



## **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.**

(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"*

# **U.S.\$10,000,000,000 Euro Note Programme**

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### **Arranger**

**UBS Investment Bank**

### **Programme Dealers**

ABN AMRO

BNP PARIBAS

Deutsche Bank

Merrill Lynch International

BCP Investimento

Caboto

JPMorgan

Morgan Stanley

UBS Investment Bank

Bear, Stearns International Limited

Citigroup

Lehman Brothers

Santander Central Hispano

This Offering Circular replaces and supersedes the Offering Circular dated 19th December, 2002 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.

Under the U.S.\$10,000,000,000 Euro Note Programme (the “Programme”), each of Banco Comercial Português, S.A. (the “Bank” or “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 form (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.

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 Pricing Supplement (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 U.S.\$10,000,000,000 (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 11.

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.

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 market for listed securities. Admission to the Official List together with admission to the London Stock Exchange’s market for listed securities constitute official listing on the London Stock Exchange. 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 a pricing supplement (the “Pricing Supplement”) which, with respect to Notes to be admitted to the Official List and admitted to trading on the London Stock Exchange’s market for listed securities will be delivered to the UK Listing Authority and the London Stock Exchange, respectively, prior to the date of issue of the Notes of such Tranche.

The Programme has been rated A1/Prime-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)

and A (in respect of Subordinated Notes) 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.

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) supplementary listing particulars, or further listing particulars, 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 accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief 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.

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) (provided, however, that such incorporated documents do not form part of the Listing Particulars). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars. The Issuers have confirmed that any information incorporated by reference, including any such information to which readers of this document are expressly referred, has not been and does not need to be included in the Listing Particulars to satisfy the requirements of the Financial Services and Markets Act 2000 or the Listing Rules. The Issuers believe that none of the information incorporated herein by reference conflicts in any material respect with the information included in the Listing Particulars.

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.

A copy of this Offering Circular, which comprises the listing particulars approved by the UK Listing Authority as required by the Financial Services and Markets Act 2000, as amended, (the “Listing Particulars”) in relation to Notes admitted to the Official List and admitted to trading on the London Stock Exchange’s market for listed securities issued under the Programme during the period of twelve months from the date of this Offering Circular, has been delivered for registration to the Registrar of Companies in England and Wales as required by section 83 of that Act. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List and to trading on the London Stock Exchange’s market for listed securities) will be available from FT Business Research Centre, operated by FT Interactive Data at Fitzroy House, 13-17 Epworth Street, London EC2A 4DL and (in the case of all the

Notes) from the specified office set out below of the Trustee (as defined herein) and (in the case of Bearer Notes) from the specified office set out below of each of the Paying Agents and (in the case of Registered Notes) from the specified office set out below of each of the Registrar and Transfer Agents (each as defined below).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series sold outside the United States in reliance on Regulation S under the Securities Act will be represented by a permanent global Note in registered form, without interest coupons (a “Reg. S Global Note”), deposited with a common depository for, and registered in the name of a common nominee of, Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”). Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of such Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in the Reg. S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Clearstream, Luxembourg and Euroclear. The Registered Notes of each Tranche of such Notes sold in private transactions to qualified institutional buyers within the meaning of Rule 144A under the Securities Act (“QIBs”) will be represented by a restricted permanent Global Note in registered form, without interest coupons (a “Restricted Global Note”, and, together with a Reg. S Global Note, “Registered Global Notes”), deposited with a custodian for, and registered in the name of a nominee of, DTC. The Registered Notes of each Tranche sold to “accredited investors” (as defined in Rule 501(a) (1), (2) or (3) under the Securities Act) that are institutions (“Institutional Accredited Investors”) will be in definitive form, registered in the name of the holders thereof. Registered Notes in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Pricing Supplement), 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 16. Each Tranche of Bearer Notes will initially be represented by a temporary bearer global Note (a “Temporary Bearer Global Note”) which will be deposited on the issue date thereof with a common depository on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearance system. Beneficial interests in a Temporary Bearer Global Note will be exchangeable for either beneficial interests in a permanent bearer global Note (a “Permanent Bearer Global Note”) or definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any Permanent Bearer Global Note may be exchanged for definitive Bearer Notes (save to the extent otherwise indicated in the applicable Pricing Supplement) upon request, in each case in accordance with the procedure described in “Form of the Notes” on page 16. For further details of clearing and settlement of the Notes issued under the Programme see “Book-Entry Clearance Procedures” below.

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 nonpublic 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, no action has been taken by BCP Finance, the Bank, the Dealers or the Trustee

(save for the approval of this Offering Circular as listing particulars by the UK Listing Authority and delivery of copies of this Offering Circular to the Registrar of Companies in England and Wales) 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 United Kingdom, France, Japan, Portugal, the Cayman Islands and Germany (see “Subscription and Sale and Transfer Restrictions” below).

All references in this Offering Circular to (i) “U.S. dollars”, “dollars”, “USD”, “U.S.\$”, “\$” and “U.S. cent” refer to the currency of the United States of America, (ii) “Sterling” and “£” refer to the currency of the United Kingdom, and (iii) “euro” and “EUR” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union, the Treaty of Amsterdam and as further amended from time to time. All references in this Offering Circular to the “United States” refer to the United States of America, its territories and possessions.

In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms a part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

## 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 Pricing Supplement. 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 “Book-Entry Clearance Procedures” and “Subscription and Sale and Transfer Restrictions”.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

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

## TABLE OF CONTENTS

	<i>Page</i>
Documents Incorporated by Reference .....	8
General Description of the Programme.....	9
Summary of the Programme .....	10
Form of the Notes .....	16
Form of the Pricing Supplement .....	19
Terms and Conditions of the Notes .....	26
Use of Proceeds .....	51
BCP Finance Bank, Ltd. ....	52
Capitalisation and Indebtedness of BCP Finance Bank, Ltd.....	53
Capitalisation and Indebtedness of Banco Comercial Português Group .....	55
Description of Banco Comercial Português Business Activity .....	56
History and Development of the Bank .....	56
Business Overview .....	57
Organisational Structure.....	61
Significant Developments in 2003 .....	62
Management.....	64
Audited Financial Statements for Banco Comercial Português Group for the two years ended, and as at, 31st December, 2002 and 2001.....	66
Taxation .....	68
Book-Entry Clearance Procedures.....	78
Subscription and Sale and Transfer Restrictions .....	82
General Information .....	86

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided, however, that such incorporated documents do not form a part of the Listing Particulars):

- (a) the published audited annual financial statements and the unaudited interim financial statements (if any) of BCP Finance for the most recent financial period;
- (b) the published audited consolidated annual financial statements and the audited or unaudited consolidated interim financial statements of the Bank and its subsidiaries (the “Banco Comercial Português Group”) for the most recent financial period;
- (c) all supplements to this Offering Circular circulated by the Issuers or either of them from time to time in accordance with the provisions of the Dealer Agreement (as defined in “Subscription and Sale and Transfer Restrictions” below) described below; and
- (d) in relation to each Tranche of Notes, the Pricing Supplement relating to such Tranche,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not for the purpose of the Listing Particulars) to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

UBS Limited in its capacity as authorised adviser (the “Authorised Adviser”) for Notes admitted to the Official List will provide (on behalf of BCP Finance and the Bank), without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated in whole or in part herein by reference (unless such documents have been modified or superseded as specified above), with the exception of Pricing Supplements for unlisted Notes, which will only be available to Noteholders as provided under “Terms and Conditions of the Notes” below. Written or telephone requests for such documents should be directed to the Authorised Adviser at its principal office in London set out at the end of this Offering Circular.

BCP Finance and the Bank have undertaken to the Dealers in the Dealer Agreement to comply with sections 81 and 83 of the Financial Services and Markets Act 2000 and the Listing Rules in that regard. In the event that supplementary listing particulars are produced pursuant to such undertaking, a copy of such supplementary listing particulars will accompany this Offering Circular.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.



## 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 Pricing Supplement 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 on the Official List 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 U.S.\$10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement 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 U.S. dollar 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 U.S. dollar equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement 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 U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement 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.

## SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes”, “Form of the Pricing Supplement” and “Terms and Conditions of the Notes” shall have the same meanings in this summary. References in this summary to a particular numbered Condition are to such Condition as set out in “Terms and Conditions of the Notes.”

**Issuers:** BCP Finance Bank, Ltd.  
Banco Comercial Português, S.A., acting, subject as provided below, either through its head office or through its international Madeira branch “*Sucursal Financeira Internacional*”, as indicated in the applicable Pricing Supplement.

**Guarantor:** Banco Comercial Português, S.A., acting, subject as provided below, either through its head office or through its international Madeira branch “*Sucursal Financeira Internacional*”, as indicated in the applicable Pricing Supplement.

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

**Description:** Euro Note Programme.

**Arranger:** UBS Limited

**Programme Dealers:** ABN AMRO Bank N.V.  
Banco Santander Central Hispano, S.A.  
BCP Investimento-Banco Comercial Português de Investimento, S.A.  
Bear, Stearns International Limited  
BNP Paribas  
Caboto SIM S.p.A  
Citigroup Global Markets Limited  
Deutsche Bank AG London  
J.P. Morgan Securities Ltd.  
Lehman Brothers International (Europe)  
Merrill Lynch International  
Morgan Stanley & Co. International Limited  
UBS Limited

The Issuers may at any time appoint an additional dealer or dealers in relation to the Programme (together with the Dealers named above, each a “Programme Dealer”) or the relevant Issuer may at any time appoint a dealer or dealers in connection with the issue of a Tranche of Notes issued under the Programme (each an “Issue Dealer”) and may issue Notes to such Dealers in accordance with the provisions of the Dealer Agreement. Unless the applicable Pricing Supplement states otherwise, a Dealer will be assumed to be purchasing Notes as principal for its own account and not as agent.

**Trustee:** The Law Debenture Trust Corporation p.l.c.

**Issuing and Principal Paying Agent and Agent Bank:** Citibank, N.A. (the “Agent”)

<b>Programme Size:</b>	Up to U.S.\$10,000,000,000 (or its equivalent in other currencies calculated as described herein on page 9) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, any currency as may be agreed between the relevant Issuer and the relevant Dealer.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale and Transfer Restrictions” below) including, but not limited to the following restrictions applicable at the date of this Offering Circular.
	<b>Notes with a maturity of less than one year issued by BCP Finance:</b>
	Notes issued by BCP Finance with a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “Subscription and Sale”.
	<b>Swiss Francs:</b>
	Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “Swiss Dealer”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant Issue Date for such transaction.
<b>Redenomination:</b>	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. Where the applicable Pricing Supplement provides for an option for redenomination, it will include a provision that the relevant Issuer will notify the Trustee prior to exercise of such option.
<b>Maturities:</b>	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and the Bank (where the Issuer is BCP Finance) or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	Notes will be issued in bearer form and/or registered form as described in “Form of the Notes” below and as indicated in the applicable Pricing Supplement. Bearer Notes will be exchangeable for Registered Notes in accordance with Condition 12(a). Registered Notes will not be exchangeable for Bearer Notes.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

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

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Pricing Supplement).

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

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

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

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:** Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

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

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

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

specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

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.

The applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated therein.

Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution, see “Certain Restrictions – Notes with a maturity of less than one year” on page 11.

**Substitution:** The Trustee, the relevant Issuer and the Bank (where the Issuer is BCP Finance) are permitted to agree to the substitution in place of the relevant Issuer (or any previous substitute) as principal debtor in respect of the Notes of either the Bank (where the Issuer is BCP Finance) or any other wholly-owned Subsidiary of the Bank, subject to the fulfilment of certain conditions, as more fully set out in Condition 18 and the Trust Deed.

**Denomination of Notes:** Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement save that: (i) the minimum denomination of each Note will be such 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 – Notes with a maturity of less than one year” on page 11; and (ii) the minimum denomination of each Note sold, resold or transferred to an Institutional Accredited Investor will be U.S.\$250,000 or its equivalent in other Specified Currencies.

**Taxation:** All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:** The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3. The terms of the Subordinated Notes will contain no negative pledge.

**Cross Default:** The terms of the Senior Notes will contain a cross default provision as further described in Condition 10(a). The terms of the Subordinated Notes will contain no cross default provision.

**Status of the Senior Notes:** The Senior Notes and the relative Receipts and Coupons will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, save for those that have been accorded by law preferential rights.

**Status of the Subordinated Notes:** The Subordinated Notes issued by BCP Finance and the relative Receipts and Coupons will constitute direct, unconditional and unsecured obligations of BCP Finance, will rank *pari passu* among themselves and without prejudice to the foregoing, the Subordinated Notes will, in the event of the winding up of BCP Finance, be subordinated to the claims of all Senior

Creditors of BCP Finance (as defined in Condition 2(b)) in accordance with the provisions of the Trust Deed.

The Subordinated Notes issued by the Bank and the relative Receipts and Coupons will constitute direct, unconditional and unsecured obligations of the Bank and 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 Issuers may decide in the future to issue Notes on a perpetual subordinated basis under the Programme. In such circumstances, the Issuers will prepare supplementary listing particulars containing the terms and conditions of such Notes which will include, where the Issuer is BCP Finance, details of the guarantee of the Bank.

**Status of the Guarantee:**

The payment of the principal of, and interest on, the Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed (the “Guarantee”) by the Bank in the Trust Deed. The obligations of the Bank under such guarantee will constitute:

- (1) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those that have been accorded by law preferential rights; and
- (2) in the case of Subordinated Notes, direct, unconditional and unsecured obligations of the Bank but, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) subordinated in right of payment to the claims of all Senior Creditors of the Bank.

**Rating:**

The Programme has been rated A1/Prime-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) and A (in respect of Subordinated Notes) 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.

**Listing:**

Application has been made to admit Notes issued under the Programme to the Official List and to admit them to trading on the London Stock Exchange. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the relevant Issuer and the relevant Dealer in relation to each Series. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not and, if so, on which stock exchange or stock exchanges the Notes are to be listed.

**Governing Law:**

Subject as provided in Condition 21, the Trust Deed is, and the Notes will be governed by, and construed in accordance with, English law except that

Conditions 2(c) and 4(b) will be governed by, and construed in accordance with, Portuguese law.

**Selling Restrictions:**

There are selling restrictions in relation to the United States, the United Kingdom, France, Japan, Portugal, the Cayman Islands and Germany. 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 Pricing Supplement. See “Subscription and Sale and Transfer Restrictions” below.

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

## FORM OF THE NOTES

The Notes of each Series will be in bearer and/or registered form, as indicated in the applicable Pricing Supplement.

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 a common depositary for, and registered in the name of a common nominee of, Euroclear Bank S.A./N.V. as operator of the Euroclear System (“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 13 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg 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. 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, 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 Pricing Supplement. 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 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.

Each Tranche of Bearer Notes will initially be represented by a Temporary Bearer Global Note (without receipts, interest coupons or talons) which, unless otherwise agreed between the relevant Issuer, the Bank (where the Issuer is BCP Finance) and the relevant Dealer, will be delivered to a common depositary for Clearstream, Luxembourg and Euroclear. 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 only to the extent that certification (in a form to be provided) 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 Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement) 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 without any requirement for certification. The applicable Pricing Supplement 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.

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned (where applicable) a CUSIP number, and, in the case of Bearer Notes and Reg. S Notes (as defined in the Conditions), a CINS number, common code and ISIN which are different from the CUSIP number, CINS number, common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the

expiry of the Distribution Compliance Period applicable to such Tranche. The end of such period and, as the case may be, the CUSIP number, CINS number, common code and ISIN thereafter applicable to the Notes of the relevant Series will be notified by the Agent to the relevant Dealer.

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

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

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[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*”]]<sup>(1)</sup>

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*”]]<sup>(1)</sup>  
under the U.S.\$10,000,000,000  
Euro Note Programme

This document constitutes the Pricing Supplement 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 [ ]. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

*[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 sub-paragraphs.]*

*[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.]*

1. (i) Issuer: [BCP Finance Bank Ltd./Banco Comercial Português, S.A. acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]
- (ii) Guarantor: [Banco Comercial Português, S.A.]  
Branch through which the Bank is acting: [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]<sup>(2)</sup>
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or (in the case of Dual Currency Notes) Currencies: [ ]

(1) Delete as appropriate

(2) It is intended that Notes issued by BCP Finance will be guaranteed by the Bank acting through its international Madeira branch “*Sucursal Financeira Internacional*”. 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 through the head office of the Bank. This will only be the case (i) if and when the Board of Directors decides to that effect and an appropriate resolution has been passed by such Board of Directors, and (ii) the Dealers have been provided with a legal opinion from the Bank’s external legal advisers in Portugal.

4. Aggregate Nominal Amount:
- Tranche: [ ]
  - Series: [ ]
5. Issue Price of Tranche: [ ] per cent. *(in the case of fungible issues only, if applicable)* of the Aggregate Nominal Amount [plus accrued interest from [insert date]]
6. Specified Denominations: [ ]
- (in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* [ ]
7. [(i)] Issue Date [and Interest Commencement Date]: [ ]
- [(ii)] Interest Commencement Date (if different from the Issue Date): [ ]
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]*
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]
14. Listing: [London/*specify other*/None]
15. 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

16. **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] 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 [ ] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other]  
*(NB: if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ISMA) 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 (ISMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/ Give details]
17. **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 TARGET 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 Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:  
– Floating Rate Option: [ ]  
– Designated Maturity: [ ]
- (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/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
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: [ ]
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs 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)*
- 19. Index Linked Interest Note Provisions** [Applicable/Note Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ]
- (iv) Specified Period(s)/Specified Interest Payment Dates: [ ]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Centre(s): [ ]
- (vii) Minimum Rate of Interest: [ ] per cent. per annum
- (viii) Maximum Rate of Interest: [ ] per cent. per annum
- (ix) Day Count Fraction: [ ]
20. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/ method of calculating Rate of Exchange: [*give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]
- PROVISIONS RELATING TO REDEMPTION**
21. **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): [ ]
- (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): [ ]
22. **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): [ ]
- (iii) Notice period (if other than as set out in the Conditions): [ ]
23. **Final Redemption Amount** [Nominal Amount/*specify other*/see Appendix]
24. **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)):** [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [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]  
[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]]  
[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*)
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]  
(*Note that this item relates to the place of payment and not Interest Period end dates to which item 17(iii) relates*)
27. 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*]
28. 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.*]
29. Details relating to Instalment Notes:  
(i) Instalment Amount(s): [Not Applicable/*give details*]  
(ii) Instalment Date(s): [Not Applicable/*give details*]
30. Redenomination applicable: Redenomination [not] applicable [(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)] [(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Pricing Supplement)]
31. Other terms or special conditions: [Not Applicable/*give details*]

## DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
33. If non-syndicated, name of relevant Dealer: [ ]
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA rules not applicable]
35. Additional selling restrictions: [Not Applicable/*give details*]  
(NB: *if selling Notes into the Netherlands, consider applicable selling restrictions*)



**OPERATIONAL INFORMATION**

- Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 36. Delivery: Delivery [against/free of] payment
- 37. Additional Paying Agent(s) (if any): [ ]
- 38.

ISIN: [ ]  
 Common Code: [ ]  
*(insert here any other relevant codes such as CUSIP and CINS codes)*

**[LISTING APPLICATION**

The Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the U.S.\$10,000,000,000 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.]

Signed on behalf of the Issuer: [Signed on behalf of the Guarantor:  
 By: ..... By: .....  
*Duly authorised* *Duly authorised*]

If the applicable Pricing Supplement 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 [*Form, Denomination and Title*, 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/supplementary Listing Particulars. 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/supplementary Listing Particulars 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 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 Pricing Supplement 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 Pricing Supplement will be incorporated into, or attached to, each Temporary Bearer Global Note, Permanent Bearer Global Note, Registered Global Note and definitive Note. Reference should be made to “Form of the Notes” above for the form of Pricing Supplements 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 Pricing Supplement relating to this Note (the “applicable Pricing Supplement”), 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 Pricing Supplement. This Note is constituted by a Trust Deed dated 8th 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). 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 and (iv) 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 8th October, 1998 (such Agency Agreement as amended and/or restated and/or supplemented from time to time, the “Agency Agreement”) and made between the Issuers, Citibank, N.A., London office, as issuing and principal paying agent and agent bank (the “Agent”, which expression shall include any successor agent specified in the applicable Pricing Supplement), the other paying agents named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents), Citibank, N.A., New York office, as registrar (the “Registrar”, which expression shall include any successor registrar), the transfer agents named therein (the “Transfer Agents”, which expression shall include any additional or successor transfer agents), Citibank, N.A., New York office, as exchange agent (the “Exchange Agent”, which expression shall include any successor exchange agent) and the Trustee.

Interest bearing definitive Bearer Notes have interest coupons (“Coupons”), unless otherwise indicated in the applicable Pricing Supplement and, if indicated in the applicable Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement 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”).

The Trustee acts for the benefit of the holders of the Notes being in the case of Bearer Notes, the bearers thereof and, in the case of Registered Notes, the persons in whose name the Notes are registered (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 Pricing Supplement 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 Pricing Supplement are available for inspection at the registered office of the Trustee, being at 19th December, 2002 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 Pricing Supplement relating to a Note not listed on any stock exchange will only be available for inspection by the relevant Dealer specified in the applicable Pricing Supplement 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 Pricing Supplement relates. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement 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 or the Agency Agreement or used in the applicable Pricing Supplement 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 and that, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. Form, Denomination and Title**

The Notes may be in bearer form (“Bearer Notes”) and/or in registered form (“Registered Notes”), as specified in the applicable Pricing Supplement, 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 Pricing Supplement.

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 Pricing Supplement. 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 Pricing Supplement so indicates and, in such case, the appropriate provisions of these Terms and Conditions will apply accordingly.

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.

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 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 on behalf of Clearstream, Luxembourg and/or Euroclear as defined above, 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 depository 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, 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 Pricing Supplement.

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 Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement, 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 on its nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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.

Except as provided in the applicable Pricing Supplement, 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 Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

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

- (i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:
  - (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 Pricing Supplement) 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 Pricing Supplement) 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 Pricing Supplement, 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.

In these Conditions:

“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 on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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 Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Calculation Period in the applicable Pricing Supplement 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).

If a business day convention is specified in the applicable Pricing Supplement 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 Pricing Supplement; and
- (II) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “TARGET System”) is open.

(ii) Rate of Interest

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

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement 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 Pricing Supplement) 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 Pricing Supplement 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 2000 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 Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; 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 Pricing Supplement.

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 Pricing Supplement 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 Pricing Supplement) 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 Pricing Supplement.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement 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 Pricing Supplement.



(v) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 and calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or, as the case may be, Index Linked Interest Notes in respect of each Specified Denomination 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 and the Interest Amount for the relevant Interest Period as soon as practicable after determining and calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, 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.

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

- (a) if “Actual/365” or “Actual/Actual” is specified in the applicable Pricing Supplement, 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 Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (c) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, 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 Pricing Supplement the actual number of days in the Interest Period divided by 360;
- (e) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on but excluding the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

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

(viii) Determination or Calculation by Trustee

If for any reason the Agent or, as the case may be, the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii), (iii) or (iv) above, as the case may be, and, in each case, (vii) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Interest Rate specified in the applicable Pricing Supplement), 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 Pricing Supplement.

(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 Pricing Supplement.

(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 Pricing Supplement.

## 6. Payments

### (a) Method of Payment

Subject as provided below:

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

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

### (b) Presentation of Notes, Receipts and Coupons

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

In respect of Bearer Notes in definitive form, payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Notes to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmaturing 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 unmaturing 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 unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing 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 unmaturing 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 unmaturing 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 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 Pricing Supplement states otherwise, look solely to DTC, Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each payment so made by the Issuer or the Bank (where the Issuer is BCP Finance) to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). Unless otherwise specified or in the circumstances specified in the second paragraph of Condition 11, no person other than the holder of such global Note (or the Trustee, as the case may be) shall have any claim against the Issuer or the Bank (where the Issuer is BCP Finance) in respect of any payments due on that global Note.

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

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

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

- (B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Bank (where the Issuer is BCP Finance), adverse tax consequences to the Issuer or the Bank (where the Issuer is BCP Finance).

(c) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Pricing Supplement, "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 Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (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 Amount(s) (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 Pricing Supplement 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 so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

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

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

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 30 days before the giving of the notice 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 Pricing Supplement 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 Pricing Supplement. 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 or, as the case may be, DTC, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

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

If Investor Put is specified in the applicable Pricing Supplement, 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 Pricing Supplement (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 Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver 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 (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, 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. In the Put Notice the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

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

*(e) Early Redemption Amounts*

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

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and a Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, 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 Pricing Supplement.

*(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 Pricing Supplement. 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 Pricing Supplement.

*(h) Purchases*

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

*(i) Cancellation*

All Notes which are redeemed will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (h) above (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent 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) the 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 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
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or
- (v) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would be 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 Pricing Supplement 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 and (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 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.\$20,000,000 (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 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 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 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 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.

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 Auditors (as defined in the Trust Deed) 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 Pricing Supplement 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 or by an Extraordinary Resolution of the Noteholders),

then 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 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).

## **11. Enforcement**

The Trustee shall not be bound to take any action or 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 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 to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Bank (where the Issuer is BCP Finance) unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

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

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

Date or Interest Payment Date, as the case may be, except where issued in respect of a Bearer Note surrendered after a Record Date and on or before the next following Fixed Interest Date or Interest Payment Date, in which event interest shall accrue as from that date.

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

*(b) Form of Registered Notes*

Registered Notes of each Tranche sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended, (the “Securities Act”) will initially be represented by a permanent global Note in registered form, without interest coupons, (the “Reg. S Global Note”), deposited with a common depository 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”. Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or by the Lead Manager, in the case of a syndicated issue (the “Distribution Compliance Period”), beneficial interests in a Reg. S Global Note may be held only through Clearstream, Luxembourg or Euroclear. After the expiry of the Distribution Compliance Period, beneficial interests in a Reg. S Note may be held through DTC directly, by a participant in DTC, or indirectly, through a participant in DTC.

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

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

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

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

*(c) Transfers of Registered Global Notes*

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

*(d) Transfers of interests in Reg. S Notes*

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

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
  - (B) to a person who is an Institutional Accredited Investor, together with a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an “IAI Investment Letter”); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States, and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

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

*(e) Transfers of interests in Legended Notes*

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

- (i) to a transferee who takes delivery of such interest through a Reg. S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Reg. S Global Note registered in the name of a nominee of DTC, if such transfer is being made prior to the expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
  - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

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

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

Registered Notes may not be exchanged for Bearer Notes.

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

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

*(g) 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.

*(h) 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.

*(i) 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.

(j) *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 time be an Exchange Agent with a specified office in New York City;
- (vii) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any 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.

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.

Except in the case of Notes which are listed on the Paris Bourse, 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 Pricing Supplement.

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.

#### **16. Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains 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. Such a meeting 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. The quorum at any 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, 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, without the consent of the Noteholders, Receiptholders or Couponholders, agree to any modification (subject as provided above) of, or 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 or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed 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 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) and Conditions 2(c) and 4(b) are governed by, and shall be construed in accordance with, Portuguese law. In each case, the application of such governing law shall be without prejudice to the applicability, under the conflicts rules applicable in the relevant forum, in the light of such submission, of Cayman Islands law (in relation to matters concerning BCP Finance) or Portuguese law (in relation to matters concerning the Bank as an Issuer or as guarantor, as the case may be).
- (b) Each of BCP Finance and the Bank has in the Trust Deed irrevocably agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons may be brought in such courts.
- (c) Each of BCP Finance and the Bank has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (d) Each of BCP Finance and the Bank has in the Trust Deed appointed Banco Comercial Português, S.A., London Branch at its registered office 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 of the Banco Comercial Português Group.

## BCP FINANCE BANK, LTD.

### Introduction

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

The Registered Office of BCP Finance is Banco Comercial Português, Cayman Islands Branch, P.O. Box 30124 SMB, Strathvale House 3rd floor, 90 North Church Street, George Town, Grand Cayman, Cayman Islands, B.W.I. BCP Finance is a wholly-owned subsidiary of the Guarantor.

### Board of Directors

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

<i>Name</i>	<i>Function in the Issuer</i>	<i>Principal activity outside Issuer</i>
Luis Manuel Neto Gomes	Chairman and Director	General Manager of BCP
António Fernando Nogueira Chaves	Vice-Chairman and Director	Deputy General Manager of BCP
Maria Helena Braga Soares Carneiro Paolini	Director	General Manager of BCP – Cayman Islands Branch
José Carlos de Castro Monteiro	Director	Senior Private Banker – Cayman Islands Branch
Alex Antonio Urtubia	Director	EDP Manager of BCP – Cayman Islands Branch

Mr. António Nogueira Chaves is the Secretary of BCP Finance and Mr. Alex Antonio Urtubia is the Assistant Secretary.

The business address of each of the Directors of BCP Finance is:

Luis Manuel Neto Gomes and António Fernando Nogueira Chaves  
Banco Comercial Português S.A., Rua Augusta, 62-84, 1149-023, Lisbon, Portugal

Maria Helena Braga Soares Carneiro Paolini, José Carlos de Castro Monteiro and Alex Antonio Urtubia  
Strathvale House 3rd floor, 90 North Church Street, George Town, P.O. Box 30124 SMB, Grand Cayman, Cayman Islands, B.W.I.

(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 document, 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.

### Activity

BCP Finance is a wholly-owned subsidiary of Banco Comercial Português, S.A. (the “Bank”), acting as an overseas finance vehicle of the Bank and the Banco Comercial Português Group. The objects for which BCP Finance was established are, pursuant to Clause 3 of its Memorandum of Association:

- (1) to carry on, in any part of the world, business as bankers, capitalists, financiers, promoters, concessionaires and merchants, and to undertake, carry on and execute all kinds of financial, commercial, manufacturing, trading and other operation, and to carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects, or calculated directly or indirectly, to enhance the value of, or facilitate the realisation of, or render profitable, any of the property or rights of the Company;
- (2) to advance, deposit or lend money, securities and property, to or with such persons and on such terms as may seem expedient, to discount, buy, sell and deal in bills, notes, warrants, coupons, and other negotiable or transferable securities or documents; to issue, confirm, notify and advise letters of credit of any kind, whether revocable or irrevocable; to guarantee or become liable for

the payment of money or for the performance of any obligations; to engage in exchange of foreign currencies;

- (3) to carry on the business of a trust company or corporation in all its branches, and, without limiting the generality of the foregoing words, to undertake and execute trusts of all kinds, whether private or public, and to undertake the office of and act as trustee, executor, administrator, manager, agent, attorney, nominee, delegate, substitute director, secretary, treasurer, registrar, paying agent, receiver, liquidator, or for any person or persons, company, corporation, government, state, colony, province, dominion, sovereign or authority, supreme, municipal, local or otherwise, and generally to undertake, perform and discharge any trusts or trust agency business, and any office of confidence, either solely or jointly with others.

## Share Capital

The existing issued ordinary shares 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.\$201,000,000.

The issued share capital of BCP Finance is U.S.\$201,000,000 divided into:

169,500,000 Ordinary Shares with a nominal or par value of U.S.\$1.00 each, issued to BCP Internacional II, Sociedade Unipessoal, SGPS, Lda, a fully owned Subsidiary of Banco Comercial Português, S.A.; and

31,500,000 Series A Floating Rate Non-Cumulative Non-Voting Preference Shares with a nominal or par value of U.S.\$1.00 each (“Series A Preference Shares”), issued to BCP Internacional II, Sociedade Unipessoal, SGPS, Lda.

## Unaudited Capitalisation and Indebtedness Table

The following table sets forth the capitalisation and indebtedness of BCP Finance as at 30th September, 2003.

	<i>(Thousands of euros)</i>
Short-term debt .. .. .	2,567,174
Long-term debt .. .. .	5,673,698
Subordinated debt .. .. .	1,025,000
Shareholders' equity	
Share capital .. .. .	172,503
Share premium .. .. .	–
Reserves and retained earnings .. .. .	161,223
<b>Total shareholders' equity .. .. .</b>	<b>333,726</b>
Minority interests .. .. .	–
<b>Total excluding 'Short-term debt' .. .. .</b>	<b>7,032,424</b>

(a) The authorised and issued share capital of BCP Finance is USD 201,000,000. The issued share capital is fully paid and divided into 169,500,000 ordinary shares with a nominal value of USD 1.00 each and 31,500,000 series A floating rate non-cumulative non-voting preference shares with a nominal value of USD 1.00 each.

(b) Long-term debt includes bonds issued with a residual maturity of more than one year.

(c) Short-term debt includes commercial paper and bonds issued with a residual maturity of less than one year.

(d) Since 30th September, 2003 until 31st October, 2003, the BCP Finance capitalisation and indebtedness was affected by the issue of MTNs (EUR denominated MTNs amounted to EUR 432,480,000 and USD denominated MTNs amounted to USD 25,340,000) and of commercial paper (EUR denominated amounted to EUR 804,322,000, GBP denominated amounted to GBP 99,134,000 and USD denominated amounted to USD 289,310,000).

(e) As at the date of this Offering Circular, BCP Finance has not granted any guarantees and has no contingent liabilities.

(f) The total debt amounts in this table are guaranteed by Banco Comercial Português, S.A. acting through its Madeira offshore branch and through its international branch and are unsecured.

(g) Apart from that referred to in note (d), there have been no material changes in the capitalisation, indebtedness, contingent liabilities, or guarantees of BCP Finance since 30th September, 2003.

## **General**

KPMG, PO Box 493, George Town, Grand Cayman are the auditors to BCP Finance (having been appointed by the Board of Directors on 31st March, 1998 and have audited the Issuer's annual reports for the years ended 31st December, 2001 and 2002).

**BANCO COMERCIAL PORTUGUÊS, S.A. AND CONSOLIDATED SUBSIDIARIES**

**Unaudited Consolidated Capitalisation and Indebtedness Table**

The following table sets forth the capitalisation and indebtedness of the Banco Comercial Português Group, on a consolidated basis as at 30th September, 2003:

	<i>(Thousands of euros)</i>
Short-term debt .. .. .	4,408,894
Long-term debt .. .. .	8,962,528
Subordinated debt .. .. .	2,885,122
Shareholders' equity	
Share capital .. .. .	3,257,401
Mandatorily convertible notes .. .. .	528,207
Share premium .. .. .	674,180
Reserves and retained earnings .. .. .	(1,719,231)
Total shareholders' equity .. .. .	2,740,557
Minority interests .. .. .	1,493,301
Total excluding 'Short-term debt' .. .. .	16,081,508
Guarantees granted and contingent liabilities and other commitments .. .. .	17,955,910

- (a) The authorised and issued share capital of Banco Comercial Português, S.A. is EUR 3,257,400,827, fully paid. Each share is ordinary with a nominal value of EUR 1.00.
- (b) Long term debt includes bonds issued with a residual maturity of more than one year.
- (c) Short-term debt includes commercial paper and bonds issued with a residual maturity of less than one year.
- (d) Since 30th September, 2003 until 31st October, 2003, the BCP Group capitalisation and indebtedness was affected by the issue of MTNs (EUR denominated MTNs amounted to EUR 432,480,000 and USD denominated MTNs amounted to USD 25,340,000), of bonds amounting to EUR 207,249,000 and of commercial paper (EUR denominated amounted to EUR 804,322,000, USD denominated amounted to USD 289,310,000 and GBP denominated amounted to GBP 99,134,000).
- (e) At 30th September, 2003, the guarantees granted and contingent liabilities and other commitments of the BCP Group amounted to EUR 17,955,910,000.
- (f) Apart from an amount of bonds of EUR 184,555,000 debt securities and subordinated debt in this table are not guaranteed and are unsecured.
- (g) Apart from that referred to in note (d), there have been no material changes in the capitalisation, indebtedness, contingent liabilities or guarantees of the BCP Group since 30th September, 2003.
- (h) During 2003, the BCP Group paid dividends amounting to EUR 232,671,000 and distributed bonuses to employees amounting to EUR 3,633,000.

## DESCRIPTION OF BANCO COMERCIAL PORTUGUÊS BUSINESS ACTIVITY

### A. History and Development of the Bank

#### *Overview*

BCP is the principal bank within the BCP Group, the largest banking group in Portugal in terms of number of branches and loans to customers and the second largest in terms of total assets and customer deposits, each as of 30th June, 2003 (based on data from the Portuguese Banking Association). The BCP Group is engaged in a wide variety of banking and related financial services activities, in Portugal and internationally. In Portugal, the BCP Group's operations are primarily retail banking, but it offers a range of additional financial services, including investment banking, mortgage lending, consumer credit, specialised credit, asset management and insurance. Internationally, the BCP Group operates in a small number of countries with high growth potential, targeting in particular Poland and Greece, and in a number of other countries that have a close historical connection with Portugal or large communities of Portuguese origin.

As at 30th September, 2003, the BCP Group had total assets of Euro 67,505 million and total customers' funds (consisting of amounts due to customers including securities, assets under management and capitalisation insurance) of Euro 51,151 million. Net loans amounted to Euro 49,548 million. The BCP Group's BIS capital ratio stood at 11.5 per cent. at 30th September, 2003 (tier one: 7.2 per cent.).

According to the latest available data from the Portuguese Banking Association, BCP accounted for 20.5 per cent. of total assets, 27.2 per cent. of loans to customers and 21.6 per cent. of customers' deposits in the Portuguese banking sector at 30th June, 2003. In addition, at the same date, BCP was one of the largest companies listed on Euronext Lisbon in terms of market capitalisation (Euro 4,984 million).

#### *Bank History*

BCP was incorporated in June 1985 as a limited liability company ("*sociedade anónima*") organised under the laws of the Portuguese Republic, following the deregulation of the Portuguese banking industry that permitted the formation of privately owned commercial banks. BCP 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. BCP implemented a clearly defined strategy, based upon intensive market research, which was focused on:

- segmentation of the markets and quality of service directed to the specific needs of each such market;
- integrated delivery and cross-selling of financial services;
- modern bank operating systems;
- innovative marketing;
- experienced management; and
- ensuring adequate capital resources in anticipation of investments and asset expansion.

In pursuit of BCP's strategy of market segmentation, key market segments have been identified over time. Until 2003, these segments were served through autonomous distribution networks. These networks were classified as Individuals & Businesses, Private Banking, Corporate Retail, Corporate Banking, NovaRede, Atlântico and SottoMayor. These various brands will be replaced by a single brand named "Millennium bcp", a process that should be completed in the fourth quarter of 2003.

The first stage of the BCP Group development was characterised primarily by organic growth and, by the end of 1994, BCP was able to increase significantly its share of the Portuguese financial services market by exploiting the market opportunities presented by deregulation. 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. BCP acquired 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, BCP 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 BCP.



Império's largest shareholder was the José de Mello Group. The joint take-over bid for the whole share capital of Atlântico led to further cooperation between this group and BCP, which culminated in the merger of BCP'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 per cent. of the share capital of each of Banco Mello and Império, respectively. Subsequently, BCP launched public offers for the minority interests in Banco Mello and Império. In June 2000, Banco Mello was merged into BCP.

In March 2000, BCP reached an agreement with Caixa Geral de Depósitos ("CGD"), a large Portuguese banking group, for the purchase of a controlling stake in Banco Pinto & Sotto Mayor ("SottoMayor"), held by CGD. In April 2000, BCP 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 BCP.

BCP has actively pursued a strategy of focused international expansion. Since 2000, BCP has targeted those markets that present strong business growth prospects and where there is a strong commercial rationale for establishing banking operations following a similar business model to the one BCP has adopted in its home market. In Poland, BCP operates through Bank Millennium, formerly named Big Bank Gdanski ("BBG"). In Greece, BCP's NovaBank operations target the Greek retail banking sector. In addition, BCP has for a number of years established banking operations in a number of countries that have a close historical connection with Portugal or have large communities of Portuguese origin. These include Mozambique, China (Macao), Luxembourg, France, the United States and Canada.

Outside Portugal, BCP has also expanded into international activities through the formation of partnerships and other strategic alliances with selected foreign financial institutions. These include alliances with Eureko, Spain's Banco Sabadell and the Italian financial group Banca Intesa, S.p.A. ("Banca Intesa").

## **B. Business Overview**

### *Nature of Operations and Principal Activities*

The BCP Group is engaged in a wide variety of banking and related financial services activities, in Portugal and internationally. In Portugal, BCP's operations are primarily retail banking, but BCP offers a range of additional financial services. BCP also engages in a number of international activities and partnerships.

BCP's banking products and services include deposit-taking, short-term lending, mortgage lending, trade finance, credit cards, fund transfers, custody of securities, foreign exchange, treasury services and money market operations. BCP's domestic retail banking activities are conducted principally through its marketing and distribution network in Portugal, that follow a segmented approach to the Portuguese retail banking market and serve the diverse banking needs of specific groups of customers. Back office operations for the distribution network are integrated in order to exploit economies of scale.

BCP has subsidiaries that offer additional financial services, including investment banking, mortgage lending, consumer credit, asset management and insurance. These subsidiaries generally distribute their products through BCP's marketing and distribution networks.

BCP's retail banking and related financial services activities, together with its international operations and partnerships, are described in greater detail below.

### *Strategy*

BCP's strategy is to maintain and develop its position as the leading Portuguese financial services group by extracting the maximum potential value from its retail and corporate customer base. Additionally, BCP plans to focus on selective international expansion. The three main elements of BCP's strategy are to:

- *Further develop BCP's leading position in the Portuguese banking market.* BCP intends to maintain its focus on its domestic retail banking operations, extracting potential value from its customer base by utilising its detailed knowledge of its customers and the Portuguese market. In addition, BCP aims to generate additional revenue growth by expanding upon its best management practices, by focusing on higher value added products and by increasing cross-selling across its marketing and distribution network. BCP believes there is significant potential to increase the range of products sold through its network. BCP also intends to continue to reduce operating costs by improving operating efficiencies.
- *Pursue a strategy of selective international expansion, with Poland and Greece as its growth focus in the medium term.* BCP intends to concentrate its international expansion in Poland and Greece through organic

growth. BCP believes Bank Millennium, its Polish operation, is well placed to deliver a high return on investment, due to the significant economic growth expected in Poland as its financial system converges with that of EU Member States, and as a result of the major restructuring program of Bank Millennium which BCP undertook in 2002. This included the introduction of a new technology platform, the reorganisation of its branch network, the redefinition of its credit processes and the alignment of provisioning policies to EU standards. NovaBank, BCP's operation in Greece, is still at an early stage of development, but is expected to grow significantly. BCP's focus on Poland and Greece results from the belief that, when Poland accedes to the EU and as the banking industry deregulates in both Poland and Greece, BCP will be able to apply and utilise the experience it gained following the deregulation of the Portuguese banking system and Portugal's accession to the EU. In addition, these markets allow BCP to leverage its significant experience in relation to the launch, turnaround and management of retail banking operations. BCP also operates in a number of countries with significant communities of Portuguese origin, where BCP can take advantage of BCP's position as a leading Portuguese bank.

- *Maintain strong commitment to capital management.* Improving management of its capital is a strategic priority for the BCP Group. BCP believes that the capitalisation of the Bank, together with its internal capital generation, should be sufficient to enable it to maintain adequate capital ratios going forward. In addition, BCP intends to manage its capital as effectively as possible by reallocating capital to its most profitable businesses, focusing on core activities and divesting non-core operations in due course.

#### *Banking Network in Portugal*

BCP offers a broad range of banking products and services to retail and corporate customers in Portugal. These products and services include deposit-taking, short-term lending, mortgage lending, trade finance, credit cards, fund transfers, custody of securities, foreign exchange, treasury services and money market operations.

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

Since 1996, BCP has integrated its back office operations. BCP established ServiBanca, whose objective is to provide technological, operational, administrative and purchasing services to members of the BCP Group. It provides its services at cost to all members of the BCP Group. ServiBanca is responsible for carrying out standardised back office activities, management of information technology, accounting and audit, and the monitoring of the costs associated with the Group's activities. Outsourcing back office functions to a common structure has allowed the Group to take advantage of economies of scale and better allocate its resource management capabilities, even if until 2003 BCP maintained different marketing and distribution networks operating under distinct brands to take advantage of strong brand recognition.

#### *Other Financial Services in Portugal*

*Investment Banking.* BCP Investimento (known prior to July 2000 as BCPA – Banco de Investimento and prior to 1999, known as Banco Cif) is BCP's investment banking subsidiary. BCP Investimento is wholly owned by the Group.

*Mortgage Lending.* BCP 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 is 69.9 per cent. owned by the Group, with the remaining 30.1 per cent. being owned by Banca Intesa. BII previously distributed its mortgage products through BCP's marketing and distribution networks, as well as through its own retail outlets.

*Consumer Credit.* BCP's consumer credit and specialised credit activities are carried out by the Group's consumer credit banks, CrédiBanco – Banco de Crédito Pessoal, S.A. ("CrédiBanco") and Interbanco, S.A. ("Interbanco"). BCP's consumer credit activities are carried out through points of sale agreements with numerous stores or through its marketing and distribution networks. CrédiBanco is wholly owned by the Group. The Group holds 50 per cent. of Interbanco's share capital, while the remaining 50 per cent. is held by SAG GEST, a leading importer of automobiles.

CrédiBanco was established in 1994 and provides credit for the purchase of consumer durables. Interbanco was established in 1996 and provides credit for auto-loans and financing for long-term rental of vehicles. In accordance with BCP's strategy for its consumer credit business, at the end of 2000, Interbanco

took sole responsibility for the car financing business executed at the point of sale, while CrédiBanco retained the remaining consumer credit business relating to car financing.

*Asset Management.* BCP is engaged in the asset management business through AF Investimentos, a wholly owned subsidiary. AF Investimentos operates a number of securities funds and real estate funds and also provides personalised management services for private and institutional customers, managing asset portfolios on a discretionary basis according to the characteristics of the clients' asset portfolio, risk profile and pre-determined investment objectives.

*Insurance.* BCP is engaged in the sale of insurance and pension products through Seguros e Pensões, the largest insurance and pension fund management business in Portugal.

BCP intends to explore the possibility of entering into a strategic partnership with a reputable international insurance group, possibly selling to it a portion of the share capital of Seguros e Pensões. BCP anticipates that this would provide it with added international insurance expertise, capital flexibility and enable it to reduce its insurance underwriting exposure.

### *International Activities*

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

*Poland.* In 1998, BCP entered into a partnership agreement with the Polish financial group, BBG, pursuant to which BCP launched a retail operation within BBG in the Polish market under the name "Millennium". This joint venture was controlled jointly by BCP and BBG. As part of a restructuring of BBG in 2002, BCP and BBG decided to merge their Millennium joint venture into BBG and establish one banking operation. During the fourth quarter of 2002, BCP increased its shareholding in BBG to 50 per cent. of its share capital. At the start of 2003, BBG changed its name to Bank Millennium. All existing BBG branches and brands have been rebranded under the name "Bank Millennium".

*Greece.* In July 1999, BCP and Interamerican Hellenic Life Insurance Company S.A. ("Interamerican"), one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, announced the launch of a joint greenfield retail banking operation in the Greek market, NovaBank. BCP owns 50 per cent. of the share capital of NovaBank plus one additional share, Mr. Dimitris Contominas owns 20 per cent. of the share capital, Intercapital Trust Limited owns 20 per cent. of the share capital less one share and Interamerican owns 10 per cent. of the share capital. NovaBank's branches are principally located in Athens and specifically target the retail banking segment.

In order to leverage its operational capabilities and its geographic position, in 2002 NovaBank acquired Sitebank, a small Turkish commercial bank, to cater to the affluent individuals segment of the Turkish market in a selective and cost-efficient manner. This bank was subsequently renamed BankEuropa.

*Mozambique.* Banco Internacional de Moçambique ("BIM") is a Mozambican retail bank that began trading in 1995. BIM was the first Mozambican bank to be created as a joint venture on an equal basis by local and foreign partners. In December 2001, BIM was merged into Banco Comercial de Moçambique, the Mozambican holding company of Banco Mello and Companhia de Seguros Império that was transferred to BCP in 2000 following BCP's agreement with the José de Mello Group to merge their financial services businesses. Banco Comercial de Moçambique was subsequently renamed Banco Internacional de Moçambique. As a result of this restructuring, BCP currently holds 66.7 per cent. of the share capital of BIM. BCP engages in investment banking operations in Mozambique through BIM Investimento, a company incorporated in 1998. BIM Investimento is 50 per cent. owned by BIM, 25 per cent. owned by BCP Investimento, 15 per cent. owned by International Finance Corporation and the remaining 10 per cent. owned by two Mozambican companies. BCP engages in leasing activities through BIM Leasing, a company incorporated in the first quarter of 2000. BIM Leasing is the second lease financing company to operate in the Mozambican market. BIM holds 70 per cent. of BIM Leasing's share capital, Leasefactor holds 25 per cent., and the remaining 5 per cent. is held by a Mozambican company. In the fourth quarter of 2000, NovoBanco was launched, aimed at small companies. BIM holds 30 per cent. of NovoBanco, while the remaining share capital is held by a group of Mozambican and international institutions.

*Macao.* Banco Comercial de Macau (“BCM”) is based in Macao and serves as a commercial and operating platform from which BCP can target markets of Southeast Asia, including the Chinese market. BCM operates in the retail banking sector, focusing on consumer credit products and mortgage lending. BCM is wholly owned by the Group.

*Luxembourg.* Banque BCP (Luxembourg) became part of the Group as a result of the acquisition of Banco Mello in 2000. It was formerly named Banco Mello (Luxembourg) and is wholly owned by the Group. Banque BCP (Luxembourg) focuses on retail banking and targets the Portuguese community resident in Luxembourg.

*France.* Banque BCP (France) is a retail banking operation based in France established in 2001 as a result of the merger of the French banking institutions BCP previously owned as a result of the acquisitions of Atlântico, Banco Mello and SottoMayor. Banque BCP (France) serves a clearly defined market segment consisting of residents in France who originated from, or have close ties with, Portugal. Banque BCP (France) is wholly owned by the Group.

*United States.* In November 2000, BCPBank (US), or BPABank, as it was then named, opened its first branches in the state of New Jersey in the United States. BCPBank (US) targets the local population in areas where the Portuguese community has a strong presence. BCPBank (US) is wholly owned by the Group.

*Canada.* Following the acquisition by BCP of SottoMayor in 2000, BCPBank (Canada), or SottoMayor Bank Canada, as it was then named, became part of the Group. BCPBank (Canada) is a retail bank operating in Canada, which targets the local population in areas where the Portuguese community has a strong presence. BCPBank (Canada) is wholly owned by the Group.

#### *International Partnerships*

Since 1991, BCP has also followed an internationalisation strategy based on establishing co-operation agreements with foreign partners. BCP’s current strategic foreign partners are Eureka, Banco Sabadell and Banca Intesa. These partnerships involve, among other things, joint ventures, cross-shareholdings and reciprocal board representation.

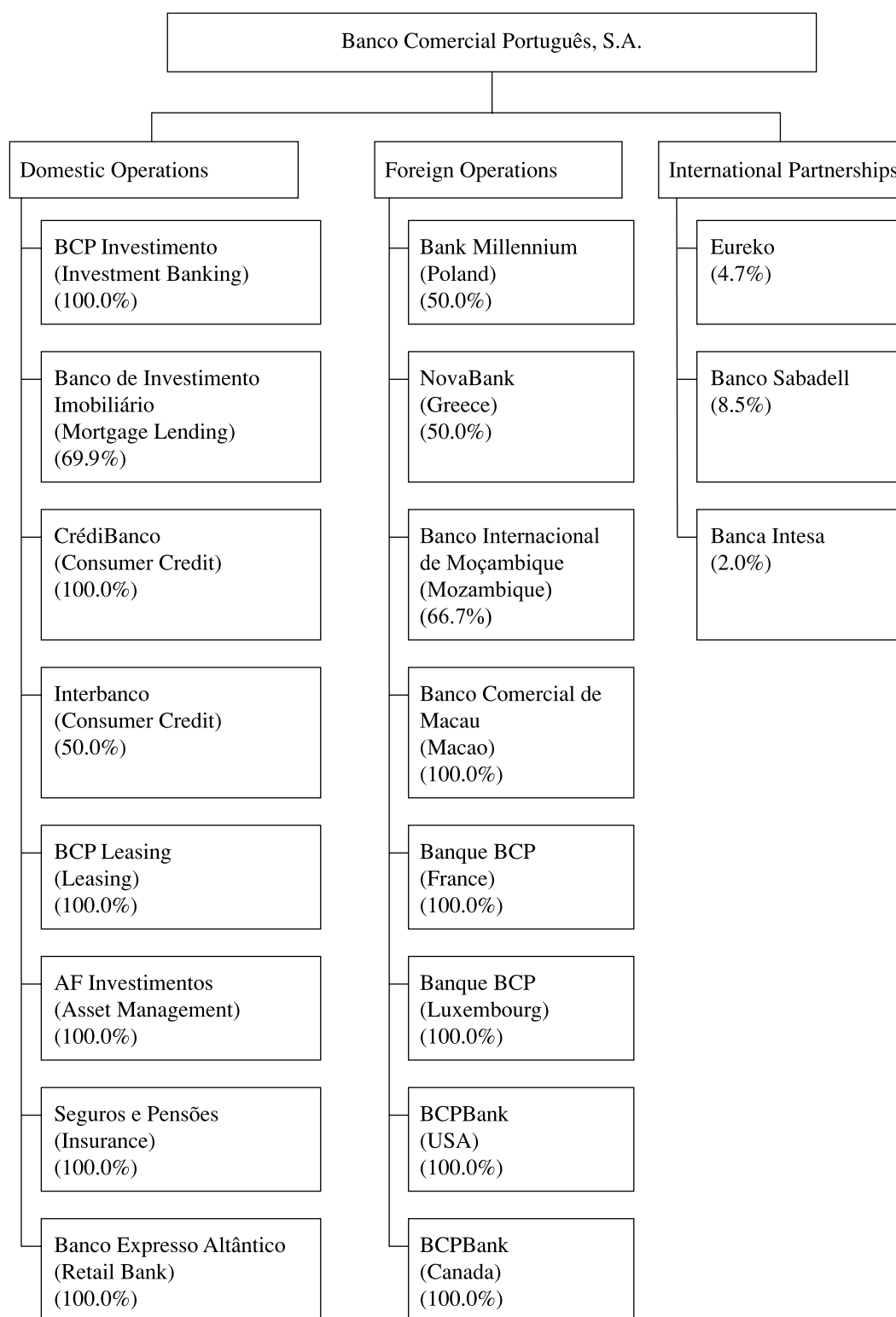
*Banco Sabadell.* In March 2000, BCP announced the terms of a strategic partnership agreement with Banco Sabadell of Spain, seeking the development of joint initiatives in finance-related fields of mutual interest and in particular in the area of Internet financial services. BCP currently holds 8.5 per cent. of the share capital of Banco Sabadell, while Banco Sabadell holds 3.1 per cent. of the share capital of BCP.

*Banca Intesa.* In 1991, BCP established a strategic partnership with Cariplo, which in 1998 became part of the Italian financial group now known as Banca Intesa. This partnership was essential to the establishment of a mortgage bank, BII, which has successfully combined the product expertise in mortgage lending of BCP’s Italian partner with BCP’s knowledge of the Portuguese market. BCP currently holds 2.0 per cent. of the share capital of Banca Intesa, while the Banca Intesa Group holds 7.4 per cent. of the share capital of BCP.

## C. Organisational Structure

### *The Bank and the Group*

The following diagram summarises the organisational structure of the principal subsidiaries of the Group as of 30th September, 2003:



In addition, BCP's subsidiary ServiBanca centralises common operational and management support units.

## Significant Subsidiaries

The following is a list of the main subsidiaries of BCP at 30th September, 2003:

	<i>Country of incorporation/ residence</i>	<i>% held by the Bank</i>	<i>% held by the Group</i>
AF Investimentos, S.G.P.S., Sociedade Unipessoal, Lda.	Portugal	100.0	100.0
BCP Investimento – Banco Comercial Português de Investimento, S.A.	Portugal	–	100.0
Leasefactor, S.G.P.S., S.A.	Portugal	100.0	100.0
CrediBanco – Banco de Crédito Pessoal, S.A.	Portugal	–	100.0
Banco de Investimento Imobiliário, S.A.	Portugal	69.9	69.9
Interbanco, S.A.	Portugal	–	50.0
Banco Expresso Atlântico, S.A.	Portugal	–	100.0
Banco ActivoBank (Portugal), S.A.	Portugal	–	100.0
Banco Comercial de Macau, S.A.	China	–	100.0
Banco Internacional de Moçambique, S.A.R.L.	Mozambique	–	66.7
Bank Millennium, S.A.	Poland	50.0	50.0
Banque BCP, S.A.S.	France	100.0	100.0
Banque BCP (Luxembourg), S.A.	Luxembourg	–	100.0
Banque Privée BCP (Suisse) S.A.	Switzerland	–	100.0
BCPBank Canada	Canada	–	100.0
BCPBank National Association	USA	–	100.0
NovaBank, S.A.	Greece	5.0	50.0
BankEuropa Bankasi, A.S.	Turkey	–	50.0
ServiBanca – Empresa de Prestação de Serviços, A.C.E.	Portugal	50.6	93.3
Managerland, S.A.	Spain	50.0	50.0
Seguros e Pensões Gere, S.G.P.S., S.A.	Portugal	89.0	100.0

## D. Significant Developments in 2003

The following are among BCP's most important business developments since 31st December, 2002:

- On 9th January, 2003, BCP announced that its subsidiary BPA Bank National Association, registered in the State of New Jersey, United States, did not reach agreement to acquire the total share capital of Interbank of New York and, therefore, the application requesting authorisation for the acquisition that was submitted to the Office of the Comptroller of the Currency of the United States was withdrawn;
- On 24th February, 2003, shareholders representing 76.29 per cent. of BCP's share capital convened for the Annual General Meeting of Shareholders. The Annual Report and Accounts for 2002 and a gross cash dividend of 0.10 euro per share for the year ended 31st December, 2002 were approved, and the Corporate Bodies for the 2003-2005 term of office were elected. An amendment to BCP's articles of association was also approved, permitting the establishment and election of an Audit Committee, and authorising the Board of Directors to increase the share capital by up to a total of two fifths of the share capital as at the date of this authorisation. Authorisation was also granted to the Board of Directors to acquire and dispose of treasury shares and bonds;
- On 13th March, 2003, in accordance with the authorisation granted on 24th February, 2003 at the Annual General Shareholders Meeting, BCP announced an increase in its share capital by 930,685,950 euro through the issuance of 930,685,950 ordinary shares, nominal value 1 euro per share. These ordinary shares were offered to holders of BCP ordinary shares for subscription at a subscription price of 1 euro per ordinary share, in accordance with their preemption rights. The subscription ratio was one proportional right for each ordinary share owned, with the number of new shares that could be subscribed for determined by multiplying the number of proportional rights held by 0.4, rounded down to the nearest whole share (equivalent to 2 new ordinary shares for each 5 existing ones). The securities offered were not registered under the Securities Act and were not offered or sold to U.S. persons or in the United States, except pursuant to an exemption from the Securities Act. The rights offer was completed on 31st March, 2003 and the public deed for the increase in capital of 930,685,950 ordinary shares was executed on 4th April, 2003;

- On 31st March, 2003, BCP announced that, pursuant to an agreement established with Eureko and Achmea dated 22nd October, 2002, the following transactions were completed as of that date:
  1. BCP sold to Eureko 20.86 per cent. of Eureko's own shares, previously held by BCP. As a result of this transaction, BCP reduced its holding in Eureko to 5.0 per cent. of Eureko's voting shares;
  2. BCP acquired from Eureko 100 per cent. of the share capital of Seguros e Pensões Gere, SGPS, S.A. ("Seguros e Pensões"). The goodwill resulting from this acquisition, based on Seguros e Pensões' embedded value (shareholder's equity plus the value in force) as of the date the acquisition was estimated at 403 million euro;
  3. The difference between the value of the Eureko shares sold and the value of the Seguros e Pensões shares purchased, was settled by means of a payment by BCP to Eureko of 150 million euro in cash. In addition, BCP reimbursed to Eureko 118 million euro, which corresponds to the amount invested by Eureko in the capital increase of Seguros e Pensões in December 2002.
- On 3rd July, 2003, BCP announced the signing of an agreement with IBM pursuant to which part of BCP's IT infrastructure was outsourced to this company for a 10-year period. This agreement has a base value of 340 million euro over the next 10 years and is expected to result in savings of 25 per cent. of costs related to the IT structure;
- On 2nd September, 2003, BCP announced the decision to apply for the de-listing of its American Depositary Shares ("ADSs") from the New York Stock Exchange (the "NYSE"), and of its common shares from the London Stock Exchange, Frankfurt Stock Exchange and Euronext Amsterdam. Among other aspects, this decision resulted from the fact that the majority of trading in BCP's common shares takes place in Euronext Lisbon and that the full merger of the Lisbon Stock Exchange into the pan-European exchange Euronext N.V. will contribute to significantly increase the international trading in BCP's shares. Following this announcement, BCP's ADSs were de-listed from the NYSE and its common shares were de-listed from the London Stock Exchange and from the Euronext Amsterdam Stock Exchange during September 2003. The de-listing of BCP's common shares from the Frankfurt Stock Exchange is expected to take place in November 2003.

## **Management**

Set forth below are the name, municipality of residence, age (as at 30th September, 2003), the main position held with the Bank and year of election of each of the directors who are the executive management of the Bank:

The Business address of each of the directors is Praça Dom João I, 28 4000-434 Porto, Portugal.

### **Jorge Manuel Jardim Gonçalves**

Residence: Lisbon

Age: 68

Chairman of the Board of Directors (since 1985)

### **Filipe de Jesus Pinhal**

Residence: Lisbon

Age: 57

Vice-Chairman of the Board of Directors (since 1998)

Member of the Board of Directors (since 1988)

### **Christopher de Beck**

Residence: Lisbon

Age: 57

Vice-Chairman of the Board of Directors (since 1998)

Member of the Board of Directors (since 1988)

### **António Manuel de Seabra e Melo Rodrigues**

Residence: Lisbon

Age: 48

Member of the Board of Directors (since 1995)

### **António Manuel Pereira Caldas de Castro Henriques**

Residence: Lisbon

Age: 46

Member of the Board of Directors (since 1995)

### **Alípio Barrosa Pereira Dias**

Residence: Lisbon

Age: 60

Member of the Board of Directors (since 1998)

### **Alexandre Alberto Bastos Gomes**

Residence: Lisbon

Age: 48

Member of the Board of Directors (since 2000)

### **Francisco José Queiroz de Barros de Lacerda**

Residence: Lisbon

Age: 43

Member of the Board of Directors (since 2000)

### **Boguslaw Jerzy Kott**

Residence: Warsaw

Age: 56

Member of the Board of Directors (since 2003)



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

<i>Name</i>	<i>Position(s) held</i>	<i>Company</i>
Jorge Manuel Jardim Gonçalves	Vice-President of Supervisory Board Member of the Board Member of the Board Member of the Board	Eureko, B.V. Banca Intesa SpA Banco de Sabadell, S.A. Association Achmea
Christopher de Beck	Chairman of the Board of Directors	F&C Asset Management Holdings, B.V.
Alexandre Alberto Bastos Gomes	Member of the Board Member of the Board	SIBS-Sociedade Interbancária de Serviços, S.A. UNICRE-Cartão Internacional de Crédito, S.A.
Boguslaw Jerzy Kott	President of Supervisory Board	Powszechny Zakład Ubezpieczeń, S.A.

**BANCO COMERCIAL PORTUGUÊS**

**Consolidated Balance Sheet as at 31st December, 2002 and 2001**

	2002	2001
	<i>(Thousands of Euros)</i>	
<b><i>Assets</i></b>		
Cash and deposits at central banks .. .. .	1,286,008	1,821,968
Loans and advances to credit institutions		
Repayable on demand .. .. .	860,306	1,380,102
Other loans and advances .. .. .	3,209,082	4,250,907
Loans and advances to customers .. .. .	45,450,693	42,938,314
Securities .. .. .	3,560,910	4,773,792
Treasury stock .. .. .	156	8,986
Investments .. .. .	2,562,845	2,675,506
Intangible assets .. .. .	153,151	135,251
Tangible assets .. .. .	1,132,094	1,311,444
Other debtors .. .. .	1,020,071	1,285,956
Prepayments and accrued income .. .. .	2,616,257	2,378,482
	61,851,573	62,960,708
<b><i>Liabilities</i></b>		
Amounts owed to credit institutions		
Repayable on demand .. .. .	400,244	403,676
With agreed maturity date .. .. .	12,740,586	12,765,519
Amounts owed to customers		
Repayable on demand .. .. .	12,308,285	12,713,301
With agreed maturity date .. .. .	14,779,759	16,727,749
Debt securities .. .. .	11,534,820	10,718,889
Other liabilities .. .. .	528,285	806,609
Accruals and deferred income .. .. .	1,877,319	1,482,793
Provision for liabilities and charges .. .. .	994,724	924,182
Subordinated debt .. .. .	3,143,860	2,883,598
	58,307,882	59,426,316
<b><i>Shareholders' Equity</i></b>		
Share capital .. .. .	2,326,715	2,326,715
Mandatorily convertible notes .. .. .	528,207	-
Share premium .. .. .	715,117	715,203
Reserves and retained earnings .. .. .	(1,381,618)	(854,742)
	2,188,421	2,187,176
Minority interests .. .. .	157,071	123,491
Minority interests in preference shares .. .. .	1,198,199	1,223,725
	1,355,270	1,347,216
	61,851,573	62,960,708

**BANCO COMERCIAL PORTUGUÊS**

**Consolidated Statement of income  
for the years ended 31st December, 2002 and 2001**

	2002	2001
	<i>(Thousands of Euros)</i>	
Interest income .. .. .	2,988,451	3,396,524
Interest expense .. .. .	1,661,703	2,044,666
	1,326,748	1,351,858
Net interest income .. .. .	1,326,748	1,351,858
Provision for loan losses .. .. .	316,280	208,478
	1,010,468	1,143,380
Net interest income after provision for loan losses .. .. .	1,010,468	1,143,380
<i>Other operating income</i>		
Income from securities .. .. .	139,963	140,007
Net commissions .. .. .	499,172	487,296
Net income arising from trading activity .. .. .	96,837	156,369
Other income .. .. .	478,766	351,026
	1,214,738	1,134,698
<i>Other operating expenses</i>		
Staff costs .. .. .	784,496	727,358
Other administrative costs .. .. .	529,251	509,034
Depreciation .. .. .	174,024	147,891
Other provisions .. .. .	58,738	11,781
Other expenses .. .. .	79,859	69,620
	1,626,368	1,465,684
Income before income taxes .. .. .	598,838	812,394
Income taxes .. .. .	55,379	84,455
	543,459	727,939
Net income .. .. .	543,459	727,939
Minority interests .. .. .	70,738	90,265
	472,721	637,674
Net income .. .. .	472,721	637,674
Extraordinary costs:		
Provision for general banking risks .. .. .	200,000	-
Restructuring costs .. .. .	-	66,002
	272,721	571,672
Net income for the year .. .. .	272,721	571,672

## TAXATION

### 1. United States Taxation

#### Certain United States Federal Income Tax Considerations

The following general discussion summarises certain material U.S. federal income tax aspects 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, as amended (the “Code”), or to investors subject to special treatment under the 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. 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,” 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. 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 own 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 will be set forth in the applicable Pricing Supplement. Prospective purchasers are free to disclose and discuss all items related to, or that may be relevant to an understanding of, the purported or claimed U.S. federal income tax treatment of the Notes or any transaction to which this Offering Circular is relevant.

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 own tax advisors with respect to whether any contingent payment obligations constitute debt for U.S. federal income tax purposes.

#### U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a holder of a Note that is (i) a citizen or 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. 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 20th 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 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 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, whether such 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 Company does not believe that the Notes will be structured with such a principal purpose, there can be no assurance that the Service will agree with such position.

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

The issue price of a Note will be the initial offering price to the public, excluding bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers, at which a substantial amount of the Note is sold. (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 provides for payments the timing and amount of which are known as the issue date, the yield and maturity of the debt instrument are computed based on a single payment schedule if, based on all of the facts and circumstances, that schedule is significantly more likely than not to occur. If no one payment schedule is significantly more likely than not to occur, the rules for contingent payment debt obligations described below under the heading “Indexed Notes” will apply. However, if a debt instrument provides for one or more alternative payment schedules, but all possible payment schedules under the terms of the instrument result in the same fixed yield, that yield is the yield of the instrument.

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

A U.S. Holder (whether on the cash or accrual method of accounting) must include in income the sum of the daily portions of OID for each day of the taxable year during which the U.S. Holder held the Note. The daily portions of OID are determined by determining the OID attributable to each accrual period and allocating a 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 issuers, the options will be deemed exercised or not in a manner that minimises the yield on the instrument, while in the case of options held by holders, the options will be deemed exercised or not in a manner that maximises yield. Under the OID Regulations, an option to convert debt into stock of the issuer or into stock or debt of certain related parties or to cash or other property

in an amount equal to the approximate value of such stock or debt are disregarded in determining OID. Under the Code and the OID Regulations, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

#### *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 .65 but not more than 1.35 or (b) a multiple of the type described in (a) increased or decreased by a fixed rate. If a debt instrument provides for two or more qualified floating rates that can reasonably be expected to have approximately the same value throughout the term of the instrument, the debt instrument will be considered to provide for a single qualified rate. Two or more such rates will be considered to have approximately the same value throughout the term of the instrument if the values of the rates on the date of issuance are within 25 basis points of each other.

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

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

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

#### *Elections to Treat All Interest as OID*

Under the OID Regulations, a U.S. Holder may elect to account for all income on a Note (other than foreign currency gain or loss), including stated interest, acquisition discount, OID, de minimis OID, market

discount, de minimis market discount, amortisable bond premium, or acquisition premium, in the same manner as OID. The election is made in the year of acquisition of the Note and such election is irrevocable without the consent of the Service. If this election is made, the U.S. Holder may be subject to the conformity requirements of section 171(c) or 1278(b) of the Code, respectively, which may require the amortisation of bond premium and the accrual of market discount on other debt instruments held by the same U.S. Holder.

#### *Short-Term Notes*

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

#### *Market Discount*

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

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

The amount of market discount treated as having accrued will be determined either (i) on a 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 recharacterising gain upon disposition as ordinary income to the extent 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 method. Once made, the election to include market discount in income currently applies to all Notes and other obligations of the U.S. Holder that are purchased at a market discount during the taxable year for which the election is made, and all subsequent taxable years of the U.S. Holder, unless the Service consents to a revocation of the election. If an election is made to include market discount in income currently, the basis of the Note in the hands of the U.S. Holder will be increased by the market discount thereon as it is included in income.

If the U.S. Holder makes the election to treat as OID all interest on a debt instrument that has market discount, the U.S. Holder is deemed to have made the election to accrue currently market discount on all other debt instruments with market discount. In addition, If the U.S. Holder has previously made the election to

accrue market discount currently, the conformity requirements of that election are met for debt instruments with respect to which the U.S. Holder elects to treat all interest as OID.

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

### *Premium*

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

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

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

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

### *Sale, Exchange, Redemption or Repayment of the Notes*

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



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

### *Foreign Currency Notes*

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

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

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

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

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

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

With respect to the sale, exchange, retirement or repayment of a foreign currency Note, the foreign currency amount realised will be considered to be the payment first of accrued but unpaid interest (on which exchange gain or loss is recognised as described above), then of accrued but unpaid original issue discount (on which exchange gain or loss is recognised as described above), next of accrued but unamortised 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 unamortised 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 Holder elects to include such market discount on a current basis) and reduced by the U.S. dollar amount of amortised premium and of any payments other than payments of qualified stated interest.

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

### *Indexed Notes*

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

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

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

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 realised 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 non-contingent 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 fair market value at time of receipt.

The Contingent Debt Regulations do not apply to variable rate debt instruments, certain debt instruments that provide for alternative payment schedules, REMIC Interests and certain other debt instruments that are subject to prepayment, or a debt instrument that provides for payments denominated in, or determined by reference to, a nonfunctional 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 at the rate of 28 per cent., with respect to interest paid on the Note, 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 federal income tax liability, provided the applicable requisite information is provided to the Service.

#### *Treasury Tax Shelter Regulations*

The United States Department of the Treasury and the United States Internal Revenue Service (the "Service") have issued tax shelter regulations that may require certain information regarding prospective purchasers to be maintained in a database subject to disclosure to the Service upon its request. Similarly, U.S. Holders also may be required to make certain annual disclosures to the Service with respect to the purchase or ownership of Notes. Accordingly, U.S. Holders should consult their United States federal tax advisors regarding the applicability of the tax shelter regulations and the consequences thereof, including, for instance, whether it is advisable to make annual protective filings.

### **Non-U.S. Holders**

#### *United States Income and Estate Tax Consequences*

The following is a summary of certain material United States federal income and estate tax consequences that may be applicable Non-U.S. Holders of the Notes. This discussion does not deal with all aspects of United States federal income and estate taxation that may be relevant to the purchase, ownership or disposition of the Notes by such 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 or (ii) in the case of a treaty resident, attributable to a permanent establishment (or to a fixed base) in the United States.

#### *Interest and Original Issue Discount*

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

#### *Sale of Notes*

Subject to the discussion concerning information reporting and backup withholding, any gain realised by a Non-U.S. Holder on the sale, exchange, redemption, or repayment of a Note generally will not be subject

to U.S. federal income tax, unless (i) such gain is U.S. trade or business income, (ii) the Non-U.S. Holder is an individual who holds the Note as a capital asset, is present in the United States for 183 days or more in the taxable year of the disposition and satisfies certain other requirements, or (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of the Code applicable to certain U.S. expatriates.

#### *United States Federal Estate Tax*

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

#### *Information Reporting and Backup Withholding*

A Non-U.S. Holder generally will be exempt from backup withholding 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 United States backup withholding at a 28 per cent. rate on interest (including OID) or principal paid on, and proceeds from a sale, exchange or other disposition of, the Notes.

Any amounts withheld under the backup withholding 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 United States federal income tax liability, provided that certain required information is furnished to the Service in a timely manner. Non-U.S. Holders should consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of exemptions and the procedure for obtaining any available exemption.

## **2. Portuguese Taxation**

**The following summary is based on tax laws of Portugal as in effect on the date of this Offering Circular 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. 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.**

Under current Portuguese law, payments made under the Guarantee of the Bank, acting through and within the legal framework of its *Sucursal Financeira Internacional* in the Madeira zone to a Noteholder who is an individual non-resident in Portugal for tax purposes (or a legal person non-resident and without a permanent establishment in Portugal to which income is attributable), are not subject to any Portuguese income, capital transfer, wealth, estate, gift, inheritance or other tax or duty.

Payments made by BCP Finance of interest or principal on Notes issued by it, including payments to an individual or legal person non-resident in Portugal for tax purposes, are not subject to Portuguese withholding tax.

The summary below in relation to Notes issued by the Bank assumes that such Notes would be treated by the Portuguese tax authorities as corporate bonds ("*obrigações*") as defined under Portuguese law. If Portuguese tax authorities would not treat the Notes as "*obrigações*" no assurance can be given that the same tax regime would apply.

Interest paid on Notes issued by the Bank, acting through and within the legal framework of its international Madeira branch (*Sucursal Financeira Internacional*), to individuals non-resident in Portugal for tax purposes (or a legal person non-resident and without 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 its *Sucursal Financeira Internacional*, is not subject to withholding tax.

Interest paid on Notes issued by the Bank, acting other than through its international Madeira branch (*Sucursal Financeira Internacional*) would generally be subject to withholding tax at a rate of 20 per cent., subject to the provisions of specific treaties for avoidance of double taxation, under which a reduced rate (of 10 per cent., 12 per cent., or 15 per cent., depending on the applicable treaty) may be applicable.

The gains obtained on the disposal of Notes issued by the Bank by an individual not resident in Portugal for tax purposes will not be subject to Portuguese capital gains taxation.

Gains obtained on the disposal of Notes issued by the Bank by a legal person non-resident in Portugal and without permanent establishment in Portugal to which the income is attributable will also not be subject to Portuguese capital gains taxation, provided that:

- (a) the share capital of the corporate holder is not more than 25 per cent. directly or indirectly held by Portuguese resident entities; and
- (b) the holder is not resident in a country included in a list of countries and territories approved by the Ministry of Finance of Portugal (the “black list” published by the Portuguese Government in Ministerial order no. 1272/2001 of 9th November, 2001).

If any of the above circumstances is met, such gains will be subject to taxation at a rate of 25 per cent., subject to the provisions of specific treaties for the avoidance of double taxation under which such gains may not be subject to taxation.

Interest paid on Notes issued by the Bank would generally be subject to withholding of substitute gift and inheritance tax at a rate of 5 per cent. Notes issued before 31st December, 2003 will be exempt from Portuguese inheritance and gift tax.

### **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 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 is a summary of the Issuers’ understanding of current law and practice in the United Kingdom relating to the withholding of tax from payments of principal and interest in respect of the Notes. It applies only to persons who are the beneficial owners of the Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or 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 who are individuals may wish to note that the Inland Revenue 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 interest to or receives interest for the benefit of an individual, or who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of jurisdiction in which the Noteholder is resident for tax purposes.

### **5. Proposed EU Savings Directive on the Taxation of Savings Income**

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1st January, 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

## BOOK-ENTRY CLEARANCE PROCEDURES

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (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.*

### **Book-Entry Ownership of Registered Global Notes**

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

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

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

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

### **Transfers of Notes represented by Registered Global Notes**

Transfers of interests in Registered Global Notes within DTC, Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant system. The laws in some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer a beneficial interest in a Registered Global Note to such persons may require that such interests be exchanged for Notes in definitive form. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a DTC Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest may require that such interests be exchanged for Notes in

definitive form. The ability of the holder of a beneficial interest in any Registered Note represented by the Registered Global Notes to resell, pledge or otherwise transfer such interest may also be impaired if the proposed transferee of such interest is not eligible to hold the same through a Direct Participant or Indirect Participant in DTC.

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

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

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

## **Secondary Trading, Same-Day Settlement and Payment**

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

### **Trading Within Same Clearing System**

#### *Trading within DTC*

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

#### *Trading within Clearstream, Luxembourg or Euroclear*

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

### **Trading Between Clearing Systems**

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

Due to time zone differences in their favour, Clearstream, Luxembourg and Euroclear accountholders may employ their customary procedures for transactions in which interests in a Registered Global Note are to be transferred by Clearstream, Luxembourg or Euroclear (as the case may be) to a Direct Participant. The seller will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear accountholder (as the case may be) at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depository to deliver the interests in the

Registered Global Note to the Direct Participant's account against payment. Payment will include interest (if any) accrued on such interests in the Note from and including the immediately preceding date for the payment of interest to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg or Euroclear accountholder the following day, and receipt of cash proceeds in the Clearstream, Luxembourg or Euroclear accountholder's account would be back-valued to the value date (which would be the preceding day when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear accountholder have a line of credit in its respective Clearing System and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg accountholder's account would be valued instead as of the actual settlement date.

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

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

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

- (i) borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the Clearing System's customary procedures;
- (ii) borrowing the interests in the United States from a Direct Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or
- (iii) staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the Direct Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg or Euroclear accountholder.

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

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



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

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

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

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

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Programme Dealers, pursuant to an amended and restated dealer agreement dated 21st November, 2003 (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 Pricing Supplement states otherwise) Notes. Any such agreement will extend to those matters stated under “Form of the Notes”, “Form of the Pricing Supplement” 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 except in certain transactions exempt from the registration requirements of the Securities Act.

- (i) Offers, sales, resales and other transfers of Notes made 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/and (b) QIBs that are reasonably believed to qualify as qualified institutional buyers (as therein defined) within the meaning 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 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), (C) AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2) OR (3) 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 RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. UPON ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN PURSUANT TO CLAUSES (C), (D) OR (F), IN THE CASE OF LEGENDED NOTES OR CLAUSES (B), (C) OR (F) IN THE CASE OF REG. S NOTES, THE HOLDER WILL BE REQUIRED TO FURNISH TO THE ISSUER SUCH CERTIFICATIONS (WHICH IN THE CASE OF TRANSFERS PURSUANT TO CLAUSES (C), (D) OR (F), IN THE CASE OF LEGENDED NOTES OR CLAUSES (B), (C) OR (F) IN THE CASE OF REG. S NOTES, CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENTS), LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER WILL ALSO BE REQUIRED TO DELIVER TO THE TRANSFEREE OF THIS NOTE OR ANY INTEREST OR PARTICIPATION THEREIN A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. ANY RESALE OR OTHER TRANSFER OR ATTEMPTED RESALE OR OTHER TRANSFER OF THIS NOTE MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTION SHALL NOT BE RECOGNISED BY THE ISSUER, THE REGISTRAR, THE TRANSFER AGENTS OR ANY OTHER AGENT OF THE ISSUER.”

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

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

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

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

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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

during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States to or, for the account or benefit of, U.S. Persons.

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

Each issuance of Dual Currency or Indexed Linked Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement. 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.

### **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 Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the "FSMA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSMA;
- (b) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (c) 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 FSMA by BCP Finance;
- (d) 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 apply to the Issuer or the Guarantor; and
- (e) 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.

### **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 it has not offered or sold, and it will not offer or sell, any Notes to residents of Portugal otherwise than in accordance with applicable Portuguese law.

## France

The Bank and BCP Finance and each Programme Dealer have represented and agreed and each further Programme Dealer and Issue Dealer under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Offering Circular or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account as defined in and in accordance with Articles L.411-1 and L.411-2 of the Code Monétaire et Financier and *décret* no. 98-880 dated 1st October, 1998.

## Japan

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

## Germany

In connection with the initial placement of any Notes in Germany, 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 offer and sell Notes (i) unless otherwise provided in the relevant syndication agreement or Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least euro 40,000 (or the foreign currency equivalent) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

## 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 Pricing Supplement.

## 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 3rd September, 1998, 9th November, 1999, 20th November, 2000, 7th December, 2001, 16th December, 2002 and 14th November, 2003 and the increase in the Programme limit was authorised by resolutions of the Board of Directors of the Bank dated 9th November, 1999, 20th November, 2000, 7th December, 2001 and 14th November, 2003. 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 7th October, 1998, 11th November, 1999, 24th November, 2000, 17th December, 2001, 17th December, 2002 and 19th November, 2003 and the increase in the Programme by resolutions dated 11th November, 1999, 24th November, 2000, 17th December, 2001 and 19th November, 2003.

### 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 will be admitted separately as and when issued, subject only to the issue of the relevant Note or Notes in global and/or definitive form initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or around 27th November, 2003.

### Documents Available

So long as Notes are capable of being issued under the Programme, 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 Agent in London:

- (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 31st December, 2002;
- (iii) the published unaudited consolidated financial statements of the Banco Comercial Português Group for the nine months ended, and as at 30th September, 2003;
- (iv) 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;
- (v) 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 31st December, 2002 and the most recently available unaudited interim financial statements of BCP Finance (if any);
- (vi) the Dealer Agreement, the Agency Agreement 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;
- (vii) a copy of this Offering Circular;
- (viii) any future offering circulars, information memoranda and supplements (excluding the Pricing Supplements 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
- (ix) in the case of a syndicated issue of listed Notes, 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 Pricing Supplement. 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 Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

### **Significant or Material Change**

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of either Issuer or the Banco Comercial Português Group since the date of the last interim financial statements, 30th September, 2003 and there has been no material adverse change in the financial position or prospects of either Issuer or the Banco Comercial Português Group since the date of the last audited annual accounts, 31st December, 2002.

### **Litigation**

There are no, nor have there been any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer is aware) which may have or have had during the 12 months before the date of this document a significant effect on the consolidated financial position of either of the Issuers or the Banco Comercial Português Group.

### **Auditors**

The consolidated financial statements of the Banco Comercial Português Group for each of the three financial years ended 31st December, 2002 were prepared in accordance with local GAAP. The financial statements of the Banco Comercial Português Group were audited in accordance with International Standards on Auditing for each of the three years ended 31st December, 2002 by KPMG independent certified public accountants.

The financial statements of BCP Finance for each of the three financial years ended 31st December, 2002 were prepared in accordance with International Accounting Standards. The financial statements of BCP Finance were audited in accordance with International Standards on Auditing for each of the three years ended 31st December, 2002 by KPMG independent certified public accountants.

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