub-paragraph].]

[The payment of Interest is not guaranteed. See [paragraph/sub-paragraph]]

[It is not possible to request an Early Redemption.]

[The Early Redemption by the Investor is penalised. See [paragraph/sub-paragraph]]

[Issuer Call option. See [paragraph/sub-paragraph]]

[Please specify any custody, register and/or deposit costs and/or management commissions.]

[Additional [margin / disbursement] may be required from the investor.]

DISTRIBUTION

31. (i) If syndicated, names of Managers:

[Not Applicable/give names]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

(ii) Date of Syndication Agreement:

[]

(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).

(iii) Stabilising Manager(s) (if any):

[Not Applicable/give name]

32. If non-syndicated, name of relevant Dealer:

[Not Applicable/give name]

33. U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA rules not applicable]

34. U.S. federal income tax considerations additional to those disclosed in the Offering Circular: [Not Applicable/*give details*]

35. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] of the Notes described herein pursuant to the EUR25,000,000,000 Euro Note Programme of Banco Comercial Português, S.A., acting either through its head office or through its international Madeira branch "*Sucursal Financeira Internacional*" and BCP Finance Bank, Ltd.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index of its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By:
Duly authorised

By:
Duly authorised]

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

(i) Listing and Admission to Trading

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [].]
 [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [].] [Not Applicable.]

(ii) Estimate of total expenses related to admission to trading:

[]

2. Ratings

[The Notes have not been specifically rated.]
 [The Notes to be issued have been rated:
 [S&P: []]
 [Moody's: []]
 [[Other]: []]
(The above disclosure should state that the Notes have not been specifically rated or reflect the rating allocated to Notes, if the issue has been specifically rated.)

3. Interests of Natural and Legal Persons Involved In the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i)] Reasons for the offer

[]

[(ii)] Estimated net proceeds:

[]

[(iii)] Estimated total expenses:

[].

(Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)

5. Yield (*Fixed Rate Notes only*)
- Indication of yield: ☐
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6. Performance of Index/Formula, and Other Information Concerning the Underlying (*Index-Linked Notes only*)
- [Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*
- [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*
- [Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*
- [(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*
- The Issuer ☐ [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] ☐ [does not intend to provide post-issuance information.]
- (N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*
7. Performance of Rate[s] of Exchange (*Dual Currency Notes only*)
- [Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*
- [(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*
- (N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*
8. Operational Information
- (i) ISIN Code: ☐
- (ii) Common Code: ☐
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): ☐ [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery ☐ [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): ☐
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: ☐ [Yes] ☐ [No]
☐ [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and

intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected and the Notes are not Book Entry Notes in which case the Notes must be issued in NGN form]*

[Note that the designation “yes” simply means that the Notes are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria *[include this text if “yes” is selected and the Notes are Book Entry Notes]*

If the applicable Final Terms specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 5, 6, 7 (except Condition 7(b)), 12, 13, 14, 15 (insofar as such Notes are not listed on any stock exchange or any other relevant authority or authorities) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

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 28 April, 2009 (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 Branch, 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 Branch, 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 Branch, 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**”).

Pursuant to the Trust Deed, the Trustee acts for the benefit of the holders of the Notes being in the case of Bearer Notes, the bearers thereof, in the case of Registered Notes, the persons in whose name the Notes are registered and in the case of Book Entry Notes, the persons shown in the individual securities accounts held with an Affiliated Member of the Interbolsa (the “**Book Entry Noteholders**” and together with the holders of Bearer Notes and Registered Notes, the “**Noteholders**”, which expression shall, in relation to any Notes represented by a global Note, be construed as provided below), the holders of the Receipts (the “**Receiptholders**”) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means all Notes with the same Issue Date and which are the subject of the same Final Terms and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms are available for inspection at the registered office of the Trustee, being at 28 April, 2009¹ at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents save that a Final Terms relating to a Note not listed on any stock exchange will only be available for inspection by the relevant Dealer specified in the applicable Final Terms and, upon proof satisfactory to the Trustee, the Registrar or the relevant Paying Agent or Transfer Agent, as the case may be, as to identity, by the holder of any Note to which such Final Terms relates. The Noteholders, the Receiptholders and the Couponholders (including the Book Entry Noteholders) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, or, in the case of holders of Book Entry Notes, those of the provisions of the Trust Deed that are applicable to them and the Instrument, the Agency Agreement and the applicable Final Terms which are binding on them. These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail that, in the event of inconsistency between the Agency Agreement and the Instrument, the Instrument will prevail, that, in the event of any inconsistency between the Trust Deed and the Instrument, the Instrument will prevail, and that, in the event of inconsistency between the Agency Agreement, the Instrument or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Notes may be in bearer form (“**Bearer Notes**”) and/or in registered form (“**Registered Notes**”) and/or in book entry form (*forma escritural*) and can either be *nominativas* (in which case Interbolsa, at the Issuer’s request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders), (“**Book Entry Notes**”), as specified in the applicable Final Terms, and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided below in Condition 13, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note (where payment in respect of interest is linked to an index and/or a formula), a Dual Currency Interest Note, an Indexed Redemption Amount Note (where payment in respect of principal is linked to an index and/or a formula), a Dual Currency Redemption Note or a Partly Paid Note or any appropriate combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. It is also a Dual Currency Note, a Partly Paid Note, an Index Linked Interest Note and an Indexed Redemption Amount Note if, in each case, the applicable Final Terms so indicates and, in such case, the appropriate provisions of these Terms and Conditions will apply accordingly.

¹ This is still the case as at the date of this Offering Circular.

Bearer Notes in definitive form are issued with Coupons and (if applicable) Receipts and Talons attached, unless they are Zero Coupon Notes in which case references to interest and Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in New York City. Title to the Book Entry Notes passes upon registration in the relevant individual securities accounts held with an Affiliated Member of Interbolsa.

Subject as set out below, the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee, any Paying Agent, the Registrar, the Exchange Agent and any Transfer Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note or a Book Entry Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary or common safekeeper on behalf of Clearstream, Luxembourg and/or Euroclear as defined below, each person who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as entitled to a particular nominal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose such common depositary or common safekeeper shall be treated by the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

For so long as any of the Notes is represented by a Registered Global Note registered in the name of The Depository Trust Company (“**DTC**”) or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee, the Paying Agents and the Registrar as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee, the Paying Agents and the Registrar as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note; and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

References herein to DTC and/or Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Bank (where the Issuer is BCP Finance), the Agent and the Trustee and specified in the applicable Final Terms.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Clearstream, Luxembourg, Euroclear or DTC, as the case may be.

2. Status of the Notes

(a) In the case of Senior Notes

If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all

present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

(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
- (c) is granted in relation to mortgage-backed bonds (“*Obrigações hipotecárias*”) issued by the Bank under Portuguese law and “covered bonds”.

“**Indebtedness**” means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which with the consent of the Issuer or the Bank (where the Issuer is BCP Finance), as the case may be, are, or are intended to be, listed or traded on any stock exchange or other organised market for securities (whether or not initially distributed by way of private placing) other than a borrowing which is entirely or substantially placed in Portugal.

4. Status of the Guarantee

The Bank, acting through its international Madeira branch “*Sucursal Financeira Internacional*”, except where otherwise stated in the applicable Final Terms, has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of the principal of, and interest on, all Notes issued by BCP Finance and all other amounts payable by BCP Finance under or pursuant to the Trust Deed (the “**Guarantee**”).

The obligations of the Bank under the Guarantee constitute:

- (a) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and rank 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
- (b) in the case of Subordinated Notes, 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 (as defined in Condition 2(c)). The subordination of the Guarantee is for the benefit of the Bank and all Senior Creditors of the Bank.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to the Maturity Date. Interest on Fixed Rate Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding of Fixed Rate 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 of Book Entry Notes in accordance with Interbolsa’s usual rules and operating procedures.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form, where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, such interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); 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 is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach 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). Interest on Floating Rate Notes or Index Linked Interest Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding of 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 (TARGET2) System (the “TARGET2 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 is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach 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/Actual (ISDA)**” 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, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (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, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(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 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 in this Condition 6 and in Condition 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)).

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 TARGET2 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 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 TARGET2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and, in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has

elected to receive any part of such payment in U.S. dollars, not a day on which banking institutions are authorised or required by law or regulation to be closed in New York City.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amounts (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer or the Bank (where the Issuer is BCP Finance) under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer (after obtaining the consent of the Bank of Portugal whenever it is required in the case of Subordinated Notes) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and the Trustee and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

- (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or (where the Issuer is BCP Finance) the Bank would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; 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 to so 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 Receipholders 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 5 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 6 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 5 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 5 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.

In case of a partial redemption of Book-entry Notes the nominal amount of all outstanding Book-entry Notes will be reduced proportionally.

(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, common safekeeper 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 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 = $RP \times (1 + AY)^y$ 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. 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 the applicable regulations of Interbolsa. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (b) 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 the special regime approved by 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; and/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 Zone tax regime, and any implementing legislation, is not received before the Relevant Date; and/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 date by which such documentation is to be provided to the Issuer under Portuguese law, and (ii) who is resident in one of the contracting states; and/or
- (vi) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder resident in a tax haven jurisdiction as defined in Ministerial order no. 150/2004, of 13 February, 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 Portugal; and/or
- (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 to so 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 (“**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 Clearstream, 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**”.

Registered Notes of each Tranche sold in private transactions to qualified institutional buyers (“**QIBs**”) within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”) 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, together with the Restricted Global Notes, are referred to herein as “**Restricted Notes**”.

Registered Notes of each Tranche sold to accredited investors that are institutions (as defined in Rule 501(a) (1), (2), (3) or (7) 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 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-syndicated issue, or by the Lead Manager, in the case of a syndicated issue (the “**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 an entity whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
 - (B) to an entity 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 U.S. federal securities laws and 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 (i)(A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (i)(B) above, such transferee may take delivery only through a Legended Note in definitive form. After the expiry of the applicable Distribution Compliance Period 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; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
 - (A) where the transferee is an entity 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 U.S. federal securities laws or with 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 Issuer 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 can be either *nominativas* (in which case Interbolsa, at the Issuer’s request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). Book Entry Notes shall not be issued in physical form, 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 from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Bank (where the Issuer

is BCP Finance) or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

17. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

18. Substitution

The Trustee may, without the consent of the Noteholders, the Receiptholders or the Couponholders (but, in the case of Subordinated Notes only, with the prior consent of the Bank of Portugal), agree with the Issuer and the Bank (where the Issuer is BCP Finance) to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor in respect of the Notes of either the Bank (where the Issuer is BCP Finance or another wholly-owned Subsidiary of the Bank) or a wholly-owned Subsidiary of the Bank, subject to:

- (a) where the new principal debtor is a wholly-owned Subsidiary of the Bank, the Notes being unconditionally and irrevocably guaranteed by the Bank either on the same basis as that on which they were guaranteed immediately prior to the substitution (where, immediately prior to the substitution, the Issuer is BCP Finance or (being a previous substitute under this Condition) another wholly-owned Subsidiary of the Bank) or on an equivalent basis to that on which they would have been guaranteed immediately prior to the substitution had the Issuer been BCP Finance (where, immediately prior to the substitution, the Issuer is the Bank);
- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (c) certain other conditions set out in the Trust Deed being complied with.

19. Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and/or the Bank (where the Issuer is BCP Finance) or any of their Subsidiaries without accounting for any profit resulting therefrom and to act as trustee for the holders of any other securities issued by the Issuer or the Bank (where the Issuer is BCP Finance) or any Subsidiaries of the Bank.

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. Governing law and submission to jurisdiction

- (a) 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, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, 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. 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 (including a dispute relating to any non-contractual obligations arising 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 (including a dispute relating to any non-contractual obligations 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.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for the general corporate purposes, which include making a profit, of the Banco Comercial Português Group.

BCP FINANCE BANK, LTD.

Introduction

BCP FINANCE BANK, LTD. (“**BCP Finance**”) was incorporated as an exempted company for an unlimited duration with limited liability under the laws of the Cayman Islands, on 27 March 1998 with registered number 80648.

The Registered Office of BCP Finance is 3rd floor, Strathvale House, 90 North Church Street, George Town, P.O. Box 30124, Grand Cayman, KY1-1201, Cayman Islands. Its local Agent and Authorised Representative is Millennium bcp Bank & Trust (“**Mbcp B&T**”), at the same address with telephone and fax numbers (1) 345 949 8322 and (1) 345 949 7743, respectively. Both BCP Finance and Mbcp B&T are wholly owned subsidiaries of Banco Comercial Português S.A. (“**BCP**”).

Board of Directors

- (a) The Directors of BCP Finance are as follows:

<i>Name</i>	<i>Position in BCP Finance</i>	<i>Principal activity outside</i>
Filipe Maria de Sousa Ferreira Abecasis	Chairman and Director	General Manager of BCP and Head of the Assets and Liabilities Management of the BCP Group
Helena Soares Carneiro	Vice-Chairman and Director	Director and General Manager of Mbcp B&T
Belmira Abreu Cabral	Director	Manager of BCP and Head of Accounting of the BCP Group
José Carlos de Castro Monteiro	Director	Director and Senior Private Banker of Mbcp B&T
Alex Antonio Urtubia	Director	Director and IT and Resources Manager of Mbcp B&T

Mr. José Carlos de Castro Monteiro is the Secretary of BCP Finance and Mr. Alex Antonio Urtubia is the Assistant Secretary.

The business addresses of each of the Directors of BCP Finance are (i) in the case of Mr. Filipe Maria de Sousa Ferreira Abecasis, Banco Comercial Português S.A., Avenida Professor Cavaco Silva, Edifício 1, Piso 1 A, 2744-002 Porto Salvo, Portugal and Ms. Belmira Abreu Cabral, Banco Comercial Português S.A., Avenida Professor Cavaco Silva, Edifício 3, Piso 1 B, 2744-002 Porto Salvo, Portugal, and (ii) in the case of Ms. Helena Soares Carneiro, Mr. José Carlos de Castro Monteiro and Mr. Alex Antonio Urtubia, 3rd floor, Strathvale House, 90, North Church Street, George Town, P.O. Box 30124, Grand Cayman, KY1-1201, Cayman Islands.

- (b) The Directors do not, and it is not proposed that they will, have service contracts with BCP Finance. No Director has entered into any transaction which is or was unusual in its nature or conditions or was significant to the business of BCP Finance since its incorporation. No Director or any connected person has any interests, whether or not held by a third party, in the share capital of BCP Finance. At the date of this document there were no loans granted or guarantees provided by BCP Finance to any Director of BCP Finance.

As at the date of this Offering Circular, the Directors have not received, nor it is intended that they should in the future receive, any remuneration for the provision of their services to BCP Finance.

Other than as stated above, no Director has any activities outside BCP Finance which are significant with respect to BCP Finance.

There are no potential conflicts of interest between the duties of the persons listed above to BCP Finance and their private interests or duties.

BCP Finance complies with the general provisions of Cayman Islands law on corporate governance.

Audit Committee

The Audit functions of BCP Finance are centralised in the Internal Auditing Department of the BCP Group.

Group's Risk Management

BCP's Executive Board of Directors is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management and of the guidelines dictating the allocation of capital to the business.

The General and Supervisory Board, through the Audit and Risk Committee, ensures the existence of adequate risk control and of risk management systems at the level both of the Group and of each entity. The General and Supervisory Board is also charged with approving the risk tolerance level acceptable to BCP and each entity, proposed by BCP's Executive Board of Directors.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business. This Committee has four sub-committees: Credit Risk; Market and Liquidity Risks; Operational Risk; and Pension Fund Monitoring.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is an alignment of concepts, practices and objectives throughout the Group. He must also keep the Risk Committee informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the BCP's consolidation perimeter is governed by the principles and decisions established centrally at Risk Sub-Committee level; each entity is provided with Risk Office structures which relate to the risks inherent in its particular business. A Risk Control Committee, in which the Group Risk Office takes part, has been set up at each subsidiary and is responsible for the control of risks at local level.

Activities

BCP Finance is a wholly owned subsidiary of BCP and acts as an overseas finance vehicle of BCP and of the BCP Group, issuing notes pursuant to the €25,000,000,000 Euro Note Programme (the "Programme") guaranteed by BCP acting either through its Head Office or through its International Madeira Branch "Sucursal Financeira Internacional".

Share Capital

The existing issued ordinary shares of BCP Finance are not listed on any stock exchange and are not dealt in any recognised market.

The authorised share capital of BCP Finance is U.S.\$246,000,000 divided into 246,000,000 Ordinary Shares of U.S.\$1.00 par value each, issued to BCP International II, Sociedade Unipessoal, S.G.P.S., Lda ("BCP INT II").

On 15th January 2010, BCP Finance carried out the conversion of its 31,500,000 Series A Floating Rate Non-Cumulative Non-Voting Preference Shares, of U.S.\$1.00 par value each, into 31,500,000 Ordinary Shares of U.S.\$1.00 par value each. This operation was duly authorised by the Cayman Islands Monetary Authority and the shares were fully subscribed and paid by BCP INT II.

There are no arrangements in place from which a change of control of BCP Finance may result.

General

KPMG, situated at Century Yard Cricket Square, George Town, P.O. Box 493, Grand Cayman KY1-1106, Cayman Islands are the auditors of BCP Finance (having been appointed by the Board of Directors on 31st March, 1998 and having audited all the Issuer's annual reports including the two most recent ones for the years ended 31st December, 2008 and 2009).

BCP Finance has made no investments since the date of its last audited financial statements and has made no firm commitments on future investments.

There have been no recent events particular to BCP Finance which are to a material extent relevant to the evaluation of BCP Finance's solvency.

No trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on BCP Finance's prospects for the current financial year have been identified.

Other than the execution of the Subscription Agreement, the Dealer Agreement and any amendments thereof, the Agency Agreement and any amendments thereof, the Trust Deed and the Notes under the Programme, BCP Finance has not entered into any contract outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to the holders of the Notes issued under the Programme.

BCP FINANCE BANK, LTD.

Audited Balance Sheets as at 31 December, 2009 and 2008

(Amounts expressed in thousands of USD)

	<u>2009</u>	<u>2008</u>
<i>Assets</i>		
Loans and advances to credit institutions		
Repayable on demand	640	292
Other loans and advances	11,929,404	17,094,918
Financial assets held for trading.. .. .	553,385	553,331
Financial assets available for sale	2,593,645	2,523,255
Hedging derivatives	86,148	10,530
	<u>15,163,222</u>	<u>20,182,326</u>
<i>Liabilities</i>		
Amounts owed to credit institutions	873,831	730,497
Debt securities	9,364,297	14,662,572
Financial liabilities held for trading.. .. .	586,410	612,686
Other financial liabilities at fair value through profit or loss.. .. .	1,960,934	1,593,762
Hedging derivatives	140	328
Subordinated debt	1,828,124	1,870,945
Other liabilities	1,061	42,954
	<u>14,614,797</u>	<u>19,513,744</u>
<i>Shareholder's Equity</i>		
Ordinary shares.. .. .	214,500	214,500
Preference shares	31,500	31,500
Share premium	315,000	315,000
Fair value reserves	14,007	15,800
Other reserves and retained earnings	(26,582)	91,782
	<u>548,425</u>	<u>668,582</u>
	<u>15,163,222</u>	<u>20,182,326</u>

BCP FINANCE BANK, LTD.

Audited Statements of Comprehensive Income
for the years ended 31 December, 2009 and 2008

(Amounts expressed in thousands of USD)

	2009	2008
Interest income	416,960	1,288,845
Interest expense	406,079	1,265,647
Net interest income	10,881	23,198
Operating income		
Profits arising from trading and hedging activities	736,029	1,405,470
Other Income	41	0
	736,070	1,405,470
Operating expenses		
Losses arising from trading and hedging activities	776,711	1,339,828
Other administrative expenses	146	160
Other expenses	79	78
	776,936	1,340,066
Net income/ (loss) for the year	(29,985)	88,602
Other Comprehensive Income		
Exchange Differences arising on translation of retained earnings	4,028	(5,220)
Changes in fair value reserves Financial assets available for sale	(1,793)	2,248
Other Comprehensive Income	2,235	(2,972)
Total comprehensive income for the year	(27,750)	85,630

BCP FINANCE BANK, LTD.

Audited Cash Flows Statement
for the years ended 31 December, 2009 and 2008

(Amounts expressed in thousands of USD)

	2009	2008
Cash flows from operating activities		
Interest income received	547,219	1,481,203
Interest expense and other expense paid.. .. .	(448,741)	(1,171,597)
Net cash flows from trading and hedging activities.. .. .	(146,833)	(66,916)
Operating fees and other payments	(183)	(238)
(Increase) / decrease in operating assets		
Loans and advances to credit institutions	5,039,528	9,566,626
Increase / (decrease) in operating liabilities		
Amounts owed to credit institutions.. .. .	148,487	7,518
Other liabilities	(41,892)	22,246
	<u>5,097,585</u>	<u>9,838,842</u>
Cash flows from investing activities		
Subordinated loans	(72,184)	738,261
	<u>(72,184)</u>	<u>738,261</u>
Cash flows from financing activities		
Repayment of debt securities.. .. .	(9,717,439)	(16,224,614)
Proceeds from issuance of debt securities	4,829,243	6,347,505
(Repayment)/ proceeds from issuance of subordinated debt	(48,478)	(693,360)
Dividends paid.. .. .	(92,407)	(1,661)
	<u>(5,029,081)</u>	<u>(10,572,130)</u>
Exchange differences arising on translation of retained earnings and income for the period at year-end rates	4,028	(5,220)
	<u>4,028</u>	<u>(5,220)</u>
Net (decrease) / increase in cash and cash equivalents	348	(247)
Cash and cash equivalents at the beginning of the year	292	539
Cash and cash equivalents at the end of the year (Note 5)	<u>640</u>	<u>292</u>

DESCRIPTION OF THE BUSINESS OF THE GROUP

A. History and Development of the Bank

Overview

Millennium bcp (the “Group”) is the largest banking group in Portugal in terms of number of branches and the second largest in terms of total assets, of loans to customers (gross, excluding off balance sheet securitisations) and customer deposits, as at 30 June 2009 (based on data from the Portuguese Banking Association). The Group offers a wide range of banking products and related financial services, both in Portugal and internationally, namely demand accounts, means of payment, savings and investments, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group is highly regarded in Europe and Africa by virtue of its operations in Poland, Greece, Romania, Switzerland and Turkey, and in Mozambique and Angola, and also because of its operations in the Cayman Islands and the United States of America (“USA”), which operate under the Millennium brand.

In accordance with International Financial Reporting Standards (IFRS), the Group had at 31 December 2009 total assets of Euro 95,550 million and total customer funds in the sum of Euro 67,002 million (adjusted by the Millennium bank – Turkey, which is in the process of being sold). Loans to customers (net) amounted to Euro 75,191 million (adjusted by the Millennium bank – Turkey, which is in the process of being sold). The solvency ratio, calculated in accordance with Bank of Portugal rules stood at 11.5% (Tier I at 9.3%). Based on the latest available data from the Portuguese Banking Association, Banco Comercial Português, S.A. (“BCP” or the “Bank” or “Banco Comercial Português”) accounted for 19.8% of total assets, 26.6% of loans to customers and 24.2% of customer deposits in the Portuguese banking sector on 30 June 2009.

In addition, on 31 December, 2009, the Bank was one of the largest companies listed on Euronext Lisbon in terms of market capitalisation (Euros 4.0 billion).

The Bank’s registered offices are located at Praça Dom João I, 28, 4000–295 Porto, with telephone number +351 211 134 001.

Bank History

Banco Comercial Português was incorporated in 1985 as a limited liability company (“sociedade anónima”) with a single register and fiscal number of 501 525 882 organised under the laws of the Portuguese Republic, in the wake of the deregulation of the Portuguese banking system, which allowed private-capital commercial banks to be established. The Bank was founded with the support of a group of over 200 founding shareholders and a team of experienced banking professionals who sought to capitalise upon the opportunity to form an independent financial institution, operating primarily in Portugal, that would serve the underdeveloped domestic financial market in areas and in a manner previously unexplored by the state-owned banks.

The first stage of the Millennium Group development was characterised primarily by organic growth and, until 1994, the Bank was able to increase significantly its share of the Portuguese financial services market by exploiting the market opportunities presented by deregulation. In 1994, Banco Comercial Português reached market shares of 8.3% in total assets, 8.7% in loans to customers and 8.6% in deposits, according to information released by the Portuguese Banking Association (Associação Portuguesa de Bancos).

After 1994, competition in the domestic banking market intensified following the modernisation of existing financial institutions and the entry of new foreign and domestic deposit taking banks and non-deposit taking financial institutions. The Bank decided to acquire a domestic bank with a complementary business focus to secure additional market share in domestic banking, insurance and other related financial services sectors. In March 1995, the Bank acquired control of Banco Português do Atlântico, S.A. (“BPA” or “Atlântico”), which was then the largest private sector bank in Portugal. This followed a joint take-over bid for the whole share capital of Atlântico, launched together with Companhia de Seguros Império (“Império”), a Portuguese insurance company. In June 2000, Atlântico was merged into the Bank.

The joint take-over bid for the whole share capital of Atlântico led to further cooperation between the Bank and the José de Mello Group, which was Império’s largest shareholder, and this culminated in the merger of the Bank’s financial services business with that of the José de Mello Group in January 2000. The merger

included the purchase from the José de Mello Group of its subsidiaries Uniparticipa and Finimper that, in turn, controlled 51% of the share capital of each of Banco Mello and Império, respectively. Subsequently, the Bank launched public offers for the minority interests in Banco Mello and Império. In June 2000, Banco Mello was merged into the Bank.

In March 2000, the Bank reached an agreement with Caixa Geral de Depósitos (“CGD”) for the purchase of a controlling stake in Banco Pinto & SottoMayor (“SottoMayor”), held by CGD. In April 2000, the Bank purchased, in a public tender offer, a majority interest in SottoMayor from CGD and the remaining shares in SottoMayor from its minority shareholders. In December 2000, SottoMayor was merged into the Bank.

The Bank took a clear decision to opt for an internationalisation strategy after the consolidation of its relevant position in the Portuguese market. From the beginning, the aim underlying the involvement in a process of internationalisation was the desire to participate in businesses with strong growth prospects in foreign markets with a close historical connection with Portugal and with businesses that have large communities of Portuguese origin – including Mozambique, Macao, Luxembourg, France, USA and Canada – as well as in markets where there is a strong commercial rationale for establishing banking operations following a similar business model to the one the Bank has adopted in its Portuguese market – and in Poland and Greece. The access to specialised know-how and the new organisational capabilities led to the development of strategic partnerships with selected foreign financial institutions. These included alliances with Fortis for bancassurance in Portugal, with Eureko for bancassurance in other markets, with Banco Sabadell in Spain, pursuant to which the Group provides support to Banco Sabadell customers in Portugal and Banco Sabadell provides support to the Group’s customers in Spain, with F&C Investments, for the asset management activities of the Group, and the establishment of a partnership with Sonangol in Banco Millennium Angola.

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which it launched a retail operation with 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 to establish one banking operation. During the fourth quarter of 2002, the Bank increased its shareholding in BBG to 50% of its share capital. At the start of 2003, BBG changed its name to Bank Millennium. All existing BBG branches and brands were rebranded under the name “Bank Millennium”. In 2006, a further 15.51% of Bank Millennium’s share capital and voting rights was acquired, increasing the Bank’s participation to 65.51% of Bank Millennium’s share capital and voting rights.

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% of NovaBank’s share capital, BCP wholly owns NovaBank. Following the brand change in all the Group operations in 2006, Novabank started to operate under the name of Millennium Bank.

With a view to strengthening the focus on the core business of distribution of financial products, including bancassurance, and to optimise capital consumption, important agreements were established in 2004 with Caixa Geral de Depósitos group relating to non-bancassurance insurance, and with the Belgian-Dutch group Fortis involving bancassurance business. In the former case, the agreement involved the sale of the whole of the share capital of insurers Império Bonança and Seguro Directo, and of Impergesto and Servicomercial. The agreement with Fortis involved 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 of the pension-fund manager Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A. (“Pensõesgere”). Following approval by the relevant authorities, these operations took place in the first half of 2005. Within the scope of this partnership, Fortis increased its shareholding in the Bank to 4.99% in September 2005. As a consequence of the two BCP share capital increases that took place in 2006, Fortis’s shareholding in the Bank fell to 4.94%. In September 2007, Fortis disposed of its qualified holdings in the share capital of BCP.

During 2005 and 2006, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, with emphasis on: finalisation of the sale of Crédilar; the agreement with Hong Kong-based Dah Sing Bank Limited for the sale of the banking and insurance businesses carried on in Macao, while ensuring the continuation of the local Millennium bcp branch; the sale of the shareholdings in Friends Provident, Banca Intesa, PZU and the reduction of the holding in EDP; conclusion of the sale of the 50.001%

stake in Interbanco, S.A., in a transaction that had been announced on 5 August 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'Épargne, although the Group retained 19.9% participations in both the French and Luxembourg operations and established co-operation agreements with the buyer for developing cross-border remittances in both markets; closing of an agreement with the 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 the closing of an agreement by BCP and the BCP Pension Fund with EDP – Energias de Portugal S.A. with a view to the sale of the whole of BCP's holding in ONI SGPS S.A., corresponding to 23.062% of its share capital. These were measures of strategic scope that generated considerable capital gains and made a material contribution to an increase in the Group's own funds.

During 2005, BCP participated in the process of the privatisation of Banca Comerciala Romana ("BCR") with the aim of acquiring a controlling participation in the share capital of BCR held by the Romanian State. The rationale behind the participation in the process of privatisation of BCR was based on its potential contribution to the transformation of BCP into a multi-domestic bank operating not only in Portugal but also in European emerging countries and/or conforming to European Union patterns. BCP was selected by the BCR Privatisation Commission and by the Romanian Authority for Assets Recovery (AVAS) as one of the two institutions that went through the next stage of the privatisation process (short list). However, BCP was not selected as the acquirer of BCR, as its financial offer was not the highest price offered. In October 2007, BCP launched a greenfield operation in Romania called Banca Millennium.

BCP made a preliminary public announcement on 13 March 2006 for the launch of a General Tender Offer for the acquisition of the shares representing the total share capital of Banco BPI, S.A. ("BPI"). On 29 January 2007, following agreement with Group Banco Santander (Portugal) and the BCP Pension Fund, represented by its management company PensõesGere, the Bank acquired a 10.50% shareholding in Banco BPI S.A., and, taking into account the shares already owned by BCP and its subsidiary companies, the total participation held on that date corresponded to 12.1% of the share capital of BPI. On 16 March 2007, the final decision from the Portuguese Competition Authority of non opposition to the acquisition by BCP of BPI through the public takeover originally announced on 13 March 2006, was formally notified, with the imposition of certain conditions and obligations designed to guarantee compliance with the undertakings ("remedies") assumed by the notified party, aimed at ensuring that effective competition was to be maintained in the different markets analysed. On 5 April 2007, CMVM granted the final registration of the General Tender Offer for the acquisition of BPI. On 7 May 2007, the results of the general tender offer for the acquisition of the shares representing the share capital of Banco BPI, S.A. by BCP determined that the offer had not been successful. On 31 May 2007, BCP reduced its shareholding in Banco BPI, S.A. to 9.8939%.

On 25 October, 2007, BCP received a proposal from Banco BPI, S.A. to negotiate a possible merger of the two banks. On 30 October 2007, the Executive Board of Directors of BCP, following the Senior Board meeting held and based on the opinion issued by this corporate body on the subject, and after consulting the Supervisory Board, considered the terms of the proposal inadequate and unacceptable but also resolved to express to the Board of Directors of BPI its willingness to initiate talks for the purpose of reaching a merger agreement, as long as this process was not subject to pre conditions of any nature whatsoever and that the ultimate objective would be to reach an equitable solution and create, from a strategic standpoint, a fully autonomous institution. On 25 November 2007, the talks that had started on 6 November 2007 with BPI, with the aim of reaching a possible merger agreement between the two banks, were concluded without success. On 17 December 2008, BCP sold its shareholding in BPI to a company which is wholly owned by Santoro Financial Holdings, SGPS S.A. As a result of the completion of this contract, BCP no longer holds a qualified stake in Banco BPI, S.A.

During 2007, BCP sold its shareholdings of 1.954% in Sabadell and 1.641% in EDP to the BCP Pension Fund.

On 15 May 2008, BCP signed strategic partnership agreements with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("Sonangol") and Banco Privado Atlântico S.A. ("BPA"). The group of interlinked agreements that govern this partnership include a framework agreement that foresees, notably, a qualified stake of Sonangol in the share capital of BCP and, while this stake remains as such, a presentation to the shareholders of BCP of a proposal for the appointment of a member agreed with Sonangol to be a member of the Supervisory Board and the Senior Board of BCP, as well as consultation principles that will govern the evolution of the qualified stake referred to. The partnership also contemplated the acquisition of up to 49.9% of the share capital of Banco Millennium Angola (BMA) by Sonangol and by Banco Privado Atlântico by means of a share capital increase to be subscribed in cash which took place in February 2009.

Under the terms of the agreements, Banco Millennium Angola would acquire a 10% stake in the share capital of Banco Privado Atlântico and appointed one of the members of its Board of Directors. On 23 September 2008, BCP agreed the price and the conditions under which Sonangol and BPA would take up to 29.9% and 20% stakes, respectively, in the capital of Banco Millennium Angola, as well as the price and the conditions under which Banco Millennium Angola would acquire a 10% stake in BPA. These operations were completed in February 2009 and Sonangol currently holds a 31.5% stake in the capital of BMA while BPA holds a 15.8% stake. BMA has meanwhile acquired a 10% stake in the capital of BPA.

B. Business Overview

Nature of Operations and Principal Activities

The Group is engaged in a wide variety of banking and related financial services activities, in Portugal and internationally. The Bank operates in foreign markets, being present in the following markets: Poland, Greece, Mozambique, Angola, Turkey (in the process of being sold), the USA, Switzerland and Romania. In Portugal, the Bank's operations are primarily retail banking, but it also offers a complete range of additional financial services. The Bank also engages in a number of international activities and partnerships.

The Bank's banking products and services include demand accounts, means of payment, savings and investments, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others. The Bank's domestic retail banking activities are conducted mainly through its marketing and distribution network in Portugal, which follows a segmented approach to the Portuguese retail banking market and serves the diverse banking needs of specific groups of customers. Back office operations for the distribution network are integrated in order to explore economies of scale.

The Bank has subsidiaries that offer additional financial services, including investment banking, asset management and insurance. These subsidiaries generally distribute their products through BCP's distribution networks. The Bank's retail banking and related financial services activities, together with its international operations and partnerships, are described in greater detail below.

Strategy

In a particularly adverse context and under the pressure of many exogenous variables, Millennium bcp considered that, following a period of institutional stabilisation, the launch of new strategic priorities was justified for 2009. The Millennium bcp management priorities for 2009 were based on three fundamental pillars: Soundness and Trust; Commitment and Performance; and Sustainability and Value. Six vectors of priority action were established, directed at "Strengthening Commitment Towards the Future".

These areas of operation involve a number of initiatives that can be summed up as:

1. Capital ratios and liquidity position strengthening

Risk management is a fundamental priority for the Bank, one that has been strengthened through the following measures:

- more comprehensive process of identification, appraisal and management of risks through an overhaul of the risk-assessment models for the Companies segment, implementation of specific risk-assessment models for property developers and for start-ups and creation of the Rating Division, promoting total segregation between the rating attribution and the credit decision, and strengthening of the unproductive loan identification criteria;
- increase of the sustainability and mitigation of the risks of the Pension Fund, at liability and asset levels, through evolution to integrated management of the risk factors in respect of assets and liabilities and through use, where necessary, of hedging instruments;
- improvement of the methods of preventive signs of impairment identification through greater rigour in overdraft payments, a focus on compliance with plans of action (within the framework of the Early Warning Signs model – EWS) and with measures to prevent statute of limitations expiry for procedural reasons;
- implementation of new loan recovery models for Retail and for large customers and/or major risks, through consolidation of the credit recovery model for Retail – launched in October 2008

– and a strengthening of the major risk recovery teams, with increase of their structure planned for 2010;

- greater automation of customer risk assessment and of credit decisions through broadening of the coverage of the TRIAD model, which now includes companies and entrepreneurs trading under their own name with annual invoicing up to euros 2.5 million;
- increased reporting of internal and market risks through the perfecting of internal information on risks included in the Risk Report and production of and submission to the Bank of Portugal of the reports in respect to Basel II, Pillars 2 and 3 (Economic Capital and Market Discipline), and also of the report on the internal control system.

2. *Internal control and risk systems management improvement*

Taking into account the increase of the liquidity risk over the past two years and the necessary prudence in capital management, in addition to the Bank of Portugal's recommendations for the Tier I capital ratio, the Bank decided to strengthen its measures directed at integrated, prudent management of these factors, with emphasis on:

- integrated planning and control of capital and liquidity, and implementation of management based on the return/risk ratio;
- development of a treasury-management strategy in articulation with the business areas;
- liquidity management focused on taking advantage of opportunities to access alternative sources of fund-taking, optimisation of the cost of funding on the wholesale funding markets and increase of attracting and retaining customers' balance-sheet funds;
- transition to the IRB methodologies (Basel II), the Bank of Portugal having granted authorisation to adopt the standard method for operational risk and the internal models method for general market risks in calculating capital requirements;
- efforts to quickly meet all the requirements established by the Bank of Portugal within the scope of the adoption of the advanced (IRB) methodologies to calculate capital requirements for credit risk, under Basel II, given that the Bank of Portugal's authorisation process is not yet finalised;
- development of the process of economic capital assessment and allocation (Pillar 2 – ICAAP);
- optimisation of risk-weighted assets (RWAs) through divestment of non-core assets and increase of adequate guarantees;

3. *Deep commitment to clients and maximization of funds and results*

To ensure more profound commitment to customers, the following measures were implemented:

- programmes of approach to the customer base;
- plan to attract balance-sheet funds in the various segments, Retail in particular, in all countries;
- stricter management of leakage/ commercial exemptions, including commissions, in all networks;
- consistent adjustment to the transfer rates with the price lists to reflect the real cost of the credit risk and liquidity (risk-based pricing);
- plan to attract customers in all the countries.

4. *Acceleration of cost reduction and organizational streamlining*

The Bank plans to continue and to increase efforts to reduce operating costs, especially through a transverse plan to cut staff costs, in an ongoing effort to reduce administrative costs in Portugal and to reduce significantly the costs of the various operations abroad, adapting the structure to production volumes within the new context of the market.

In organisational simplification and process optimisation, the Bank launched new delayering measures and merged support areas in Portugal, while simplifying the operating model in its European subsidiaries, through centralisation of support functions and integration of back offices.

5. *Adjustment of business models and materialization of growth opportunities*

In Portugal adjustments were made to the Private Banking model and its strategy in light of new business opportunities and under way is the revision of the business and organisational model of Corporate and Investment Banking.

In international operations, we would point out the implementation of the expansion plan in Angola, involving a partnership with Sonangol/Banco Privado Atlântico (BPA), several measures to optimise the margin and to attract customers in the African operations, and the strategic review of growth in Europe, with a particular focus on individuals and SMEs, leveraged by the brand and the branch network as distribution platforms.

6. *Talent management and employee mobility*

The increase of the commitment to employees called for the development of performance-oriented measures, responsibilities and professional enhancement, with emphasis on:

- reinforcement of talent management programmes;
- the incentive model in the commercial areas;
- implementation of the new system of evaluation, directed at greater employee responsibility;
- continuation of the professional enhancement projects, such as the Master in Retail and Financial Risk Manager programmes;
- increased involvement and communication at every level of the organisation.

During 2009 several measures of strategic scope were implemented with a view to materialising the management priorities established for 2009, with emphasis on:

Vision for 2010-12: Focus and transformation

During the presentation of 3rd quarter 2009 Results the Bank announced its vision for the 2010-12 period, having adopted as the overall theme at the corporate and business level a vision of “Focus and Transformation”. This is materialised in the focus on the European portfolio and on affinity markets, and on transformation of the business model in Portugal.

Millennium bcp is a bank undergoing transformation: institutionally stable, commercially resilient, focused on risk control, on efficiency, on innovation and on customer service. Transformation is both necessary and motivating; it is necessary to regain the path to growth and value creation, and motivating in the sense that it provides the rallying cry for the involvement of management and other personnel. Transformation of the business model in Portugal will allow returning to growth and leadership in Retail, ensuring profitability and efficiency in the Companies segment and sustaining the cost-cutting effort.

The strategy of focus and affinity in international operations involves a focus on those European markets that will allow a competitive presence and a significant position in the medium and long term, and continuity of investment in affinity markets.

The Bank’s vision for 2010-12 also rests on a third pillar: Sustainability, which is the optimisation of capital and liquidity management and the strengthening of risk control, seeking to increase prevention, revise the credit decision process and strengthen loan recovery.

Transformation in Portugal

“Returning to Growth and Leadership in Retail”: the option consists of leveraging Millennium bcp’s differentiation factors and the new attitudes and customers preferences. This option will be implemented through:

- leveraging the large physical presence, powerful brand and strong commercial capability;
- recognition of the need for innovation, including use of new technologies to transform the business model (technologies to manage the interface with customers and commercial intelligence);
- preference for a “dual approach”, involving innovation in Retail while optimising and taking advantage of the present model.

Attracting more value in the business sectors: the option consists of “Leading through Profitability and Capital Efficiency in the Business Segments” by leveraging the present position of leadership. This option will be achieved through:

- growth in products of greater added value through a comprehensive change in commercial processes and capabilities;
- adoption of optimised capital management from a standpoint of value created.

“Sustaining the Cost-Cutting Effort in Portugal”, leveraged by the recent good performance in this area through ongoing focus on identifying and monitoring multiple (non-disruptive) cost-cutting initiatives.

Focus and affinity in international operations

This option consists of focusing on those countries in which Millennium bcp has the conditions to support a competitive presence and a relevant position in the market in the medium and long term, in keeping with an underlying rationale of “Concentrating Resources to go further” in those markets where the Bank can make a difference, in Poland for example. Over time, the option will involve consideration of divestment in operations of limited scale and capacity in big markets.

With regard to the increased focus on the affinity markets, the option consists of focusing on those countries in which Millennium bcp has the conditions to support a competitive presence and a relevant position in the market in the medium and long term, and on increasing the focus on the affinity markets leveraged by cultural proximity and by strategic partnerships to allow first-rate access to business.

Optimising capital and liquidity management

The option consists of achieving greater reputation and confidence through careful management of solvency and liquidity through:

- maintaining a capital position suited to the needs of the business and to regulatory requirements;
- ongoing focus on reducing the liquidity gap and adapting liquidity management to the new context.

Prevention and control in risk quality

The option consists of keeping tight control of credit-risk levels in the adverse macroeconomic environment through:

- strengthening preventive action and structural revision of the credit-extending model;
- strengthening and adapting loan-recovery capabilities to the new context.

Mobilising the organisation

To achieve success in bringing about the vision for 2010-12 employees and customers will have to be mobilised through greater involvement and a powerful communication strategy.

Business Model

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 in dealings with third parties, namely in the areas of IT, operations, administrative, premises and procurement. In 2005, 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.

The organisational model at year-end is based on five business units – Retail Banking and Companies; Corporate and Investment Banking; Private Banking and Asset Management; Business in Europe; and Other International Business, besides two support units – Banking Services and Corporate Areas.

Five of these seven areas have Coordination Committees, the aim of which is to simplify the articulation of day-to-day management decisions, involving the top management of the units included in each business unit and support unit, whose mission is to align perspectives and to provide support to the Executive Board of Directors (EBD) in decision-taking.

The **Retail Banking & Companies Committee's** coordinate the retail business in Portugal, being responsible for the definition of the commercial strategy and for its implementation within the several distribution channels. Some of the divisions' responsibility is also to serve, in Portugal, the customers of the Companies segment, providing them with personalised management, and to capture potential customers, developing skills in terms of design, management and support to the sales of products and services, acting proactively in the creation of instruments that allow optimisation of customer management in order to maximise value created and satisfaction levels. The Retail Banking Support Division created in 2009 is responsible for helping the retail network to achieve its goals, in several areas and with a wide scope, by disseminating and sharing best practices.

The **Corporate & Investment Banking Committee's** divisions are responsible for serving, in Portugal, customers of the Corporate and Investment Banking segment. It is also responsible for, monitoring and managing the international areas across the Group, for, the offer of leasing, renting, factoring products, real estate development and protocol credit and/or re-financed, as well as for the management of the relations established with the several chambers of commerce and public entities. On August 31, 2009, Banco Millennium bcp Investimento S.A. was incorporated into BCP, through the transfer of the incorporated company's assets to the incorporating company, and consequent extinction of Millennium bcp Investimento, S.A.. As a result two divisions were created: Investment Banking and Treasury and Markets.

The **Private Banking & Asset Management Committee** evaluates aspects related with the management of the areas within its responsibility, particularly, business analysis, the valuing of the assets managed, and the results obtained, together with the analysis of the sales and of the performance of investment funds.

The **European Banking Committee's** oversees, coordinates and articulates the management of the subsidiary companies in Europe, implementing activity reporting procedures and of financial development that may enable a systematic and adequate monitoring of the several operations, including budget compliance control, activity and financial evolution, as well as support for the decision-making and subsequent implementation of resolutions involving restructuring, investment and divestment.

The **Banking Services Coordination Committee** departments' serve the Business Units in Portugal and in other countries, contributing in a sustained manner for the reduction of costs and improvement of service quality, and assuring an innovation level compatible with the Group's growth objectives. It assesses information relating to the cost evolution and main service levels in Banking Services and also the proposals presented by the respective members it presents, for appraisal and decision, proposals on themes related with the following Departments: Credit, Credit Recovery, Operations, Administrative and Logistics, Information and Technology; and the Prevention and Safety Office. To ensure that the risk inherent in all the Bank's customers is properly assessed, the Rating Division was set up in July 2009.

Other International Business

The overall coordination of operations in Africa and the United States of America has been taken over directly by the Millennium bcp directors responsible for those operations as it was considered that the specifics of the markets warrant individualised treatment and, consequently, that they would not benefit from integration into Coordination Committees.

Additionally, five commissions and one committee report to the EBD whose duties are of an overall, transverse nature, involving the study and evaluation, for each area of intervention, of the policies and principles governing the activities of the Bank and of the Group. These commissions are subject to detailed treatment in the Corporate Governance Report. The members of the commissions are appointed by Millennium bcp's EBD in accordance with articles 13.º and 14.º of the EBD working regulations.

In accordance with the International Financial Reporting Standards (IFRS) the Group had at December 31, 2009 total assets of euros 95,550 million and total customers' funds in the sum of euros 67,002 million. Loans to customers (net, excluding securitised credit) amounted to euros 75,191 million. The consolidated solvency ratio, calculated in accordance with Bank of Portugal rules, stood at 11.5% (Tier I at 9.3%). BCP shares are admitted to listing on euronext Lisbon and market capitalisation as at December 31, 2009, stood at euros 4.0 billion. The adverse economic environment in Portugal, Poland and Greece during 2009 reflected in the expectations of a reduction on net income and of the assets' quality, leading some rating agencies to revise their long term rating notations awarded to Banco Comercial Português. Contrary to what had been seen in recent years, according to the rating agencies the international operations contributed to an increase of the Bank's risk profile, rather than acting as a source of diversification of revenues. The Bank strengthened its liquidity and solvency position, with Tier I exceeding the minimum recommended by the Bank of Portugal, through the issue of perpetual subordinated securities with conditioned interest, in the sum of one billion of euros.

As at 31 December 2009, the business in Portugal accounts for 76% of total assets, 78% of net loans to customers, 76% of total customers' funds, and 95% of net income. International operations account for 53% of the Group's approximately 21.8 thousand employees and for 50% of the total of 1,809 branches.

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 Lombarde 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% owned by the Group, with the remaining 30.1% 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 in relation to BII. In October 2005, the Bank acquired 30.1% of the capital of BII owned by Banca Intesa, becoming the sole shareholder of BII. Currently, BII is running a book of outstanding mortgage credit originating from mid 2007, which will progressively be reduced over time. BCP runs the Portuguese mortgage business directly.

Online banking

ActivoBank7 was launched as part of the joint initiative entered into by the Group and Banco Sabadell to launch a banking operation across the Iberian Peninsula in a multichannel approach, taking advantage of the experience and knowledge of the respective domestic markets accumulated by the two institutions involved. The Group had a large amount of experience accumulated during the seven years of its direct banking operation Banco 7 (launched in 1994), which has achieved leadership in innovation in direct channels on the Portuguese market.

In 2002, ActivoBank7 became 100% owned by the Group, continuing to strive towards consolidation as the first Portuguese bank in the market specialising in offering investment solutions to the private sector through the internet. Keeping an open-architecture framework, this bank offers the best financial products from the most prestigious national and international investment houses.

ActivoBank7's best value proposal is based on careful and rigorous selection of the best investment products provided by renowned international management companies and on the recommendation of investment solutions in keeping with the specific risk profile of each customer.

The launch of innovative, value-added products for customers and the continuous attention to quality, designed in order to achieve a standard of excellence, constitute the fundamental pillars of its business.

ActivoBank7 employs a multichannel distribution model centred, in the first instance, on the internet, complemented by modern telephone platforms – Contact Centres – and personalised attendance facilities – Activo Centres – which are located in two major Portuguese cities, Lisbon and Oporto.

Insurance

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

Foreign Business

In recent years, the Group has pursued a strategy focused on international expansion. The Group has concentrated on those businesses with strong growth prospects in foreign markets and with a close historical connection to Portugal or which have large communities of Portuguese origin (such as Angola, Mozambique and the United States of America), as well as on markets where our successful Portuguese business model can be effectively exported and tailored to suit local markets (such as Poland, Greece, Turkey and Romania).

Poland

In Poland, the Group operates through Bank Millennium, S.A., a universal bank directed at individuals and at small and medium-sized companies. Bank Millennium offers a complete range of financial products and services, including deposit-taking, savings and investment products, short, medium and long-term lending (including mortgage lending and consumer credit), debit and credit cards, fund transfers and other payment methods, mutual funds, insurance, leasing, treasury services and money market transactions.

In 1998, the Group entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Group launched a retail operation with BBG in the Polish market under the name "Millennium". This joint venture was controlled jointly by the Group and by BBG. As part of a restructuring of BBG in 2002, the Group and BBG decided to merge the Millennium joint venture into BBG and to establish one banking operation. During the fourth quarter of 2002, the Group increased its shareholding in BBG to 50% of BBG's share capital. At the start of 2003, BBG changed its name to Bank Millennium. In December 2006, the Bank acquired 131,701,722 Bank Millennium shares corresponding to 15.51% of its share capital and voting rights, at the price of PLN 7.30 per share, thus increasing the Bank's holding in Bank Millennium S.A. to 65.51% of its share capital and voting rights.

Leveraged by a renewed network of more than 472 retail branches – including the larger multi-segment outlets – Bank Millennium is one of the operators in the Polish market that has returned the greatest growth, underpinned by an efficient sales industrialisation platform and by growing awareness of the Millennium brand.

2009 was a particularly difficult year both for Bank Millennium and for the Polish banking system in general, essentially as a result of the economic slowdown, the increase in the jobless rate, the limited availability of sources of financing with the exception of deposits and loans by the parent company – and the depreciation of the zloty against the major currencies, a situation that was partially reversed during the second half of the year. These factors significantly affected the Bank's income base and increased the costs of risk at the same time.

Bank Millennium prepared and presented to the market, in February 2009, a new strategy for 2009-10, called Millennium 2010. The time horizon of the new strategy was relatively limited owing to the very considerable uncertainty associated with the unprecedented troubles in the financial markets. The main aims of the Millennium 2010 strategy consisted of: (i) strengthening the Bank's retail business through the branch network; (ii) focusing the business on the Companies segment relating to SMEs; (iii) increasing efficiency and ensuring strict cost controls; and (iv) implementing more conservative risk management policies.

The Bank's main objective for the coming years is to return to profitable growth for the business, with a strong focus on sustainability. In this connection, the Bank's main ambitions consist of: (i) achieving a top 5 position in the Polish banking system, and a position of leadership in Retail, with a relevant presence in commercial banking; (ii) achieving a sustainable profitability level comparing favourably with the better performing banks in its peer group; (iii) developing a highly efficient operation and, at the same time, establishing the benchmark in terms of customer service quality; (iv) maintaining a solid capital structure, with a strong risk-management profile to underpin future growth; and (v) strengthening the Bank's market position on the basis of lasting relations with its shareholders. To achieve these ambitions the Group's goals for 2012 involve an RoE of approximately 15%, a cost-to-income ratio below 60%, a capital-adequacy ratio comfortably above the regulatory minimum, and a loan-deposit ratio not significantly less than 100%. With regard to the business, the Bank has set up ambitious medium-term objectives, in particular achieving 1.5 million active customers (1.1 million at the end of 2009) and increasing its market share in retail deposits and loans to companies to 7% (5.5% at the end of 2009) and 5% (3% at the end of 2009) respectively.

As at 31 December 2009, Bank Millennium had total assets of Euros 10,943 million, Euros 8,604 million in customer funds, Euro 8,428 million in loans to customers (gross), and was operating with 472 branches and 6,245 employees. Bank Millennium's net income in 2009 was affected by poor returns on net interest, caused by negative margins on term deposits and to the impact of lower market rates on current account margins, together with the higher cost of swaps funding the credit portfolio denominated in foreign exchange, and by much higher risk costs, associated with higher charges on corporate loans relating to forex option exposures; this was in spite of the main positive contribution from reduced staff costs, reflecting the impact of the restructuring initiative that translated into reduced headcount, lower bonuses in 2009 and a retraction of the undistributed part of the 2008 bonus. Net income in 2009 was Euro 0.3 million.

Greece

Millennium Bank in Greece is focused on retail banking and on further developing its private banking, corporate and companies businesses. In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A., 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% of NovaBank's share capital and controlling rights, the Bank wholly-owns NovaBank. The brand "Millennium" was adopted in 2006.

Since its creation, Millennium Bank has implemented an ambitious development plan focused on fast organic growth and, at the same time, growth in income and value creation. Millennium Bank's strategy is based on developing innovative products and services and providing excellent quality of service, together with a specialised approach to business customers.

Reflecting the success of these commercial efforts, substantial numbers of new customers and new deposits were attracted in 2009: 38 thousand new customers, increasing the Bank's customer base to more than 540 thousand at year-end. Sight deposits exceeded one billion Euros for the first time in the history of Millennium bank, standing at 1.077 billion as at 31 December, 2009, an increase of Euros 339 million compared to the end of 2008.

As at the end of 2009, Millennium Bank had total assets of 6,669 million Euros, 3,890 million Euros in customer funds, 5,158 million Euros in loans to customers (gross), and operating with 177 branches and 1,527 employees. Net income amounted to 9.0 million euros in 2009, compared with 15.1 million euros in 2008, influenced by historically adverse economic conditions reflected in lower spreads on term deposits, particularly significant during the first half of 2009, in a slowdown in extending credit and in the increase of non-performing loans. It is important to underline the negative impact of 1.5 million euros in 2009 due to taxes from extraordinary social contribution imposed by the greek authorities.

Mozambique

The Group has had banking operations in Mozambique since 1995. Banco Internacional de Moçambique ("Millennium bim") is Mozambique's largest bank. In 2008, the Group continued its expansion plan for the retail branch network which had begun in 2007, having achieved the historic mark of 100 branches and over half a million customers.

As at 31 December 2009, Millennium bim had Euros 1,205 million in total assets, Euros 916 million in customers' funds, Euros 703 million in loans to customers (gross), and was operating with 116 branches with

1,936 employees. Net income of Millennium bim in Mozambique increased 1.0% to 52.0 million Euros in 2009, compared to 51.5 million Euros in 2008, driven by sound net interest income (mainly due to credit volume growth), together with higher results from forex transactions with customers and increased commissions, principally from cards and transfers, as a result of higher volumes, which more than offset the expansion plan's impact on higher administrative and staff costs. Net income was also affected by a negative return from higher risk costs.

Angola

Banco Millennium Angola, SA ("BMA") was incorporated on 3 April 2006, as a result of the transformation of the BCP branch into a bank incorporated under the laws of Angola. In 2008, Banco Millennium Angola strengthened its goal of contributing to the modernisation and development of the Angolan financial system by marketing innovative, personalised financial products and services conceived to satisfy all the financial needs and expectations of the various market segments in keeping with the highest quality and specialisation standards.

In February 2009, the financial transactions relating to the strategic agreement established with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("Sonangol") and Banco Privado Atlântico S.A. ("BPA") were completed through a rights issue carried out by Banco Millennium Angola, SA ("BMA"), in the amount of USD 105,752,496.80. Presently, Sonangol holds a 31.5% stake in the capital of BMA, and BPA holds a 15.8% stake. BMA has meanwhile acquired a 10% stake in the capital of BPA. Following this capital increase, Banco Millennium Angola will be in a position to carry out its business plan, with plans to invest more than USD 200 million over the next three years to expand the retail branch network and create more than 1,000 jobs in Angola.

At the end of December 2009, Banco Millennium Angola had total assets in the sum of Euros 746 million, an increase of 62.4% over the 2008 figure. Loans to customers and customer funds performed very well during the year, with increases of 45.8% and 53.5% respectively, compared to the previous year. Customer funds reached 429 million Euros, while loans to customers (gross) reached 317 million Euros. Net income for 2009 stood at Euros 14.6 million, an increase of 235.7% over 2008, essentially reflecting the good performance of operating income, with a special emphasis on the growth of net interest income (112.4%) and of profit generated by currency transactions (261.0%).

Switzerland

Banque Privée BCP is a private banking platform set up in Switzerland in 2003 which provides services to Group clients, with a focus on the Portuguese, Greek, Polish and Brazilian markets. All its activities are centred on the client. High-quality services are provided, with an emphasis on innovation and performance based on trust and discretion, and supported by a team that has excellent qualifications and skills at every level of the organisation. The Bank values innovation and dedication to excellence, and this is reflected in the ongoing training of its staff.

Despite the difficult environment in which it has carried on its business, Banque Privée BCP in Switzerland has continued its marketing activities in the main markets, having obtained growth in its balance sheet and the customer base in Brazil and Poland, markets and segments in which the Bank is in a good position to service its clients in the coming years. The greater proximity to clients, allied to strict compliance with law and regulations, an increase in operating efficiency and cost controls and a focus on the constant improvement of investment management solutions has allowed the Bank to return net income in the sum of Euros 7.8 million, which compares with a loss of Euros 30.4 million in 2008.

Romania

Banca Millennium started its business activities in October 2007. As at 31 December 2008, Banca Millennium had 65 branches and 691 employees. The Bank's structure comprises three main business areas: Commercial Banking, Retail Banking focused on Prestige and Business banking, and consumer finance, while it also has a small Private Banking operation. The Bank believes Romania offers significant potential for growth.

The Bank opened 25 new branches in 2008, raising the total number of branches to 65. The branch network at 31 December 2008 already covers the main population centres and the country's main centres of commercial and industrial activity. It is divided into 19 financial centres serving customers' global needs,

including those of the “Affluent” and “Companies” segments, 45 credit centres specifically aimed at the “Mass market” segment, and one private banking branch located in Bucharest.

As at 31 December 2009, Banca Millennium had 473 million Euros in total assets, 255 million Euros in customer funds and 268 million Euros in loans to customers (gross), and was operating with 74 branches and 700 employees. The Bank ended 2009 with a net loss of 38.5 million Euros, driven by the higher costs of risk (+556 bps) and by negative net interest income, together with the derecognition of deferred tax assets, relating to the reversal of the 2007 and 2008 losses carried forward and to lower than expected credit volume-related commissions, despite the positive contribution from trading results, as well as from savings on staff and administrative and depreciation costs.

Turkey

In order to leverage its operational capabilities and its geographic position, in 2002 the Group 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 renamed Bankeuropa in 2003 and adopted the Millennium brand in 2006. Millennium Bank (previously Bankeuropa) was the first Turkish bank to be conceived exclusively for the high net worth customer segment. Millennium Bank in Turkey offers customers dedicated relationship managers and provides a wide range of products and services.

As a result of its previously announced review of its international operations, and given the Bank's stated strategy of focusing on priority markets, Banco Comercial Português has signed an agreement to sell 95% of Millennium Bank AS in Turkey to Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba Holding, A.S., for a total price of approximately Euros 61.8 million subject to a final adjustment when the transaction is completed.

Banco Comercial Português will retain a 5% stake in the company, having agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake.

This transaction, which is subject to regulatory approval from the supervisory authorities, will generate a capital gain, pre-tax, of approximately Euro 5.4 million and have a positive impact of around 6 basis points on Banco Comercial Português' Tier I capital ratio.

Cayman Islands

Millennium bcp Bank & Trust is headquartered in the Cayman Islands, its vocation being to provide international banking services to high net worth individuals and corporate clients.

The Bank's client portfolio is focused on Portuguese communities in Europe, South America (Brazil and Venezuela), South Africa and the Portuguese-speaking countries of Africa.

It has a local structure and, under subcontracting arrangements, it relies on the support of Banco Comercial Português, S.A., in the provision of a number of activities and functions, and, reflecting their importance, emphasis is given to cash management, sundry-risks (market, credit and operating) analysis and management, internal audits, custody and clearing.

The Millennium bcp Bank & Trust Cayman announced a net income of Euro 9.6 million in 2009, compared with Euro 20.9 million in 2008. This operation is especially geared towards providing international services in the area of private banking for individual customers with high net worth assets, with the evolution of net income being determined by the contraction of net interest income and by an increase in credit impairment charges, notwithstanding reductions in operating costs.

United States of America

Millennium bcpbank is a commercial bank that was incorporated in October 2000. Its approach is that of a community bank providing personalised services on a par with products and services for the general public, its main aim being to serve Portuguese-speaking communities and Greek ethnic groups. It is headquartered in New Jersey. Deposits at the Bank are covered by the Guarantee Fund in accordance with the rules and regulations of the Federal Deposit Insurance Corporation (“FDIC”). The Bank is governed by the Office of the Comptroller of the Currency (“OCC”) and by the FDIC.

The Bank's performance was strongly influenced by the challenges faced in 2009, having been affected by the level of credit impairment, which contributed to the deterioration of the portfolio, as well as by the impact of lower interest rates on net interest income. The Bank's response has resulted in improved efficiency and reduced staff costs.

In August 2009, Millennium bcpbank expressed its support for the issuing of a consent order by the Office of the Comptroller of the Currency (OCC) of the United States, establishing a set of measures with a view to a redefinition of the strategic plan, stronger governance structures and capital ratios, and improved risk management. During the second half of 2009, Millennium bcpbank actively continued the measures provided for in the consent order.

In order to meet the goals, referred to above, of continuing to be a solid, deeply-rooted community partner, Millennium bcpbank drew up a new strategic plan to improve its risk profile and profitability, based on the following:

- improvement of asset quality;
- optimisation of the branch network from a medium-term standpoint;
- continuation of the organisational simplification project already underway and implementation of operating-cost reduction measures;
- strengthening of the Bank's principal control areas; and
- continuation of the efforts directed at repricing deposits and loans.

As at 31 December 2009, Millennium bcpbank had Euros 564 million in total assets, Euros 486 million in customer funds, Euros 413 million in loans to customers (gross), and was operating with 17 branches and 208 employees. Performance in 2009 was strongly influenced by conditions in the market. Millennium bcpbank returned a net loss of Euros 9.5 million in 2009, due to higher costs of risk (+149 bps), lower net interest income, higher contributions to the Deposits Guarantee Fund and lower levels of commission, which more than offset lower income tax, reduced staff costs and annual gains on the sale of Mortgage Backed Securities, issued by Fanny Mae and Freddie Mac, and the sale of foreclosed properties.

International Partnerships

Since 1991, the Group has also developed an internationalisation strategy based on establishing cooperation agreements with foreign partners. The Group's current foreign partners are Banco Sabadell, Eureka, Sonangol and Banco Privado Atlântico. Some of these partnerships involve, among other things, joint ventures, cross-shareholdings and reciprocal board representation.

Banco Sabadell

In March 2000, the Group 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 BCP and Banco Sabadell, notably in corporate loans and in innovating services for individuals.

As a result of the agreement, 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 sold its 2.75% shareholding of Banco Sabadell to the BCP Pension Fund. Banco Sabadell holds 4.4% of the share capital of the Bank.

Eureka

In 1991, the Group established strategic partnerships with two significant European insurance groups, Friends Provident and AVCB Averro Centraal Beheer. In 1992, Eureka was established as a pan-European insurance group, as a result of the association between the insurance groups Friends Provident, from the United Kingdom; AVCB Averro Centraal Beheer, from the Netherlands; Wasa, from Sweden; and the Danish financial group Topdanmark. In 1993, the Group, through its insurance holding Seguros e Pensões Gere, became the fifth partner in this pan-European strategic insurance alliance. The Group currently holds 2.709% of the share capital of Eureka, while the Eureka Group's holding in BCP is currently 2.52% of the share capital and inherent voting rights, held by Eureka B.V., following the sale during 2009 of a 4.55% holding in BCP's

share capital. Also, the Total Return Swap entered into by Euroko B.V. with JPMorgan Chase Bank NA on 5 September 2007 was fully unwound and therefore the voting rights attached to the previous additional 2.88% stake in BCP should no longer be attributed to Euroko B.V. Through its asset management subsidiary F&C, Euroko has established an exclusive distribution agreement affecting its asset management products through the Millennium bcp banking network in Portugal.

Fortis

In 2005, the Group and Fortis established a joint venture for the bancassurance business, through the insurance company Millennium bcp Fortis. The Group holds 49% of Millennium bcp Fortis's share capital, while the remaining 51% is held by Fortis. In September 2005, Fortis increased its shareholding in the Bank to 4.99%. As a consequence of the two BCP share capital increases that took place in 2006, Fortis's shareholding in the Bank decreased to 4.94%. In September 2007 Fortis disposed of its qualifying holding in the share capital of BCP.

Sonangol and Banco Privado Atlântico

Sonangol and Banco Privado Atlântico ("BPA") acquired 47.3% of BMA's share capital through a capital increase, subscribed by the acquirers, in cash. BMA acquired 10% of the share capital of Banco Privado Atlântico. According to the terms of the agreement, BMA continues to be a subsidiary company of BCP but should benefit from having important minority shareholders, with the corresponding shareholder influence and cooperation potential. Sonangol has acquired a 4.98% shareholding in BCP in 2007 and held 9.99% of the Bank on 31 December 2008.

Significant Developments in 2009

The following are among the most significant business developments of the Group in 2009:

On 12 January 2009, BCP announced that it had successfully launched 3- year, 1.5 billion Euro Fixed Rate Notes guaranteed by the Portuguese Republic. This issue was rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "AA" by Fitch Ratings.

On 13 January 2009, Mr. Maarten Dijkshoorn presented his resignation as member of the Senior Board of BCP.

On 21 January 2009, BCP announced that following the previously disclosed analysis of its portfolio of international operations and taking into account the previously announced strategy of focusing on priority markets, the bank had initiated, with the support of external advisers, a process to ascertain the different options, including the possible disposal of the participation in relation to Millennium Bank AS, in Turkey.

On 29 January 2009, BCP announced that it is in negotiations with a Mozambican group regarding that group's possible acquisition of a stake of up to 10% of Banco Internacional de Moçambique, S.A. ("Millennium bim").

On 18 February 2009, BCP announced possible strategies for increasing its own funds on a supplementary basis, such as will result from the previously-announced successful completion of the above-mentioned negotiations with Millennium bim (which includes the refocusing of the portfolio of international operations, which will also have favourable effects on solvency ratios), and in the interests of promoting prudent capital management, issue non-dilutive financial instruments (that is, excluding common stock and instruments that are convertible into common stock) with characteristics that allow them to be included in the capital base. By way of example, it was mentioned that, as of 31 December 2008, and considering the limit set by the Bank of Portugal for hybrid instruments eligible for own funds, the Bank could issue up to a maximum of Euro 1,200 million, although it is to be expected that the value issued will be below the maximum mentioned. The exact value will depend on the expected impact and the timing of the other measures mentioned.

On 25 February 2009, BCP released information regarding the completion of the financial transactions relating to the strategic agreement between the Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("Sonangol"), Banco Privado Atlântico S.A. ("BPA") and BCP. As a result, a rights issue has been carried out by Banco Millennium Angola ("BMA"), in the amount of Kwanzas 1,800,442,195.39535 (USD 105,752,496.80). Presently, Sonangol holds a 31.5% stake in the capital of BMA and BPA holds a 15.8%

stake. BMA has meanwhile acquired a 10% stake in the capital of BPA, a key financial institution already active in the Corporate and Investment Banking sectors of the Angolan financial system. Following this capital increase, Banco Millennium Angola will be able to carry out its business plan, which includes investing more than USD 200 million over the next three years to expand the retail branch network and create more than 1,000 jobs in Angola.

On 3 March 2009, after having obtained the required non opposition of Bank of Portugal, BCP has sold, in a transaction outside the regulated market, 87,214,836 shares representing 9.69% of Banco BPI to Santoro Finance – Prestação de Serviços, S.A. (a company that is part of Santoro Financial Holdings, SGPS, S.A), for the price of Euro 1.88 (one Euro and eighty eight cents) per share. After this transaction, BCP owns 68,533 shares representing 0.0076% of Banco BPI, held by the following entities: Banco Millennium bcp Investimento, S.A. (48,533 shares representing 0.0054% of the shares capital and voting rights) and Banco Comercial Português Group Pension Fund (20,000 shares representing 0.0022% of the share capital and voting rights), in total: 68,533 shares representing 0.0076% of the share capital and voting rights).

On 30 March 2009, in Oporto, BCP held its annual General Meeting of Shareholders with 63.44% of the share capital represented. The following resolutions were approved:

Item One – Approval of the individual and consolidated annual report, balance sheet and financial statements of 2008.

Item Two – Approval of the proposal of application of year-end results amounting to 451,182,625.88 Euros, as follows:

- 45,118,262.59 Euros for reinforcement of the legal reserve;
- 10,000,000.00 Euros for reinforcement of the reserve for stabilisation of dividend;
- 79,808,200.00 Euros for dividend payout; and
- 316,256,163.29 Euros for retained earnings.

Since the dividend payout mentioned above – 79,808,200.00 Euros – was calculated, as standard, on the basis of a dividend of 0.017 Euros per share, and as it is not possible to determine the exact number of treasury shares that might be held in the Bank's portfolio on the payment date, it was resolved to pay the dividend of 0.017 Euros per each share, while the dividend in respect of the shares held by the Bank on the first day of the dividend payment period shall not be paid but registered in a "retained earnings" account.

Item Three – Approval of the vote of trust and praise to the Executive Board of Directors and the Supervisory Board and each one of its members, as well as to the External Chartered Accountant.

Item Four – The remuneration policy of the members of the corporate governance bodies approved by the Remunerations and Welfare Board and by the Nomination and Remunerations Committee, as well as a statement on the Retirements Regulations for the Executive Board of Directors of the Bank adopted by the Supervisory Board for the three-year period of 2009 to 2011 was appraised.

Item Four A – Approval of the proposal to suppress the Senior Board and, with the sole purpose of matching the mandates of all corporate bodies of the Bank, to set the appointment of the members of the Supervisory Board approved in the General Meeting of 2009 to the biennial mandate of 2009 to 2010.

Item Five – Election of the following members of the Supervisory Board for the term-of-office of 2009 to 2010:

Chairman: Luís de Melo Champalimaud

Vice-Chairmen: Manuel Domingos Vicente and Pedro Maria Caláinho Teixeira Duarte

Members: Josep Oliu Creus; António Luís Guerra Nunes Mexia; Sociedade de Turismo e Diversões de Macau, S.A., which appoints Mr. Patrick Huen Wing Ming to exercise these functions on its behalf; António Victor Martins Monteiro; João Manuel de Matos Loureiro; José Guilherme Xavier de Basto; José Vieira dos Reis; Manuel Alfredo da Cunha José de Mello; Thomaz de Mello Paes de Vasconcellos; Vasco Esteves Fraga.

Item Six – Considering the approval of Item Four A to suppress the Senior Board, the proposals to elect the Senior Board members were not subject for discussion.

Item Seven – Approval of a new number 2 to Article 12 of the Articles of Association (with the renumbering of the following numbers of the same Article) in order to clarify the concerns of law firms and statutory auditors companies, regarding the incompatibilities mentioned in Article 12-1 which shall only apply to the individuals acting on behalf of such entities. The proposal to correct cross-references to Article 33 of the Articles of Association regarding the Senior Board, due to the previous mentioned change in Article 12, was not approved, due to the approval of item 4A to delete such Article 33.

Item Eight – Approval of the clarification that the resolution adopted in the general meeting of shareholders held on 27 May 2008 was based on Vítor Manuel da Cunha Ribeirinho and Ana Cristina Soares Valente Dourado, exercising their functions as External Chartered Accountant and Alternate Chartered Accountant, respectively, in their capacity of partners of KPMG & Associados – Sociedade de Revisores de Contas, S.A.. Approval of the replacement of Vítor Manuel da Cunha Ribeirinho with KPMG & Associados – Sociedade de Revisores de Contas, S.A., represented by its partner Vítor Manuel da Cunha Ribeirinho, as External Chartered Accountant for the remainder of the current three-year period of 2008 to 2010, with Ana Cristina Soares Valente Dourado, in her capacity as partner of KPMG & Associados – Sociedade de Revisores de Contas, S.A. remaining as the Alternate Chartered Accountant.

Item Nine – Approval of the proposal to acquire and sell own shares.

Item Ten – Approval of the proposal to acquire and sell own bonds.

On 31 March 2009, BCP informed of the withdrawal of the proposal by a shareholder of the Bank for legal proceedings to be taken requiring a declaration of invalidity of the election of the External Chartered Accountant and Alternate Chartered Accountant, on 27 May, 2008 (as part of Item 7 of the working agenda of the annual General Meeting of Shareholders of BCP). “*Supervisory Board and Audit and Risk Committee*”.

On 6 April 2009, Moody’s placed on review for possible downgrade the bank financial strength ratings (BFSR) and long-term debt and deposit ratings and short-term ratings of six Portuguese banks including BCP. The rating actions were prompted by the weakening of the Portuguese economic environment, as reflected by Moody’s negative credit outlook on the Portuguese banking system, and pressure on the banks’ current capitalisation levels as a result of relatively poor performances in 2008, anticipated lower revenue over the next few years and a higher credit- related write-down requirement.

On 30 April 2009, the Bank announced that it had received authorisation from the Bank of Portugal, under the terms of Decree-Law 103/2007 and 104/2007, to use the internal model method for the calculation of capital requirements for generic market risk. This authorisation, which covers BCP, Banco de Investimento Imobiliário S.A., Banco Millennium bcp Investimento S.A., and Banco ActivoBank (Portugal) S.A. is the result of a process that began in September 2007 and follows the authorisation already received to use the standard method for calculating regulatory capital requirements for the purpose of operational risk coverage for the same institutions, and also on a consolidated basis.

On 11 May 2009, BCP announced that the project to merge its wholly-owned subsidiary Banco Millennium bcp Investimento, S.A. with the Bank, through the transfer of the assets of the latter to the incorporating company and the extinction of the incorporated company, has been approved by the Boards of Directors of both companies involved, under the terms of Article 97 (1) and (4 a) and of Article 116 of the Portuguese Companies Code (Código das Sociedades Comerciais), a decision reached without convening the General Meetings of the intervening companies.

On 15 May 2009, BCP announced that the merger project concerning the merger by incorporation of Banco Millennium bcp Investimento, S.A. into the Bank had been registered.

On 23 June 2009, the Executive Board of Directors of BCP implemented changes in the Co-ordination Committees that report to the Executive Board of Directors. The following Co-ordination Committees were maintained: the Private Banking and Asset Management Co-ordination Committee; European Businesses Co-ordination Committee and Banking Services Co-ordination Committee. These changes necessitated the creation of two new Co-ordination Committees: Retail and Companies; and Corporate and Investment Banking, replacing the previous Retail Banking Co-ordination Committee and Corporate and Companies Coordination Committee. Also, the responsibility for Investment Banking, which was not integrated into the Co-ordination Committees, was included in the scope of the Corporate and Investment Banking Co-ordination Committee. The global co-ordination of operations in Africa and in America is held directly by the Members of the Executive Board of Directors of BCP responsible for those operations, because the

requirements of the markets in which the operations are developed justify individual treatment and consequently would not benefit from their inclusion in the Co-ordination Committees.

On 26 June 2009, in accordance with Article 3 b) of CMVM Regulation 5/2008, BCP announced that Mrs. Sofia Raposo had been appointed as the new Market Relations Representative and Head of the Investor Relations Division, taking up her position on 1 July 2009.

On 29 June 2009, the Bank issued Euro 300 million of Millennium bcp Valor Capital 2009, perpetual subordinated debt securities with conditional coupons under the 7.5 billion Euro Debt Securities Program of the Bank, which were authorised by the Bank of Portugal to be included in Tier I, on an individual and consolidated basis, up to a maximum of 35% of the total Tier I of the Bank.

On 29 June 2009, Banco Comercial Português, S.A. made public that, on 26 June, 2009, it has received notification regarding the CMVM's decision concerning the process 41/2008, that resulted in a single fine of Euro 5,000,000, with partial suspension of Euro 2,500,000 over a 2 year period, proceeding to the full fine if there is an infraction of the Portuguese Securities Code (Código de Valores Mobiliários) and that if there is an appeal, the decision regarding the partial suspension of the fine will be reversed. Banco Comercial Português, S.A. also announced that the decision of appealing against the CMVM's decision is being analysed and will be taken according to the best interests of all its stakeholders: clients, shareholders and the institution itself.

On 24 July 2009, Banco Comercial Português, S.A. made public that it was notified on 26 June 2009 of the decision adopted by CMVM relating to the administrative proceeding no. 41/2008. The decision resulted in a single fine of Euro 5,000,000, with partial suspension of the execution of Euro 2,500,000 for a period of 2 years, with full execution of the fine should any criminal act or administrative proceeding breaking the Portuguese Securities Code be recorded during the suspension period. Banco Comercial Português, S.A. has decided to legally appeal against this decision by CMVM, having launched the appeal within the specified legal period.

On 28 July 2009, Banco Comercial Português, S.A. made public that the public prosecutor recently accused five former board members of the Bank to whom it attributes criminal acts and who are accused of manipulating the market, of falsifying documents and of fraud. Part of the allegation of fraud includes the accusation that the board members in question received variable amounts of remuneration which were not due to them, by reason of not taking into due consideration certain operations, namely losses incurred by 17 offshore holdings. At the same time as the five former board members were notified, the Bank was also notified whether it wanted to become a participant in the process and request a civil indemnification in the same criminal process. Regarding whether to become a party to the process, the Executive Board of Directors of Millennium bcp has reserved the right to take a decision at a more appropriate moment, within the legal timeframe established for it to do so, that is, up to five days before the preliminary hearing or the trial hearing. After consulting with the Bank's lawyers, and taking into consideration solicited legal opinions, the Executive Board of Directors decided, at a meeting on 14 July 2009, that in order to avoid any risk of future allegations regarding the loss of the eventual right to indemnification that could happen if it was not requested at this point and at this criminal process it would present on that date a requisition in which the Bank requests (i) the acknowledgement of its right to, at a later date, particularly after a final legal decision regarding the facts of the case, to apply for any indemnification in a separate legal process in the civil courts; and (ii) as a precaution, in the event that this separate request to the civil courts could not be recognised, a civil indemnification according to the facts and terms indicated in the accusation, in the event that these are formally proven.

On 30 July 2009, Banco Comercial Português, S.A. announced that the rating agency Standard & Poor's published a press release, reviewing the long- and short- term ratings of the Bank from "A /A-1" to "A- /A-2", referring that the revision reflects the impact that adverse economic and operating conditions, both in Portugal and in Poland, are having on earnings. S&P also upgraded the outlook for the Bank from "Negative" to "Stable", and commented that the Bank's ratings continue to reflect its solid business position and its importance in the Portuguese banking sector. Although alluding to the deterioration in profitability in Portugal and Poland, S&P highlighted the good domestic credit track record, the sound reserve coverage and a strong credit risk management culture, and considers the Bank's liquidity adequate for its business profile.

On 31 July 2009, Banco Comercial Português, S.A. announced that Fitch Ratings had published a press release, affirming Banco Comercial Português, S.A.'s (Millennium bcp) Long-term Issuer Default Rating (IDR) at 'A+' with Stable Outlook, and changing its individual rating to 'B/C' from 'B'. Its Short-term IDR 'F1', Support '2' and Support Rating Floor 'BBB' have also been affirmed. Fitch commented that the Stable Outlook reflects its view that, over the longer term, despite the weak economic environment, banking operations should

continue to perform reasonably well given the Bank's dominant position in Portugal's financial sector, its sound pre-impairment operating profitability, reasonable asset quality, liquidity supported by a good deposit base and improved capital adequacy ratios.

On 24 August 2009, Banco Comercial Português, S.A. announced that its subsidiary company Millennium bcpbank, n.a., with its registered office in Newark, State of New Jersey, USA, agreed with the issue of a Consent Order by the Office of the Comptroller of the Currency of the USA.

On 31 August 2009, Banco Comercial Português, S.A. registered the merger of its fully-owned subsidiary Banco Millennium bcp Investimento S.A. with BCP, through the transfer of 100% of the assets of this subsidiary to BCP; and the subsequent cessation of activity under the Banco Millennium bcp Investimento S.A. brand, as previously announced, was registered. The above-mentioned merger did not have any impact on the Group's consolidated accounts.

On 16 September 2009, Banco Comercial Português, S.A. announced that Moody's published a press release, reviewing the long-term senior ratings of BCP, together with the ratings of other Portuguese banks, from "Aa3/P-1" to "A1/P-1" and BFSR from "C+" to "D+". The outlook on the BFSR is negative. The downgrade primarily reflects: (i) the sharp deterioration in BCP's asset quality; (ii) Moody's expectation of higher losses from BCP's Polish operation, and adverse pressure from BCP's international operations, which made a negligible contribution to consolidated net income in the first half of 2009; (iii) the relatively weak performance of BCP's retail banking operations in Portugal, and (iv) the relatively weak tangible common equity, due to the high component of hybrids and minority interests. This rating action concludes Moody's review for possible downgrade on several Portuguese banks, initiated on 6 April 2009.

On 1 October 2009, Banco Comercial Português S.A. announced that it has decided to reduce the Millenniumbcp Group shareholder participation in the Baía de Luanda project to 10%, through the sale to the Angolan company Finicapital - Investimentos e Gestão S.A. This sale generated a gain of Euro 57.196 million.

On 9 November 2009, there was the conclusion of the Mediation Process organised by the Portuguese markets regulator, the "Comissão do Mercado de Valores Mobiliários" (CMVM), regarding disputes with shareholders over supposedly incorrect commercial approaches by the Bank's employees, in the so called "Shareholder Campaigns" in 2000 and 2001.

On 11 November 2009, Banco Comercial Português, S.A. announced that the Supervisory Board of Banco Comercial Português, S.A. decided, at a meeting held on that day, to accept Mr. Armando Vara's request, received on the 3 November 2009 by the Supervisory Board, to suspend his mandate as Member and Vice President of the Executive Board of Directors until the facts are established relating to the current investigations, and therefore not public information, in which he is involved as has been published in the media. The Supervisory Board also decided, in accordance to the law and its articles of association, to appoint Mr. Miguel Maya Dias Pinheiro as a Member of the Executive Board of Directors, as a substitute for Mr. Armando Vara. According to public information, the matters under investigation relate to activities that are not, in any way, connected to Banco Comercial Português Group. Therefore, the Bank does not expect this investigation to impact any of the Issuers.

On 13 November 2009, there was the nomination of the Board Member Mr. Vítor Manuel Lopes Fernandes as Deputy Chairman of the Executive Board of Directors, during the period of suspension of the mandate of Mr. Armando Vara, in addition to the Deputy Chairman of the Executive Board of Directors Mr. Paulo Macedo.

On 23 December 2009, Banco Comercial Português announced the suspension of negotiations with a Mozambican Group for the acquisition of a shareholding of up to 10% of Millennium bim, by mutual agreement.

Recent Developments

On 8 February 2010, the capital increase of Banco Comercial Português' subsidiary, Bank Millennium in Poland, of approximately Euro 258 million through a rights issue was successfully concluded. As previously announced, Banco Comercial Português, S.A. exercised its pre-emptive rights. The remainder of the rights issue was fully subscribed, with the shares available to minority shareholders being almost four times oversubscribed. The proceeds of the capital increase will allow Bank Millennium to support its strategy of growth through the expansion of its corporate loan portfolio, maintaining its position in the retail banking

lending market and its investment plan for the period 2010 to 2012, including the upgrade of the security infrastructure, software and other investments connected with its IT platform.

On 10 February 2010, an agreement was signed with the financial institution Credit Europe Bank, N.V., a wholly owned subsidiary of Fiba, Holding, A.S., in order to sell 95% of Millennium Bank AS in Turkey, by Banco Comercial Português Group, for a total price of approximately Euro 61.8 million subject to a final adjustment when the transaction is completed. Banco Comercial Português will retain a 5% stake in the company, having agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake. This transaction, which is subject to regulatory approval from the supervisory authorities, will generate a capital gain, pre-tax, of approximately Euro 5.4 million and have a positive impact of around 6 basis points on Banco Comercial Português' Tier I capital ratio.

On 30 March 2010, Banco Comercial Português informed that it had decided to exit the U.S. market. Pursuant to this objective, BCP has signed a purchase and assumption agreement with Investors Savings Bank to sell all the branches of Millennium bcpbank in the United States of America (USA) and deposits of approximately USD 600 million (EUR 445 million*). Following the purchase and assumption agreement, the parties intend to enter into a Loan Purchase agreement under which Investors Saving Bank will purchase a portion of Millennium bcpbank 's loan portfolio. BCP has also established a cooperation agreement with the buyer for financial remittances from the USA. As a result of this transaction, BCP will no longer develop new retail commercial activities in the USA. This transaction, which has received approval from the Board of Directors of both companies, and is subject to regulatory approval, is expected to close during the quarter ending September 2010 and will have no material impact on BCP's capital ratios. BCP is deeply satisfied with this agreement with Investors Savings Bank, which will ensure the maintenance of an excellent service level for our US clients.

(*) Exchange rate EUR/USD:1.3482

On 30 March 2010, Banco Comercial Português informed that Fitch Ratings had published a press release that day, affirming Banco Comercial Português's long-term rating at A+ and its short-term rating at F1 and announcing the revision of the outlook from "stable" to "negative". Fitch referred that the change on the Bank's rating outlook follows the downgrade of the Republic of Portugal's long-term rating with negative outlook, as of 24 March 2010, reflecting Fitch's concerns about the impacts of the global economic crisis on the Portuguese economy and public finances over the medium term.

On 12 April 2010, Banco Comercial Português held its annual general meeting of shareholders. The following resolutions were approved:

Item One – Approval of the 2009 individual and consolidated annual report, balance sheet and financial statements.

Item Two - Approval of the proposal for the following application of year-end results amounting to 206,326,350.32 euros:

- a) 20,632,635.04 euros for reinforcement of the legal reserve;
- b) 10,000,000.00 euros for reinforcement of the dividend stabilisation reserve;
- c) 89,197,400.00 euros for dividend payout;
- d) 86,496,315.28 euros for retained earnings.

Since the overall sum of 89,197,400.00 euros, mentioned above as the dividend payout, was calculated on the basis of a dividend per share of 0.019 euros, and since it is not possible to determine the exact number of treasury shares that might be held in the Bank's portfolio on payment date, it was also approved a resolution regarding the distribution of profits set forth above, to the effect that:

- a) a dividend of 0.019 euros be paid to each share;
- b) the dividend on the shares held by the Company on the first day of the dividend payment period be left unpaid and be registered under retained earnings.

Item Three – Approval of a vote of trust and praise addressed to the Executive Board of Directors and each one of its members, as well as to the Chartered Accountant within the scope of the general appraisal on

the company's management and on the activity of the Statutory Auditor. And also approval of a vote of trust and praise addressed to the Supervisory Board and each one of its members.

Item Four – The remuneration policy of the Executive Board of Directors approved by the Remunerations and Welfare Committee was appraised and approved.

Item Five - The remuneration policy of the Supervisory Board proposed by the Remunerations and Welfare Committee was appraised and approved.

Item Six – The remuneration of the members of the Remunerations and Welfare Committee was approved.

Item Seven – The appointment by the Supervisory Board of Mr. Miguel Maya Dias Pinheiro as member of the Executive Board of Directors to exercise functions during the period of suspension of Mr. Armando António Martins Vara was ratified.

Item Eight – The appointment of Mr. Vítor Manuel Lopes Fernandes, made by the Executive Board of Directors, to exercise the position of Vice-Chairman during the period of suspension of Mr. Armando António Martins Vara was ratified.

Item Nine – Approval of the proposal to acquire and sell own shares.

Item Ten - Approval of the proposal to acquire and sell own bonds.

Item Eleven – Approval of the alteration of the Articles of Association on the following manner:

- Amendment of Article 2 to read as follows:

“Article 2

Registered Office and Forms of Representation

1. The Bank's registered office is situated in Oporto at Praça D. João I, 28, in the parish of Santo Ildefonso.
2. The Executive Board of Directors may change the registered office within the Portuguese territory, after obtaining the favourable opinion of the Supervisory Board.
3. The Executive Board of Directors may also establish agencies, affiliates, branches, delegations and offices, or other means of representation, both in Portugal and, after obtaining the favourable opinion of the Supervisory Board, abroad.”

- Amendment of no. 4 of Article 10 to read as follows:

“Article 10

Elections

1 to 3 -

4 – The lists, indicating the proposing shareholders, must be presented at the company's registered office within the deadlines established by law prior to the date scheduled for the General Meeting, whose agenda includes the election of members of corporate bodies, by means of a communication addressed to the Chairman of the General Meeting, accompanied by the items referred to in Article 289 (1) (d) of the Companies Code, without damaging the replacement of members in the event of death or impediment, notice of which must be given immediately accompanied by the necessary information.

5 –

- Suppression of Article 12;

- Amend the text of Article 13, changing its title, suppressing its paragraph 3 and altering the text of current paragraphs 4 and 5, to, after renumbering, read as follows:

“Article 12

REMUNERATION AND BOND

1 –

2 –.....

3. (Eliminated)

3 - The bond pertaining to each member of the Executive Board of Directors and of the Supervisory Board is set at the minimum amount required by law.

4 - The Remuneration and Welfare Board and the commission appointed by the Supervisory Board referred to in no. 1 shall submit to the appraisal of the Annual General Meeting a declaration on the remuneration policy for the members of the corporate bodies.”

- Insertion of a new Article 13, which shall read as follows:

“Article 13

RETIREMENT OR DISABILITY SUPPLEMENT

1 - The Directors shall be entitled to a supplement to the retirement or disability pensions, being the company allowed to sign insurance contracts, of which the directors are beneficiary, to finance such supplements.

2 - The amount of the contributions for each director shall be established on a yearly basis by the governance body empowered to set the remunerations of the directors, while always upholding the principle of not creating additional expenses for the company with such supplements after the termination of the director's functions due to any reasons whatsoever.

3 - The right to the a.m. supplements shall only be granted if the beneficiary retires due to old age or disability, under the terms of the applicable social security regime.

4 - The Director may choose to redeem the capital at the time of the retirement.

5 - If the Director is deceased before retirement, the right to receive the accrued capital shall remain effective pursuant to the applicable provisos established by the contract or by law.

6 - At the beginning of each term-of-office and by accord between the Director and the governance body responsible for setting the remunerations, the insurance policy may be replaced, on a case-by-case basis, by contributions to the defined contribution pension fund.

7 – The application of this article shall pertain to the governance body responsible for the remunerations at any given moment, without prejudice to eventual regulations on its execution that may be deemed necessary or adequate and that must be approved by the General Meeting.”

- Amendment of paragraphs a) and b) of no. 10 of Article 16 to read as follows:

“Article 16

COMPOSITION OF GENERAL MEETINGS

1 to 9 – (The text of the former paragraphs 1 to 9 remains unaltered)

10. Votes cast by a shareholder or by the shareholder’s proxy shall not be counted in the event that the same:

- a) are in excess of 20% of the total number of votes representing the share capital;
- b) exceed the difference between the eligible votes cast by other shareholders who have any relationship envisaged in paragraphs 14, 15 and 16 with the said shareholder, and to the extend thereof, and 20% of all votes corresponding to the share capital. The restriction on the counting of the votes of each shareholder in question shall be proportional to the number of votes to cast.

11 to 17 – (The text of the former paragraphs 11 to 17 remains unaltered)”

- Amendment of Article 23 to read as follows:

“Article 23

COMPOSITION

The management of the Bank shall be exercised by an Executive Board of Directors composed by a minimum of five and a maximum of thirteen members, elected by the General Meeting for a three-year term-of-office, reeligible on one or more occasions.”

- Suppression of no. 3 of Article 25 and subsequent renumbering (current no. 4 becomes no. 3);
- Suppression of no. 2 of Article 26;
- Insertion of a new no. 2 to Article 30, suppression of paragraph g) of no. 7 and subsequent re-enumeration to read as follows:

“Article 30

SUPERVISORY BOARD

1 -

2 - A member of the supervisory Board can be elected on its own according to article 392 (1 to 5) of the Companies Code, applicable pursuant to article 435 (3) of the same Code.

3 to 7 – (The text of the former paragraphs 2 to 6 remains unaltered)

8 – Suppress paragraph "g) issue an opinion on the cooptation of the Directors”, maintaining the remaining text of the former paragraph no. 7, subsequently adjusting the other paragraphs.

9 to 11 – (The text of the former paragraphs 8 to 10 remains unaltered)”

Item Twelve – Approval of the proposal to alter, until the end of the current triennial, the number of members of the Executive Board of Directors and election of two new members:

- Miguel Maya Dias Pinheiro; and
- António Manuel Palma Ramalho.

C. Principal Markets and Competition

Since 1996, there has been a significant expansion 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 domestic competitors that incorporate a multi-product, multi-channel and multi-client segmented approach. This has allowed Portuguese banks to tailor their financial products and services to customers’ needs and to improve commercial capabilities. 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 accurately track customers’ requirements. Cross selling has benefited from the use of such techniques and has increased the proportion of banks’ non-interest income in recent years.

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, especially for customers’ funds and mortgage loans. Customer loans and advances increased significantly in the second half of the 1990s, but lower economic growth observed since the end of 2000 led to a slowdown of demand for credit, resulting in increased competition. The Bank competes primarily with the four other major Portuguese banking groups: Caixa Geral de Depósitos; Banco Espírito Santo; Banco Santander Totta; and BPI. The dimension of the Bank’s distribution network operating under a single brand, BCP, has enabled the Bank to maintain a leading position among its competitors. The Bank’s fully centralised back office operations have also enabled the Bank to operate efficiently and exploit economies of scale.

According to the Portuguese Banking Association, at the end of the first half of 2009, BCP had a market share of 29.8% of total assets, 26.6% of in loans to customers (gross, excluding off-balance sheet securitisations), 24.2% of deposits (at the end of 2008), and 14.4% of the number of branches. In the second

half of the 1990s the Portuguese banking system experienced a consolidation process, which was driven by the need to achieve economies of scale and operating synergies. More recently, major Portuguese banks have rationalised their operating structures, with the aim of cost cutting and improving efficiency. In addition, many Portuguese banks have focused on increasing revenues through increased market share, cross-selling and new branch openings, as well as on core operations, which tend to support aggressive commercial strategies.

The following table illustrates the competitive environment in Portugal as at 30 June 2009 and 31 December, 2008, 2007, 2006 and 2005:

	<i>As at 30 June</i>	<i>As at 31 December,</i>			
	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
Nr. of Banks ⁽¹⁾	45	45	48	48	48
Nr. of Branches	6.314	6.078	5.977	5.562	5.357
Population (thousands)	10.634	10.627	10.618	10.599	10.570
Inhabitants per branch	1.684	1.748	1.776	1.906	1.973
Branches per bank	140	135	125	116	112

Sources: Portuguese Banking Association (Associação Portuguesa de Bancos) and National Statistics Institute of Portugal (Instituto Nacional de Estatística).

(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, significant 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 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, which have resulted in significantly increased competition from foreign banks. As at 31 December 2009, the market share of Bank Millennium in Poland, according to the data released by the National Bank of Poland, stood at 5.0% of loans to customers (gross) and at 5.0% of deposits. In Greece, according to the data released by the Bank of Greece, the market share in loans to customers and deposits reached, respectively, 2.0% and 1.3% in 2009.

In Mozambique, Millennium bim is market leader with a market share of 39.6% of net loans to customers and 35.7% of deposits in 2009, according to data from the Bank of Mozambique. In relation to this market, it is foreseeable that competition from foreign banks, namely South African banks, will continue to increase.

In Angola, following the capital increase that has extended the scope of the strategic agreement with Sonangol and BPA, Banco Millennium Angola now has the ambition of expanding its branch network to up to 100 branches in 2011. The main competitors have ambitious plans of business expansion currently underway, three of them re-branded their branch image in 2008. The top four Banks increased their marketing and advertising investments. Additionally, there was an increased number of players in retail, corporate and investment banking. For example the strategic partnership between Banco Totta and Caixa Geral de Depósitos should be mentioned as well as the fact that three new licences were issued in 2008 for the following banks: Finibanco (already operating), Banco Quantum Capital, and Standard Bank. BMA's market share in Angola on November 2009, according to the data from the Bank of Angola, stood at 2.8% of loans to customers and 2.7% of deposits.

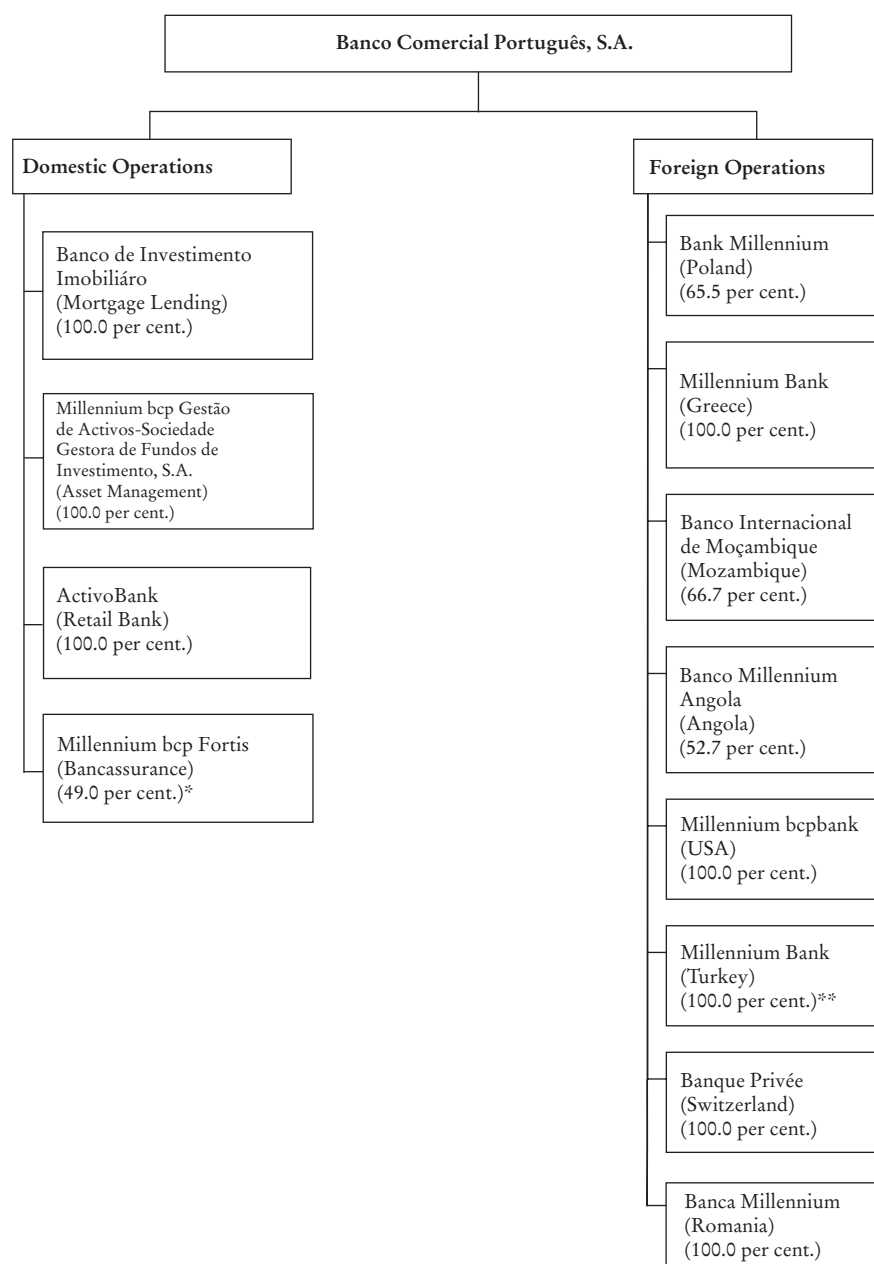
Third party information

Information sourced from the Portuguese Banking Association (Associação Portuguesa de Bancos) and the National Statistics Institute of Portugal (Instituto Nacional de Estatística) has been accurately reproduced and, so far as the Issuer and the Bank are aware and are able to ascertain from information published by such entities, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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, 2009 (being the latest practicable date for which such information is available):



* Consolidated by the equity-method.

** On 10 February 2010, Banco Comercial Português announced that it entered into an agreement for the sale of a stake of 95% in Millennium Bank AS in Turkey. Completion of the transaction is subject to regulatory approval from the supervisory authorities. Banco Comercial Português will retain a 5% stake in the company and has agreed with the buyer a put and call mechanism to sell the remaining stake for a price per share no lower than the price agreed for the majority stake.

In addition, BCP's subsidiary, Millenium bcp-Prestação de Serviços ACE represents their associates regarding third parties, namely in the areas of IT, operational, administrative and procurement. The Bank is, directly or indirectly, the ultimate holding company of all the companies in the BCP Group and is not dependent upon other entities within the BCP Group. However, being the ultimate holding company of the BCP Groups the activities developed by the other members of the BCP Group have an impact on the Bank.

Significant Subsidiaries

The following is a list of the main subsidiaries of BCP at 31 December, 2009:

	<i>Country of Incorporation/ Residence</i>	<i>per cent. held by the Bank</i>	<i>per cent. Held by the Group</i>
Banco de Investimento Imobiliário, S.A.	Portugal	100.0	100.0
Banco ActivoBank (Portugal), S.A.	Portugal	–	100.0
Banco Internacional de Moçambique, S.A.	Mozambique	–	66.7
Banco Millennium Angola, S.A.	Angola	52.7	52.7
Millennium Bank, Anonim Sirketi	Turkey	–	100.0
Millennium Bank S.A.	Poland	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Switzerland	–	100.0
Millennium BCP Bank	USA	–	100.0
Millennium bcp – Gestão de Activos-Sociedade Gestora de			
Fundos de Investimento, S.A.	Portugal	100.0	100.0
Millennium bcp – Prestação de Serviços, A.C.E.	Portugal	73.2	93.8
Millennium bcp Fortis Grupo Segurodor, S.G.P.S, S.A. ..	Portugal	–	49.0
Millennium Bank, Societe Anonyme	Greece	–	100.0
Banca Millennium, S.A.	Romania	–	100.0

General

There are no arrangements in place, the operation of which may result in a change of control of the Bank.

Save as disclosed in paragraph 4 of the risk factor entitled “The Bank is exposed to macro-economic risks through its international operations, particularly in Poland, Greece, Mozambique, Angola and Romania” of the section entitled “Risk Factors”, on page 18; in paragraph 15 of the section entitled “Bank History”, on pages 111 and 112; in paragraph 2 of the subsection entitled “Angola” of the section entitled “Foreign Business”, on page 120; and in paragraph 7 of the section entitled “Significant Developments in 2009”, on pages 123 and 124 of this Offering Circular, the Bank has made no material investments since the date of the last published financial statements and the Bank has not made relevant firm commitments on future investments.

Save as disclosed in the “Impact of recent operations on the Bank’s solvency” section on pages 146 and 147 of this Offering Circular, there have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Banks solvency.

E. Share Capital

The authorised, issued and fully paid up share capital of the Bank is €4,694,600,000, divided into 4,694,600,000 ordinary shares each of a nominal value of €1.00.

F. Management

The Directors of BCP and their positions held are as follows:

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Carlos Jorge Ramalho dos Santos Ferreira	Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Chairman of the Board of Directors	Fundação Millennium bcp
	Member of the Supervisory Board	Bank Millennium, S.A. (Polónia)
	Chairman of the Executive Board of Directors	Banco Millennium Angola, S.A.
Paulo José de Ribeiro Moita de Macedo	Vice-Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Vice-Chairman of the Board of Directors	Fundação Millennium bcp
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
	Member of the Board of Directors	BCP Holdings (USA), Inc.
Vitor Manuel Lopes Fernandes	Vice-chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Manager	BCP Internacional II, Soc. Unipessoal, SGPS, Lda
	Chairman of the Board of Directors	Millennium bcp - Prestação de Serviços, ACE
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
	Member of the Board of Directors	Millennium Bank S.A. (Greece)
	Member of the Board of Directors	BCP Holdings (USA), Inc.
	Member of the Board of Directors	Banca Millennium, A.S. (Romania)
José João Guilherme	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	BCP Holdings (USA), Inc.
	Vice-Chairman of the Board of Directors	BIM – Banco Internacional de Moçambique, S.A.
Nelson Ricardo Bessa Machado	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Vice-Chairman of the Board of Directors	Millenniumbcp Fortis Grupo Segurador, SGPS, S.A.
	Vice-Chairman of the Board of Directors	Médis - Companhia Portuguesa de Seguros de Saúde, S.A.

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Luís Maria França de Castro Pereira Coutinho	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	PensõesGere, SGFP, S.A.
	Member of the Board of Directors	BCP Holdings (USA), Inc.
	Member of the Board of Directors	Millennium Bank S.A. (Greece)
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
	Member of the Board of Directors	Banca Millennium, S.A. (Romania)
	Vice-Chairman of the Board of Directors	Millennium bcp - Prestação de Serviços, ACE
	Vice-Chairman of the “ <i>Conseil de Surveillance</i> ”	Banque BCP, S.A. (France)
	Chairman of Board of Directors	Banco de Investimento Imobiliário, S.A.
	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Chairman of the Board of Directors	Banque Privée BCP (Suisse), S.A.
	Vice-Chairman of the Board of Directors	Millennium Bank, S.A. (Greece)
	Chairman of the Board of Directors	BCP Holdings (USA), Inc.
Miguel Maya Dias Pinheiro	Chairman of the Board of Directors	Banca Millennium, A.S. (Romania)
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Banco Millennium Angola, S.A.
António Manuel Palma Ramalho	Chairman of the Board of Directors	Banco ActivoBank, S.A.
	Manager	VSC - Aluguer de Veículos sem Condutor, Lda.
	Member of the Board of Directors	Fundação Millennium bcp

The business address for each of the Directors of BCP is Tagus Park Edifício 1, Avenida Professor Doutor Cavaco Silva (Parque das Tecnologias), 2744-002, Porto Salvo, Portugal.

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

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Carlos Jorge Ramalho dos Santos Ferreira	Member of the Board of Directors, as representative of BCP	Banco Sabadell
Paulo José de Ribeiro Moita de Macedo	Member of the Supervisory Board	Euronext, N.V.
	Vice-Chairman of the Executive Committee	Alumni Association of AESE – Associação de Estudos Superiores de Gestão
	Member of the Board	School of Economics and Management
Vítor Manuel Lopes Fernandes	Member of the Board of Directors, as representative of BCP	SIBS – Soc. Interbancária de Serviços, S.A.
José João Guilherme	Member of the Board of Directors, as representative of BCP	ELO-Associação Portuguesa Para o Desenvolvimento Económico e Cooperação
	Member of the Board of Directors, as representative of BCP Internacional II	PVCi-Portugal Venture Capital Initiative
António Manuel Palma Ramalho	Chairman of the Board of Directors, without executive powers	Unicre – Instituição Financeira de Crédito, S.A.
	Member of the Board of Directors	Visa Europe Association
	Vice-Chairman	AIP – Associação Industrial Portuguesa

Other than as disclosed above, no Director of BCP has any activities outside BCP which are significant with respect to BCP.

There are no potential conflicts of interest between the duties to BCP of the persons listed above and their private interests or duties.

BCP complies with general provisions of Portuguese law on corporate governance.

Supervisory Board and Audit Committee

The Supervisory Board, according to the two-tier governance model adopted by Banco Comercial Português, S.A. is the governing body responsible for the Supervision function and has the following members:

Chairman:	Luis de Melo Champalimaud
Vice-chairmen:	Manuel Domingos Vicente Pedro Manuel Caláinho Teixeira Duarte
Members:	Josep Oliu Creus
	António Luís Guerra Nunes Mexia
	Mr. Patrick Huen Wing Ming appointed by Sociedade de Turismo e Diversões de Macau, S.A. to exercise these functions on its own behalf
	António Vítor Martins Monteiro
	João Manuel de Matos Loureiro
	José Guilherme Xavier de Basto
	José Vieira dos Reis
	Manuel Alfredo da Cunha José de Mello
	Thomaz de Mello Paes de Vasconcellos
	Vasco Esteves Fraga

The business address for each of the members of the Supervisory Board of BCP is Rua Augusta, N° 84, 4°, 1149-023 Lisbon, Portugal.

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

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Luis de Melo Champalimaud	Chairman of the Board of Directors	Confiança Participações, SGPS
	Chairman of the Advisory Board	Cimentos Liz, S.A.
	Chairman of the Supervisory Board	Cimentos Liz (Brazil)
	Chairman of the Supervisory Board	Tracção, S.A. (Brazil)
Manuel Domingos Vicente	Chairman of the Board of Directors	Sonangol
	Chairman of the General Meeting	UNITEL
	Consultant	GAMEK
	Chairman of the Management Committee	Luanda Base Vice-Chairman Fundação Eduardo dos Santos (FESA)
Pedro Manuel Caláinho Teixeira Duarte	Chairman of the Board of Directors	Teixeira Duarte – Engenharia e Construções, S.A.
	Chairman of the Board of Directors	Teixeira Duarte, S.A.
	Director	Cimpor – SGPS, S.A.
	Chairman of the Board of Directors	PASIM – Sociedade Imobiliária, S.A.
	Chairman of the Board of Directors	PACIM – SGPS, S.A.
Josep Oliu Creus	Member of the Governors Council	Fundacion Principe de Girona
	Chairman of the Board of Directors	BanSabadell Holding, S.L. Unipers
	Member of the Management Committee	Fondo de Garantía de Depósitos
	Vice-Chairman	Spanish Chapter of the European League for Economic Cooperation
	Member	Spanish Board of INSEAD
	Chairman	Foudation for Studies in Applied Economics
	Chairman	Banco Herrero Foundation
António Luís Guerra Nunes Mexia	Chairman of the Board of Directors	EDP - Energias de Portugal, S.A.
	Chairman of the Board of Directors	EDP - Energias do Brasil, S.A.

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Patrick Huen Wing Ming	Chairman of the Board of Directors	EDP - Estudos e Consultadoria, S.A.
	Non-executive Director	Aquapura – Hotels Resort & SPA., S.A..
	Chairman	Varzim Sol, S.A.
	Vice-Chairman	Seng Heng Bank Limited
	Vice-Chairman	Estoril Sol (III) S.A.
	Executive Director	ICBC (Macau) Limited
	Director	Estoril Sol, SGPS, S.A.
	Director	Finansol SGPS, S.A.
	Director	STDM Investimentos SGPS, SA
	Member	Hong Kong Securities Institute
	Member	Economic Council of the Macau SAR Government
	Honorary Chairman	Macau Association of Medical Practitioner
António Víctor Martins Monteiro	Vice-Chairman	Dr. Stanley Ho Medical Development Foundation
	Chairman	Curators Board of Fundação Luso Brasileira
	Member of the Board of Directors	Soco – International, plc
	Member of the Board of Directors	Banco Privado do Atlântico Angola
	Vice-Chairman	AIP – Associação Industrial Portuguesa
João Manuel de Matos Loureiro	Member of the General Board	Faculty of Human and Social Sciences of Universidade Nova
	Member of the General Council	University of Oporto Business School
José Guilherme Xavier de Basto	Member	Studies Centre of the Chartered Accountants Association (CTOC)
	Non-Executive Director	Portugal Telecom, SGPS, S.A.
	Member of the Audit Board	Portugal Telecom, SGPS, S.A.
José Vieira dos Reis	Founding Member	Oliveira, Reis & Associados, S.R.O.C., Lda
	Finance Inspector	Tax General Supervision
	Member	Comission on the Reform of Income Taxes
	Chairman of the Audit Board	AEA – Auto-estradas do Atlântico, S.A.
	Member of the Audit Board	Portugália, S.A.

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Manuel Alfredo da Cunha José de Mello	Chairman of the Board of Directors	Nutrinveste, SGPS, S.A.
Thomaz de Mello Paes de Vasconcellos	Member of the Audit Committee	Securities and Exchange Commission
	Consultant	TPV, Lda
	Chairman	Sefingest SGPS, S.A.
Vasco Esteves Fraga	Member of the Board of Directors	Estoril Sol, SGPS, S.A.
	Member of the Board of Directors	Estoril Sol (III) – Turismo Animação e Jogo, S.A.
	Member of the Board of Directors	Varzim Sol – Turismo e Animação, S.A.

To the best knowledge of BCP and in BCP's opinion, other than as disclosed above, no member of the Supervisory Board of BCP has any activities outside the Issuer which are significant with respect to BCP.

There are no potential conflicts of interest between the duties to BCP of the persons listed above and their private interests or duties. According to news in the press, Sonangol, an Angolan company of which Mr. Manuel Domingos Vicente is a board member, has direct and indirect shareholdings in Angolan institutions and envisages the establishment of an Angolan investment bank with Caixa Geral de Depósitos with foreseen activity also in Portugal. Such investment bank, according to the information publicly available as of the date of this document, will not likely become a competitor of BCP in the Portuguese market and, therefore, its envisaged incorporation does not raise potential conflicts of interest.

In case such bank becomes a competitor of BCP in the Portuguese market a potential conflict of interest might arise.

The Audit Committee has the following members:

Chairman:	João Manuel Matos Loureiro
Members:	José Guilherme Xavier de Basto
	José Vieira dos Reis
	Thomaz Paes de Vasconcellos

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, 2008 and 31 December, 2009. The audited consolidated financial statements of the Bank 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, 2008 and 31 December, 2009, incorporated by reference in this Offering Circular. The financial statements for the years ended 31 December 2009 have been approved by the Executive Board of Directors of the Bank and the General Meeting of Shareholders held on 12 April, 2010.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the years ended 31 December, 2009 and 2008

	2009	2008
	<i>(Thousands of Euros)</i>	
Interest and similar income	3.639.479	5.269.597
Interest expense and similar charges	(2.305.324)	(3.548.549)
Net interest income.. .. .	1.334.155	1.721.048
Dividends from equity instruments	3.336	36.816
Net fees and commissions income	731.731	740.417
Net gains / (losses) arising from trading and hedging activities	249.827	280.203
Net gains / (losses) arising from available for sale financial assets.. .. .	(24.457)	(262.104)
Other operating income	41.137	57.580
	<u>2.335.729</u>	<u>2.573.960</u>
Other net income from non banking activities	16.233	17.390
Total operating income.. .. .	<u>2.351.962</u>	<u>2.591.350</u>
Staff costs	865.337	915.307
Other administrative costs	570.177	642.641
Depreciation	104.736	112.843
Operating expenses	<u>1.540.250</u>	<u>1.670.791</u>
	<u>811.712</u>	<u>920.559</u>
Loans impairment	(560.029)	(544.699)
Other assets impairment	(70.485)	(60.024)
Other provisions	(26.871)	15.500
Operating profit	<u>154.327</u>	<u>331.336</u>
Share of profit of associates under the equity method	66.262	19.080
Gains / (losses) from the sale of subsidiaries and other assets	74.930	(8.407)
Profit before income tax	<u>295.519</u>	<u>342.009</u>
Income tax		
Current	(65.634)	(44.001)
Deferred	19.417	(39.997)
Profit after income tax	<u>249.302</u>	<u>258.011</u>
Attributable to:		
Shareholders of the Bank	225.217	201.182
Minority interests	24.085	56.829
Profit for the year	<u>249.302</u>	<u>258.011</u>
Earnings per share (in euros)		
Basic.. .. .	0,03	0,03
Diluted	0,03	0,03

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2009 and 2008

	2009	2008
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	2.244.724	2.064.407
Loans and advances to credit institutions		
Repayable on demand	839.552	1.048.348
Other loans and advances	2.025.834	2.892.345
Loans and advances to customers	75.191.116	75.165.014
Financial assets held for trading	3.356.929	3.903.267
Financial assets available for sale	2.698.636	1.714.178
Assets with repurchase agreement	50.866	14.754
Hedging derivatives	465.848	117.305
Financial assets held to maturity	2.027.354	1.101.844
Investments in associated companies	438.918	343.934
Non current assets held for sale	1.343.163	826.276
Investment property	429.856	436.480
Property and equipment	645.818	745.818
Goodwill and intangible assets	534.995	540.228
Current income tax assets	24.774	18.127
Deferred income tax assets	584.250	586.952
Other assets	2.647.777	2.904.447
	<u>95.550.410</u>	<u>94.423.724</u>
Liabilities		
Deposits from central banks	3.409.031	3.342.301
Deposits from other credit institutions	6.896.641	5.997.066
Deposits from customers	46.307.233	44.907.168
Debt securities issued	19.953.227	20.515.566
Financial liabilities held for trading	1.072.324	2.138.815
Other financial liabilities held for trading at fair value through profit or loss	6.345.583	6.714.323
Hedging derivatives	75.483	350.960
Non current liabilities held for sale	435.832	-
Provisions for liabilities and charges	233.120	221.836
Subordinated debt	2.231.714	2.598.660
Current income tax liabilities	10.795	4.826
Deferred income tax liabilities	416	336
Other liabilities	1.358.210	1.383.633
Total Liabilities	<u>88.329.609</u>	<u>88.175.490</u>
Equity		
Share capital	4.694.600	4.694.600
Treasury stock	(85.548)	(58.631)
Share premium	192.122	183.368
Preference shares	1.000.000	1.000.000
Other capital instruments	1.000.000	-
Fair value reserves	93.760	214.593
Reserves and retained earnings	(243.655)	(274.622)
Profit for the year attributable to Shareholders	225.217	201.182
Total Equity attributable to Shareholders of the Bank	<u>6.876.496</u>	<u>5.960.490</u>
Minority interests	344.305	287.744
Total Equity	<u>7.220.801</u>	<u>6.248.234</u>
	<u>95.550.410</u>	<u>94.423.724</u>

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement for the years ended 31 December, 2009 and 2008

	2009	2008
	(Thousands of Euros)	
<i>Cash flows arising from operating activities</i>		
Interest income received	3.829.296	4.867.373
Commissions income received	910.649	910.858
Fees received from services rendered	144.841	309.533
Interest expense paid	(2.386.489)	(3.375.082)
Commissions expense paid	(186.152)	(261.117)
Recoveries on loans previously written off	33.365	92.788
Net earned premiums	18.228	17.967
Claims incurred	(7.249)	(10.707)
Payments to suppliers and employees	(1.548.724)	(1.797.471)
	807.765	754.142
<i>Decrease / (increase) in operating assets:</i>		
Loans and advances to credit institutions.. .. .	490.621	2.530.573
Deposits with Central Banks under monetary regulations	169.285	973.967
Loans and advances to customers	(1.094.948)	(7.288.663)
Short term trading account securities	(4.994)	258.565
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand	(11.009)	(154.200)
Deposits from credit institutions with agreed maturity date	365.656	2.008.265
Deposits from clients repayable on demand	1.018.466	(630.704)
Deposits from clients with agreed maturity date.. .. .	422.015	6.194.006
	2.162.857	4.645.951
Income taxes (paid) / received	34.295	36.772
	2.197.152	4.682.723
<i>Cash flows arising from investing activities</i>		
Proceeds from sale of shares in subsidiaries and associated companies	151.700	–
Acquisition of shares in subsidiaries and associated companies	–	(1.994)
Dividends received	11.570	41.137
Interest income from available for sale financial assets	116.464	201.810
Proceeds from sale of available for sale financial assets	24.136.062	41.011.019
Available for sale financial assets purchased.. .. .	(36.764.051)	(71.346.564)
Proceeds from available for sale financial assets on maturity	12.003.971	29.237.121
Acquisition of fixed assets	(139.546)	(225.083)
Proceeds from sale of fixed assets	51.427	75.228
Increase / (decrease) in other sundry assets	(538.033)	(915.398)
	(970.436)	(1.922.724)

	2009	2008
	(Thousands of Euros)	
<i>Cash flows arising from financing activities</i>		
Issuance of subordinated debt	951	377.038
Reimbursement of subordinated debt	(661.474)	(463.578)
Issuance of debt securities	6.647.684	4.745.710
Reimbursement of debt securities	(6.876.847)	(4.396.962)
Issuance of commercial paper	18.959.485	16.664.374
Reimbursement of commercial paper	(18.863.944)	(20.744.783)
Share capital increase	–	1.083.270
Issuance of perpetual subordinated debt securities	1.000.000	–
Share premium	–	183.368
Dividends paid	(79.108)	–
Dividends paid to minority interests	(3.849)	(19.505)
Increase / (decrease) in other sundry liabilities and minority interests	(1.524.080)	154.283
	(1.401.182)	(2.416.785)
Exchange differences effect on cash and equivalents	(34.747)	(85.567)
Net changes in cash and equivalents	(209.213)	257.647
Cash and equivalents at the beginning of the year	1.732.239	1.474.592
Cash	683.474	683.891
Other short term investments	839.552	1.048.348
Cash and equivalents at the end of the year	1.523.026	1.732.239

BANCO COMERCIAL PORTUGUÊS

IMPACT OF RECENT OPERATIONS ON THE BANK'S SOLVENCY

As at 31 December, 2009, consolidated total capital ratio stood at 11.5%, from 10.5% as at 31 December, 2008, the Tier I ratio rose from 7.1% as at 31 December, 2008, to 9.3%, comfortably above the minimum threshold of 8% recommended by the Bank of Portugal, and the Core Tier I improved to 6.4%, compared to 5.8% as reported at the end of 2008.

Concerning the application of Basel II methodology for the calculation of capital requirements, adopted by the European Union through the EU directives, and transposed to Portuguese law in 2007, BCP Group requested a formal authorisation from the Bank of Portugal to implement the IRB approach for credit and counterparty risk.

The good performance of the capital ratios in 2009 reflects, in particular, the positive impacts associated with the performance of the Bank's pension fund, with issues of perpetual subordinated debt securities with conditional coupons ("values") and with the organic generation of capital. It also incorporates the recognition of negative impacts on the Core Tier I, essentially related to booking of deferrals authorised by the Bank of Portugal; depreciation of the investment in Eureko; and to the deduction of a differential determined between regulatory provisions and impairments.

The pension fund had a positive impact on the capital ratios. Firstly, Euro 241 million (+36 b.p.) in respect of the Core Tier I as a result of the actuarial gains recorded, including the variation of pension fund corridor during the period. Secondly, as a consequence of the actuarial assumptions revision, since 31 December, 2008. The latter refer to the discount rate (from 5.75% to 5.50%), and the wages and pensions growth rates, from 3.25% to 2.50% and from 2.25% to 1.65%, respectively, which together led to an increase of Euro 299 million (+44 b.p.).

The good performance of the capital ratios was also influenced by the conclusion, during the first half of 2009, of financial transactions related to the strategic partnership agreement entered into in 2008 with Sonangol and Banco Privado Atlântico, resulting in a 29.9% and 20% stake in Banco Millennium Angola, respectively. These provided a 12 b.p. increase in Core Tier I ratio, through the increase of minority interests (Euro 62 million) and net income (Euro 21 million). Also there was a gain of Euro 57 million through the sale of assets during the third quarter, which added 9 b.p. to Core Tier I ratio.

The Core Tier I ratio also reflects the following impacts:

- the net income recorded, excluding that derived from the dispersal of Banco Millennium Angola's equity capital and from the sales of assets referred to above (+ Euro 147 million);
- the write-back (under own funds) of losses related with the reduction of the amount of the own credit-risk for liabilities carried at fair value (+ Euro 106 million);
- the reduction of pension fund's actuarial differences above the corridor due to the respective annual amortisation (+ Euro 67 million);
- the increase in Millenniumbcp Fortis' fair-value reserves (+ Euro 34 million);
- the retention of Euro 159 million by way of ordinary dividends payable, on the basis of a payout ratio of 40% of total net income and preference shares and "values" remuneration, including the accrual related to 2009 but payable in 2010;
- those related to owned shares, currency fluctuations and other variations of equity and minority interests, which together had an impact of Euro -3 million in the aggregate.

The deferred impacts of the adjustments for the transition to the IFRS, namely of the 2005 mortality table and actuarial losses in 2008, plus the depreciation of the investment in Eureko, led to reductions of Euro 213 million (-30 b.p.) and of Euro 196 million (-27 b.p.), in Core Tier 1 in 2009, respectively.

The Core Tier I as at 31 December, 2009, also reflects the fact that the loan-loss provisions determined on an individual basis, in accordance with the criteria established by Bank of Portugal's Notice 3/95, exceeded the amount of the respective impairments, resulting in a 163 million (-22 b.p.) deduction of the respective difference.

Additionally, the Tier I benefited from the Euro 1 billion of “values” issued, authorised to be included in this aggregate up to a maximum of 35% of the respective amount by the Bank of Portugal (+148 b.p. on the Tier I and Total ratios, though with no impact on the Core Tier I ratio).

Tier II evolution reflects, essentially, either the repurchase of subordinated debt that have contributed, positively, to the amount of the consolidated own funds, in the amount of Euro 512 million, or the amortization, solely for regulatory purposes, covering fixed-term subordinated loans during the last 5 years of their life.

Risk weighted assets also contributed to the favourable evolution of the capital ratios, having decreased by Euro 1,657 million during 2009, reflecting both greater control over business risks and the efficiency of their management, particularly in respect of loan collateralisation. Capital ratios benefited also from the adoption of the standard approach to calculate the capital requirements for the operational risk, notwithstanding the increase recorded in the wake of the termination of the Promise Caravela 2004 synthetic securitisation transaction, with effect as of July 2009.

Solvency		Euro million		
		2009 ⁽¹⁾	Standardised 2008	2007
Risk weighted assets				
Credit risk		61,059	61,846	61,545
Risk of the trading portfolio		350	436	142
Operational risk.. .. .		4,360	5,144	–
Total		65,769	67,426	61,687
Own funds				
Tier I Capital		6,102	4,780	3,362
of which: Preference shares and “Values”		1,934	955	688
Other deductions ⁽²⁾		(19)	(60)	(78)
Tier II Capital		1,566	2,358	2,557
Deductions to Total Regulatory Capital		(127)	(81)	(22)
Total Regulatory Capital		7,541	7,057	5,897
Solvency ratios				
Core Tier I		6.4%	5.8%	4.5%
Tier I.. .. .		9.3%	7.1%	5.5%
Tier II		2.2%	3.4%	4.1%
Total		11.5%	10.5%	9.6%

(1) The amounts and the ratios presented do not include the impact from the sale of 95% of Millennium bank AS in Turkey and the capital increase in Bank Millennium in Poland, which have a global impact in Core Tier I of around 20 b.p..

(2) Includes, namely, deductions related to the shareholdings in Millenniumbcp Fortis and Banque BCP (France and Luxembourg).

Notes:

(a) The capital requirements were calculated according to Basel I in 2007 and started to be determined according to Basel II since the beginning of 2008, following the standard approach for the credit and market risks and following the basic indicator approach for the operational risk. In 2009, the Bank of Portugal authorised the adoption of the standard approach for the capital requirements for operational risk and the internal models approach for generic market risk of the trading portfolio and for the foreign exchange risk, comprising the perimeter managed centrally from Portugal.

(b) In accordance with a clarification from the Bank of Portugal in 2008, the capital deductions related to shareholdings in insurance and banking companies are deducted from Tier I, which were previously deducted from Core Tier I. The ratios as at 31 December 2007 are on a comparable basis.

TAXATION

1. United States Taxation

Certain U.S. Federal Income Tax Considerations

The following general discussion summarises certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. This discussion is a summary for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the purchase, ownership and disposition of the Notes by a prospective investor in light of his or her personal circumstances. This discussion also does not address the U.S. federal income tax consequences either of ownership of Notes not held as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986 (the “Code”), or to investors subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, tax-exempt entities, financial institutions, insurance companies, persons that hold the Notes as part of a “straddle”, of a “hedge” against currency risk, or as a “conversion transaction” and persons whose “functional currency” is not the U.S. dollar. In addition, the discussion is generally limited to the tax consequences to initial holders of the Notes. It does not address tax consequences to holders of interests in pass-through entities that hold the Notes or the special rules that may apply if the holder receives principal in instalment payments or if the Note is called before the maturity date. Finally, it does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction or, except to a limited extent under “*Non-U.S. Holders*” (see below), U.S. federal gift or estate tax consequences.

This summary is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions as of the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

Persons considering the purchase of Notes should consult their tax advisors concerning the application of U.S. federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdiction to their particular situations. Additional U.S. federal income tax consequences applicable to particular Notes may be set forth in the applicable Final Terms.

Special considerations relevant to the U.S. federal income taxation of payments on Notes denominated in a Specified Currency other than the U.S. dollar or indexed to changes in exchange rates (“**Foreign Currency Notes**”) are discussed separately below under the heading “*Foreign Currency Notes*”. Special considerations relevant to the U.S. federal income taxation of payments on Notes the interest or principal of which is indexed to property other than foreign currency and which is not a variable rate debt instrument (discussed under the heading “*Variable Rate Notes*”) are discussed separately below under the heading “*Indexed Notes*.” The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes. However, it is possible that some contingent payment arrangements would not be treated as debt for U.S. federal income tax purposes. Holders should consult their tax advisors with respect to whether any contingent payment obligations constitute debt for U.S. federal income tax purposes.

NOTICE PURSUANT TO CIRCULAR 230: ANYTHING CONTAINED IN THIS DISCUSSION CONCERNING ANY U.S. FEDERAL TAX ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A HOLDER OF NOTES, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES UNDER THE CODE. THIS DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. EACH HOLDER OF NOTES SHOULD SEEK U.S. FEDERAL TAX ADVICE, BASED ON SUCH HOLDER’S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a beneficial owner of a Note that is (i) a citizen or individual resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created in or organised under the laws of the United States, any state of the United States or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source or (iv) a trust if (A) one or more United States persons (as defined for U.S. federal tax purposes) have the authority to control all substantial decisions of the trust and a court within the United States is able to exercise primary supervision over the administration of the

trust or (B) the trust was in existence on 20 August, 1996, was considered a United States person as of that date, and has in effect an election to continue to be so treated (“**U.S. Holder**”). Certain aspects of U.S. federal income and estate tax relevant to a holder other than a U.S. Holder (a “**Non-U.S. Holder**”) are discussed separately below.

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 a 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 Notes 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 alternate 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 ratable 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 the issuer, 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 a holder, the options will be deemed exercised or not in a manner that maximises the yield on the instrument. 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, OID, acquisition discount, *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 interest rate 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 ratable 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 ratable inclusion method or the elective constant interest rate 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 interest rate 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 with 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 a 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 the 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 alternate 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 bond 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 bond 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 bond 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 bond 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. The deductibility of capital losses is subject to limitations. In addition, 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 may 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 rates of 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 bond 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 bond 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 provides for a non-market based projected payment schedule, the yield of the contingent payment debt instruments generally is deemed to be the applicable federal rate.

Under the Contingent Debt Regulations, if the actual contingent payments made on a debt instrument in a taxable year differ from the projected contingent payments, an adjustment must be made for such differences. A positive adjustment, i.e. the amount by which an actual payment exceeds a projected payment, is treated as additional interest. A negative adjustment first reduces the amount of interest required to be accrued in the current year. Any excess is treated as an ordinary loss to the U.S. Holder to the extent prior cumulative interest accruals exceed any negative adjustments in prior years. Any negative adjustment in excess of those amounts is carried over to subsequent years and reduces the amounts that would otherwise accrue in such subsequent years, and to the extent not so applied reduces the amount realized on disposition of the debt instrument.

A U.S. Holder's basis in a contingent debt obligation is increased by the projected contingent payments accrued by the holder under the projected payment schedule (as determined without regard to adjustments made to reflect differences between actual and projected payments) and reduced by the amount of any noncontingent payments and the projected amount of any contingent payments previously made. Gain on the sale, exchange, or retirement of a contingent payment debt obligation generally would be treated as ordinary interest income. Losses, on the other hand, would be treated as ordinary only to the extent of the holder's prior net interest inclusions (reduced by the total net negative adjustments previously allowed to the holder as an ordinary loss) and thereafter capital loss.

To the extent that Indexed Notes are physically settled rather than cash settled, a U.S. Holder would have income as described above and its basis in the property or stock received should equal the fair market value at the time of receipt.

The Contingent Debt Regulations do not apply to variable rate debt instruments, certain debt instruments that provide for alternate payment schedules, REMIC interests and certain other debt instruments that are subject to prepayment, or debt instruments that provide for payments denominated in, or determined by reference to, a non-functional currency that is subject to Section 988 of the Code. Special rules are provided in the Contingent Debt Regulations to account for market discount and premium on contingent Notes.

Backup Withholding

A U.S. Holder of a Note may be subject to U.S. backup withholding with respect to interest paid on Notes, unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates that status or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. U.S. Holders of Notes should consult their tax advisors as to their qualification for exemption from U.S. backup withholding and the procedure for obtaining such an exemption. Any amount paid as U.S. backup withholding would be creditable against the U.S. Holder's U.S. federal income tax liability, provided the applicable requisite information is timely provided to the Service.

Non-U.S. Holders

U.S. Federal Income and Estate Tax Consequences

The following is a summary of certain material U.S. federal income and estate tax consequences that may be applicable to Non-U.S. Holders of the Notes. This discussion does not deal with all aspects of U.S. federal income and estate taxation that may be relevant to the purchase, ownership or disposition of the Notes by a 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 Exchange, Redemption or Repayment of the 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.

U.S. 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 U.S. federal estate tax.

Information Reporting and Backup Withholding

A Non-U.S. Holder generally will be exempt from backup withholding and information reporting requirements, but may be required to comply with certification and identification procedures in order to obtain an exemption from backup withholding 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 may be subject to U.S. backup withholding 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 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.

Recent U.S. Developments Potentially Affecting the Taxation of Non-U.S. Holders

A new law was enacted on March 18, 2010 that will, among other things, affect (1) the issuance and holding of certain bearer debt obligations and (2) the requirements for obtaining an exemption from U.S. withholding tax on payments under, and the gross proceeds from the sale or other disposition of, certain debt instruments. The provisions related to bearer debt obligations will be effective for debt obligations issued after March 18, 2012 and the provisions related to the exemptions from withholding tax will be effective for payments made after December 31, 2012, with an exception for payments on or dispositions of debt obligations that are outstanding on March 18, 2012. If such new law will affect Notes of a particular issuance, additional information will be provided in the Final Terms for those Notes. Non-U.S. Holders should also consult their own tax advisors regarding the implications of this new law on their investment in the Notes.

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 income 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% which, if such income is not earned as business or professional income, 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% will apply if such income is not earned as business or professional income, unless an option for aggregation is made.

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 qualifies as interest 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 12.5% on taxable income of up to EUR12,500 and 25% on taxable income in excess of that amount and may be subject to a municipal surcharge (“*derrama*”) of up to 1.5%.

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 12.5% on taxable income of up to EUR12,500 and 25% on taxable income in excess of that amount. 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 the Madeira Free Zone

Interest paid on Notes issued by Banco Comercial Português, S.A. acting through its international branch (*Sucursal Financeira Internacional*) in the Madeira Free Zone and within the legal framework of 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 its international branch (*Sucursal Financeira Internacional*) in the Madeira Free Zone and within the legal

framework of 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 its international branch (*Sucursal Financeira Internacional*) in the Madeira free zone and within the legal framework of 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% 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% 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 its international branch (*Sucursal Financeira Internacional*) in the Madeira Free Zone and within the legal framework of 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 in favour of the spouse (or person living together as spouse), descendants and parents/grandparents.

The acquisition of Notes through gift or inheritance by a legal person is subject to Portuguese corporate tax at 12.5% on taxable income of up to EUR12,500 and 25% on taxable income in excess of that amount. If the acquirer is a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment, a municipal surcharge (“*derrama*”) 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 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

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to withholding tax at 20%, which, if such income is not earned as business or professional income, 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.

In the case of zero coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is taxed accordingly.

Capital gains obtained by Portuguese resident individuals on the transfer of the Notes are not subject to tax. Accrued interest qualifies as interest 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 (or person living together as 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 Portuguese corporate tax at 12.5% on taxable income of up to EUR12,500 and 25% on taxable income in excess of that amount and may be subject to a municipal surcharge (“*derrama*”) of up to 1.5%. Withholding tax at 20% applies to interest and other investment income, 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 Portuguese corporate tax at 12.5% on taxable income of up to EUR12,500 and 25% on taxable income in excess of that amount. A municipal surcharge (“*derrama*”) of up to 1.5% may also be due.

There is no wealth nor estate tax in Portugal.

Non-resident holders without a Portuguese permanent establishment – General rules

Interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at 20%, which is the final tax on that income.

Under the tax treaties entered into by Portugal, the withholding tax rate may be reduced to 15, 12 or 10%, depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes were approved by Order (“*Despacho*”) n. 4743-A/2008 (2.nd series), as rectified on 29 February 2008 published in the Portuguese official gazette, second series, n. 45, of 29 February 2008 of the Portuguese Minister of Finance and may be available for viewing at www.portaldasfinancas.gov.pt.

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.

In the case of zero coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is taxed accordingly.

Income paid to an associated company of the Bank who is resident in the European Union is subject to withholding at 5% until 30 June 2013. From the later date onwards, no withholding tax applies.

For these purposes, an “associated company of the Bank” is:

- (i) A company which is subject to one of the taxes on profits listed in Article 3 (a) (iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in an European Union Member State and is not, within the meaning of a double taxation convention on income concluded with a third state, considered to be resident for tax purposes outside the Community; and
- (ii) Which holds a minimum direct holding of 25% in capital of the Bank, or is directly held by the Bank in at least 25% or which is directly held in at least 25% by a company which also holds at least 25% of the capital of the Bank; and
- (iii) Provided that the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Bank to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own benefit and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

The reduction of the withholding tax rate may take place at source or through the refund of excess withholding tax. The forms currently applicable for the reduction of withholding tax rate and for the refund of excess withholding tax where the minimum holding period is met after withholding tax becomes due were approved by Order (“*despacho*”) n. 4727/2009, (2.nd series), published in the Portuguese Official Gazette, second series, n. 27, of 9 February 2009, and may be available for viewing at www.portaldasfinancas.gov.pt. The refund of excess withholding tax in other cases is subject to the general procedures.

Capital gains obtained by non-resident individuals on the transfer of Notes are not subject to tax. Accrued interest qualifies as interest for tax purposes.

Gains obtained on the disposal of Notes 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% 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%. 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.

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%. 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.

Non-resident holders without a Portuguese permanent establishment – Notes held through a centralised control system

The regime described above corresponds to the general tax treatment of investment income and capital gains on the Notes and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Taxation Regime for Debt Securities approved by Decree-law 193/2005, of 7 November 2005, as amended from time to time (hereafter “the special regime approved by “Decree-law 193/2005”), investment income and gains on the disposal of debt securities issued by Portuguese resident entities, such as the Notes, may be exempt from Portuguese income tax, provided that the debt securities are integrated in a centralised system recognised under the Securities Code (such as the Central de Valores Mobiliários, managed by Interbolsa), and:

- (i) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and
- (ii) the beneficial owners are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004 of 13 February, except if they are central banks and government agencies; and
- (iii) the beneficial owners are not held, directly or indirectly, in more than 20% by Portuguese resident entities.

The special regime approved by Decree-law 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the holders of Notes to which it applies.

Under these rules, 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, is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence by the holders of Notes should be provided to, and received by, the direct register 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.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Offering Circular.

(a) Domestically Cleared Notes

The beneficial owner of Notes must provide proof of non-residence in Portuguese territory substantially in the terms set forth below.

- (i) If a holder of Notes is a central bank, a public law institution or an international organisation, a declaration of tax residence issued by the holder of Notes, duly signed and authenticated or proof pursuant to (ii) or (iv) below;

- (ii) If the beneficial owner of Notes is a credit institution a financial company, pension fund or an insurance company domiciled 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 domicile; or (C) proof of non-residence, pursuant to the terms of paragraph (iv) below;
- (iii) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking 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 and the law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below;
- (iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities or, (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in paragraph (iv) 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 issued. The holder of Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying.

(b) Internationally Cleared Notes

If the Notes are held through a centralised system recognised under the Portuguese Securities Code and complementary legislation, and are 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 (such as 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 from Portuguese taxation or all exemption from Portuguese withholding tax, and (ii) non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, special rules apply under which proof of the requirements to benefit from the exemption will be made through documents provided by participants to the direct register entity through the international clearing system managing entity. These documents must take into account the total accounts under their management regarding each holder of Notes that are tax exempt or benefit from an exemption from Portuguese withholding tax. The relevant procedures are as follows:

- (i) Filing a certificate, on a yearly basis, with the name of each beneficial owner, address, taxpayer number (if applicable), specification of the securities held and the legal basis for the exemption from taxation from Portuguese withholding tax. The current forms for these purposes were approved by Order (“*Despacho*”) n. 4980/2006 (2nd series), of the Portuguese Minister of Finance and Public Administrations (currently “*Ministro das Finanças e da Administração Pública*”), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006, and may be available for viewing at www.portaldasfinancas.gov.pt
- (ii) Alternatively, filing 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 the beneficial owners, stating their address, tax payer number (if applicable), quantity held, and legal basis for the exemption from taxation or from Portuguese withholding tax. The current forms for these purposes were approved by Notice (“*Aviso*”) n. 3714/2006 (2nd series), published in the Portuguese official gazette, second series, n. 59, of 23 March 2006 issued by the Portuguese Secretary of State for Tax Affairs (currently “*Secretário de Estado dos Assuntos Fiscais*”) and may be available for viewing at www.portaldasfinancas.gov.pt.

In addition, the international clearing system managing entity shall inform the direct register entity of the income paid to each participant for each security payment.

No Portuguese exemption shall apply at source under the special regime approved by Decree-law 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the regime approved by Decree-law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special form for these purposes was approved by Order (“*Despacho*”) n. 4980/2006 (2.nd series), published in the Portuguese official gazette, 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 www.portaldasfinancas.gov.pt

The refund of withholding tax in other circumstances or after the above 90 days period is to be claimed to the Portuguese tax authorities under the general procedures and within the general deadlines.

3. Cayman Islands Taxation

There are no income, corporation, capital gains or other direct taxes in effect in the Cayman Islands on the basis of present legislation. BCP Finance has received an undertaking from the Governor in Council of the Cayman Islands pursuant to the Tax Concessions Law 1999 Revision of the Cayman Islands that, for a period of 20 years from the date of the grant of the undertaking, no law enacted in the Cayman Islands imposing any tax to be levied on profits, income or gains or appreciation shall apply to BCP Finance or its operations and no such tax or any tax in the nature of the estate duty or inheritance tax shall be payable by BCP Finance on or in respect of the shares, debentures, or other obligations of BCP Finance or by way of withholding in whole or in part of any payment of dividend or other distribution of income or capital by BCP Finance to its members or any payment of interest or principal or other sums due under a debenture or other obligation of BCP Finance.

4. United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer’s understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

However, Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs (“**HMRC**”) has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2011. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

5. EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required 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. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

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

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, as amended. DTC holds securities that its direct participants (“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 indirectly owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, 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 (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposits of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners

will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility for such Participants and not to DTC or the Issuer, subject to any statutory or regulatory requirement as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note, will be legended as set forth under "*Subscription and Sale and Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer will apply to DTC in order to have the Restricted Global Note for any Tranche of Notes accepted in its book-entry settlement system. Upon the issue of any such Restricted Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Restricted Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Restricted Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Restricted Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the

interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Restricted Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents or the Issuers. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Restricted Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Restricted Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Notes described under “*Subscription and Sale and Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interest in the relevant Registered Global Notes will be effected through the Registrar, the Agent and the Custodian receiving instructions (and, where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear and Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any

time. None of the Issuers, the parties to the Agency Agreement or any Dealer will be responsible for any 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 and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or form maintaining, supervising or reviewing any records relating to such beneficial interests.

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, Caixa Geral de Depósitos, S.A. 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 Mobiliários (“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 and 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 or Caixa Geral de Depósitos, S.A. as applicable 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 Clearstream, 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.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Programme Dealers, pursuant to an amended and restated dealer agreement dated 23 April, 2010 (as amended, restated or supplemented from time to time, the “**Dealer Agreement**”), have agreed with the Issuers on the terms upon which any one or more of the Programme Dealers may from time to time agree to purchase (as principal, unless the applicable Final Terms states otherwise) Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*”, “*Form of the Final Terms*” and “*Terms and Conditions of the Notes*” above. In the Dealer Agreement, each Issuer, and in the event of default of such obligation by such Issuer, the Bank (where the Issuer is BCP Finance), has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme. Each Issuer may also agree to issue Notes to Issue Dealers who shall enter into the Dealer Agreement with such Issuer for the purpose only of a particular issue or issues of Notes under the Programme on, and subject to, the terms of the Dealer Agreement. Dealers will be entitled in certain circumstances to be released from their obligations under the Dealer Agreement in respect of the issue and purchase of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

- (i) Offers, sales, resales and other transfers of Notes in the United States made or approved by a Dealer (including in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act.
- (ii) Offers, sales, resales and other transfers of Notes made in the United States will be made only to (a) Institutional Accredited Investors that have executed and delivered to a Dealer the IAI Investment Letter addressed to the relevant Issuer (and to the Bank, in the event the Issuer is BCP Finance) substantially in the form set out in the Agency Agreement or (b) investors that are reasonably believed to qualify as QIBs within the meaning of Rule 144A in transactions meeting the requirements of Rule 144A.
- (iii) Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising will be used in connection with the offering of the Notes in the United States.
- (iv) No sale of Notes in the United States to an Institutional Accredited Investor will be for less than U.S.\$250,000 principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 principal amount of such Notes.
- (v) Each Registered Note (other than Reg. S Notes in definitive form) shall contain a legend in substantially the following form: “THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY UNITED STATES STATE SECURITIES LAWS.

NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF, ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN, AGREES THAT IT SHALL NOT OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO, OR FOR THE ACCOUNT OR BENEFIT OF (A) THE ISSUER OR A DEALER (AS DEFINED IN THE OFFERING CIRCULAR FOR THE NOTE), (B) A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS

DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) AND THAT, PRIOR TO SUCH 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, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. UPON ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN PURSUANT TO THE ABOVE 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 HEREIN 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 QIBs 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 U.S. person, except in certain transactions permitted by U.S.

Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated 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, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), 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 or to or, for the account or benefit of, U.S. persons.

In addition, until expiration of 40 days after the commencement of the offering of any Notes, an offer or sale of such 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 if such offer or sale is made otherwise than in accordance with an available exemption under 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.

Public Offer Selling Restriction under the Prospectus Directive

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 which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto 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 such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such 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, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (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;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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 (2009 Revision) or a foreign company registered pursuant to Part IX of the Companies Law (2009 Revision) or any such company acting as general partner of a partnership registered pursuant to Section 9(1) of the Exempted Limited Partnership Law (2007 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 (2009 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 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 as amended unless the requirements and provisions applicable to the public offerings in Portugal are met and the registration or approval by the Portuguese Securities Exchange Commission (“*Comissão do Mercado de Valores Mobiliários*”) or a recognition procedure is made with the CMVM. In addition, 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 (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) 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 other than in compliance 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 Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the “FIEA”) and each Programme Dealer has 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, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA 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.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the giving of the Guarantee have been duly authorised by resolutions of the Board of Directors of the Bank dated 3 September, 1998, 9 November, 1999, 20 November, 2000, 7 December, 2001, 16 December, 2002, 14 November, 2003, 12 November, 2004, 7 December, 2005, 11 September, 2006, 2 April 2007, 22 April, 2008, 21 April, 2009 and 19 April, 2010 and the increase in the Programme limit was authorised by resolutions of the Board of Directors of the Bank dated 9 November, 1999, 20 November, 2000, 7 December, 2001, 14 November, 2003, 12 November, 2004, 7 December, 2005 and 11 September, 2006. The Board of Directors of BCP Finance duly authorised the establishment and update of the Programme and the issue of Notes under the Programme by resolutions dated 7 October, 1998, 11 November, 1999, 24 November, 2000, 17 December, 2001, 17 December, 2002, 19 November, 2003, 19 November, 2004, 12 December, 2005, 18 September, 2006, 17 April, 2007, 22 April, 2008, 27 April, 2009 and 20 April, 2010, and the increase in the Programme limit by resolutions dated 11 November, 1999, 24 November, 2000, 17 December, 2001, 19 November, 2003, 19 November, 2004, 12 December, 2005, 18 September, 2006 and 17 April, 2007.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of the relevant Note. Application has been made to the UK Listing Authority for the 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 regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 28 April 2010.

Documents Available

For the period of 12 months, following the date of this Offering Circular, copies of the following documents will, when published, be available throughout the life of the Programme from the registered office of each of the Issuers and from the specified office of the Paying Agents:

- (i) the constitutional documents (in English) of each Issuer;
- (ii) the published audited consolidated financial statements of the Banco Comercial Português Group in English and auditors' report contained in the Bank's Annual Report for the two financial years ended 31 December, 2009;
- (iii) the most recently available audited consolidated financial statements of the Banco Comercial Português Group contained in the Bank's Annual Report and the most recently available published interim statements of the Bank;
- (iv) the published audited financial statements of BCP Finance in English and auditors' report contained in BCP Finance's Annual Report for the two financial years ended 31 December, 2009 and the most recently available unaudited interim financial statements of BCP Finance (if any);
- (v) the Dealer Agreement, the Agency Agreement, the Instrument, and the Trust Deed (containing the forms of Temporary Bearer Global Notes, Permanent Bearer Global Notes, Reg. S Global Notes, Restricted Global Notes, Notes in definitive form, Receipts, Coupons and Talons from time to time issuable under the Programme);
- (vi) copy of this Offering Circular;
- (vii) any future offering circulars, information memoranda and supplements (excluding the Final Terms in connection with Notes not listed on any stock exchange) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (viii) in the case of a syndicated issue of Notes admitted to trading on the regulated market, the syndication agreement (or equivalent document).

Clearing Systems

The Bearer Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms.

In addition, the relevant Issuer will make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. The Book-Entry Notes will be accepted for clearance through Interbolsa. The appropriate ISIN for each Tranche of Book-Entry Notes will be specified in the applicable Final Terms.

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099.

The address of Interbolsa is Avenida da Boavista, 3433-4100 Porto.

Significant or Material Change

There has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 December, 2009.

There has been no significant change in the financial or trading position of BCP Finance since 31 December, 2009.

There has been no material adverse change in the prospects of the Bank or the Banco Comercial Português Group since the date of the last audited annual accounts, 31 December, 2009.

There has been no material adverse change in the prospects of BCP Finance since the date of the last audited accounts, 31 December, 2009.

Litigation

As mentioned in note 57 to the 2009 consolidated financial statements of the Bank:

- “1. At the end of the year of 2007, the Bank received a formal notice dated 27 December 2007 informing that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank, *“based in preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to the Bank of Portugal, in particular in what respect to the amount of own funds and breach of prudential obligations”*.

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought *“based in facts related with 17 off shore entities, which nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out”*.

On 12 December 2008, the Bank was notified of an accusation under the process of administrative proceeding no. 24/07/CO instructed by the Bank of Portugal.

In March 2009, the Bank did not accept the charges or accusations made against it, and provided defense under this process of administrative proceeding within their term.

2. On 12 December 2008, the Bank was notified by the CMVM of accusation under the process of administrative proceeding no No. 41/2008.

* The Bank presented defense under this process of administrative proceeding within the term, which ended on 16 March, 2009 (as the 24 of February was not a business day).

The Bank did not accept the accusation made against it and has provided, on 27 January 2009, defense under the process of administrative proceeding in question, having sustained a total rejection of the accusation.

3. On 21 December 2007, CMVM had addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

“The CMVM, pursuant to its powers, is now engaged in a supervision action on BCP (as a listed company), in order to determine the nature and the activities of several off shore entities responsible for investments in securities issued by BCP Group or related entities. Despite the process of supervision being in progress, in particular in order to obtain a complete and final description of the situation and of the market behaviour of those entities, as well as to determine the relevant liabilities (including personal liabilities), the CMVM came to the following preliminary findings:

- a) The mentioned off shore entities have constituted securities portfolios – which included almost exclusively shares of BCP – with financing obtained from Banco Comercial Português, and there is, in general, no evidence that such entities were financed for this purpose by any other significant transfer from an entity external to the BCP Group;*
- b) It is already known that part of the debts was eliminated through the assignment of credits to third parties for a residual consideration;*
- c) The conditions of these financings and the governance of such entities give the appearance that BCP has assumed all the risk concerning those off shore entities, and that it had power to control the life and business of such entities;*
- d) Thus, such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within BCP;*
- e) Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of BCP’s own funds and its owners; and*
- f) Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.*

Thus, given the nature of these conclusions and the urgency of the matter, the CMVM, under article 360, no. 1, f) of the Portuguese Securities Code, asks BCP to immediately:

- a) Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above mentioned situation;*
- b) Inform about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP; and*
- c) Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.*

The CMVM will continue the current process of supervision within its powers and with all its consequences, and will notify the appropriate authorities of any illegalities of different nature, and will further cooperate with the Bank of Portugal within the framework of Bank of Portugal’s powers.”

4. In the process mentioned in 1. above, the Bank of Portugal charges the Bank against the practice of six administrative proceedings referred in g) and three administrative proceedings referred in r), both of article 211 of the General Framework of Credit Institutions and Financial Companies (“RGICSF”).

The administrative proceedings, in case the types of conduct listed in the accusation are demonstrated, would be the following:

- a) the breach of accounting rules or procedures set forth in the law or by the Bank of Portugal which does not cause a serious harm to the knowledge of the patrimonial and financial standing of the Institution constitutes an administrative offence foreseen in article 210, f), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. If, on the other hand, the relevant conduct causes such serious harm, that may constitute an administrative

offence foreseen in article 211, g), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000; and

- b) The (i) omission of information and communications due to the Bank of Portugal, within the defined deadlines, or (ii) the provision of incomplete information, constitute an administrative offence foreseen in article 210, h) (now i)), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000. On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitute an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

According to the accusation, each of the administrative proceedings are punished by a fine between Euros 2,493.99 and Euros 2,493,989.49, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest.

5. In the accusation notified to the Bank in the administrative proceeding no. 41/2008 CMVM referred in 2. above, the Bank was charged against seven administrative proceeding for alleged violation of article 7. Portuguese Securities Code ("CVM") and article 389, paragraph 1, a) of the CVM.

Pursuant to article 7 of the CVM, the information relating to financial instruments, organized trading, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful.

According to the accusation, each of the administrative proceedings can be punished by a fine between Euros 25,000 and Euros 2,500,000, which, according to the rule of the contest of offenses foreseen in the article 19º, no. 1 and 2 of the General of the Administrative Proceedings, in case of conviction of several administrative proceedings in contest, there can only be one fine, of which the upper limit can not exceed twice the highest limit of administrative proceedings in contest, in the maximum amount of Euros 5,000,000.

Banco Comercial Português, S.A. received on 26 of June, a notification regarding the CMVM's decision concerning the process 41/2008, that resulted in a single fine of 5,000,000 euros, with partial suspension of 2,500,000 euros over a 2 year period proceeding to the full fine if there is an infraction of the CMVM Regulation (Código de Valores Mobiliários).

On 24 of July, Banco Comercial Português, S.A. did not accept this decision and decided to appeal against the CMVM's decision.

6. In July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 56, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, presented legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognized, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven."

In relation to the proceeding referred to in 1., the stage of discovery of evidences (testimonies) requested by the other defendants ended in October 2009. The Bank is now waiting for a decision from the Bank of Portugal.

In relation to the proceeding referred to in 2., in March 2010, the Bank, asked by the court whether it would object to a decision on the appeal without trial, expressed the intention to proceed with the trial.

Save as disclosed above, under "litigation" on pages 175 to 178, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer is aware) during the 12 months before the date of this document which may

have or have had in the recent past a significant effect on the consolidated financial position or profitability of either of the Issuers or the Banco Comercial Português Group.

Auditors

The consolidated financial statements of the Banco Comercial Português Group for the financial years ended 31 December, 2008 and 2009 were prepared in accordance with International Financial Reporting Standards. The financial statements of the Banco Comercial Português Group were audited in accordance with International Standards on Auditing for each of the two years ended 31 December, 2009 by KPMG & Associados, SROC, SA independent certified public accountants.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2008 and 2009 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The financial statements of BCP Finance for each of the financial years ended 31 December, 2008 and 2009 were prepared in accordance with International Financial Reporting Standards and audited in accordance with International Standards on Auditing by KPMG independent certified public accountants.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors or any other expert or other person in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or any other expert or other person in connection therewith contains any limit on the liability of the Auditors or any other expert or other person.

Dealers transacting with the Issuer and the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Bank and their affiliates in the ordinary course of business.

Notes:

- (1) i.e., had invested up to roughly EUR 125,000 in BCP shares;
- (2) i.e., presumably had little experience investing in shares;
- (3) i.e., had increased, because of the rights issues campaigns by BCP, even if by a small amount, +-5%, their investment in BCP shares.

REGISTERED OFFICE OF BCP FINANCE

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