



## **Banco Comercial Português, S.A.**

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

and

## **BCP Finance Bank, Ltd**

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

**guaranteed unconditionally and irrevocably by**

## **Banco Comercial Português, S.A.**

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

# **EUR25,000,000,000 Euro Note Programme**

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Arranger

**UBS Investment Bank**

**Programme Dealers**

ABN AMRO  
Bear, Stearns International Limited  
Citi  
JPMorgan  
Morgan Stanley

Barclays Capital  
BNP PARIBAS  
Deutsche Bank  
Lehman Brothers  
Santander

Millennium investment banking  
Banca IMI  
Fortis Bank  
Merrill Lynch International  
UBS Investment Bank

This Offering Circular replaces and supersedes the Offering Circular dated 18 April, 2007 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

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

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

In addition, the Bank acting through its head Office may issue Notes in book-entry and registered form that will be held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de valores Mobiliários, S.A. (“Interbolsa”), as management entity of the Portuguese Centralised System (*Central de Valores Mobiliários*).

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

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

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

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

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

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

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

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

The Programme has been rated “Aa3/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 “A1” (in respect of Subordinated Notes) by Moody’s Investors Service Limited (“Moody’s”), “A/A-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 “A-” (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.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2006 and 2007 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.\*

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

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

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

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

Subject to the provisions of the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final

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\* The audited financial statements for the financial year ended 31st December, 2007 have been approved by the Executive Board of Directors of the Bank and will be subject to the approval of the general meeting of shareholders to be held on or before 31st May, 2008.

Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The relevant Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Offering Circular and any Final Terms will not contain such information.

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

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

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

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

Neither this Offering Circular nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by BCP Finance, the Bank, any Dealer or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of BCP Finance or the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of BCP Finance, the Bank, any Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

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

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons 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 (“Regulation S”) will be represented by a permanent global Note in registered form, without interest coupons (a “Reg. S Global Note”), deposited with a common 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. (“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 (“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” that are institutions (as defined in Rule 501 (a) (1), (2), (3) or (7) under the Securities Act) (“Institutional Accredited Investors”) will be in definitive form, registered in the name of the holders thereof. Registered Notes in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Final Terms), be issued in exchange for interests in the Registered Global Notes upon compliance with the procedures for exchange as described in “Form of the Notes” on page 32. Each Tranche of Bearer Notes will initially be represented by a temporary bearer global Note (a “Temporary Bearer Global Note”) which will be deposited on the issue date thereof with a common depositary or common safekeeper on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearance system. Beneficial interests in a Temporary Bearer Global Note will be exchangeable for either beneficial interests in a permanent bearer global Note (a “Permanent Bearer Global Note”) or definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any Permanent Bearer Global Note may be exchanged for definitive Bearer Notes (save to the extent otherwise indicated in the applicable Final Terms) upon request, in each case in accordance with the procedure described in “Form of the Notes” on page 32, for further details of clearing and settlement of the Notes issued under the Programme see ‘*Clearing and Settlement*’ below. The Book Entry Notes will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa) as management entity of the Portuguese Centralised System of Registration of Securities (Central de Valores Mobiliários) (CVM). The Book Entry Notes shall not be issued in bearer form, whether in definitive bearer form or otherwise. Each person shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the *Central de Valores Mobiliários* on behalf of their customers (and includes any depository banks appointed by Euroclear and/or Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) (“Affiliated Member”) as having an interest in the Book Entry Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Book Entry Notes (each a Certificate) will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (Código dos Valores Mobiliários).

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

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. BCP Finance, the Bank, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by BCP Finance, the Bank, the Dealers or the Trustee (save for the approval of this Offering Circular as a base prospectus for purposes of the Prospectus Directive by the FSA) which would



permit a public offering of the Notes or distribution of this Offering Circular or any other offering material relating to the Programme or the Notes issued thereunder in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Programme or the Notes issued thereunder may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the terms indicated above. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any applicable restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal), Japan and the Cayman Islands (see “*Subscription and Sale and Transfer Restrictions*” below).

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

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

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## INFORMATION AS TO PLACEMENT OF NOTES WITHIN THE UNITED STATES

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

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

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

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

## NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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## SUMMARY OF THE PROGRAMME

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

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

J.P. Morgan Securities Ltd.  
Lehman Brothers International (Europe)  
Merrill Lynch International  
Morgan Stanley & Co. International plc  
UBS Limited

The Issuers may at any time appoint an additional dealer or dealers in relation to the Programme or in connection with the issue of a Tranche of Notes issued under the Programme and may issue Notes to such dealers in accordance with the provisions of the Dealer Agreement.

<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Portuguese Paying Agent:</b>	Banco Comercial Português, S.A.
<b>Issuing and Principal Paying Agent and Agent Bank:</b>	Citibank, N.A., London Branch (the “Agent”)
<b>Programme Size:</b>	Up to EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein on page 31) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
<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 except for Book Entry Notes, which may only be issued in Euro until such date as Interbolsa accepts to register and settle securities denominated in currencies other than Euro.
<b>Certain Restrictions:</b>	<p>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 “<i>Subscription and Sale and Transfer Restrictions</i>” below) including, but not limited to the following restrictions applicable at the date of this Offering Circular.</p> <p>Notes issued by BCP Finance with a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits 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 “<i>Subscription and Sale</i>”.</p>
<b>Maturities:</b>	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and the Bank (where the Issuer is BCP Finance) or the relevant Specified Currency.
<b>Form of Notes:</b>	<p>Notes will be issued in bearer form and/or registered form and/or book entry form as described in “<i>Form of the Notes</i>” below and as indicated in the applicable Final Terms. Bearer Notes will be exchangeable for Registered Notes in accordance with Condition 12(a). Registered Notes will not be exchangeable for Bearer Notes.</p> <p>Book Entry Notes will be integrated in and held through Interbolsa in dematerialised form.</p>
<b>Fixed Rate Notes:</b>	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.

<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Final Terms).</li> </ul> <p>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.</p> <p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p>
<b>Index Linked Notes:</b>	<p>Payments of principal in respect of Index Linked Redemption Notes or in respect of interest in the case of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).</p>
<b>Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:</b>	<p>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.</p>
<b>Dual Currency Notes:</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.</p>
<b>Redemption:</b>	<p>The Final Terms relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.</p> <p>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.</p>
<b>Substitution:</b>	<p>The Trustee, the relevant Issuer and the Bank (where the Issuer is BCP Finance) are permitted to agree to the substitution of the relevant Issuer as principal debtor in respect of the Note, subject to the fulfilment of certain conditions, as more fully set out in Condition 18 and the Trust Deed.</p>

<b>Denomination of Notes:</b>	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that: (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions</i> ” on page 10; and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
<b>Taxation:</b>	All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted. At present, payments of interest and other revenues to be made by the Bank, acting either through its head office or through its international Madeira branch ( <i>Sucursal Financeira Internacional</i> ) directly to non-resident entities of Portugal would be subject to Portuguese withholding tax at a rate of 20 per cent. or, if applicable, to reduced withholding tax rates pursuant to tax treaties signed by Portugal, unless in respect of Book Entry Notes held through Interbolsa and Notes issued by the Bank, acting through its international Madeira branch ( <i>Sucursal Financeira Internacional</i> ) certain procedures and certification requirements are complied with. See “Taxation – Portuguese Taxation”. Euroclear and Clearstream, Luxembourg do not offer any tax relief service to the holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office. The payments of interest or other revenues to be made by the Bank thereunder will be subject to Portuguese taxation rules. See “Taxation—Portuguese Taxation”.
<b>Negative Pledge:</b>	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.
<b>Cross Default:</b>	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.
<b>Status of the Senior Notes:</b>	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 <i>pari passu</i> 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.
<b>Subordination:</b>	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 2(b) (in the case of Subordinated Notes issued by BCP Finance) or Condition 2(c) (in the case of Subordinated Notes issued by the Bank).
<b>Status of the Guarantee:</b>	The payment of the principal of, and interest on, the Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed (the “ <b>Guarantee</b> ”) by the Bank in the Trust Deed. The obligations of the Bank under such guarantee will constitute: <ul style="list-style-type: none"> <li>(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 <i>pari passu</i> with all present and future</li> </ul>

unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those that have been accorded by law preferential rights; and

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

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

**Listing:** Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

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

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

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



## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the published audited annual financial statements and audit reports of BCP Finance for the years ended 31 December, 2006 and 31 December, 2007; and
- (b) the published annual reports and audited consolidated annual financial statements and audit reports of the Bank and its subsidiaries (the “**Banco Comercial Português Group**” or the “**BCP Group**”) for the years ended 31 December, 2006 and 31 December, 2007.\*

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2006 and 2007 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

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

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

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

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

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\* The audited financial statements for the financial year ended 31st December, 2007 have been approved by the Executive Board of Directors of the Bank and will be subject to the approval of the general meeting of shareholders to be held by 31st May, 2008.

## RISK FACTORS

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

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

### **Risk factors that may affect either Issuers' ability to fulfil its obligations under the Notes and the Bank's ability to fulfil its obligations under the Guarantee:**

#### ***The Bank is dependent on the state of the Portuguese economy.***

The majority of the Bank income is derived from activities carried out in Portugal, which accounted for 80% of net income in 2007. This exposes the Bank's results to fluctuations in the performance of the Portuguese economy.

The Portuguese Gross Domestic Product (GDP) grew 1.9% in 2007, 0.6 of a percentage point more than in 2006, but well below the EU's average. Several factors have contributed to limiting the Portuguese economy's growth potential, including: increased global competition; the rise in the price of oil and other commodities; the uncertainty pertaining to the restrictiveness of measures needed to keep public finances under control; and the increased level of debt being carried by families and corporations.

Portugal has been facing new and strong competition from Asian countries and from new EU member states in some lower-value-added industries. These new member states have been the main beneficiaries of the relocation from Portugal of production facilities related to such industries, which has had a negative impact on Portuguese employment levels. In order to adapt to this changing environment, the Portuguese economy needs to restructure itself to become more efficient and competitive. This transformation involves some adjustment costs, which could possibly contribute to an increase in long-term unemployment and the closure of uncompetitive businesses, both of which could increase credit defaults and systemic risks within the banking sector.

The Portuguese economy also remains susceptible to oil market disruptions and further spikes in energy prices caused by, for example, geopolitical tensions, market speculation or weather-related problems, due to its high level of dependence on foreign oil and gas and its comparatively low levels of energy efficiency, all of which could materially and adversely affect the banking sector.

The following factors could also adversely affect the Bank's results of operations: the Bank's exposure to private sector indebtedness and the real estate and construction sectors; the Bank's dependence on mutual funds, pension funds and similar products sold through its network, which can be impacted by the performance of global financial markets; and the low level of domestic savings, which keeps domestic banking activities tied to developments in the international wholesale bank funding market.

Should any of the factors above negatively affect the Portuguese economy, this could have a material adverse effect on the Bank's business, financial condition or results of operations.

#### ***The Bank is exposed to macroeconomic risks through its international operations, particularly in Poland, Greece, Mozambique, Angola and Romania.***

Recently, Greece, Poland and Romania have recorded strong GDP growth as they have benefited from deeper integration into the European Union. In particular, these countries have experienced large inflows of capital, from both foreign direct investment and EU structural/cohesion funds. This influx of capital has fostered strong investment spending and has sharply increased the level of employment. The resulting high-level of domestic demand, if further reinforced by pro-cyclical fiscal and monetary policies, might jeopardise

the competitiveness of these countries, aggravating their current macroeconomic imbalances and, ultimately, limiting potential growth and affecting investor confidence. Should such a scenario develop, banking activity in these countries could be negatively affected by slower economic expansion, the higher risk premium that would be demanded, increased financial market volatility and a possible deterioration in the quality of bank assets.

Angola and Mozambique are characterised by their heavy reliance on a few commodities, such as oil for Angola and aluminium for Mozambique, which makes them vulnerable to fluctuations in the demand for these commodities. The current economic situation, which includes significant liquidity, may be conducive to inflation, which could hinder the development of the developing industries necessary for a more diversified and healthier economy. This positive economic climate, abundant liquidity and the broadening of the Bank's customer base, in an environment with underdeveloped financial and information systems, may produce deterioration in the quality of the Bank's asset base, with potential negative effects on the Bank's future results. The challenging living conditions in these countries, even if they are improving, create an underlying potential cause for social instability, which could compromise the regular functioning of banking services and markets.

The Bank could also be adversely affected by exchange rate fluctuation between the Euro and the local currencies in which its non-EU local subsidiaries operate. Any such adverse changes could affect amounts paid from such subsidiaries, whether by dividend or otherwise, and could have a material adverse effect on the Bank's business, financial condition or results of operations.

Should any of the factors above negatively affect the economies in which the Bank operates, this could have a material adverse effect on its business, financial condition or results of operations.

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

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

*The Bank is exposed to fluctuations in global equity markets.*

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

As at 31 December, 2007, the equity portfolio of the Group, including investments in associated companies, was Euro 1,233.32 million, which is equivalent to 1.4% of the total assets of the Group.

The Bank's holdings are exposed to the Portuguese banking sector. As of 31 December, 2007, the Bank owned 9.9% of BPI's shares. As a result, a decline in the value of companies in the Portuguese banking sector, or a decline in the prices of securities generally, could have a material adverse effect on the value of the Group's equity portfolio and negatively affect the Bank's capital ratios and financial results.

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

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

Recent instability in world financial markets related to the North American sub-prime mortgage market has had a negative impact on investor confidence. This has negatively affected the interbank markets and debt issues in terms of volume, maturity and credit spreads. As a result, greater attention must be paid to liquidity risk management. Although the Bank consider their risk management and risk mitigation policies to be adequate, a continuation of this market environment could cause the Bank's liquidity position to deteriorate. Such deterioration would increase funding costs and limit the Bank's capacity to increase its credit portfolio and the total amount of its assets, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

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

Interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies and domestic and international economic and political conditions. As with any bank, changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently than the interest rates the Bank pays on interest-bearing liabilities. This difference could reduce the Bank's net interest income. Further, an increase in interest rates may reduce the demand for loans and the Bank's ability to originate loans and contribute to an increase in credit default rates among its customers. Conversely, a decrease in the general level of interest rates may adversely affect the Bank through, among other things, increased pre-payments on the Bank's loan and mortgage portfolio, lower net interest income from demand deposits, reduced demand for deposits and increased competition for deposits and loans. As a result, significant changes or volatility in interest rates may have a material adverse effect on the Bank's business, financial condition or results of operations.

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

The Bank's success depends upon its ability to maintain customer loyalty by offering a wide range of high quality, competitive products with consistently high levels of service. The Bank has sought to achieve this objective by segmenting its customer base to better serve the diverse needs of each customer segment and by cross-selling its products and services in Portugal under a single brand. Increased pricing competition in the Portuguese and European banking markets may impact customer behaviour patterns and loyalty. Any failure to maintain customer loyalty or to offer customers a wide range of high quality, competitive products with consistently high levels of service could have a material adverse effect on the Bank's business, financial condition or results of operations.

In addition, as of 31 December 2007, approximately 5% of the Bank's total customer base in Portugal also held ordinary shares in the Bank. If the price of the Bank's ordinary shares were to decline, this could lead to shareholder dissatisfaction and, to the extent that such shareholders are also customers of the Group, this could result in broader customer dissatisfaction, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

*The Bank may have additional costs as a result of the restructuring activities outlined in the Millennium 2010 Programme.*

In order to implement the restructuring outlined in the Millennium 2010 Programme, the Bank may proceed with a gradual reduction in the number of employees in Portugal. This would be done mostly through voluntary early retirements or negotiated exits that would involve additional restructuring charges related to personnel costs. Although past reductions in the number of employees have been achieved without any significant social, legal or reputational damage, the Bank cannot guarantee that these measures or any other future actions related to the reorganisation of the Bank's activities would not result in litigation, a disruption of work, or other material adverse effects on the Bank's business, financial position or results of operations.

*Labour disputes or other industrial actions could disrupt operations or make it more costly to operate.*

The Bank is exposed to the risk of labour disputes and other industrial actions. Approximately 80% of the Group's employees in Portugal and 47% of its total number of employees are members of labour unions and the Bank may experience strikes, work stoppages or other industrial actions in the future. Any such action

could disrupt operations, possibly for a significant period of time, result in increased wages and benefits or otherwise have a material adverse effect on the Bank's business, financial condition or results of operations.

*The Bank may have difficulty in hiring qualified personnel.*

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

*The Bank faces strategy risks.*

The Bank is exposed to strategy risks. There is a possibility that the Bank may take inadequate strategic decisions, fail to implement decisions or experience a lack of capacity to respond to evolving market conditions, and may therefore be unable to partially or fully achieve the targets announced in its strategic plan. It is not possible to guarantee in advance that the Bank will be able to execute its strategy and achieve its targets due to worsening market conditions, the adverse economic environment, increased competition or actions taken by its main competitors. The execution of its strategy and the achievement of its targets may also be affected by specific conditions, including those resulting from possible delays or a failure to implement its strategic plan, the success of its organic expansion plan in the various countries in which the Bank operates, a lower than expected impact of initiatives to focus on its clients, the success of its restructuring operations, the success of initiatives to improve the efficiency of capital, pricing and risk management or the successful execution of one or several of the ongoing Millennium 2010 Programme initiatives. In the event that the Bank is not able to achieve the announced strategic targets, the Bank may suffer a material adverse effect to the Bank's business, financial condition or results of operations.

*The Bank faces compliance risks.*

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

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

*The Bank may be exposed to unidentified risks or an unanticipated level of risk.*

The Bank is exposed to a number of risks, including, among others, credit risk, market risk, operational risk and liquidity risk. Although the Bank has implemented risk management policies for each of the risks to which the Bank is exposed, taking into account worst case scenarios, the policies and procedures that the Bank employs to identify, monitor and manage these risks may not be effective. The Bank's risk management methods rely on a combination of technical and human controls and supervision that are subject to error and failure. Some of the Bank's methods of managing risk are based on internally developed controls and observed historical market behaviour, and also involve reliance on industry standard practices. These methods may not adequately prevent future losses, particularly as they relate to extreme market movements, which may be significantly greater than the historical measures indicate. These methods also may not adequately prevent losses due to technical errors if testing and quality control practices are not effective in preventing technical software or hardware failures.



*The Bank is exposed to credit risk.*

The Bank is exposed to the creditworthiness of its customers and counterparties. If the value of the collateral securing its loan portfolio declines, the Bank will be exposed to a higher credit risk and increased risk of non-recovery in the event that any loans fail to perform. The Bank may not be able to realise adequate proceeds from collateral disposals to cover loan losses. Despite the current adverse economic environment, in recent years there has not been a deterioration in the creditworthiness of its customers. However, if economic growth continues to weaken, or if unemployment increases or if interest rates increase sharply, the creditworthiness of its customers may deteriorate. In addition, its provisions and other reserves may not be adequate or the Bank may have to make significant additional provisions for possible impairment losses in future periods. Any failure in risk management and control policies with respect to credit risk could have a material adverse effect on the Bank's business, financial condition or results of operations.

*The Bank is exposed to market risk.*

The Bank is exposed to market risk. This is the risk of a decline in the value of the Bank's investment holdings or its trading results as a consequence of changes in market factors, specifically: the risk of fluctuations in its share price; interest rate risk; foreign exchange risk and changes in the price of commodities. The performance of financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the level of interest rates, yield curves and spreads could affect the Bank's net interest margin. Changes in foreign exchange rates could affect the value of its assets and liabilities denominated in foreign currencies and could affect the results of trading. The Bank has implemented risk management methods to mitigate and control these and other market risks to which the Bank is exposed and its exposure is continuously monitored. However, it is difficult to reliably forecast changes in market conditions and to anticipate the effects such changes could have on its financial condition and results of operations. Although the results of its trading operations, particularly regarding proprietary trading, do not have considerable weight in its global results, the Bank is exposed to the risk associated with investment in complex derivatives. Any failure in risk management and control policies with respect to market risk could have a material adverse effect on the Bank's business, financial condition or results of operations.

*The Bank is subject to operational risks.*

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

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

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

In 2006, the Executive Board of Directors resolved that, with respect to employees joining after the date of the decision, the pension fund would be financed through a defined contribution plan. Existing employees as of the date of this resolution are entitled to a defined benefits pension. There is a risk that the Bank's pension fund may be under-funded. If the deterioration in global financial markets causes investment returns and the value of its pension fund to further decline, the Bank may have to increase the amount of actuarial losses that will need to be recognised as a cost over the next 20 years, which could also be the case if changes in the actuarial assumptions regarding the pension fund take place. As of December 2007, such actuarial losses stood at Euro 1,352.91 million (see below). The contributions the Bank have made to the pension fund are based on certain assumptions regarding mortality and, accordingly, there is a risk that the beneficiaries of the policy will live longer and draw more from the pension fund than has been allowed for. Within the scope of IFRS and as defined in IFRS 1, the Bank decided to recalculate the actuarial calculations from the date of establishment of the pension fund. Within the scope of this recalculation, all actuarial gains and losses in excess of 10% of the value of the fund's pension liabilities (the corridor) are now being amortised for the remaining average working life of the employees over 20 years.

If its pension fund is under-funded, the Bank will be required to make additional contributions to the fund in the future, which could have a material adverse effect on its business, financial condition or results of operations. In addition, the Bank is required to deduct from Tier 1 Capital the portion of unrecognised actuarial losses exceeding 10% of its pension liabilities or the value of its pension fund assets. As a result, any further declines in the value of its pension fund assets could have a material adverse effect on the Bank's capital position.

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

The Bank's primary source of funds is its retail deposit base. Its other funding sources include medium- and long-term bond issues, commercial paper, medium-term structured savings products and various asset securitisation operations. The Bank also borrows money in the money markets, and in recent years, the Bank has increased its own funds through share capital increases, most recently in March 2003 and January 2006 following the conversion of the Mandatory Convertible Securities "Capital BCP 2005", which matured on 30 December 2005, and the issuance of subordinated bonds. Notwithstanding its attempts to mitigate liquidity risk the Bank's liabilities to its customers exceed its liquid assets. If the Bank is unable to meet its obligations to its customers and other investors, the Bank's business, financial condition or results of operations will be materially and adversely affected. In addition, due to its net funding position, any rating downgrade could have a material adverse effect on the Bank's business, financial condition or results of operations.

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

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

In December 2007, Standard & Poor's revised its outlook to negative from stable, reflecting its opinion that the ongoing investigation by the Bank of Portugal and disputes among shareholders could affect the Bank's performance in the future. Changes in the Bank's credit ratings to a level below "investment grade" would adversely affect its ability to raise funds in the capital markets or to renew maturing debt. The Bank's customers are also sensitive to the risk of a ratings downgrade, which could increase the cost of borrowing funds.

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

*The Bank faces technological risks.*

The Bank's operations are highly dependent on IT processing, especially following the centralisation of its information technology systems. IT processing involves record-keeping, financial reporting and other systems, including point of sale monitoring and internal accounting systems. Although its computer systems have been evaluated and the Bank believes its back-up facilities are adequate, the Bank cannot assure potential investors that the Bank will be able to identify and correct problems related to its information technology systems, or that the Bank will be able to implement technological improvements successfully. If any of these risks materialise, the Bank's business, financial condition or results of operations could be materially and adversely affected.

*The Bank's proprietary trading business involves risks.*

The Bank currently engages in various treasury activities for its own account, including placing euro- and foreign currency-denominated deposits in the inter-bank market and trading in the primary and secondary markets for government securities. Proprietary trading includes taking positions in the fixed income and equity markets using both cash and derivative products and financial instruments. Although its level of engagement in these activities is limited, proprietary trading involves a degree of risk, as proprietary trading results will in part depend on market conditions. In addition, the Bank is dependent on a range of reporting and internal risk

management tools to report its exposure in respect of such trading accurately and timely. The Bank could incur significant losses in respect of its future trading, which could have a material adverse effect on its business, financial condition or results of operations.

*The Bank's hedging may not prevent losses.*

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

## **Regulatory Risks**

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

The Bank operates in a highly regulated industry. The Bank could be adversely affected by regulatory changes in Portugal, the EU or the other countries in which the Bank operates. The Bank has no control over such regulatory changes and significant regulatory changes in Portugal, the EU or those foreign countries in which the Bank operates, or difficulty in implementing or complying with new regulatory requirements, could have a material adverse effect on the Bank's business, financial condition or results of operations.

The capital adequacy requirements currently applicable to Portuguese banks are in many respects similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. Recent changes have been proposed to capital requirements by the Basel Committee.

In 2007, a new regulatory framework was implemented following the enactment of legislation that transposed into the legislation of European Union countries EU directives codifying the principles and definitions of the New Capital Accord of the Basel Committee on Banking Supervision, commonly known as the Basel II Accord. During the third quarter of 2007, the Bank submitted a formal request for authorisation to the Bank of Portugal in respect of the following methods for calculating the regulatory own funds requirements as from 2008:

- The Internal Ratings Based approach for credit risk (IRB) — to be in force as from 2008 for all segments in Portugal and for the retail segment in Poland, and as from 2009 in the other segments in Poland and in all segments in Greece;
- The Internal Model approach for the assessment of general market risk to the Bank's trading portfolio, for all Group entities; and
- The Standard Approach for calculating the operational risk for all Group entities.

As the Bank of Portugal has not yet announced any decision on this request, and as long as its opinion is not released, the Bank will apply standard approaches to risks for which the Bank have requested the application of advanced methods and the basic indicator approach to operational risk. The Bank cannot guarantee that the Bank of Portugal will approve its application and its capital ratios could be affected by the implementation of the standard to risks.

*The Bank could be adversely affected by a change in tax legislation and regulation and increased taxes or decreased tax benefits.*

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

## **Risks Relating to Acquisitions**

### *The Bank may be the object of an unsolicited acquisition bid.*

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

### *The Bank may engage in mergers and/or acquisitions.*

Although the Bank's strategic plan, announced in February 2008, is focused on organic growth and the Bank has reinforced its commitment to its strategic goals, there is no guarantee that the Bank will not participate in mergers and/or acquisitions in Portugal or elsewhere should opportunities to create value arise. In the event the Bank participates in mergers and/or acquisitions, there could be changes in its corporate strategy, in its organisation and structure, its main business focus, its resources, and in its financial condition and results of operations. Additionally, if the Bank was to engage in such an operation, it is possible that the Bank may not be able to extract all the cost and/or revenue synergies, totally or partially, associated with such mergers and/or acquisitions. The Bank may also have to support additional personnel costs resulting from any restructurings needed to integrate acquired operations or businesses successfully. Moreover, future mergers or acquisitions could result in unexpected losses due to unexpected liabilities, which could have a material adverse effect on the Bank's business, financial condition or results of operations.

## **Risks Relating to the Market**

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

Since 1996, there has been a significant expansion of personal financial services in the Portuguese banking market, resulting in the sustained development of mortgage credit, consumer loans, investment funds and unit linked products and an increased use of credit cards. The Portuguese banking market is now well developed, and includes strong and dynamic domestic and foreign competitors that incorporate a multi-product, multi-channel and multiclient segmented approach. In addition, there has been significant development of internet banking operations and the use of new techniques, such as customer relationship management, which enable banks to track customers' requirements more accurately. Foreign banks have also entered the Portuguese market, particularly in areas such as corporate banking, asset management, private banking and brokerage services. These developments have resulted in increased competition.

It is expected that the trend towards the integration of European financial markets will intensify, which may contribute to a further increase in competition, primarily in asset management, investment banking and online brokerage services. In light of this increased competition, the Bank may not be able to compete effectively in the markets in which it operates, or be able to maintain or increase the level of its results of operations, any of which could have a material adverse effect on the Bank's business, financial condition or results of operations.

### *The Bank may face difficulties in its international expansion.*

The Bank continues to pursue a strategy of international expansion, with particular emphasis on Poland, Greece, Mozambique, Angola, Turkey and the United States, as well as Romania. There can be no guarantee that the Bank will be successful in the international markets in which the Bank operates. Its international operations are exposed to the risk of possible adverse political, governmental or economic developments in each of the markets in which the Bank operates, which could have a material adverse effect on its business, financial condition or results of operations.

Several of the Bank's international operations expose the Bank to foreign currency exchange rate risk, including Poland, Turkey, Romania, Mozambique, Angola and the United States. A decline in the value of the non-euro currencies of some of the Bank's international subsidiaries relative to the value of the euro could have a material adverse effect on its business, financial condition or results of operations.

The reliance in some countries of Eastern Europe on sources of funding denominated in a currency other than the euro could expose some of its customers to the risk of fluctuations in foreign exchange rates. This could affect the financial condition of these entities and, consequently, its results as well. This risk would be accentuated should those countries in Eastern Europe that expect to join the EU fail to do so. Likewise, the

growth of the economies of Mozambique and Angola is dependent on a limited number of sectors, which increases their vulnerability to localised recession. Any such fluctuation in foreign exchange rates which adversely effect its customers could have a material adverse effect on its business, financial condition or results of operations.

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

*The Bank is the subject of administrative proceedings by the CMVM and the Bank of Portugal in connection with transactions relating to certain off-shore entities, and has taken a Euro 300 million (impact of Euro 220.5 million net of tax effect) impairment charge and adjusted its financial statements following such inquiries.*

#### *Summary of CMVM and Bank of Portugal inquiries and proceedings*

In December 2007 and January 2008, respectively, the Bank of Portugal and the CMVM, the Portuguese securities regulator, each announced that they would institute administrative proceedings and conduct an inquiry in connection with transactions relating to certain offshore entities, financed by the Bank, which acquired the Bank shares between 1999 and 2002. These transactions are summarised below.

The Bank received a formal notice dated 27 December, 2007 stating that administrative proceeding no. 24/07/CO was being brought by the Bank of Portugal against the Bank based on preliminary indications of possible administrative offences under the General Framework of Credit Institutions and Financial Companies, with respect to a possible breach of accounting rules, possible provision of false or incomplete information to the Bank of Portugal, in particular with respect to the amount of own funds, and a possible breach of prudential obligations.

A press release issued by the Bank of Portugal on 28 December, 2007 stated that the administrative proceeding was brought based on facts related to 17 off-shore entities, whose nature and activities had not previously been scrutinised by the Bank of Portugal.

On 11 January, 2008, a press release entitled “Principal Resolutions of the Executive Board of the CMVM” was made available on the CMVM website. The press release stated that the Executive Board of the CMVM, at a meeting held on 20 December 2007, adopted a resolution to institute an administrative infraction proceeding against Banco Comercial Português, S.A. for the possible concealment of information from the CMVM and for other facts still being assessed but already believed to be in breach of the law and CMVM’s regulations, including any individual responsibilities of the persons in charge of the Bank.

On 21 December, 2007, the CMVM addressed a notice to the Bank, indicating that it had made a number of preliminary findings, including:

“Such transactions are in fact the financing for the acquisition of own shares not reported as such. This configuration is also present in a transaction made with a financial institution, which lead this institution to disclose a qualified shareholding, even though the economic interest and the possibility of exercising the voting rights remained within the Bank;

Pursuant to the described circumstances, it may be concluded that the information given to the authorities and to the market, in the past, was not always complete and/or true, in particular in what concerns the amount of the Bank’s own funds and its owners;

Significant market transactions made by the mentioned entities were detected, involving significant considerations; these transactions require a deeper analysis, in order to find out about possible infringements of the market rules.”

The 21 December, 2007 notice further stated:

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

- Inform the market about whether the financial information recently disclosed by it already reflects all the financial losses pursuant to the above mentioned situation;



- Inform [the market] about the existence of any other situations which were not disclosed, in order to allow the investors to make a properly reasoned judgment about the securities issued by BCP;
- Transcribe in its communication the full text of this CMVM notice; BCP may inform, if it deems appropriate, the fact that BCP was not yet formally heard about these conclusions.

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

#### *Impairment charge and adjustment of financials*

In December 2007, the Bank launched an internal investigation into the transactions surrounding these offshore entities. The Bank has been responsive to the requests made by the CMVM and the Bank of Portugal, including provision of requested documents.

Following a more thorough review of these transactions, the Bank accepted a more conservative approach regarding the risks currently identified in connection with these transactions. The Bank consequently agreed, without admission of liability or wrongdoing, to take an impairment charge of Euro 300 million (impact of Euro 220.5 million net of tax effect) effective as of 1 January 2006 in respect of the series of transactions described below.

The impairment charge has reduced the Bank's Tier 1 capital, and the adjustment of the Bank's earnings could result in a loss of confidence, which could make it more difficult for the Bank to raise capital in the future. There can be no guarantee that the Bank will not be required to take further impairment charges depending on the outcome of the Bank of Portugal and CMVM inquiries and proceedings or otherwise as a result of or in connection with the transactions described below.

#### *Summary of activities of offshore entities and related transactions*

The above inquiries and proceedings and subsequent impairment charge and adjustment of financials were made in connection with the following series of transactions.

Between 1999 and 2002, certain non-Portuguese incorporated offshore entities, which were financed by the Bank, acquired outstanding shares in the Bank equal to approximately 5% of the Bank's share capital as of November 2002. In November 2002, these offshore entities sold the Bank shares they had acquired to a financial institution, in exchange for cash and equity linked notes. In 2004, the loans originally made by the Bank to these entities were restructured and assumed by a real estate development company (“GI”), which, in connection with this restructuring, assumed net liabilities of Euro 450 million owing to the Bank. GI also acquired from the Group a real estate holding company, Comercial Imobiliária (“CI”), for Euro 26 million and also acquired indirectly from the Bank a real estate portfolio for a consideration of Euro 61 million. The Bank later re-acquired an 11.5% stake in CI.

In 2005, CI issued Euro 200 million commercial paper which was acquired by the Group; the Group subsequently contributed this commercial paper, together with other securities issued by listed companies, to the Bank's pension fund. The proceeds of the commercial paper issuance were used to reimburse a portion of the loans payable to the Bank. In 2007, the Euro 200 million of commercial paper was converted into share capital of CI, resulting in a shareholding by the GI Group of 68.34% and 28.29% by the Group's Pension Fund after this share capital increase (which sold subsequently 18.29% to the Bank).

In June 2006, CI acquired a 54% interest in a real estate development project in Luanda, Angola (the “Luanda Project”) and the Bank made a shareholder loan of Euro 300 million to CI, the proceeds of which were in turn used to repay a portion of the Bank's loans outstanding to GI. In 2007, the Bank accepted additional shares in CI as repayment of Euro 61 million of remaining loans outstanding from the Bank to GI.

As a result of the foregoing transactions, (i) all of the original loans made by the Bank to the offshore entities (which were subsequently assumed by GI) were repaid, (ii) an impairment charge of Euro 85 million was recorded in 2005, (iii) the Bank has Euro 300 million principal amount shareholder loan outstanding to CI, the net book value of such exposure being Euro 23.4 million after the impairment charge mentioned below, and (iv) the Bank is the owner of 99.9% of the equity of CI, which owns a 54% interest in the Luanda Project (the 54% interest has been valued at between Euro 278.8 million and Euro 231.6 million by two independent

appraisals in September 2007). Following a more thorough review of these transactions, the Bank accepted a more conservative approach regarding the risks currently identified in connection with these transactions. As a result, the Bank, without admission of liability or wrongdoing, agreed to take an impairment charge of Euro 300 million (impact of Euro 220.5 million net of tax effect) in respect of its loan outstanding to CI, as a result of CI valuing the 54% interest in the Luanda Project at the investment cost of Euro 23.4 million. This impairment charge was taken effective as of 1 January, 2006, and the Bank's financial statements as at 31 December, 2007 were adjusted to reflect the effects to this impairment charge as of 1 January, 2006.

The Bank has not been notified of any charges nor admitted any liability in connection with the transactions described above and it is not possible to predict the outcome of the inquiries and administrative proceedings discussed above or whether other proceedings may subsequently be initiated. However, the Bank could be subject to civil and administrative penalties and other sanctions, including fines, depending on the outcome of these investigations and administrative proceedings. The Bank could also be subject to investigations or other proceedings by other regulators, and could be subject to litigation in Portugal or elsewhere by shareholders or others, which, if adversely determined, could result in significant losses to the Bank and could also result in a decline in the Bank's corporate and debt ratings. These regulatory proceedings and any litigation could result in adverse publicity or negative perceptions regarding the Bank's business, resulting in a loss of customers and increasing the Bank's cost of capital, and could divert management's attention from the day-to-day management of the Bank's business. Consequently, the ongoing regulatory investigations, any subsequent regulatory proceedings and resulting liabilities, and any litigation arising out of or otherwise relating to the transactions described above, if adversely determined, could have a material adverse effect on its business, results of operations or financial condition.

#### **Risks Relating to the Bank's Corporate Structure**

*The Bank has recently experienced significant turnover in its senior management, including the replacement of all of the members of the Executive Board of Directors.*

Over the past twelve months, the Bank has experienced significant turnover in its senior management team, including the departures of two Chairmen of the Executive Board of Directors. Paulo Teixeira Pinto resigned in August 2007 as Chairman of the Executive Board of Directors of the Bank following the Bank's unsuccessful bid to acquire Banco BPI and was replaced by Mr. Filipe de Jesus Pinhal. Mr. Filipe Pinhal and the entire Executive Board of Directors were replaced by Carlos Santos Ferreira and a new Executive Board of Directors by the general meeting of shareholders that was held on 15 January 2008 after Mr. Filipe Pinhal withdrew his candidacy in December 2007 following an announcement by the Bank of Portugal of an investigation into the Bank's activities (see "— The Bank is the subject of administrative proceedings by the CMVM and the Bank of Portugal in connection with transactions relating to certain off-shore entities, and has taken a Euro 300 million (impact of Euro 220.5 million net of tax effect) impairment charge and adjusted its financial statements following such inquiries").

In addition, several other members of its senior management team have assumed new roles in its organisation and Jorge Jardim Gonçalves, the founder and former chairman of the Bank, stepped down in December 2007. As a result of the retirement and the termination of the employment contracts of the former members of the Executive Board of Directors, in 2007 the Group booked Euro 78.9 million in Staff Costs related to the present value of retirement benefits granted to the members of the Executive Board of Directors who retired during the year, Euro 12.8 million relating to the termination of employment contracts and Euro 16.6 million relating to curtailment costs.

The Bank now has a new management team. Although the new management team has extensive experience in the financial sector, it is not yet possible to assess how effective this management team will be and whether they will be able to work together to accomplish the Bank's business objectives and implement its strategy. Changes in management can be disruptive to an organisation and may impede its progress in implementing its strategy. If its new management team cannot effectively manage and operate its business, its business, financial condition or results of operations may be materially and adversely affected.

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

*The Notes may not be a suitable investment for all prospective investors.*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial market; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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

*Notes subject to optional redemption by the Issuer.*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Index Linked Notes and Dual Currency Notes.*

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;

- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

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

#### *Variable rate Notes with a multiplier or other leverage factor*

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

#### *Inverse Floating Rate Notes*

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

#### *Fixed/Floating Rate Notes*

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

#### *Notes issued at a substantial discount or premium*

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

#### *The Issuer's obligations under Subordinated Notes are subordinated*

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

### *Risks related to Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *EU Savings Directive*

Under the domestic rules that implemented Council Directive 2003/48/EC on the taxation of income in the form of interest payments (the Savings Directive), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. For a transitional period, Belgium, Luxembourg and Austria are instead required (unless the beneficial owners of the interest elect otherwise, agreeing on the exchange of information) to operate a withholding system in relation to such payments, the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. Andorra, Liechtenstein, Monaco, San Marino and Switzerland have adopted a similar withholding system. Ten dependent or associated territories adopted either a withholding tax or an information exchange system, also with effect from the same date.

If a payment were to be made or collected through a Member State in which a withholding system applies and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

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

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

### *Risks relating to Book Entry Notes*

#### *Risks related to withholding tax*

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

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

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

See details of the Portuguese taxation regime in Portuguese Taxation.



### *Notes where denominations involve integral multiples: definitive Notes*

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

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

### *Risks related to the market generally.*

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

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and, in the case of Notes issued by BCP Finance, the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

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

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

- (a) the Euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, as described under “*Form of the Notes*”) shall be determined, at the discretion of the relevant Issuer, as of the date of agreement to issue such Notes (the “**Agreement Date**”) or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Euro against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant date of calculation;
- (b) the Euro equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, as described under “*Form of the Notes*”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the Euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, as described under “*Form of the Notes*”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

## FORM OF THE NOTES

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

### 1. Registered Notes

Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Reg. S Global Note which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Reg. S. Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 12 and 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 Final Terms. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iii) DTC has ceased to constitute a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, or the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iv) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Registered Global Note in definitive form, (v) the holder of a beneficial interest in the Restricted Global Note notifies the Registrar in writing that it is transferring such

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

## 2. Bearer Notes

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

- (i) if the Temporary Global Note is intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); and
- (ii) if the Temporary Global Note is not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common depository (the "**Common Depository**") for, Euroclear and Clearstream, Luxembourg.

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

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

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



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

### 3. Book Entry Notes

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

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

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

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

### 4. General

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

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

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

shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or, in the case of a Registered Global Note, voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose such common depositary, common safekeeper or, as the case may be, DTC or, in the case of payment only, its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note and the Trust Deed (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly).

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

## FORM OF FINAL TERMS

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

### FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”) acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]<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 EUR25,000,000,000  
Euro Note Programme

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

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

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

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

### PART A – CONTRACTUAL TERMS

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

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

- 
- (1) Delete as appropriate
  - (2) Consider including this legend where a non-exempt offer of Notes is anticipated.
  - (3) Consider including this legend where only an exempt offer of Notes is anticipated.

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

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

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

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

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

1. [(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>(4)</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: [ ] *(Note: Book Entry Notes may only be issued in Euro until such date as Interbolsa accepts to register and settle securities denominated in currencies other than Euro)*
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]

(4) 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.

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



*Regulation will apply.)*  
*[Specify details of any provision for change of*  
*Notes into another Interest Basis or*  
*Redemption/Payment Basis]*

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

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

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

(xi)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] (See Condition 5 for alternatives) <sup>3</sup>
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
(i)	Accrual Yield:	[ ] per cent. per annum
(ii)	Reference Price:	[ ]
(iii)	Any other formula/basis of determining amount payable:	[ ]
(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7(e) and 7(j)] apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)
18.	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)  (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
(i)	Index/Formula:	[give or annex details]
(ii)	Calculation Agent:	[give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]
(iv)	Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
(v)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

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

#### PROVISIONS RELATING TO REDEMPTION

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

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):  per Calculation Amount/*specify other/see Appendix*
- (iii) Notice period (if other than as set out in the Conditions):   
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, if applicable, Trustee)*
22. **Final Redemption Amount of each Note**  per Calculation Amount/ specify other / see Appendix  
*(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)*
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount:
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s):
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Payment Date:
- (vii) Minimum Final Redemption Amount:
- (viii) Maximum Final Redemption Amount:
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):  per Calculation Amount/*specify other/see Appendix*



## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: *[Bearer Notes:*  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]  
*[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]*  
*[Registered Notes:*  
Regulation S Global Note (U.S.\$[ ] nominal amount)/Rule 144A Global Note (U.S.\$[ ] nominal amount/Definitive IAI Registered Notes *(specify nominal amounts)*]  
*Book Entry Notes:*  
Book Entry Notes *(nominativas)*  
*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[ ] and integral multiples of [ ] in excess thereof up to and including [ ]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.*
- (b) New Global Note: [Yes] [No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. *NB: new forms of Global Note may be required for Partly Paid issues.*]
28. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable [*if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms*)]

30. Other final terms: [Not Applicable/*give details*]  
*(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*
- (ii) Date of Syndication Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/*give name and address*]
33. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA rules not applicable]
35. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and *specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”)* or *(if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”*] (**Offer Period**). See further Paragraph 10 of Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those*

*requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

36. U.S. federal income tax considerations additional to those disclosed in the Offering Circular: [Not Applicable/give details]
37. Additional selling restrictions: [Not Applicable/give details]

**PURPOSE OF FINAL TERMS**

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

**RESPONSIBILITY**

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

Signed on behalf of the Issuer: [Signed on behalf of the Guarantor:

By: ..... By: .....  
*Duly authorised Duly authorised]*

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## PART B – OTHER INFORMATION

1. Listing and Admission to Trading  
[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)]* with effect from [ ].] [Not Applicable.]
2. Ratings  
The Notes to be issued have been rated:  
[S&P: [ ]]  
[Moody’s: [ ]]  
[[Other]: [ ]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
3. Interests of Natural and Legal Persons Involved In the Issue  
[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]  
*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*
4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses
  - [(i) Reasons for the offer [ ]  
*(See [“Use of Proceeds”] wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
  - [(ii) Estimated net proceeds: [ ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- [(iii)] Estimated total expenses: [ ].  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)*
5. Yield (*Fixed Rate Notes only*)
- Indication of yield: [ ]
- [Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
6. Historic Interest Rates (*Floating Rate Notes only*)
- Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]
7. Performance of Index/Formula, Explanation of Effect on Value of Investment and Associated Risks and Other Information Concerning the Underlying (*Index-Linked Notes only*)
- [If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*
- (N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*
- [Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*
- [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*
- [Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*
- [(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*
- The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information.]
8. Performance of Rate[s] of Exchange and Explanation of Effect on Value of Investment (*Dual Currency Notes only*)
- [If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*



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

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

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

## 9. Operational Information

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

## 10. Terms and Conditions of the Offer

- Offer Price: [Issue Price/Not Applicable/specify]
- [Conditions to which the offer is subject:]: [Not Applicable/give details]
- [Description of the application process]: [Not Applicable/give details]

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

## FORM OF FINAL TERMS

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

### FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”) acting through its [head office/international Madeira branch “*Sucursal Financeira Internacional*”]]<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 EUR25,000,000,000  
Euro Note Programme

### PART A – CONTRACTUAL TERMS

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

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

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

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

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

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

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

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(1) Delete as appropriate

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: [ ] *(Note: Book Entry Notes may only be issued in Euro until such date as Interbolsa accepts to register and settle securities denominated in currencies other than Euro)*
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. (i) Specified Denominations: [ ]  
[ ]
- (Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:*
- “[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”)*
- (N.B. If an issue of Notes is (i) NOT minimum integral amount in which transfers can be admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.*
- Book Entry Notes will only be tradable in one Specified Denomination.)*

(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.

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

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

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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



- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(*Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
  - Interest Determination Date(s): [ ]  
(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the 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 Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
(*See Condition 5 for alternatives*)<sup>3</sup>
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

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

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

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

## PROVISIONS RELATING TO REDEMPTION

### 20. Issuer Call

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

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

### 21. Investor Put

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

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

22. **Final Redemption Amount of each Note**  per Calculation Amount/ specify other / see Appendix]  
*(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)*
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable:  [give or annex details]
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount:  [ ]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:  [ ]
  - (iv) Determination Date(s):  [ ]
  - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:  [ ]
  - (vi) Payment Date:  [ ]
  - (vii) Minimum Final Redemption Amount:  [ ]
  - (viii) Maximum Final Redemption Amount:  [ ]
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)):  per Calculation Amount/specify other/ see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: *[Bearer Notes:*  
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]  
[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
*[Registered Notes:*  
Regulation S Global Note (U.S.\$[ ] nominal amount)/Rule 144A Global Note (U.S.\$[ ] nominal amount/Definitive IAI Registered Notes (specify nominal amounts)]

Book Entry Notes:  
 Book Entry Notes (*nominativas*)  
*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.*

- (b) New Global Note: [Yes] [No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: new forms of Global Note may be required for Partly Paid issues.]
28. Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable [(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)]
30. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

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

- (ii) Date of Syndication Agreement: [ ]  
*(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).*
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA rules not applicable]
34. U.S. federal income tax considerations additional to those disclosed in the Offering Circular: [Not Applicable/give details]
35. Additional selling restrictions: [Not Applicable/give details]

### PURPOSE OF FINAL TERMS

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

### RESPONSIBILITY

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

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised]*



## PART B – OTHER INFORMATION

### 1. Listing and Admission to Trading

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

### 2. Ratings

The Notes to be issued have been rated:  
[S&P: [ ]]  
[Moody’s: [ ]]  
[[Other]: [ ]]  
[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]  
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

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

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

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

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

*the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)*

5. Yield (*Fixed Rate Notes only*)

Indication of yield: [ ]

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

6. Performance of Index/Formula, and Other Information Concerning the Underlying (*Index-Linked Notes only*)

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

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

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

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

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

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

7. Performance of Rate[s] of Exchange (*Dual Currency Notes only*)

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

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

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

8. Operational Information

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common

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

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Banco Comercial Português, S.A. (the “Bank”), acting either through its head office or through its international Madeira branch “*Sucursal Financeira Internacional*” as specified in the Final Terms relating to this Note (the “**applicable Final Terms**”), or BCP Finance Bank, Ltd. (“**BCP Finance**” and, together with the Bank in its capacity as an issuer of Notes, the “**Issuers**” and each an “**Issuer**”). References in these Terms and Conditions to the “**Issuer**” shall be references to the party specified as the Issuer in the applicable Final Terms. This Note other than a Book Entry Note (as defined below) is constituted by a Trust Deed dated 8 October, 1998 (such Trust Deed as amended and/or restated and/or supplemented from time to time, the “**Trust Deed**”) made between the Issuers and The Law Debenture Trust Corporation p.l.c. as trustee (the “**Trustee**”, which expression shall include any successor trustee). Notes in book entry form (**Book Entry Notes**) are integrated in the Interbolsa book-entry system and governed by these conditions and a deed poll given by the Bank in favour of the holders of Book Entry Notes dated 30 April, 2008 (the **Instrument**). References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency (each as defined below), (ii) definitive Bearer Notes issued in exchange (or part exchange) for a global Note, (iii) definitive Registered Notes, (iv) Book Entry Notes and (v) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 8 October, 1998 (such Agency Agreement as amended and/or restated and/or supplemented from time to time, the “**Agency Agreement**”) and made between the Issuers, Citibank, N.A., London Branch, as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent specified in the applicable Final Terms), the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Citibank, N.A., New York Branch, as registrar (the “**Registrar**”, which expression shall include any successor registrar), the transfer agents named therein (the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents), Citibank, N.A., New York Branch, as exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent), Banco Comercial Português, S.A., as Portuguese paying agent (the “**Portuguese Paying Agent**” which expression shall include any successor Portuguese paying agent) and the Trustee.

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

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

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

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

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

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms are available for inspection at the registered office of the Trustee, being at 30 April, 2008 at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents save that a Final Terms relating to a Note not listed on any stock exchange will only be available for inspection by the relevant Dealer specified in the applicable Final Terms and, upon proof satisfactory to the Trustee, the Registrar or the relevant Paying Agent or Transfer Agent, as the case may be, as to identity, by the holder of any Note to which such Final Terms relates. The Noteholders, the Receiptholders and the Couponholders (including the Book Entry Noteholders) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, or, in the case of holders of Book Entry Notes, those of the provisions of the Trust Deed that are applicable to them and the Instrument, the Agency Agreement and the applicable Final Terms which are binding on them. These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

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

## 1. Form, Denomination and Title

The Notes may be in bearer form (“**Bearer Notes**”) and/or in registered form (“**Registered Notes**”) and/or in book entry form (“**Book Entry Notes**”), as specified in the applicable Final Terms, and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided below in Condition 13, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

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

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

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

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

For so long as any of the Notes is represented by a Global Note held by a common depository or common safekeeper 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 or common safekeeper shall be treated by the Issuer, the Bank (where the Issuer is BCP Finance), the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

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

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

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

## **2. Status of the Notes**

### *(a) In the case of Senior Notes*

If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.



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

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

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

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

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

### 3. Negative Pledge

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

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

- (a) is only over such part of the undertaking or assets, present or future, of the Issuer or the Bank (where the Issuer is BCP Finance) that belonged to a company whose assets or undertaking have become part of the assets or undertaking of the Issuer or the Bank (where the Issuer is BCP Finance) pursuant to an amalgamation or merger of such company with the Issuer or the Bank (where the Issuer is BCP Finance), which security interest exists at the time of such amalgamation or merger and was not created in contemplation thereof or in connection therewith and the principal, nominal or capital amount secured at the time of such amalgamation or merger is not thereafter increased; or
- (b) is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice and whereby the amount of Indebtedness secured by such security interest or in respect of which any guarantee or indemnity is secured by such security interest is limited to the value of the assets secured; or

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

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

#### 4. Status of the Guarantee

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

The obligations of the Bank under the Guarantee constitute:

- (a) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and rank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those that have been accorded by law preferential rights; and
- (b) in the case of Subordinated Notes, direct, unconditional and unsecured obligations of the Bank, save that the claims of the holders of the Notes and the relative Receipts and Coupons in respect of payments pursuant thereto will, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) be subordinated to the claims of all Senior Creditors of the Bank (as defined in Condition 2(c)). The subordination of the Guarantee is for the benefit of the Bank and all Senior Creditors of the Bank.

#### 5. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to the Maturity Date. Interest on Fixed Rate Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders of Book Entry Notes in accordance with Interbolsa’s usual rules and operating procedures.

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

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified

Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

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

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

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

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

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

(i) Interest Payment Dates

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

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the Calculation Period in the applicable Final Terms after the preceding Specified Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). Interest on Floating Rate Notes or Index Linked Interest Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding Floating Rate Notes or Index Linked Interest Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

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

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

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

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

- (ii) Rate of Interest

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

- (iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in

the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

(iv) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

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

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

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

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

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

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

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

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

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

- (a) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “**Actual/360**” is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;



- (e) if “30/360”, “360/36” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(vii) Notification of Rate of Interest and Interest Amount

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

(viii) Determination or Calculation by Trustee

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

(ix) Certificates to be Final

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

(c) *Interest on Dual Currency Interest Notes*

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

*(d) Interest on Partly Paid Notes*

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

*(e) Accrual of Interest*

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

## **6. Payments**

*(a) Method of Payment*

Subject as provided below:

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

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

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

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment only of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used 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 unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

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

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

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

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

- (a) is or falls before the due date for payment of principal and or interest; and
- (b) is a TARGET Settlement Day.

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

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

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

Unless otherwise specified, the holder of a global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and

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

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

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

- (A) the Issuer and the Bank (where the Issuer is BCP Finance) have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Bank (where the Issuer is BCP Finance), adverse tax consequences to the Issuer or the Bank (where the Issuer is BCP Finance).

(c) *Payment Day*

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and

- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and, in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, not a day on which banking institutions are authorised or required by law or regulation to be closed in New York City.

*(d) Interpretation of Principal and Interest*

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

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

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

## **7. Redemption and Purchase**

*(a) Redemption at Maturity*

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

*(b) Redemption for Tax Reasons*

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

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



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

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Bank (where the Issuer is BCP Finance) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Bank (where the Issuer is BCP Finance) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

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

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

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

- (i) not less than 30 nor more than 60 days' notice (or such period as specified in the applicable Final Terms) to the Noteholders in accordance with Condition 15; and
- (ii) not less than 30 days before the giving of the notice (or such period as specified in the applicable Final Terms) referred to in (i), notice to the Trustee and (in the case of a redemption of Registered Notes), the Registrar,

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

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

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

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

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

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

(e) *Early Redemption Amounts*

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

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including instalment Notes and a Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

"RP" means the Reference Price;

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

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

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

(f) *Instalments*

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

(g) *Partly Paid Notes*

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

(h) *Purchases*

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

(i) *Cancellation*

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

(j) *Late Payment on Zero Coupon Notes*

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

- (i) date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the fifth day after the date on which the full amount of the moneys payable has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholder either in accordance with Condition 15 or individually.

## 8. **Taxation**

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

- (i) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having

some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; and/or

- (ii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is able to avoid such withholding or deduction by making a declaration of non-residence or other claim for exemption to the relevant tax authority; and/or
- (iii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder in respect of whom the information and documentation (which may include certificates) required in order to comply with Decree-Law 193/2005 of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; or
- (iv) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder of whom the information and documentation required in order to comply with Madeira Free Trade Zone tax regime, and any implementing legislation, is not received before the Relevant Date; or
- (v) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Noteholders before the Relevant Date, and (ii) who is resident in one of the contracting states; or
- (vi) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder resident in a tax haven jurisdiction as defined in Order 150/2004, of 13 February 2004 (Portaria do Ministro das Financas e da Administraação Pública nº 150/2004), as amended from time to time, issued by the Portuguese Ministry of Finance, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in the Portuguese Republic.
- (vii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(c)); and/or
- (viii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or
- (ix) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) “**Tax Jurisdiction**” means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BCP Finance) or Portugal or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Bank) or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which BCP Finance or the Bank become subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons, and
- (ii) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent, the Registrar or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## 9. Prescription

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

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

## 10. Events of Default

### (a) *Events of Default relating to Senior Notes*

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

- (i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or
- (ii) the Issuer or the Bank (where the Issuer is BCP Finance) fails to perform or observe any of its other obligations in respect of the Notes or under the Trust Deed or (in the case of Book Entry Notes) the Instrument and ((in the case of Notes other than Book Entry Notes) except where, in the opinion of the Trustee, such default is not capable of remedy where no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or (in the case of Notes other than Book Entry Notes) such longer period as the Trustee may permit) after notice has been given to the Issuer or, as the case may be, the Bank requiring the same to be remedied; or
- (iii) the repayment of any indebtedness owing by the Issuer or by the Bank (where the Issuer is BCP Finance) is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or the Bank (where the Issuer is BCP Finance) defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event referred to in this sub-paragraph (iii) shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred shall exceed U.S.\$25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to one per cent. of the Bank’s Shareholders’ Funds (as defined below); or
- (iv) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (where the Issuer is BCP Finance) (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or
- (v) the Issuer or the Bank (where the Issuer is BCP Finance) shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or
- (vi) the Issuer or the Bank (where the Issuer is BCP Finance) shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or
- (vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or the Bank (where the Issuer is BCP Finance) or in relation to the whole or a substantial part of the assets of either of them or a temporary manager of the Bank is appointed by the Bank of Portugal or an encumbrancer shall take possession of the whole or a substantial part of the assets of the Issuer



or the Bank (where the Issuer is BCP Finance), or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of either of them and in any of the foregoing cases it or he shall not be discharged within 60 days; or

- (viii) the Bank sells, transfers, lends or otherwise disposes of the whole or a substantial part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis; or
- (ix) except where the Issuer has been substituted as principal debtor pursuant to Condition 18, the Issuer (where the Issuer is BCP Finance) ceases to be a Subsidiary wholly owned and controlled, directly or indirectly, by the Bank; or
- (x) (where the Issuer is BCP Finance) the Guarantee is terminated or shall cease to be in full force and effect,

then,

- (a) in respect of Notes other than Book Entry Notes, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e)) together with accrued interest (as provided in the Trust Deed) provided that, in the case of any such Events of Default other than those described in subparagraphs (i) and (iv) above, the Trustee shall have certified in writing to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders; and
- (b) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Bank and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e) together with accrued interest (as provided in the Instrument)).

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

*(b) Events of Default relating to Subordinated Notes*

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

- (i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or
- (ii) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (where the Issuer is BCP Finance) (other than for the purposes of an amalgamation, merger or reconstruction on terms previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders),

then,

- (a) in respect of Notes other than Book Entry Notes the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early



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

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

## 11. Enforcement

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

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

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

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

### (a) Exchange of Bearer Notes for Registered Notes

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

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

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

*(b) Form of Registered Notes*

Registered Notes of each Tranche sold outside the United States in reliance on Regulation S (“**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 (“**Rule 144A**”), together with the Restricted Global Notes, are referred to herein as “**Restricted Notes**”.

Registered Notes of each Tranche sold to accredited investors that are institutions (as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act) (“**Institutional Accredited Investors**”) who agree to purchase the Notes for their own account and not with a view to the distribution thereof will be in definitive form, registered in the name of the holder thereof.

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

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

*(c) Transfers of Registered Global Notes*

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

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

Prior to the expiry of the 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 U.S. federal securities laws and with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i)(A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (i)(B) above, such transferee may take delivery only through a Legended Note in definitive form. After the expiry of the applicable Distribution Compliance Period (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 U.S. federal securities laws or with applicable securities laws of any state of the United States,

in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through

DTC and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

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

Registered Notes may not be exchanged for Bearer Notes.

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

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

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

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

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

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

*(h) Registration of transfer upon partial redemption*

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

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

(i) *Closed Periods*

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

(j) *Costs of exchange or registration*

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

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

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

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

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

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

- (i) so long as the Notes are listed on any stock exchange (or any other relevant authority), there will at all times be a Paying Agent (which may be the Agent), in the case of Bearer Notes, and a Transfer Agent (which may be the Registrar), in the case of Registered Notes, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be a Paying Agent with a specified office in a principal financial centre approved by the Trustee in continental Europe;
- (iii) in the case of Bearer Notes, there will at all times be an Agent;
- (iv) in the case of Registered Notes, there will at all times be a Registrar with a specified office in New York City and, so long as the Notes are listed on any stock exchange (or any other relevant authority), in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (v) in the case of Registered Notes, there will at all times be a Transfer Agent having a specified office in a place approved by the Trustee;



- (vi) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and
- (vii) the Issuer undertakes that it will maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

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

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

#### **14. Exchange of Talons**

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

#### **15. Notices**

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

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Clearstream, Luxembourg and/or Euroclear or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear or DTC for communication by them to the holders of the Notes and, in addition, for so long as any



Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Clearstream, Luxembourg and/or Euroclear or DTC, unless otherwise specified in the applicable Final Terms.

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

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

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

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

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

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

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders and Couponholders (whatever their number) resulting 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 save that, with respect to Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law. Clauses 2(H) and 7(H) of the Trust Deed (in so far as they relate to Subordinated Notes) and Conditions 2(c) and 4(b) are governed by, and shall be construed in accordance with, Portuguese law. In each case, the application of such governing law shall be without prejudice to the applicability, under the conflicts rules applicable in the relevant forum, in the light of such submission, of Cayman Islands law (in relation to matters concerning BCP Finance) or Portuguese law (in relation to matters concerning the Bank as an Issuer or as guarantor, as the case may be).
- (b) Each of BCP Finance and the Bank has in the Trust Deed irrevocably agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons may be brought in such courts.
- (c) Each of BCP Finance and the Bank has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (d) Each of BCP Finance and the Bank has in the Trust Deed appointed the London Representative Office of Banco Comercial Português, S.A. at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of it ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

## USE OF PROCEEDS

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

## BCP FINANCE BANK, LTD.

### Introduction

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

The Registered Office of BCP Finance is 3rd floor, Strathvale House, 90 North Church Street, P.O. Box 30124, George Town, Grand Cayman, KY1-1201, Cayman Islands. Its local Agent and Authorised Representative is BCP Bank & Trust Company Ltd., at the same address with telephone and telefax number: (1) 345 949 8322 and (1) 345 949 7743, respectively. Both BCP Finance and BCP Bank & Trust Company Ltd. (BCP B&T) are wholly owned subsidiaries 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 the Issuer</i>
Filipe Maria de Sousa Ferreira Abecasis	Chairman and Director	General Manager of BCP and Head of the Corporate Centre of the BCP Group.
Helena Soares Carneiro	Vice-Chairman and Director	Director and General Manager of BCP Bank & Trust Company Ltd.
Belmira Abreu Cabral	Director	Manager of BCP and Head of Accounting of the BCP Group.
José Carlos de Castro Monteiro	Director	Director and Senior Private Banker of BCP Bank & Trust Company Ltd.
Alex Antonio Urtubia	Director	Director and IT and Resources Manager of BCP Bank & Trust Company Ltd.

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

The business addresses of each of the Directors of BCP Finance are (i) in the case of Filipe Maria de Sousa Ferreira Abecasis and Belmira Abreu Cabral, Banco Comercial Português S.A., Rua Augusta, 62-84, 1149-023, Lisbon, Portugal, and (ii) in the case of Helena Soares Carneiro, José Carlos de Castro Monteiro and Alex Antonio Urtubia, 3rd floor, Strathvale House, 90, North Church Street, George Town, P.O. Box 30124, Grand Cayman, KY1-1201, Cayman Islands.

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

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

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

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

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

### **Audit Committee**

The Audit functions of BCP Finance are centralised in the structures of the Banco Comercial Português Group specialised in these activities.

### **Activities**

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 of the Banco Comercial Português Group. The objects for which BCP Finance were 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 of BCP Finance are not listed on any stock exchange and are not dealt in any recognised market.

The authorised share capital of BCP Finance is U.S.\$ 246,000,000 divided into 214,500,000 Ordinary Shares of U.S.\$1.00 par value each and 31,500,000 Series A Floating Rate Non-Cumulative Non-Voting Preference Shares of U.S.\$1.00 par value each (“**Series A Preference Shares**”).

During the course of 2007, BCP Finance carried out three share capital increases, as follows:

- On 22 January, BCP Finance increased its issued share capital from U.S.\$218,000,000 to U.S.\$226,000,000 by the issue of 8,000,000 additional Ordinary Shares of nominal value of U.S.\$1.00 par value each. These shares were fully subscribed and paid up by BCP Internacional II, S.G.P.S., Soc. Unipessoal, Lda, a holding company of the Banco Comercial Português Group.

- On 22 June, BCP Finance increased its issued share capital from U.S.\$226,000,000 to U.S.\$233,000,000 by the issue of 7,000,000 additional Ordinary Shares of nominal value of U.S.\$1.00 par value each. These shares were fully subscribed and paid up by BCP Internacional II, S.G.P.S., Soc. Unipessoal, Lda.



- On 19 December, BCP Finance increased its issued share capital from U.S.\$233,000,000 to U.S.\$246,000,000 by the issue of 13,000,000 additional Ordinary Shares of nominal value of U.S.\$1.00 par value each. These shares were fully subscribed and paid up by BCP Internacional II, S.G.P.S., Soc. Unipessoal, Lda.

Following the three referred share capital increases, the issued share capital of BCP Finance increased to U.S.\$ 246,000,000 divided into:

214,500,000 Ordinary Shares of U.S.\$1.00 par value 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 of U.S.\$1.00 par value each (“**Series A Preference Shares**”), issued to BCP Internacional II, S.G.P.S., Soc. Unipessoal, Lda.

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

## **General**

KPMG, with address at Century Yard Cricket Square, PO Box 493, George Town, Grand Cayman, KY1-1201, Cayman Islands, are the auditors of BCP Finance (having been appointed by the Board of Directors on 31st March, 1998 and have audited all the Issuer’s annual reports including the two latest ones, for the years ended 31st December, 2006 and 2007).

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

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

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

Other than the execution of any Subscription Agreement, the Dealer Agreement, and any amendments thereof, the Agency Agreement and any amendments thereof, the Trust Deed, the Instrument and the Notes under the Programme, under the current €25,000,000,000 Euro Note Programme (the “Programme”), BCP Finance has not entered into any contract outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to the holders of the Notes issued under the Programme.

BCP FINANCE BANK, LTD.

Audited Balance Sheets as at 31 December, 2007 and 2006

(Amounts expressed in thousands of USD)

	2007	2006
<i>Assets</i>		
Cash and cash equivalents .. .. .	539	59
Loans and advances to credit institutions .. .. .	26,812,373	23,053,458
Financial assets held for trading .. .. .	97,258	58,905
Investments .. .. .	3,259,268	2,910,337
Hedging derivatives .. .. .	71,905	137,138
Other assets .. .. .	-	9,431
<b>Total Assets .. .. .</b>	<b>30,241,343</b>	<b>26,169,328</b>
<i>Liabilities</i>		
Amounts owed to credit institutions .. .. .	723,033	718,165
Debt securities .. .. .	25,601,187	22,641,447
Financial liabilities held for trading .. .. .	130,782	84,726
Other financial liabilities at fair value through profit or loss .. .. .	626,349	-
Hedging derivatives .. .. .	2,713	3,436
Subordinated debt .. .. .	2,551,954	2,292,941
Other liabilities .. .. .	20,712	240
<b>Total Liabilities .. .. .</b>	<b>29,656,730</b>	<b>25,740,955</b>
Shareholder's Equity		
Share capital		
Ordinary shares .. .. .	214,500	186,500
Preference shares .. .. .	31,500	31,500
Reserves and retained earnings .. .. .	338,613	210,373
<b>Total Shareholder's Equity .. .. .</b>	<b>584,613</b>	<b>428,373</b>
	<b>30,241,343</b>	<b>26,169,328</b>

BCP FINANCE BANK, LTD.

Audited Statements of Income and Retained Earnings  
for the years ended 31 December, 2007 and 2006

(Amounts expressed in thousands of USD)

	2007	2006
Interest income .. .. .	1,342,599	750,691
Interest expense .. .. .	1,320,223	720,927
Net interest income .. .. .	<u>22,376</u>	<u>29,764</u>
Operating income		
Profits arising from trading and hedging activities .. .. .	308,666	229,711
	<u>308,666</u>	<u>229,711</u>
Operating expenses		
Commissions .. .. .	-	1
Losses arising from trading and hedging activities .. .. .	319,270	266,348
Other administrative expenses .. .. .	276	690
Other expenses .. .. .	75	78
	<u>319,621</u>	<u>267,117</u>
Net income/ (loss) for the year .. .. .	<u>11,421</u>	<u>(7,642)</u>
Retained earnings at the beginning of the year .. .. .	79,832	78,647
Dividends paid		
On Ordinary Shares .. .. .	(79,807)	-
On Preference Shares .. .. .	(1,851)	-
Exchange differences arising on translation of retained earnings .. .. .	768	8,827
Retained earnings at the end of the year .. .. .	<u><u>10,363</u></u>	<u><u>79,832</u></u>

**BCP FINANCE BANK, LTD.**

**Audited Statements of Cash Flows  
for the years ended 31 December, 2007 and 2006**

(Amounts expressed in thousands of USD)

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
Interest income received .. .. .	1,236,596	750,691
Interest expense and other expense paid .. .. .	(1,292,700)	(721,005)
Net cash flows from trading and hedging activities .. .. .	25,948	47,077
Operating fees and other payments .. .. .	(276)	(993)
(Increase) / decrease in operating assets		
Loans and advances to credit institutions .. .. .	(3,625,369)	(8,843,132)
Other assets .. .. .	9,431	37,922
Increase / (decrease) in operating liabilities		
Amounts owed to credit institutions .. .. .	3,112	158,627
Other liabilities .. .. .	20,472	(2,037)
	<u>(3,622,786)</u>	<u>(8,572,850)</u>
<b>Cash flows from investing activities</b>		
Subordinated loans matured .. .. .	(339,104)	(266,242)
	<u>(339,104)</u>	<u>(266,242)</u>
<b>Cash flows from financing activities</b>		
(Repayment)/proceeds from issuance of debt securities .. .. .	3,566,688	8,659,270
Proceeds from issuance of subordinated debt .. .. .	252,572	170,436
Proceeds from issuance of share capital .. .. .	28,000	-
Share premium proceeds from issuance of share capital .. .. .	196,000	-
Dividends paid .. .. .	(81,658)	-
	<u>3,961,602</u>	<u>8,829,706</u>
Exchange differences arising on translation of retained earnings and income for the period at year-end rates .. .. .	768	8,827
	<u>768</u>	<u>8,827</u>
Net decrease in cash and cash equivalents .. .. .	480	(559)
Cash and cash equivalents at the beginning of the year .. .. .	59	618
Cash and cash equivalents at the end of the year .. .. .	<u>539</u>	<u>59</u>

## DESCRIPTION OF THE BUSINESS OF THE GROUP

### A. History and Development of the Bank

#### *Overview*

Millennium bcp (“BCP” or “Millennium” or “Banco Comercial Português”) is the main bank within the Group of companies, the largest banking group in Portugal in terms of the number of branches and the second largest in terms of total assets, of loans to customers (gross, excluding off-balance sheet securitisation) and customer deposits, as of 31 December, 2006 (based on data from the Portuguese Banking Association). The Group is engaged in a wide range of banking products and related financial services, in Portugal and internationally, namely demand accounts, payment means, savings and investment, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group is renowned in Europe and Africa through its operations in Poland, Greece, Romania, Switzerland and Turkey, and in Mozambique and Angola, as well as its operations in the United States of America (“USA”), all of which operate under the Millennium brand.

On 31 December, 2007, the Group had total assets of 88,166 million euros and total customers’ funds (consisting of amounts due to customers including securities, assets under management and capitalisation insurance) of 63,953 million euros. Net loans amounted to 65,650 million euros. The Group’s capital ratio stood at 9.6 per cent. on 31 December, 2007 according to Bank of Portugal rules (tier one: 5.5 per cent.).

Based on the latest available data from the Portuguese Banking Association, the Bank accounted for 21.2 per cent. of total assets, 24.9 per cent. of loans to customers and 21.2 per cent. of customers’ deposits in the Portuguese banking sector on 31 December, 2006. In addition, on 31 December, 2007, the Bank was one of the largest companies listed on Euronext Lisbon in terms of market capitalisation (10.5 billion euros).

The Bank’s registered offices are located at Praça Dom João I, 28, 4000–295 Porto, with telephone number +351 213 211 000.

#### *Bank History*

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

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

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

The Bank developed a clear option for an internationalisation strategy, after the consolidation of a relevant position in the Portuguese market. From the beginning, the aims underlying the involvement in a process of internationalisation were businesses with strong growth prospects in foreign markets with a close historical connection with Portugal or that have large communities of Portuguese origin – including

Mozambique, Macao, Luxembourg, France, USA and Canada – and in markets where there is a strong commercial rationale for establishing banking operations following a similar business model to the one the Bank has adopted in its Portuguese market – Poland and Greece. The access to specialised know-how and the new organisational capabilities led to the development of strategic partnerships with selected foreign financial institutions. These included alliances with Fortis for bancassurance in Portugal, Eureko for bancassurance in other markets, Banco Sabadell in Spain, according to which Millennium bcp provides support to Banco Sabadell customers in Portugal and Banco Sabadell provides support to Millennium bcp customers in Spain, F&C Investments, for the asset management of the Group, and, in 2007, the signature of an agreement in principle to establish a partnership with Sonangol, foreseeing the subscription of up to 49.99% of Banco Millennium Angola through a capital increase.

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Bank launched a retail operation with BBG in the Polish market under the name “Millennium”. This joint venture was controlled jointly by the Bank and BBG. As part of a restructuring of BBG in 2002, the Bank and BBG decided to merge their Millennium joint venture into BBG and establish one banking operation. During the fourth quarter of 2002, the Bank increased its shareholding in BBG to 50 per cent. of its share capital. At the start of 2003, BBG changed its name to Bank Millennium. All existing BBG branches and brands were rebranded under the name “Bank Millennium”. On 16 December, 2006, BCP acquired 131,701,722 shares in Bank Millennium corresponding to 15.51% of its share capital and voting rights, at the price of PLN 7.30 per share, thus increasing its participation to 65.51% of the share capital and voting rights.

In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A. (“**Interamerican**”), one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50 per cent. of NovaBank’s share capital and controlling rights, Millennium bcp wholly owns NovaBank. Following the brand change in all the Group operations in 2006, Novabank started to operate with the designation of Millennium bank.

The joint take-over bid for the whole share capital of Atlântico led to further cooperation between the Bank and the José de Mello Group, which was Império’s largest shareholder, which culminated in the merger of the Bank’s financial services business with that of the José de Mello Group in January 2000. The merger included the purchase from the José de Mello Group of its subsidiaries Uniparticipa and Finimper that, in turn, controlled 51 per cent. of the share capital of each of Banco Mello and Império, respectively. Subsequently, the Bank launched public offers for the minority interests in Banco Mello and Império. In June 2000, Banco Mello was merged into the Bank.

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

With a view to strengthening the focus on the core business of distribution of financial products, including bancassurance, and to optimise capital consumption, important agreements were established in 2004 with the CGD group relating to non-bancassurance insurance, and with the Belgian-Dutch group Fortis involving the bancassurance business. In the former case, the agreement involved the sale of the whole of the share capital of insurers Império Bonança and Seguro Directo, and of Impergesto and Servicomercial. The agreement with Fortis involved the sale of 51 per cent. of the share capital and the transfer of management control of the insurers Ocidental – Companhia Portuguesa de Seguros, S.A. (“**Ocidental**”), Ocidental – Companhia Portuguesa de Seguros de Vida, S.A. (“**Ocidental Vida**”) and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. (“**Médis**”), and of the pension-fund manager Pensõesgerere – Sociedade Gestora de Fundos de Pensões, S.A. (“**Pensõesgerere**”). Following approval by the relevant authorities, these operations took place in the first half of 2005. In the scope of this partnership, Fortis increased its shareholding in the Bank to 4.99 per cent. in September 2005. As a consequence of the two BCP share capital increases that took place in 2006, Fortis’s shareholding in the Bank decreased to 4.94 per cent. In September 2007 Fortis disposed of its qualified holding in the share capital of BCP.

During 2005, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, with emphasis on: finalisation of the sale of Crédilar; the sale to Santander Consumer Finance of the BCP holding in Interbanco (50.001 per cent. of the Interbanco share capital); the agreement with Hong Kong-based Dah Sing Bank Limited for the sale of the banking and insurance businesses carried on in



Macao, while ensuring the continuation of the local Millennium bcp branch; the sale of shareholdings in Friends Provident, Banca Intesa, PZU and the reduction of the holding in EDP. These were measures of strategic scope that generated considerable capital gains and made a determinant contribution to the increase of Millennium bcp's own funds.

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

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

Millennium bcp made a preliminary public announcement on 13 March, 2006 for the launch of a General Tender Offer for the acquisition of the shares representing the total share capital of Banco BPI, S.A. ("BPI"). On 16 March, 2007, the final decision from the Portuguese Competition Authority of non-opposition to the acquisition by BCP of BPI through the public takeover preliminarily announced on 13 March, 2006, was formally notified, with the imposition of certain conditions and obligations designed to guarantee compliance with the undertakings ("remedies") assumed by the notified party, aimed at ensuring that effective competition was to be maintained in the different markets analysed. On 5 April, 2007, CMVM granted the final registration of the General Tender Offer for the acquisition of BPI. On 7 May, 2007, the results of the general tender offer for the acquisition of the shares representing the share capital of Banco BPI, S.A. by BCP determined that the offer was not successful.

During 2007 BCP sold 1.954% of Sabadell and 1.641% of EDP shareholdings to BCP pension fund. Also, following the agreement with Group Banco Santander (Portugal) and BCP Pension Fund, represented by its management company PensõesGere, for the acquisition by BCP of BPI shares, the Bank acquired a 10.50% shareholding in Banco BPI S.A. On 31 May, Banco Comercial Português announced the reduction, through the sale in the Euronext stock exchange, of its shareholding in Banco BPI S.A. from 12.30% to 9.9988%.

Banco Comercial Português, S.A. received, on 25 October, 2007, a proposal from Banco BPI, S.A. to negotiate a possible merger of the two banks. On 30 October, 2007, the Executive Board of Directors of Banco Comercial Português S.A., following the Senior Board meeting held and based on the opinion issued by this corporate body on the subject, and after consulting the Supervisory Board, considered the terms of the proposal inadequate and unacceptable and also resolved, in accordance with the position that it has for a long time upheld, to express to the Board of Directors of BPI its willingness to initiate talks with the purpose of reaching a merger agreement, as long as this process was not subject to previous conditions of any nature whatsoever and that the ultimate objective would be to reach an equitable solution and create, from a strategic standpoint, a fully autonomous institution. On 25 November, 2007, the talks that had started on the 6 November, 2007 with BPI, with the aim of reaching a possible merger agreement between the two Banks, were concluded without success.

## **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. The bank operates in foreign markets, being present in the following markets: Poland, Greece, Mozambique, Angola, Turkey, USA, Switzerland and Romania. In Portugal, the Bank's operations are primarily retail banking, but the Bank offers a range of additional financial services. The Bank also engages in a number of international activities and partnerships.

The Bank's banking products and services include demand accounts, payment means, savings and investment, mortgage loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others. The Bank's domestic retail banking activities, conducted mainly through its marketing and distribution network in Portugal, 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.

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

### *Strategy*

In recent years, Millennium bcp's strategic priorities have been reflected in the pursuit of the goals set up in the Millennium Programme begun at the end of 2003, which defined concrete, ambitious objectives and resulted in the implementation of a large number of measures that allowed the achievement of a higher profitability threshold. Millennium bcp aspired to be a leading bank, with a focus on retail business in Portugal, Poland and Greece. Millennium bcp's strategy was based on three pillars: strict capital management; maximisation of the value of the domestic retail network; and a focus on Poland and Greece as growth markets.

In March 2005, the Bank drew up a rigorous definition of its Vision, Mission and Values, and the Action Priorities and Foundational Principles were also defined. The strategic priorities consisted of fulfilling the Millennium Programme, and responding to new challenges and competitive demands, while pursuing the strategic goals set up for the short, medium and long term. A new organisational model was implemented, based on the set-up of the Coordination Committees and Specialised Commissions.

During February 2008, a new Strategic Vision was established for 2008-10. Millennium bcp aspires to be a reference bank in Customer Service, on the basis of innovative distribution platforms. Its growth will be focused on Retail, in which over two-thirds of the capital should be allocated to retail and companies, in markets of high potential, with an annual growth of business volumes of more than 10% and superior efficiency levels, reflected in a commitment to achieve a benchmark cost-to-income ratio and efficiency in capital management.

Millennium bcp's strategic priorities are now based on five pillars:

- Refocusing on the Customer, stimulating commercial activity and improving service levels – reinforcement of efforts to attract Customers and introducing new Customer retention and relationship mechanisms to underpin gains of market share, especially in an increasingly competitive market such as Portugal;
- Expanding retail operations in high-potential markets – focus on the historically most profitable segment, in which Millennium bcp's execution skills are strongest in the various countries. This should be translated into the expansion of the distribution network by 100 new branches in Portugal, 150 in Poland and more than 200 branches in other geographies in the next three years;
- Strengthening pricing and risk and capital discipline – improving efficiency in the allocation of capital, the key to value creation and to minimisation of the impact of rising costs of financing, within the context of a more challenging market;

- Simplifying the Bank with a view to achieving greater efficiency – aggressive simplification of the Bank’s structure, procedures and commercial model to allow the Bank to operate with an operating efficiency at best practice levels; and
- Strengthening institutional reputation – reinforcement the Bank’s image of credibility to a level commensurate with its position as a modern bank oriented towards its Customers.

The 2010 Millennium bcp Programme, initially launched in June 2007, was also revised and is now focused on 12 operational initiatives, and commitment to discipline in its execution is critical. The various initiatives are grouped by strategic priority.

In respect of the first strategic priority – Refocusing on the Customer – two new initiatives are to be launched: (i) Attracting more Customers, retaining Customers and ensuring their loyalty, with a greater focus on customers’ funds; and (ii) Strengthening commercial dynamics and improving service levels. Within the scope of this pillar, three initiatives were revised: Reinforcement of the position in the SME segment, increasing penetration in consumer credit and implementing a new commercial model for the Corporate and Business Segments.

Within the scope of the second strategic priority – expansion of retail operations in high-potential markets – worthy of note is the revision of the enlargement of distribution capacity in retail, with formats and models adapted to each market, including opening about 100 new branches in Portugal, some 150 in Poland (in addition to the “Small Businesses” branches), about 45 in Greece (in addition to the “Affluent” and “Micro-Business” branches), about 60 in Romania (which represents the second stage of this operation), and more than 100 branches in other geographies.

In connection with the third strategic priority – strengthening pricing and risk and capital discipline – two new initiatives are launched, consisting of strengthening and simplifying credit-recovery processes and aligning pricing in accordance with the risk and with capital consumption in the scope of Basel II, restructuring the loan-portfolio mix, with a greater focus on Retail. In this pillar, mention is also made of the revision of an initiative to increase solvency levels, especially through divestment in non-core assets or non-interest generating assets.

The fourth strategic priority consists of the simplification of the Bank, aggressively reducing costs with a view to achieving superior levels of efficiency. This includes two initiatives that have been revised from the previous programme – simplification of the organisation and aggressive restructuring of the cost base – and implementation of a new, “lean” operational model at the branches.

With regard to the last strategic priority, which consists of strengthening the institutional reputation, new operational initiatives were launched, involving increasing management transparency, strengthening of the institutional image, promotion of flawless Client service levels, and rigorous risk and communication policies, among others.

### *Business Model*

Since 1996, the Bank has integrated its back office operations, namely in technological, operational, administrative and purchasing services. These services are provided at cost to all members of the Group, namely in a standardised back-office to take advantage of economies of scale and better allocate its resource management and capabilities. Some of the back office operations are provided by the subsidiary Millennium bcp Prestação de Serviços A.C.E. (former Servibanca), which plans, monitors and controls costs and service levels associated with the Group activities and carries out several operating and technological services and represents its associates regarding third parties, namely in the areas of IT, operations, administration and procurement. In 2005 Millennium bcp rolled out a new organisational model to respond to the latest challenges and demands in the operating environment and to secure its short, medium and long-term strategic objectives.

Group co-ordination was restructured, and now comprises seven units. There are five business areas – Retail Banking, Corporate and Companies, Private Banking and Asset Management, Investment Banking and European Business; and two Service Units – Banking Services and Corporate Areas. The responsibility for Investment Banking will not integrate the Coordination Committees, as it has a specific governance model. The global coordination of operations in Africa and in America is held directly by the Members of the Executive Board of Directors of Millennium bcp responsible for those operations, because the specificities of the markets in which the operations are developed justify individual treatment and consequently would not

benefit from their integration in Coordination Committees. The Bank's strategy programme for 2008-2010, Millennium 2010, is the direct responsibility of the CEO.

The strategic approach of Retail Banking in Portugal is to target "mass market" customers, who appreciate a value proposition based on innovation and speed, and "prestige" and "business" customers, who as a result of their specific interests, financial assets or income require a value proposition based on innovation and personalisation and a dedicated Account Manager. Retail Banking comprises also ActivoBank7, a universal online Bank, which maintains a focus on brokerage and on the selection and counselling of long-term investment products. Within the scope of the Group's cross-selling strategy, Retail Banking acts as a distribution channel for financial products and services of Millennium bcp as a whole.

The Corporate and Companies segment includes the Corporate network in Portugal, dedicated to corporate and institutional customers with an annual turnover in excess of Euro 100 million, providing a complete range of value added products and services, and the Companies network in Portugal, which covers the financial needs of companies with an annual turnover of between Euro 7.5 million and Euro 100 million, focused on innovation and on an overall offer of traditional banking products complemented by specialised financing, and also the International Division.

The Investment Banking business is undertaken essentially by Millennium investment banking, which develops activities in capital markets, by providing strategic and financial advisory, specialised financial services – project finance, corporate finance, securities brokerage and equity research – and by structuring risk-hedging derivatives products.

The Private Banking and Asset Management activity comprises: the Private Banking network in Portugal, Millennium Banque Privée, a private banking platform incorporated under Swiss law, and the subsidiaries companies specialising in the asset management business.

The Foreign Business comprises the European business and other operations outside Europe. The Foreign Business includes several operations outside Portugal, namely in Poland, Greece, Turkey, Romania, Mozambique, Angola and the USA. In Poland the Group is represented by a universal bank, and in Greece by an operation based on the innovation of products and services. The activity in Turkey is performed through an operation focused on the provision of financial advice, and in Romania it is represented by a greenfield operation, which started its activity in 2007, focusing on the following segments: mass market and business, companies and affluent individuals. All these operations develop their activities under the same commercial brand of Millennium bank. The Group is also represented in Mozambique by Millennium bim, a universal bank targeting both companies and individual customers, in Angola by Millennium Angola, a bank focused on individual customers and public and private sector companies and institutions, and in the United States of America by Millennium bcpbank, a local bank that serves the local population, namely the Portuguese Community Banking Network in Portugal.

The Bank's activities are conducted in Portugal through its customer-oriented marketing and distribution network with 885 branches as at the end of 2007. In addition to providing retail banking products and services, the Bank's banking distribution network also serves as a distribution channel for certain specialised products and services of the Bank, including investment banking, mortgage lending, consumer credit, specialised credit, asset management and insurance. The business in Portugal accounts for 82% of total assets, 80% of total customers' funds, 83% of loans and advances to customers and 80% of net income.

### *Other Financial Services in Portugal*

#### *Mortgage Lending*

The Bank entered the mortgage lending business in 1992, when it launched, in association with Cariplo – Cassa di Risparmio delle Provincie Lombarde S.p.A. ("Cariplo") (now a part of the Italian financial group Banca Intesa), an autonomous mortgage bank, Banco de Investimento Imobiliário, S.A. ("BII"). BII was 69.9 per cent. owned by the BCP Group, with the remaining 30.1 per cent. being owned by Banca Intesa. BII previously distributed its mortgage products through the Bank's marketing and distribution networks, as well as through its own retail outlets. On 21 September, 2005, the Bank reached an agreement with Banca Intesa for the unwinding of the joint venture arrangements regarding BII. In October 2005 the Bank acquired 30.1 per cent. of the capital of BII owned by Intesa, becoming the sole shareholder of BII. Currently BII is running the book of outstanding mortgage credit originated until mid 2007, which will progressively reduce over time.

### *Online banking*

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

In 2002 ActivoBank7 became 100% owned by BCP Group, striving to consolidate its position as the first Portuguese bank in the market specialised in offering investment solutions to the private sector online. By transferring its well established framework and methods to the internet, the Bank is able to offer the best financial products from the most prestigious national and international investment houses.

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

The introduction of innovative products that bring real value for Customers and the constant focus on quality, designed to ensure the provision of a service of excellence, constitute the basic direction of the business carried on by the Bank.

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

### *Insurance*

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

### *Foreign Business*

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

### *European Business*

#### *Poland*

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

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



With a network of more than 400 retail branches and 30 company centres supported by an efficient sales platform and increasing brand recognition, Bank Millennium has experienced one of the strongest rates of growth in the Polish banking market. At the same time, it has reinforced its position in select product categories, in particular mortgage loans, leasing and credit cards, by combining the selling potential of its own distribution networks with specialised external sales forces.

Bank Millennium had a particularly good year in 2007. The bank was successful in increasing its size, its competitive capacity in several segments and its market recognition. It also significantly improved all its profitability indicators, meeting its medium-term financial goals established for December 2008 more than a year ahead of schedule. During 2007, the bank opened 128 new retail branches, including 45 that were renovated, increasing the total number of retail branches to 410. The results of these new branches exceeded expectations both in the rate of attracting new customers and in terms of the average revenue per customer. In June 2007, the Bank announced the launch of the second stage of its branch expansion project, by which the Bank plans the opening of another 100 branches by 2009. The year was also marked by a sharp increase in the total number of customers to almost one million, with net growth of more than 189,000 customers.

The bank has continued to strike a balance between encouraging the rapid growth of its business and a sustained increase in its profitability by emphasising three strategic priorities: gaining scale and profitability in its retail business through organic growth; consolidating its specialist consumer finance platform with a comprehensive approach in selected credit products; and expanding its corporate business segment, with special emphasis on small- and medium-sized businesses.

As at 31 December, 2007 Bank Millennium had Euro 8,496 million in total assets, Euro 6,130 million in loans to customers and Euro 7,769 million in customers' funds, and was operating with 410 branches and 6,067 employees. In 2007, the bank had a net income of Euro 121.8 million. Millennium Bank S.A. is listed on the Warsaw Stock Exchange and had a market capitalisation of Euro 2,748 million as at 31 December, 2007.

#### *Greece*

Millennium bank in Greece is focused on retail banking and on further developing its private banking, corporate and companies businesses. In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A., one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50% of NovaBank's share capital and controlling rights, the Bank wholly-owns NovaBank.

Since its creation Millennium bank has implemented an ambitious development plan focused on fast organic growth and, at the same time, growth in income and value creation. Millennium bank's strategy is based on developing innovative products and services and providing excellent quality of service, together with a specialised approach to business customers. The bank has focused on mortgage lending as a key component to developing its customer relationships. Millennium bank's priorities for 2007 centred on the implementation of the Archimedes Programme, which is designed to strengthen the bank's growth capacity on a continuous and profitable basis, with the objective of becoming a medium-sized bank by 2010. The major initiatives under this programme included the establishment of a platform dedicated to affluent customers, the design of specific products for micro-businesses, increased co-ordination between the retail and business networks, and the enlargement of the bank's branch network. Client acquisition, market share growth in customers' funds, the development of a corporate and investment banking business, and growth in the mortgage loan and consumer credit market were also priorities in 2007.

As at 31 December, 2007 Millennium bank in Greece had Euro 5,333 million in total assets, Euro 3,966 million in loans to customers and Euro 3,201 million in customers' funds, and was operating with 165 branches and 1,411 employees. In 2007, Millennium bank in Greece had a net income of Euro 22.1 million.

#### *Romania*

Banca Millennium started its business activity in October 2007. As at 31 December, 2007, Banca Millennium had 40 branches and 509 employees. The Bank's structure comprises three main business areas: Commercial Banking, Retail banking focused on Prestige and Business banking, and consumer finance, while it also has a small Private Banking operation. The Bank believes Romania offers significant potential for growth.



The goals for 2008 consist of attracting large numbers of customers and increasing volumes of growth, both in terms of credit and funds taken. The bank plans to enlarge its distribution platform by increasing the number of branches and launching new channels, such as POS and a sales force, in conjunction with product innovation.

### *Turkey*

In order to leverage its operational capabilities and its geographic position, in 2002, NovaBank acquired Sitebank, a small Turkish commercial bank, to cater for the affluent individuals segment of the Turkish market in a selective and cost efficient manner. This bank was subsequently renamed BankEuropa in 2003 and adopted the Millennium brand in 2006. Millennium bank (previously BankEuropa) was the first Turkish bank to be conceived exclusively for the high net worth customer segment. Millennium Bank in Turkey offers customers dedicated relationship managers and provides a wide range of products and services. As at 31 December, 2007 Millennium bank in Turkey had Euro 671 million in total assets, Euro 426 million in loans to customers and Euro 706 million in customers' funds, and was operating with 16 branches and 300 employees.

### *Other Operations Outside Europe*

#### *Mozambique*

The Bank has had banking operations in Mozambique since 1995. Banco Internacional de Moçambique (Millennium bim) is Mozambique's largest bank. It has 85 branches and offers a complete range of financial products and services, including insurance. As at 31 December, 2007, the Group owned 66.69% of Millennium bim, which had total assets of Euro 861 million, Euro 359 million of loans to customers and customers' funds of Euro 653 million, operating with 1,595 employees. In 2007, the Millennium bim earned net income of Euro 41.4 million.

During 2007, Millennium bim began the planned expansion of its branch network. In 2007, Millennium bim had significant growth in the volumes of loans and advances and of customer deposits, generating net income based on the increase of interest generating assets (driven by consumer credit products). Millennium bim also had solid net interest margin growth in 2007. Millennium bim also concluded the process of transition to IFRS in 2007.

#### *Angola*

Banco Millennium Angola, SA is committed to the modernisation and development of Angola's financial system through innovative marketing of personalised financial products and services designed to meet the financial needs and expectations of the different market segments. As of 31 December, 2007, Banco Millennium Angola, SA had total assets of Euro 227 million, Euro 116 million in loans to customers and total customers' funds of Euro 150 million, operating with 9 branches and 185 employees. In 2007, the Bank had a net income of Euro 5.0 million.

On 21 December, 2007, an agreement in principle to establish a partnership contract with Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. was signed. This agreement in principle for partnership foresees the acquisition by Sonangol and BPA - Banco Privado Atlântico of 49.99% of Banco Millennium Angola's (BMA) share capital through a capital increase, to be subscribed to by the acquirers, in cash. See International Partnerships below.

#### *United States of America*

Millennium bcpbank in the United States of America has its headquarters in New Jersey and had 18 branches at the end of 2007, through which it served approximately 26,000 clients in New Jersey, Massachusetts and New York. As at 31 December, 2007 Millennium bcpbank had Euro 596 million in total assets, Euro 414 million in loans to customers and Euro 528 million in customers' funds, and was operating with 234 employees.

### *International Partnerships*

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

### *Banco Sabadell*

In March 2000, the Bank announced the terms of a strategic partnership agreement with Banco Sabadell of Spain, seeking the development of joint initiatives in finance-related fields of mutual interest. In the first quarter of 2005, an agreement was reached to reinforce the offer of products and services common to Millennium bcp and to Banco Sabadell, notably in corporate loans and in innovating services for individuals.

As a result of the agreement, Millennium bcp's clients can use the retail and corporate networks of Banco Sabadell in Spain and vice versa for Banco Sabadell's clients in Portugal. The Bank sold its 2.75 per cent. Shareholding of Banco Sabadell's share capital to BCP Pension Fund. Banco Sabadell holds 4.4 per cent. of the share capital of the Bank.

### *Eureko/F&C*

In 1991, the Bank established strategic partnerships with two significant European insurance groups, Friends Provident and AVCB Avero Centraal Beheer. In 1992, Eureko was established as a pan-European insurance group, as a result of the association of: the insurance groups Friends Provident, from the United Kingdom; AVCB Avero Centraal Beheer, from the Netherlands; Wasa, from Sweden; and the Danish financialgroup Topdanmark. In 1993, the Bank, through its insurance holding Seguros e Pensões Gere, became the fifth partner of this pan-European strategic insurance alliance. The Bank currently holds 2.63 per cent. of the share capital of Eureko, while Eureko Group holds 7.1 per cent. of the share capital of the Bank. Through its asset management subsidiary F&C, Eureko established an exclusive distribution agreement of its asset management products through the Millennium bcp banking network.

### *Fortis*

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

### *Sonangol*

An agreement in principle to establish a partnership contract with Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. was signed. This agreement in principle for partnership foresees the acquisition by Sonangol and by BPA - Banco Privado Atlântico, of 49.99% of Banco Millennium Angola's (BMA) share capital through a capital increase, to be subscribed by the acquirers, in cash. It also foresees that BMA will acquire 10% of the share capital of Banco Privado Atlântico. According to the terms of the agreement in principle signed, BMA will continue to be a subsidiary company of Banco Comercial Português but should benefit from having important minority shareholders from the other parties, with the corresponding shareholder influence and cooperation potential. Sonangol acquired a 4.98 per cent. shareholding in BCP in 2007.

### *Significant Developments in 2007*

The following are among the most significant business developments of the Group since 31 December, 2006:

On 29 January, 2007, Banco Comercial Português signed an agreement with Group Banco Santander (Portugal) and BCP Pension Fund, represented by its management company PensõesGere, subject to the relevant regulatory approvals, for the acquisition by BCP of BPI shares, representing 10.5% of BPI share capital, held by those entities.

On 16 March, 2007, the final decision from the Portuguese Competition Authority of non-opposition to the acquisition by BCP of Banco BPI S.A. through the public takeover preliminarily announced on 13 March, 2006 was formally notified, with the imposition of certain conditions and obligations designed to guarantee compliance with the undertakings ("remedies") assumed by the notified party, aimed at ensuring that effective competition is maintained in the different markets analysed.

On 23 March, 2007, Banco Comercial Português and BCP Investment B.V. (the “Offerors”) submitted to the CMVM the updated registration request of the general tender offer for the acquisition of Banco BPI, S.A.

On 28 March, 2007, Standard & Poor’s revised the “outlook” from “stable” to “positive” for Banco Comercial Português, S.A. (Millennium bcp) and its subsidiary for the investment banking, Banco Millennium bcp Investimento, S.A.

On 5 April, 2007, CMVM granted the final registration of the General Tender Offer for the acquisition of Banco BPI, S.A.

On 10 April, 2007, Banco Comercial Português, S.A. and BCP Investment B.V. launched a general tender offer for the Acquisition of shares representing the share capital of Banco BPI, S.A. The offer period started on 10 April, 2007 and ended on 4 May, 2007.

On 19 April, 2007, Banco Comercial Português, S.A. concluded an Extendible Floating Rate Notes issue in the amount of USD1.5 billion, with maturity in May 2012. This issue, launched through the BCP Finance Bank, Ltd. (a Group entity that acts as a funding vehicle assessing the international capital markets), is guaranteed by Banco Comercial Português and represents the first deal of this type done by a bank of Portuguese origin in the demanding North American market.

On 24 April, 2007, Banco Comercial Português and BCP Investment B.V. (Bidders) revised the general tender offer consideration to 7 euros in cash per each share representative of the share capital of Banco BPI, S.A.

On 24 April, 2007, Banco Comercial Português provided information about amendments to the Agreements signed with Grupo Santander and BCP Pension Fund for the Acquisition of BPI Shares, consisting of:

- a) the price adjustment due to the sellers as a result of a revision of the price offered by BCP on the tender offer for BPI, and in case the offer does not succeed, will have a maximum amount of 6.45 euros per BPI share (corresponding to the average price in Euronext Lisbon between the day of the signing of the agreements, 29 January, 2007, and the day of the registration of the offer by CMVM, 5 April, 2007);
- b) this adjustment is applicable to c. 79.5 per cent. of the number of shares covered by the initial agreement (i.e. 35,467,060 shares out of the 44,604,987 shares sold by Grupo Santander, and 27,974,606 shares out of the 35,182,136 shares sold by BCP Pension Fund ); the seller has the right to cancel the sale of the remaining 20.5 per cent. of the shares (9,137,927 and 7,207,530 shares, respectively); in case the sale of these shares is not cancelled by the sellers, then BCP will acquire them with no adjustment, at the agreed price of 5.70 euros per share.

On 7 May, 2007, BCP issued a press release in connection with the announcement by Euronext Lisbon of the results of the general tender offer for the acquisition of the shares representing the share capital of Banco BPI, S.A. by BCP, which determined that the offer was not successful.

On 28 May, 2007, Banco Comercial Português, S. A. held its Annual General Meeting, with 64% of the share capital represented, and approved the following deliberations:

- Election of Professor Germano Marques da Silva and Mr. Angelo Ludgero Marques as Chairman and Vice-Chairman, respectively, of the General Meeting to complete the present mandate (2005/2007), after the resignation of previous members;
- Approval of the Annual Report and accounts for the financial year of 2006, both on an individual and consolidated basis;
- Approval of an additional gross cash dividend of 0.048 euros per share, in relation to the 2006 profit. Considering that an interim gross dividend of 0.037 euros per share had already been distributed in November 2006, the total dividend amounts to 0.085 euros per share, representing an increase of 21.4% per share versus 2005;
- Approval of the votes of confidence to the Management and Supervisory bodies and to each one of its members; and

- All the other points of the agenda were approved by the Annual General Meeting, with the exception of the proposal to change the Articles of Association, agenda point number 8, which was withdrawn by initiative of the Supervisory Board, to be discussed in a future meeting.

On 1 June, 2007, the 2007 Investor Day took place, directed at institutional investors and financial analysts, gathering more than 50 representatives of the more significant investment houses that follow the BCP share. In the course of this work session, Millennium bcp presented the Millennium 2010 Programme with the key business initiatives and respective financial targets that translate into the organic growth plan, improving operating efficiency and increasing profitability and earnings per share.

On 15 June, 2007, the payment of the remaining portion of the 2006 dividend became available, according to the following amounts per share: gross dividend of 0.048 euros per share, corresponding to a net dividend of 0.0384 euros per share.

On 27 June, 2007, Banco Comercial Português S.A. reported that the Chairman of the General Meeting of Shareholders received a request to call a General Meeting subscribed by a group of shareholders holding more than 5 per cent. of its share capital. The aim of the meeting was to change the Articles of Association of the Bank, namely its Governance model, and subsequent election of corporate bodies.

On 2 July, 2007, the Supervisory Board of Banco Comercial Português, S.A. met, and the following decisions were taken:

- To call the substitute member Mr. José Eduardo Faria Neiva dos Santos, who will therefore become an effective member of the Supervisory Board, with effect from that date onwards, following the resignation of Mr. Mário Augusto de Paiva Neto.
- Regarding the proposal for an amendment to the Bank's Articles of Association, presented by a group of shareholders on 27 June, 2007, the Supervisory Board considered it inopportune and that it did not serve the interests of the Bank, its Shareholders or its other Stakeholders.

On 3 July, 2007, Banco Comercial Português, S.A. published the Call Notice convening the shareholders of Banco Comercial Português, S.A., to attend the General Meeting of Shareholders held on 6 August, 2007, with the following agenda: Item 1 - To resolve upon the alteration of the Articles of Association; Item 2 - If the amendments to the Articles of Association are approved, to resolve upon the election of the members of the corporate bodies for the period of 2007-2009, namely: the election of the members of the Board of the General Meeting, members of the Board of Directors, members of the Board of Auditors, including their respective Chairmen and Vice-Chairmen; as well as the election of the External Chartered Accountant and of its alternate.

On 4 July, 2007, Banco Comercial Português, S.A. reported that it has received a communication from CMVM, following the analysis made by this supervisory authority in order to verify the compliance with the Companies Code, regarding the independence and incompatibilities of the Bank's Supervisory Board members, with the following conclusions:

- "there is no evidence that any of the members of the Supervisory Board is included in any of the situations foreseen by the article 414 A of the Companies Code (Incompatibilities criteria); and
- considering the total number of effective members of the Supervisory Board (11), Banco Comercial Português complies with the provisions of article 414, nr. 6 of the Companies Code, applicable by force of article 434, nr. 4 (Independence criteria)."

On 10 July, 2007, Banco Comercial Português, S.A. reported that the Supervisory Board of Banco Comercial Português, S.A. reiterated its previous position concerning the proposal related to the amendments to BCP's articles of association presented by a group of shareholders on 27 June, 2007 and considered that the necessary conditions were at the disposal of Executive Board in order to assure its normal functioning and performance of duties, as a collective body and in full compliance with the legal requirements, as well as for the sound management of the Bank, through its organisational structures and hierarchies, namely the fulfilment of the targets undertaken within the scope of the Millennium 2010 Program.

On 11 July, 2007, Banco Comercial Português announced that the Chairman of the General Meeting of Shareholders received two requests for the inclusion of additional points in the agenda of the General Meeting

held on 6 August, subscribed by two different groups of shareholders, each of them holding more than 5% of BCP's share capital, regarding the Governance model and election of corporate bodies, which were accepted.

On 23 July, 2007, Banco Comercial Português, S.A. reported that the Supervisory Board of Banco Comercial Português, S.A. met and reiterated its position regarding the proposal related to an amendment to the Bank's Articles of Association, presented by a group of shareholders on 27 June, 2007, and also reiterated its conclusion that the necessary conditions were at the disposal of the Executive Board in order to assure its normal functioning and performance of duties, as a collective body and in full compliance with the legal requirements, as well as for the sound management of the Bank, through its organisational structures and hierarchies, namely the fulfilment of the targets undertaken within the scope of the Millennium 2010 Program.

On 6 August, 2007, Banco Comercial Português S.A. announced that the General Shareholders Meeting was suspended for technical reasons, to be resumed on 27 August, 2007.

On 27 August, 2007, Banco Comercial Português S.A. concluded the General Meeting of Shareholders that was held on 6 August, 2007, had 71.88% of the share capital represented. All the points of the agenda were withdrawn, no proposals were voted and no decisions taken.

On 31 August, 2007, Mr. Paulo Teixeira Pinto rendered his resignation, with immediate effect, as Chairman of the Executive Board of Directors, as well as from all other positions he held in the Group or as its representative. Mr. Filipe de Jesus Pinhal, first Vice-Chairman of the Executive Board of Directors, took up the position as Chairman of the Executive Board of Directors.

On 3 September, 2007, the Executive Board of Directors approved a set of decisions, comprehending the readjustment of business areas, the redenomination of the Executive Coordination Committees into Coordination Committees, as well as the distribution, by its members, of the responsibilities of the management of business and support areas. The main changes to the Corporate Governance model consisted of:

- Redenomination of the Executive Coordination Committees into Coordination Committees;
- Change in the denomination and composition of the Corporate and Investment Banking and of Companies Coordination Committees;
- Creation of a Committee of Coordination of Foreign Business, integrating the banking operations of the previous European Banking and Overseas Banking Committees;
- Distribution of the responsibilities of the management of business and support areas, as well as the nomination of the following coordinators:
  - Retail: Mr. Filipe Pinhal;
  - Private Banking and Asset Management: Mr. Alexandre Bastos Gomes;
  - Companies: Mr. Alípio Dias;
  - Corporate and Investment Banking: Mr. Alípio Dias;
  - Foreign Business: Mr. Christopher de Beck;
  - Banking Services: Mr. Christopher de Beck; and
  - Corporate Areas: Mr. Filipe Pinhal.

On 19 September, 2007, Banco Comercial Português, S.A. reported that, as from that date, Mr. Pedro Alexandre Ramos Velho Esperança Martins became BCP's Head of Investor Relations.

On 24 September, 2007, the Supervisory Board decided to change the current configuration of the Corporate Governance and Sustainability Committee, which will henceforth deal exclusively with matters concerning corporate governance and was therefore renamed the Corporate Governance Committee.

The Committee shall communicate with members of other corporate bodies, other Shareholders and Experts. The Committee will have as its central role to coordinate the analysis of the current governance model of the Bank, and, in general, will address any issues related to corporate governance, in order to propose the measures that may be required, from time to time, to best respond to the Bank's needs in terms of management, corporate culture and strategy, namely those that may reflect best practices, both in Portugal and



internationally, and also to consider any proposals that may be submitted to it by Shareholders, or by the Bank's corporate bodies in this respect.

On 11 October, 2007, the Group launched Millennium bank in Romania, approximately one year after the decision to launch a greenfield operation. Millennium Bank has positioned itself as a universal bank, with very concrete and delimited value propositions for different market segments. Millennium bank in Romania is structured into three main business units – Commercial Banking, Affluent and Business banking and Consumer Finance, and has also a small operation of Private Banking.

Banco Comercial Português, S.A. (the “Bank”) received on 25 October, 2007 a proposal from Banco BPI, S.A. (“BPI”) to negotiate a possible merger of the two banks.

On 30 October, 2007, the Executive Board of Directors of Banco Comercial Português S.A., following a Senior Board meeting held and based on the opinion issued by this corporate body on the subject, and after consulting the Supervisory Board, considered the terms of the proposal inadequate and unacceptable. The Executive Board of Directors also resolved, in accordance with the position that it had for a long time upheld, to express to the Board of Directors of BPI its willingness to initiate talks with the purpose of reaching a merger agreement, as long as this process is not subject to previous conditions of any nature whatsoever and that the ultimate objective is to reach an equitable solution and create, from a strategic standpoint, a fully autonomous institution.

On 5 November, 2007, the Executive Board of Directors of the Banco Comercial Português S.A. announced that the Executive Board of Directors of the Banco Comercial Português S.A. and the Board of Directors of BPI had decided to start talks with the aim of reaching a possible merger agreement between the two Banks. The two Boards decided to conduct these talks on a confidential basis.

On 13 November, 2007, Banco Comercial Português S.A. announced the payment of the interim gross dividend, relative to 2007, starting from 29 November, onwards, of 0.037 euros per share, at which corresponds the net dividend of 0.0296 euros per share.

On 16 November, 2007, the merger project of Banco Comercial Português S.A.'s wholly-owned subsidiaries BCP Participações Financeiras, SGPS, Sociedade Unipessoal, Lda, and Banco Millennium bcp Investimento, S.A., into Banco Comercial Português, S.A. was registered in the Commercial Registry Office, after the approval by the Board of Directors of all the companies involved.

On 25 November, 2007, Banco Comercial Português S.A. announced that the talks started on the 6 November, 2007 with Banco BPI, with the aim of reaching a possible merger agreement between the two Banks, were concluded without success.

Standard & Poor's revised the “outlook” to “stable” from “positive”, on 28 November, 2007, of Banco Comercial Português, S.A. (Millennium bcp) and of its subsidiary for the investment banking, Millennium bcp Investimento, S.A. Simultaneously the current Standard & Poor's rating of “A/A-1” long-term and short-term were affirmed.

On 3 December, 2007, Banco Comercial Português S.A. informed that the Chairman of the General Meeting of Shareholders received two separate requests to call a General Meeting, one subscribed by a group of shareholders holding more than 5% of its share capital and the other by its Executive Board of Directors, regarding the election of the corporate bodies for the 2008-2010 mandate.

On 4 December, 2007, Mr. Jorge Jardim Gonçalves resigned as Chairman of the Supervisory Board and Chairman of the Senior Board of Banco Comercial Português, S.A., with effect as of 31 December, 2007. The Vice-Chairmen, Mr. Gijsbert J. Swalef and Mr. António Gonçalves, have assumed the roles of Chairman of the Supervisory Board and Chairman of the Senior Board, respectively, until the end of the current term of office.

On 6 December, 2007, Banco Comercial Português S.A. published the Call Notice of the General Meeting of Shareholders to be held on 15 January, 2008 with the following agenda: 1. To resolve upon the election of the Board of the General Meeting for the period of 2008/2010; 2. To resolve upon the election of the Executive Board of Directors for the period of 2008/2010; 3. To resolve upon the election of the Remunerations and Welfare Board for the period if 2008/2010; 4. To resolve upon the election of the Single Auditor and his/her alternate for the period of 2008/2010; 5. To resolve upon the fulfilment of positions as effective and alternate members of the Supervisory Board vacant until the end of the period of 2006-2008; 6. To resolve upon the enlargement of the Supervisory Board to 21 effective members until the end of the period



of 2006-2008; 7. In case the enlargement proposed in 6 above is approved, to resolve upon the election of members of the Supervisory Board to fill consequent vacancies until the end of the triennial 2006-2008; 8. To resolve upon the ratification of the co-optation of two members for the Senior Board for the current mandate, i.e. 2005-2008.

On 21 December, 2007, an agreement in principle to establish a partnership contract with Sonangol - Sociedade Nacional de Combustíveis de Angola, E.P. was signed. This agreement in principle for partnership foresees the acquisition by Sonangol and by BPA - Banco Privado Atlântico, of 49.99% of Banco Millennium Angola's (BMA) share capital through a capital increase, to be subscribed by the acquirers, in cash. It also foresees that BMA will acquire 10% of the share capital of Banco Privado Atlântico. According to the terms of the agreement in principle signed, BMA will continue to be a subsidiary company of Banco Comercial Português but should benefit from having important minority shareholders from the other parties, with the corresponding shareholder influence and cooperation potential.

On 23 December, 2007, pursuant to a request of CMVM, Banco Comercial Português, S.A., announced that it received a notice from that Commission, dated 21 December, 2007, communicating what it considers preliminary findings of the investigation still in progress relating to the nature of the activities of various off-shore entities. Banco Comercial Português, S.A. reported that it was not heard in connection with such preliminary findings and had not been informed of the underlying reasons sustaining them, reserving its right to take a stand at an appropriate moment in this process.

Standard & Poor's revised the "outlook" to "negative" from "stable", on 28 December, 2007, of Banco Comercial Português, S.A. (Millennium bcp) and of its subsidiary for the investment banking, Banco Millennium bcp Investimento, S.A. Simultaneously the current Standard & Poor's rating of "A/A-1" long-term and short-term were affirmed.

### *Recent Developments*

On 9 January, 2008, Fitch Ratings confirmed the ratings of Banco Comercial Português and its investment banking subsidiary, Banco Millennium bcp investimento, of Long-term Issuer Default (IDR) "A+" with "Stable" "Outlook", Short-term IDR "F1". The ratings of Millennium bcp's EMTN programme were also affirmed at Senior debt 'A+' and 'F1' and Subordinated debt "A", its Commercial Paper programmes at "F1" and preference share issues at "A".

On 15 January, 2008, Banco Comercial Português S.A. concluded the General Meeting of Shareholders with 71.21% of the share capital represented. The proposals relative to points 6 and 7, and proposal number 1 related to point 5 of the agenda, were removed by the respective proponents. The proposal regarding the election of the General Meeting's Officers was approved, with the following composition:

Chairman: António Manuel da Rocha e Menezes Cordeiro;

Vice-Chairman: Manuel António de Castro Portugal Carneiro da Frada.

Regarding the election of an Executive Board of Directors for the three-year period from 2008-2010, the list of Proposal 1 with the following composition was approved:

Chairman: Carlos Jorge Ramalho dos Santos Ferreira;

Vice-Chairmen: Armando António Martins Vara;

Paulo José de Ribeiro Moita de Macedo;

Members: Luís Maria França de Castro Pereira Coutinho;

Nelson Ricardo Bessa Machado;

Vítor Manuel Lopes Fernandes;

José João Guilherme.

The proposal regarding the election of the Remuneration and Pension Council for the three-year period from 2008 to 2010 was not approved.

It was decided not to elect a new External Chartered Accountant, and instead that the Supervisory Board should present a proposal in the next Ordinary General Annual Shareholders Meeting, maintaining, consequently, the current External Chartered Accountant in activity, namely KPMG & Associados, SROC, S.A. (SROC nr. 189) represented by Vítor Manuel da Cunha Ribeirinho (ROC nr. 1081) and as alternate Accountant, Ana Cristina Soares Valente Dourado (ROC nr. 1011).

Proposal 2 for filling vacancies for effective and alternate members of the Supervisory Board through the end of the three-year term from 2006-2008 was approved with the election of the following members:

Effective Members: António Luís Guerra Nunes Mexia; Manuel Domingos Vicente;

Alternate Member: Angelo Ludgero da Silva Marques.

The designation of the following three members to the Senior Board for the mandate underway, which is from 2005-2008, was ratified: Luís Manuel de Faria Neiva dos Santos; Manuel Domingos Vicente; Maarten W. Dijkshoorn.

On 13 February, 2008, the Executive Board of Directors approved a proposal for the appropriation of profits to be submitted to the General Meeting of Shareholders that will take place on or before 31 May 2008. The proposal provides that no additional dividend will be paid besides the interim dividend paid on 27 November, 2007 and for the transfer to reserves from the retained earnings account, with the goal of creating improved conditions for future distributions.

On 18 and 19 February, 2008, the Executive Board of Directors of Banco Comercial Português S.A., in order to reinforce capital levels and finance current organic expansion plans both in Portugal and internationally, proposed to the Supervisory Board and to the Senior Board a 1.3 billion euros rights issue reserved for Shareholders. This proposal has received the agreement of both Boards and the rights issue has been fully underwritten by Merrill Lynch and Morgan Stanley.

Standard & Poor's affirmed the current rating of "A/A-1" long-term and short-term and the "outlook" of "negative" on Banco Comercial Português, S.A. (Millennium bcp) and of its subsidiary for the investment banking, Banco Millennium bcp Investimento, S.A, on 20 February, 2008.

On 3 April, 2008, the Executive Board of Directors approved the terms and conditions of the rights issue, which had been originally announced on 19 February, 2008. The transaction has also been approved by BCP's Supervisory Board and Senior Board. BCP is undertaking the Rights Issue in order to strengthen its capital position and to enable it to achieve its strategic goals and a leadership position in several key business areas through organic growth. The Bank expects to issue 1,083,270,433 new shares for an aggregate subscription amount of EUR 1,299,924,520 as part of the rights offering. The new shares are available for subscription to existing shareholders through the exercise of their preference rights. The shares are expected to be paid up in cash at the subscription price of EUR 1.200 per share.

The Group's activity during the first quarter of 2008 reflects, on the one hand, the same overall trends that emerged in the second half of 2007 resulting from the volatility in the capital markets, which had a negative impact on the value of the securities traded in such markets, and, on the other hand, the measures taken to restore the margins and strengthen the commercial pro-activeness in Portugal. The following events have recently occurred:

- A Euro 164.6 million depreciation in the value of the Bank's stake in BPI between 31 December, 2007 and 29 February, 2008. As at 29 February, 2008, the fair value of the remaining securities in the available for sale portfolio includes a potential capital gain amounting to Euro 248.6 million.
- A negative impact of approximately Euro 300 million on the value of the pension fund resulting from adverse developments in the capital markets during the first quarter of 2008. If the performance of the fund were to remain lower than actuarial assumptions, this would lead to the recognition of actuarial losses at the end of 2008, with such losses impacting the capital ratios and requiring the recognition of additional pension costs in future years.
- A growth in net interest income in the Bank's Portuguese operations, driven by sustained volume growth, a revised pricing strategy and the evolution of the mix of new loan production.

On 28 April, 2008, the Bank's rights offering coordinator, Banco Millennium bcp Investimento S.A., announced that the share capital increase of the Bank has been fully subscribed, resulting in the issuance of 1,083,270,433 ordinary shares, with a par value of €1 each. These ordinary shares were offered to the shareholders of the Bank for subscription at €1.20 per share through the exercise of their pre-emptive subscription rights. Following the rights issue, the share capital of the Bank will increase to €4,694,600,000, represented by 4,694,600,000 ordinary shares with a par value of €1 each.

Standard & Poor's revised its "outlook" to "stable" from "negative" on Banco Comercial Português, S.A. on 29 April, 2008. At the same time, the "A/A-1" long-term and short-term counterparty credit ratings on Millennium bcp were affirmed.

### C. Principal Markets and Competition

Since 1996, there has been a significant expansion of personal financial services in the Portuguese banking market, resulting in a sustained development of mortgage credit, consumer loans, investment funds and unit-linked products, and increased use of credit cards. The Portuguese banking market is now well developed, and includes strong domestic competitors that incorporate a multi-product, multi-channel and multi-client segmented approach. This has allowed Portuguese banks to tailor their financial products and services to customers' needs and to improve commercial capabilities. In addition, there has been significant development of internet banking operations and the use of new techniques, such as customer relationship management, which enable banks to accurately track customers' requirements. Cross selling has benefited from the use of such techniques and has increased the proportion of banks' non-interest income in recent years.

Foreign banks have also entered the Portuguese market, particularly in areas such as corporate banking, asset management, private banking and brokerage services. These factors have resulted in increased competition, especially for customers' funds and mortgage loans. Customer loans and advances increased significantly in the second half of the 1990s, but lower economic growth observed since the end of 2000 led to a slowdown of demand for credit, resulting in increased competition. The Bank competes primarily with the four other major Portuguese banking groups: Caixa Geral de Depósitos; Banco Espírito Santo; Banco Santander Totta; and BPI. The dimension of the Bank's distribution network operating under a single brand, Millennium bcp, has enabled the Bank to maintain a leading position among its competitors. The Bank's fully centralised back office operations has also enabled the Bank to operate efficiently and exploit economies of scale.

According to the Portuguese Banking Association, at the end of 2006, BCP had a market share of 21.2% in total assets, 24.9% in loans to customers (gross, excluding off-balance sheet securitisations), 21.2% in deposits and 15.5% in number of branches. In the second half of the 1990s the Portuguese banking system experienced a consolidation process, which was driven by the need to achieve economies of scale and operating synergies. More recently, major Portuguese banks have rationalised their operating structures, with the aim of cost-cutting and improving efficiency. In addition, many Portuguese banks have focused on increasing revenues through increased market share, cross selling and new branch openings, as well as on core operations, which tend to support aggressive commercial strategies.

The following table illustrates the competitive environment in Portugal for the five years ended 31 December, 2006,:

	<i>As at 31 December,</i>				
	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>(in thousands)</i>				
Number of Banks <sup>(1)</sup> .. .. .	48	48	50	52	52
Number of Branches .. .. .	5,562	5,357	5,488	5,256	5,140
Population (thousands) .. .. .	10,599	10,570	10,529	10,476	10,407
Inhabitants per branch .. .. .	1,906	1,973	1,919	1,993	2,025
Branches per bank .. .. .	116	112	110	101	99

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

(1) Including Caixa Económica Montepio Geral.

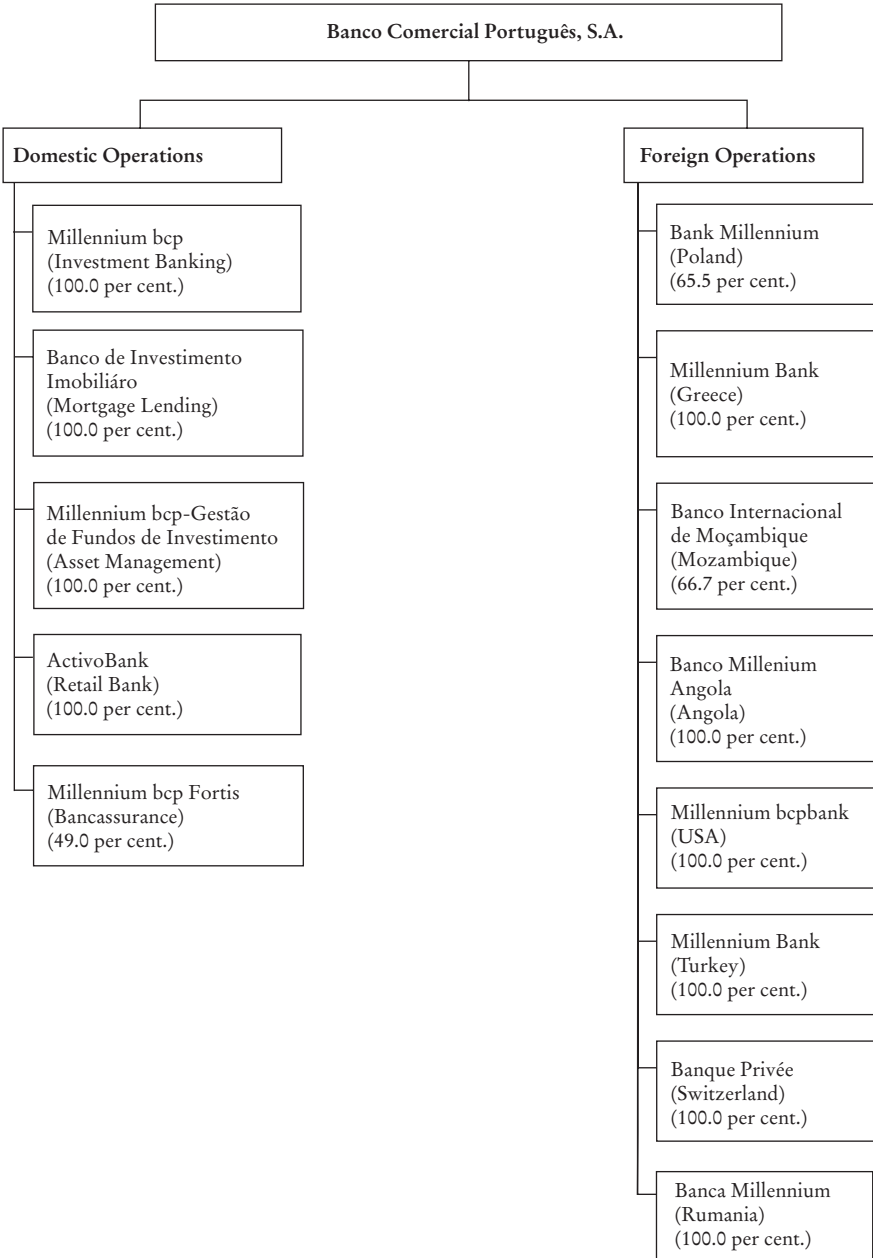
The Bank is also subject to strong competition in the international markets in which it operates. In Poland and in Greece, significant opportunities have led to increased competition in recent years. Privatisation

and consolidation in the Polish banking industry in the second half of the 1990s has also led to increased competition. In addition, in both Poland and Greece, European Union integration has created strong incentives for the cross-border provision of financial services without a local commercial presence, and for cross-border mergers, which have resulted in significantly increased competition from foreign banks.

**D. Organisational Structure**

*The Bank and the Group*

The following diagram summarises the organisational structure of the principal subsidiaries of the Group on 31 December, 2007 (being the latest practicable date for which such information is available):



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

## Significant Subsidiaries

The following is a list of the main subsidiaries of BCP at 31 December, 2007:

	<i>Country of incorporation/ residence</i>	<i>per cent. held by the Bank</i>	<i>per cent. held by the Group</i>
Banco Millennium bcp Investimento, S.A. .. .. .	Portugal	–	100.0
Banco de Investimento Imobiliário, S.A. .. .. .	Portugal	100.0	100.0
Banco ActivoBank (Portugal), S.A. .. .. .	Portugal	–	100.0
Banco Internacional de Moçambique, S.A.R.L. .. .. .	Mozambique	–	66.7
Banco Millennium Angola, S.A. .. .. .	Angola	100.0	100.0
Millennium Bank, Anonim Sirketi .. .. .	Turkey	100.0	100.0
Millennium Bank, S.A. .. .. .	Poland	65.5	65.5
Banque Privée BCP (Suisse) S.A. .. .. .	Switzerland	–	100.0
Millennium BCPBank .. .. .	USA	–	100.0
Millennium bcp – Gestão de Fundos de Investimento, S.A. .. .. .	Portugal	–	100.0
Millennium bcp – Prestação de Serviços, A.C.E. .. .. .	Portugal	52.3	95.2
Millennium bcp Fortis, S.G.P.S, S.A. .. .. .	Portugal	–	49.0
Millennium Bank, Societe Anonyme .. .. .	Greece	–	100.0
Banca Millennium, S.A. .. .. .	Romania	–	100.0

## General

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

Save as disclosed in the “Recent Developments” section on pages 115 - 117 of this Offering Circular, the Bank has made no material investments since the date of the last published financial statements and the Bank has made no relevant firm commitments on future investments.

Save as disclosed in the “Impact of recent operations on the Bank’s solvency” section on pages 129 - 131 of this Offering Circular, there have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Bank’s solvency.

## E. Share Capital

The authorised, issued and fully paid up share capital of the Bank is €3,611,329,567, divided into 3,611,329,567 ordinary shares each of a nominal value of €1.00.

## F. Management

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

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Carlos Jorge Ramalho dos Santos Ferreira	Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Chairman of the Board of Directors	Fundação Millennium bcp
	Chairman of the Board of Directors	Millennium bcp Prestação de Serviços, ACE
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS, Lda
	Member of the Supervisory Board	Bank Millennium, SA (Poland)

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Armando António Martins Vara	Vice-Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Vice-Chairman of the Board of Directors	Fundação Millennium bcp
	Chairman of the Board of Directors	Banco de Investimento Imobiliário, S.A.
	Vice-Chairman of the Board of Directors	Banco Millennium bcp Investimento, S.A.
	Chairman of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.
	Manager	VSC-Aluguer de Viaturas sem Condutor, Lda.
Paulo José de Ribeiro Moita de Macedo	Manager	BII Internacional, SGPS, Lda.
	Vice-Chairman of the Board of Directors	BIM – Banco Internacional de Moçambique, S.A.
	Vice-Chairman of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.
	Vice-Chairman of the Board of Directors	Fundação Millennium bcp
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
Luís Maria França de Castro Pereira Coutinho	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Chairman of the Board of Directors	Banque Privée BCP (Suisse), S.A.
	Vice-Chairman of the Board of Directors	Bank Millennium S.A. (Poland)
	Vice-Chairman of the Board of Directors	Millennium Bank, A.S. (Turkey)
	Member of the Supervisory Board	Millennium Leasing Sp. Z.o.o.
	Member of the Supervisory Board	Millennium Dom Maklerski S.A.
	Member of the Supervisory Board	Millennium Lease Sp. Z.o.o.
	Vice-Chairman of the Board of Directors	Banco ActivoBank (Portugal), S.A.
	Member of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.	



<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Nelson Ricardo Bessa Machado	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.
	Chairman of the Board of Directors	Millennium bcp Fortis Grupo Segurador, SGPS, S.A.
	Vice-Chairman of the Board of Directors	Médis - Companhia Portuguesa de Seguros de Saúde, S.A.
	Vice-Chairman of the Board of Directors	Ocidental - Companhia Portuguesa de Seguros, S.A.
	Vice-Chairman of the Board of Directors	Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.
	Vice-Chairman of the Board of Directors	Pensões Gere - Sociedade Gestora de Fundos de Pensões, S.A.
Member of the Supervisory Board	Bank Millennium, SA (Poland)	
Vítor Manuel Lopes Fernandes	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Member of the Board of Directors	Fundação Millennium bcp
	Member of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.
	Member of the Supervisory Board	Bank Millennium, SA (Poland)
José João Guilherme	Member of the Board of Directors	Millennium Bank, AS (Turkey)
	Member of the Executive Board of Directors	Banco Comercial Português, S.A.
	Chairman of the Board of Directors	Banco ActivoBank (Portugal), S.A.
	Chairman of the Board of Directors	Banco Millennium bcp Investimento, S.A.
	Member of the Board of Directors	Millennium bcp Prestação de Serviços, A.C.E.
	Manager	BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.
	Manager	BCP Internacional II, Sociedade Unipessoal, SGPS Lda.
	Member of the Board of Directors	Millennium bcp, Gestão de Fundos de Investimento, S.A.
	Manager	AF Internacional, SGPS, Sociedade Unipessoal, Lda.
Member of the Board of Directors	Fundação Millennium bcp	

The business address for each of the Directors of BCP is Rua Augusta, N° 84, 4°, 1100-053 Lisbon, Portugal.

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

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Carlos Jorge Ramalho dos Santos Ferreira	Member of the Board of Directors Member of the Supervisory Board	Banco Sabadell, S.A. EDP – Energias de Portugal, S.A.
Vítor Manuel Lopes Fernandes	Member of the Executive Board of Directors	SIBS - Soc. Interbancária de Serviços, S.A.

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

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

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

#### *Supervisory Board and Audit and Risk Committee*

The Supervisory Board is the governing body responsible for the Supervision function, according to the two-tier governance model adopted by Banco Comercial Português, and its members are as follows:

<b>Name</b>	<b>Position (s) held</b>
Gijsbert J. Swalef	Chairman of the Supervisory Board
António Manuel Ferreira da Costa Gonçalves	Vice-Chairman of the Supervisory Board
Keith Satchell	Member of the Supervisory Board
João Alberto Ferreira Pinto Basto	Member of the Supervisory Board
Francisco de la Fuente Sánchez	Member of the Supervisory Board
José Eduardo Faria Neiva Santos	Member of the Supervisory Board
Luís Francisco Valente de Oliveira	Member of the Supervisory Board
Luís de Melo Champalimaud	Member of the Supervisory Board
Mário Branco Trindade	Member of the Supervisory Board
António Luis Guerra Nunes Mexia	Member of the Supervisory Board
Manuel Domingos Vicente	Member of the Supervisory Board
Ângelo Ludgero da Silva Marques	Substitute Member of the Supervisory Board

The business address for each of the members of the Supervisory Board of BCP is Rua Augusta, N° 84, 4°, 1100-053 Lisbon, Portugal.

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

<i>Name</i>	<i>Position(s) held</i>	<i>Company/Institution</i>
Gijsbert J. Swalef	Chairman of the Board of Directors Chairman of the Management Committee	Vereniging Achmea Stichting Administratiekantoor Achmea
António Manuel Ferreira da Costa Gonçalves	Chairman Chairman Chairman  Vice-Chairman	Têxtil Manuel Gonçalves, S.A. Têxtil Manuel Gonçalves, SGPS, S.A. TMG – Tecidos Plastificados e Outros Revestimentos para a Indústria Automóvel, S.A. Tecnoholding, SGPS, S.A.
Keith Satchell	Chairman Chairman Member of the Board of Directors Chairman of the Board of Directors	Rothsay Life Ltd Rothsay Pensions Management, ltd. KHS Consulting, Ltd Barnett Waddengham L.L.P.
Francisco de la Fuente Sánchez	Chairman Vice-Chairman	Fundação EDP EFACEC
Luís Francisco Valente de Oliveira	Vice-Chairman Member of the Executive Board Independent Member of the Board of Directors	Associação Empresarial Portuguesa Fundação Luso-Americana Mota Engil
Luís de Melo Champalimaud	Chairman of the Board of Directors Chairman of the Board of Directors Chairman Advisory Board Sole Director	Confiança Participações, SGPS Sétimos Participações, SGPS Soeicom, S.A. 3 Z – Sociedade Administração de Imóveis S.A.
António Luís Guerra Nunes Mexia	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Non-executive Director	EDP-Energias de Portugal, S.A. EDP-Energias do Brasil, S.A. EDP-Estudos e Consultoria, S.A. Aquapura – Hotels e Consultoria, S.A.
Manuel Domingues Vicente	Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman  Vice-Chairman	Sonangol Galp Energia Banco BAI (Europe) Sonils Lda (Sonangol Logistic Integrated Services) Fundação Eduardo dos Santos (FESA)
Ángelo Ludgero da Silva Marques	Chairman of the Board of Directors Chairman of the Board of Directors Manager  Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors	Cifial SGPS, S.A. Cifial -Centro Industrial de Ferragens, S.A. Cifial – Serviços de Consultoria e Informação, Lda. Cifial – Fundação e Tecnologia, S.A. Cifial Torneiras, S.A. Cifial - Indústria Cerâmica, S.A.

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

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

The Audit and Risk Committee is a specialised committee of the Supervisory Board of Banco Comercial Português, advising the Supervisory Board on matters related to financial management and statements, internal

control system, risk management and compliance policies, and independence of the Statutory Auditor and External Auditors.

The Audit and Risk Committee is composed of Advising Members who are either permanent or alternate members of the Supervisory Board specifically appointed to this committee and Expert Members able to contribute to the good functioning and performance of the committee due to their academic qualifications and professional experience.

This Committee comprises four members:

Chairman – Mr. Luís Francisco Valente de Oliveira

Vice Chairman Mr. João Alberto Ferreira Pinto Basto

Supervisory Board Member – Mr. José Eduardo de Faria Neiva dos Santos

Expert Member – Mr. Jeff Medlock

## BANCO COMERCIAL PORTUGUÊS

The financial information set out below has been derived from the audited consolidated financial statements of the Bank as at, and for the years ended, 31 December, 2006 and 31 December, 2007. The audited consolidated financial statements of the Bank were prepared in accordance with International Financial Reporting Standards (“IFRS”). Such financial information should be read in conjunction with, and is qualified in its entirety by reference to, the Bank’s annual reports and audited financial statements as at, and for the years ended, 31 December, 2006 and 31 December, 2007, incorporated by reference in this Offering Circular. The comparative financial statements as of and for the year ended 31 December, 2006 included in the financial statements for the year ended 31 December, 2007 have been restated. The consolidated financial statements as of and for the year ended 31 December, 2006 included in this Offering Circular reflect this adjustment and accordingly, differ from the consolidated financial statements as of and for the year ended 31 December, 2006 that we have previously published and that are incorporated by reference herein. The financial statements for the years ended 31 December 2007 have been approved by the Executive Board of Directors of the Bank and will be subject to the approval of the General Meeting of Shareholders to be held on or before 31 May, 2008.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement  
for the years ended 31 December, 2007 and 2006

	31 December, 2007	31 December, 2006
	(Thousands of Euros)	
Interest income .. .. .	4,332,187	3,367,101
Interest expense .. .. .	(2,794,884)	(1,936,341)
Net interest income.. .. .	1,537,303	1,430,760
Dividends from equity instruments .. .. .	27,921	32,494
Net fees and commissions income .. .. .	664,583	713,508
Net gains arising from trading and hedging activities.. .. .	199,138	191,954
Net gains arising from available for sale financial assets .. .. .	193,211	202,964
Other operating income .. .. .	97,861	118,549
	2,720,017	2,690,229
Other net income from non banking activities.. .. .	12,925	11,773
Total operating income .. .. .	2,732,942	2,702,002
Staff costs .. .. .	1,006,227	1,034,678
Other administrative costs .. .. .	627,452	579,313
Depreciation .. .. .	114,896	111,492
Operating costs .. .. .	1,748,575	1,725,483
	984,367	976,519
Loans impairment .. .. .	(260,249)	(119,918)
Other assets impairment .. .. .	(45,754)	(19,413)
Other provisions .. .. .	(49,095)	(15,951)
Operating profit.. .. .	629,269	821,237
Share of profit of associates under the equity method .. .. .	51,215	42,047
Gains from the sale of subsidiaries and other assets .. .. .	7,732	130,640
Profit before income tax .. .. .	688,216	993,924
Income tax		
Current .. .. .	(73,045)	(87,936)
Deferred .. .. .	3,475	(66,889)
Profit after income tax .. .. .	618,646	839,099
Attributable to:		
Shareholders of the Bank .. .. .	563,287	787,115
Minority interests .. .. .	55,359	51,984
Profit for the year.. .. .	618,646	839,099
Earnings per share (in euros)		
Basic .. .. .	0.14	0.20
Diluted .. .. .	0.14	0.20



**BANCO COMERCIAL PORTUGUÊS**

**Consolidated Balance Sheet as at 31 December, 2007 and 2006**

	<i>31 December, 2007</i>	<i>31 December, 2006</i>
	<i>(Thousands of Euros)</i>	
<i>Assets</i>		
Cash and deposits at central banks .. .. .	1,958,239	1,679,221
Loans and advances to credit institutions		
Repayable on demand.. .. .	820,699	917,279
Other loans and advances .. .. .	6,482,038	6,575,060
Loans and advances to customers.. .. .	65,650,449	56,669,877
Financial assets held for trading .. .. .	3,084,892	2,732,724
Financial assets available for sale .. .. .	4,418,534	4,410,886
Assets with repurchase agreement.. .. .	8,016	4,048
Hedging derivatives .. .. .	131,069	182,041
Investments in associated companies .. .. .	316,399	317,610
Property and equipment.. .. .	699,094	741,297
Goodwill and intangible assets.. .. .	536,533	532,391
Current income tax assets .. .. .	29,913	23,498
Deferred income tax assets .. .. .	650,636	628,355
Other assets .. .. .	3,379,650	3,631,180
	<u>88,166,161</u>	<u>79,045,467</u>
<i>Liabilities</i>		
Deposits from central banks .. .. .	784,347	539,335
Deposits from other credit institutions .. .. .	8,648,135	12,124,716
Deposits from customers .. .. .	39,246,611	33,244,197
Debt securities issued .. .. .	26,798,490	22,687,354
Financial liabilities held for trading .. .. .	1,304,265	873,485
Other financial liabilities held for trading at fair value through profit or loss .. .. .	1,755,047	-
Hedging derivatives .. .. .	116,768	121,561
Non current liabilities held for sale .. .. .	-	-
Provisions for liabilities and charges .. .. .	246,949	211,141
Subordinated debt .. .. .	2,925,128	2,932,922
Current income tax liabilities .. .. .	41,363	42,416
Deferred income tax liabilities .. .. .	46	80
Other liabilities .. .. .	1,399,757	1,413,599
	<u>83,266,906</u>	<u>74,190,806</u>
<i>Equity</i>		
Share capital .. .. .	3,611,330	3,611,330
Treasury stock.. .. .	(58,436)	(22,150)
Share premium.. .. .	881,707	881,707
Preference shares .. .. .	1,000,000	1,000,000
Fair value reserves .. .. .	218,498	442,889
Reserves and retained earnings.. .. .	(1,598,704)	(2,072,278)
Profit for the year attributable to Shareholders .. .. .	563,287	787,115
	<u>4,617,682</u>	<u>4,628,613</u>
Total Equity attributable to Shareholders of the Bank .. .. .		
Minority interests.. .. .	281,573	226,048
	<u>4,899,255</u>	<u>4,854,661</u>
Total Equity .. .. .	<u>88,166,161</u>	<u>79,045,467</u>

# BANCO COMERCIAL PORTUGUÊS

## Consolidated Cash Flows Statement for the years ended 31 December, 2007 and 2006

	<i>31 December, 2007</i>	<i>31 December, 2006</i>
	<i>(Thousands of Euros)</i>	
<b><i>Cash flows arising from operating activities</i></b>		
Interest income received .. .. .	4,218,603	3,298,501
Commissions income received .. .. .	970,252	871,380
Fees received from services rendered .. .. .	290,025	264,110
Interest expense paid .. .. .	(2,668,285)	(1,876,625)
Commissions expense paid .. .. .	(375,054)	(59,891)
Recoveries from charged-off loans .. .. .	146,970	151,939
Net earned premiums .. .. .	16,795	25,969
Claims incurred .. .. .	(9,654)	(7,807)
Payments to suppliers and employees .. .. .	(1,706,778)	(1,716,062)
	882,874	951,514
<b><i>Decrease / (increase) in operating assets:</i></b>		
Loans and advances to credit institutions .. .. .	1,489,789	(528,575)
Deposits with Central Banks under monetary regulations.. .. .	(1,631,407)	(287,320)
Loans and advances to customers .. .. .	(9,253,601)	(4,213,864)
Short term trading account securities.. .. .	(154,005)	(583,960)
<b><i>Increase / (decrease) in operating liabilities:</i></b>		
Deposits from credit institutions repayable on demand .. .. .	107,472	74,220
Deposits from credit institutions with agreed maturity date .. .. .	(3,289,235)	1,278,672
Deposits from clients repayable on demand.. .. .	(279,618)	(85,120)
Deposits from clients with agreed maturity date .. .. .	6,178,161	(1,032,851)
	(5,949,570)	(4,427,284)
Income taxes (paid) / received .. .. .	25,641	27,683
	(5,923,929)	(4,399,601)
<b><i>Cash flows arising from investing activities</i></b>		
Proceeds from sale of shares in subsidiaries and associated companies .. .. .	-	256,620
Acquisition of shares in subsidiaries and associated companies .. .. .	(16,720)	(253,672)
Dividends received .. .. .	46,915	50,276
Interest income from available for sale financial assets .. .. .	165,990	187,158
Proceeds from sale of available for sale financial assets .. .. .	20,514,052	29,387,475
Available for sale financial assets purchased .. .. .	(32,935,142)	(39,351,074)
Proceeds from available for sale financial assets on maturity.. .. .	12,875,838	9,952,624
Acquisition of fixed assets .. .. .	(177,991)	(109,711)
Proceeds from sale of fixed assets .. .. .	122,071	80,633
Increase / (decrease) in other sundry assets .. .. .	(244,795)	329,663
	350,218	529,992
<b><i>Cash flows arising from financing activities</i></b>		
Proceeds from issuance of subordinated debt .. .. .	149,327	423,413
Reimbursement of subordinated debt .. .. .	(137,781)	(444,546)
Proceeds from issuance of debt securities .. .. .	8,451,039	5,728,436
Repayment of debt securities .. .. .	(3,483,947)	(4,898,256)
Proceeds from issuance of commercial paper .. .. .	17,705,311	17,986,824
Repayment of commercial paper .. .. .	(16,659,257)	(14,189,842)
Share capital increase .. .. .	-	22,998
Share premium .. .. .	-	5,424
Dividends paid .. .. .	(306,963)	(266,387)
Dividends paid to minority interests .. .. .	(15,785)	(58,018)
Increase / (decrease) in other sundry liabilities and minority interests .. .. .	(215,433)	(251,164)
	5,486,511	4,058,882
Exchange differences effect on cash and equivalents .. .. .	38,387	(11,590)
Net changes in cash and equivalents .. .. .	(48,813)	177,683
Cash and equivalents at the beginning of the year .. .. .	1,523,405	1,345,722
Cash .. .. .	653,893	606,126
Other short term investments .. .. .	820,699	917,279
Cash and equivalents at the end of the year .. .. .	1,474,592	1,523,405

### Impact of recent operations on the Bank's Solvency

The Group's own funds amounted to 5,897 million euros as at 31 December, 2007, compared to 6,131 million euros at the end of 2006.

This evolution reflects the impact of several one-off transactions, which, for their materiality, determined a reduction of own funds, especially in connection with Tier I funds, with a focus on the negative net impacts associated with the following operations:

- i) regulatory changes leading to deductions in respect of financial holdings in insurers and financial entities in the sum of 122 million euros, of which 78 million euros are in Tier I;
- ii) increase of the actuarial differences of the pension fund in excess of the corridor, which amounted to 144 million euros in Tier I, as a result of the lesser profitability of the pension fund and of change in actuarial suppositions;
- iii) depreciation of the AFS asset portfolio, influenced by the evolution of the capital markets, particularly the holding in BPI, totalling 79 million euros in Tier I;
- iv) recognition of other impairments and provisions in the sum of 10 million in Tier I;
- v) provisions set aside for tax contingencies or potential administrative offences in the amount of 41 million euros;
- vi) recording of the costs of the merger project and take-over bid for BPI in the sum of 76 million in Tier I;
- vii) booking of restructuring costs related with the retirement of employees and members of the Executive Board of Directors, totalling 90 million euros in Tier I;
- viii) reimbursement of preference shares issued by Pinto Totta International Finance in the sum of 99 million euros.

The reduction of the Tier I and the increase of deferred tax assets determined a surplus over the limit established by the Bank of Portugal for this heading, and a consequent deduction of 338 million euros from Tier I at 31 December, 2007 (102 million euros at 31 December, 2006).

These negative impacts were partially offset by the organic generation of capital and by the positive impact of the following operations:

- i) recovery of the financial holding in Eureko in the sum of 61 million euros under Tier I;
- ii) gain on the sale of financial holdings in EDP (65 million euros in Tier I) and in Banco Sabadell (68 million euros in Tier I), through incorporation into own funds of that part of the gains previously excluded for prudential reasons (as far as total own funds are concerned, these impacts fell to 53 million euros and to 29 million euros respectively, taking into account the fact that part of the amounts entered under Tier I were reclassified from Tier II);
- iii) deferrals on transition to the IFRS totalling 40 million euros, split between a negative impact of 89 million euros in Tier I and a positive impact of 129 million euros in respect of deductions from total own funds;
- iv) organic generation of capital, reflected in particular in the impacts on Tier I, of the current profits of the business, of the increase of minority interests in financial holdings and of the amortisation of the actuarial differences in the pension fund (582 million euros in Tier I, of which 452 million euros owing to retained profits for the year).

	<i>Millions of euros</i>	
	2007	2006
<b>Own Funds</b>		
Tier one .. .. .	3,362	3,654
of which: Preference shares .. .. .	688	913
Tier two .. .. .	2,557	2,658
Deduction to Own Funds .. .. .	(22)	(181)
<b>Total .. .. .</b>	<b>5,897</b>	<b>6,131</b>
<b>Requirement of own funds</b>		
As set by the Notice 1/93 (Solvency) .. .. .	4,747	4,288
Trading portfolio .. .. .	40	30
Securitisation .. .. .	148	121
<b>Total</b>	<b>4,935</b>	<b>4,439</b>
Requirement of own funds x 12.5 .. .. .	61,687	55,494
<b>Solvency Ratio .. .. .</b>		
Tier I .. .. .	9.6%	11.0%
Core Tier I .. .. .	5.5%	6.6%
Tier II .. .. .	4.3%	4.9%
Tier II .. .. .	4.1%	4.4%

Note: The indicators for 2006 and 2007, including the capital ratios, reflect the adjustments to financial statements from 1 January, 2006.

In parallel, weighted risks increased from 55,494 million euros as at 31 December, 2006, to 61,687 million as at 31 December, 2007, with special emphasis on the growth of the Group's business in 2007, particularly the contribution provided by the growth of the volume of loans and advances to customers.

## Risk Weighted Assets

	<i>Millions of euros</i>	
	2007	2006
<b>Risk weighted assets</b>		
Cash and due from banks .. .. .	1,176	1,312
Loans and advances to customers (net).. .. .	44,520	38,771
Securities (shares and bonds) .. .. .	4,536	3,201
Investments .. .. .	199	1,139
Other assets .. .. .	2,663	2,775
<b>Total .. .. .</b>	<b>53,094</b>	<b>47,199</b>
Risk weighted contra accounts and other .. .. .	6,240	6,407
Trading portfolio (*) .. .. .	496	373
Securitisation (*) .. .. .	1,857	1,515
<b>Risk weighted assets .. .. .</b>	<b>61,687</b>	<b>55,494</b>

(\*) Requirement of own funds x 12.5.

Note: The indicators for 2006 and 2007, including the capital ratios, reflect the adjustments to financial statements from 1 January, 2006.

## 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, (the “Code”), or to investors subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, tax-exempt entities, financial institutions, insurance companies, persons that hold the Notes as part of a “straddle”, of a “hedge” against currency risk, or as a “conversion transaction” and persons whose “functional currency” is not the U.S. dollar. In addition, the discussion is generally limited to the tax consequences to initial holders of the Notes. It does not address tax consequences to holders of interests in pass-through entities that hold the Notes or the special rules that may apply if the holder receives principal in instalment payments or if the Note is called before the maturity date. Finally, it does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction or, except to a limited extent under “*Non-U.S. Holders*” (see below) U.S. federal gift or estate tax consequences.

This summary is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions. 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 Final Terms.

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

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

#### U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a beneficial owner of a Note that is (i) a citizen or 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 20 August, 1996, was considered a United States person as of that date, and



has in effect an election to continue to be so treated (“**U.S. Holder**”). Certain aspects of U.S. federal income tax relevant to a holder other than a U.S. Holder (a “**Non-U.S. Holder**”) are discussed separately below.

#### *Stated Interest; Original Issue Discount*

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

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

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

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

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

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

original yield to maturity of the Note (determined on the basis of compounding at the end of each accrual period) minus (ii) the amount of qualified stated interest allocable to the accrual period.

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

#### *Variable Rate Notes*

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

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

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

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

Under the OID Regulations, for purposes of determining the amount and accrual of OID and qualified stated interest, a debt instrument providing for a qualified floating rate or qualified inverse floating rate is in effect converted to an equivalent fixed rate debt instrument by assuming that each qualified floating rate, or qualified inverse floating rate, respectively, will remain at its value as of the issue date. A debt instrument

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

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

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

#### *Short-Term Notes*

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

#### *Market Discount*

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

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

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

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

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

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

### *Premium*

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

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

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

An election to amortise bond premium will apply to amortisable bond premium on all Notes and other bonds, the interest on which is includible in the U.S. Holder’s gross income, held at the beginning of the U.S. Holder’s first taxable year to which the election applies or thereafter acquired, and may be revoked only with the consent of the Service. The election to treat all interest, including for this purpose amortisable premium, as

OID is deemed to be an election to amortise bond premium. In addition, if the U.S. Holder has already made an election to amortise premium, the conformity requirements will be deemed satisfied with respect to any Notes for which the U.S. Holder makes an election to treat all interest as OID.

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

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

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

#### *Foreign Currency Notes*

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

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

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

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

The amount of market discount on a Foreign Currency Note includible in income will generally be determined by computing the market discount in the foreign currency and translating that amount into U.S. dollars at the spot rate on the date the Foreign Currency Note is retired or otherwise disposed of. If the U.S.



Holder has elected to accrue market discount currently, the amount of market discount which accrues during any accrual period is determined in the foreign currency and translated into U.S. dollars on the basis of the average exchange rate in effect during the accrual period. In that event, exchange gain or loss may be recognised to the extent that the rate of exchange on the date of the retirement or disposition of the Note differs from the exchange rate at which the market discount was accrued.

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

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

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

### *Indexed Notes*

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

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

In general, under the non-contingent bond method, the yield on a contingent bond is determined by reference to the comparable yield at which the issuer would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions similar to those of the contingent debt instrument, including the level of subordination, term, timing of payments, and general market conditions. If a hedge is available and the combined cash flows of the hedge and the non-contingent payments would permit the calculation of a yield to maturity such that the debt instrument and the hedge could be integrated into a synthetic fixed-rate instrument, the comparable yield is the yield that the synthetic fixed-rate instrument would have. However, if a substantial part of the issue is being marketed to persons for whom the inclusion of



interest is not expected to have a substantial effect on their U.S. federal income tax liability and the instrument provides for a non-market based projected payment schedule, the yield of the contingent payment debt instruments generally is deemed to be the applicable federal rate.

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

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

To the extent that Indexed Notes are physically settled rather than cash settled, a U.S. Holder would have income as described above and its basis in the property or stock received should equal 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 non-functional currency that is subject to Section 988 of the Code. Special rules are provided in the Contingent Debt Regulations to account for market discount and premium on contingent Notes.

#### *Backup Withholding*

A U.S. Holder of a Note may be subject to U.S. backup withholding with respect to interest paid on 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 tax and otherwise complies with the applicable requirements of the backup withholding tax 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 tax would be creditable against the U.S. Holder's U.S. federal income tax liability, provided the applicable requisite information is timely provided to the Service.

#### *Treasury Tax Shelter Regulations*

The United States Department of the Treasury and the Service have issued tax shelter regulations that may require certain information regarding prospective purchasers to be maintained in a list 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 own 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 U.S. federal income and estate tax consequences that may be applicable to Non-U.S. Holders of the Notes. This discussion does not deal with all aspects of U.S. federal income and estate taxation that may be relevant to the purchase, ownership or disposition of the Notes by a

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

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

#### *Interest and Original Issue Discount*

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

#### *Sale of Notes*

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

#### *United States Federal Estate Tax*

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

#### *Information Reporting and Backup Withholding*

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

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

## **2. Portuguese Taxation**

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

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

*Notes issued by BCP Finance*

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

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

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

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

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

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

There is neither wealth nor estate tax in Portugal.

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

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

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

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

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

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

at 25% Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

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

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

The acquisition of Notes through gift or inheritance by a legal person is subject to corporate tax at 25%. If the acquirer is a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment, a municipal surcharge (“derrama”) of up to 1.5% may also be due resulting in a combined tax rate of up to 26.5%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

There is neither wealth nor estate tax in Portugal.

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

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

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to withholding tax at 20%, which is the final tax on that income unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42%. In this case, the tax withheld is deemed a payment on account of the final tax due.

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

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

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

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

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

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to corporate tax, at 25%. A municipal surcharge (“derrama”) of up to 1.5% may also be due resulting in a combined tax rate of up to 26.5%.

There is no wealth nor estate tax in Portugal.

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

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

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

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

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

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

Gains obtained on the disposal of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is more than 25% directly or indirectly held by Portuguese resident entities or if the holder is resident in a country included in the “tax havens” list approved by Ministerial order no. 150/2004 of 13 February. If the exemption does not apply, the gains will be subject to tax at 25%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

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

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

There is neither wealth nor estate tax in Portugal.

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

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

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

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

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

Under these rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in



which the Notes are integrated, is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence by the holders of Notes should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and prior to the transfer of Notes, as the case may be.

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

**(a) Domestically Cleared Notes**

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

- (i) If a holder of Notes is a central bank, a public law institution or an international organisation, a declaration of tax residence issued by the holder of Notes, duly signed and authenticated or proof pursuant to (ii) or (iv) below;
- (ii) If the beneficial owner of Notes is a credit institution a financial company, pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Notes and its domicile; or (C) proof of non-residence, pursuant to the terms of paragraph (iv) below;
- (iii) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below.
- (iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities or, (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

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

**(b) Internationally Cleared Notes**

If the Notes are held through a centralised system recognised under the Portuguese Securities Code and complementary legislation, and are registered in an account with an international clearing system recognised by the Minister of Finance in accordance with the above-referred regime approved by Decree-Law 193/2005 (such as Euroclear or Clearstream, Luxembourg) and the management entity of such international clearing system undertakes not to provide registration services to (i) residents for tax purposes in Portugal which do not benefit from either an exemption from Portuguese taxation or all exemption from Portuguese withholding tax, and (ii) non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, special rules apply under which proof of the requirements to benefit from the exemption will be made through documents provided by participants to the direct register entity through the international clearing system managing entity. These documents must take into account the total accounts under their management regarding each holder of Notes that are tax exempt or benefit from an exemption from Portuguese withholding tax. The relevant procedures are as follows:



- (i) Filing a certificate, on a yearly basis, with the name of each beneficial owner, address, taxpayer number (if applicable), specification of the securities held and the legal basis for the exemption from taxation from Portuguese withholding tax. The current forms for these purposes were approved by Order (“*Despacho*”) n. 4980/2006 (2nd series), of the Portuguese Minister of Finance and Public Administrations (currently “*Ministro das Finanças e da Administração Pública*”), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006, and may be available for viewing at [www.dgci.min-financas.pt](http://www.dgci.min-financas.pt).
- (ii) Alternatively, filing a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of the beneficial owners, stating their address, tax payer number (if applicable), quantity held, and legal basis for the exemption from taxation or from Portuguese withholding tax. The current forms for these purposes were approved by Notice (“*Aviso*”) n. 3714/2006 (2nd series), published in the Portuguese official gazette, second series, n. 59, of 23 March 2006 issued by the Portuguese Secretary of State for Tax Affairs (currently “*Secretário de Estado dos Assuntos Fiscais*”) and may be available for viewing at [www.dgci.min-financas.pt](http://www.dgci.min-financas.pt)

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

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

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the regime approved by Decree-law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special form for these purposes was approved by Order (“*Despacho*”) n. 4980/2006 (2nd series), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently “*Ministro das Finanças e da Administração Pública*”) and may be available for viewing at [www.dgci.min-financas.pt](http://www.dgci.min-financas.pt).

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

### **3. Cayman Islands Taxation**

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

### **4. United Kingdom Taxation**

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

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

However, Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs (“HMRC”) has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

## **5. EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## CLEARING AND SETTLEMENT

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

### Registered Global Notes – General

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

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

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

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

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

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

Due to time zone differences in their favour, Clearstream, Luxembourg and Euroclear accountholders may employ their customary procedures for transactions in which interests in a Registered Global Note are to be transferred by Clearstream, Luxembourg or Euroclear (as the case may be) to a Direct Participant. The seller

will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear account holder (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 account holder the following day, and receipt of cash proceeds in the Clearstream, Luxembourg or Euroclear account holder'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 account holder 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 account holder'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 account holder, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear account holder, 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 account holder'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 account holders 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 account holder.

Euroclear or Clearstream, Luxembourg account holders 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 account holder, as the case may be, such account holder 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 depositories of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg or Euroclear accountholders. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the Direct Participants, a crossmarket transaction will settle no differently from a trade between Direct Participants.

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

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

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

### **Book Entry Notes Held Through Interbolsa – General**

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

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

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

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

#### *Form of the Book Entry Notes held through Interbolsa*

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



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

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

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

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

*Transfer of Book Entry Notes held through Interbolsa*

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

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Programme Dealers, pursuant to an amended and restated dealer agreement dated 30 April, 2008 (as amended, restated or supplemented from time to time, the “**Dealer Agreement**”), have agreed with the Issuers on the terms upon which any one or more of the Programme Dealers may from time to time agree to purchase (as principal, unless the applicable Final Terms states otherwise) Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*”, “*Form of the Final Terms*” and “*Terms and Conditions of the Notes*” above. In the Dealer Agreement, each Issuer, and in the event of default of such obligation by such Issuer, the Bank (where the Issuer is BCP Finance), has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme. Each Issuer may also agree to issue Notes to Issue Dealers who shall enter into the Dealer Agreement with such Issuer for the purpose only of a particular issue or issues of Notes under the Programme on, and subject to, the terms of the Dealer Agreement. Dealers will be entitled in certain circumstances to be released from their obligations under the Dealer Agreement in respect of the issue and purchase of Notes under the Programme.

### United States

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

- (i) Offers, sales, resales and other transfers of Notes 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 (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 UNITED STATES STATE SECURITIES LAWS.

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

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF, ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN, AGREES THAT IT SHALL NOT OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO, OR FOR THE ACCOUNT OR BENEFIT OF (A) THE ISSUER OR A DEALER (AS DEFINED IN THE OFFERING CIRCULAR FOR THE NOTE), (B) A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (C) AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) AND THAT, PRIOR TO SUCH

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

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

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

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

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

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

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

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

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

### **Public Offer Selling Restriction under the Prospectus Directive**

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

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## United Kingdom

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

- (a) in relation to any Notes issued by BCP Finance which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by BCP Finance;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## The Cayman Islands

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that no invitation will be made to the Public in the Cayman Islands to purchase any Notes, whether directly or indirectly. “*Public*” for these purposes does not include a sophisticated person, a high net worth person, a company, partnership or trust of which the shareholders, unit holders or limited partners are each a sophisticated person, a high net worth person any exempted or ordinary non-resident company registered under the Companies Law (2007 Revision) or a foreign company registered pursuant to Part IX of the Companies Law (2007 Revision) or any such company acting as general partner of a partnership registered pursuant to Section 9(1) of the Exempted Limited Partnership Law (2007 Revision) or any director or officer of the same acting in such capacity or the Trustee of any trust registered or capable of registering pursuant to Section 74 of the Trusts Law (2007 Revision).

## Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Offering Circular has not been and will not be registered with or approved by the Portuguese Securities Exchange Commission (“*Comissão do Mercado de Valores Mobiliários, “CMVM”*”) nor has a prospectus recognition procedure been commenced with the Portuguese Securities Exchange Commission and therefore the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November, 1999 unless the requirements and provisions applicable to the public offerings in Portugal are met and the above mentioned registration approval or recognition procedure is made. In addition, each Programme dealer has represented and agreed, an each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (“*oferta pública*”) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes only (“*oferta particular*”); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal; (iv) if the Notes are subject to a private placement addressed exclusively to qualified investors



(“*investidores qualificados*”), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; (v) private placements addressed by companies open to public investment (“*sociedades abertas*”) or by companies issuing securities listed on a market shall be notified to the CMVM for statistics purposes; (vi) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive, and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be including the publication of a Base Prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “FIEL”) 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, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

## General

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

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

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



## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the giving of the Guarantee have been duly authorised by resolutions of the Board of Directors of the Bank dated 3 September, 1998, 9 November, 1999, 20 November, 2000, 7 December, 2001, 16 December, 2002, 14 November, 2003, 12 November, 2004, 7 December, 2005, 11 September, 2006, 2 April 2007, and 22 April, 2008 and the increase in the Programme limit was authorised by resolutions of the Board of Directors of the Bank dated 9 November, 1999, 20 November, 2000, 7 December, 2001, 14 November, 2003, 12 November, 2004, 7 December, 2005 and 11 September, 2006. The Board of Directors of BCP Finance duly authorised the establishment and update of the Programme and the issue of Notes under the Programme by resolutions dated 7 October, 1998, 11 November, 1999, 24 November, 2000, 17 December, 2001, 17 December, 2002, 19 November, 2003, 19 November, 2004, 12 December, 2005, 18 September, 2006, 17 April, 2007, and 22 April, 2008, and the increase in the Programme limit by resolutions dated 11 November, 1999, 24 November, 2000, 17 December, 2001, 19 November, 2003, 19 November, 2004, 12 December, 2005 and 18 September, 2006 and 17 April, 2007.

### Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of the relevant Note. Application has been made to the UK Listing Authority for the Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 5 May, 2008.

### Documents Available

For the period of 12 months, following the date of this Offering Circular, copies of the following documents will, when published, be available throughout the life of the Programme from the registered office of each of the Issuers and from the specified office of the Paying Agents:

- (i) the constitutional documents (in English) of each Issuer;
- (ii) the published audited consolidated financial statements of the Banco Comercial Português Group in English and auditors' report contained in the Bank's Annual Report for the two financial years ended 31 December, 2007\*;
- (iii) the most recently available audited consolidated financial statements of the Banco Comercial Português Group contained in the Bank's Annual Report and the most recently available published interim statements of the Bank;
- (iv) the published audited financial statements of BCP Finance in English and auditors' report contained in BCP Finance's Annual Report for the two financial years ended 31 December, 2007 and the most recently available unaudited interim financial statements of BCP Finance (if any);
- (v) the Dealer Agreement, the Agency Agreement the Instrument, and the Trust Deed (containing the forms of Temporary Bearer Global Notes, Permanent Bearer Global Notes, Reg. S Global Notes, Restricted Global Notes, Notes in definitive form, Receipts, Coupons and Talons from time to time issuable under the Programme);
- (vi) copy of this Offering Circular;
- (vii) any future offering circulars, information memoranda and supplements (excluding the Final Terms in connection with Notes not listed on any stock exchange to this Offering Circular) and any other documents incorporated herein or therein by reference; and

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\* The audited financial statements for the financial year ended 31st December, 2007 have been approved by the Executive Board of Directors of the Bank and will be subject to the approval of the general meeting of shareholders to be held by 31st May, 2008.

- (viii) in the case of a syndicated issue of Notes admitted to trading on the regulated market, the syndication agreement (or equivalent document).

### Clearing Systems

The Bearer Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms.

In addition, the relevant Issuer will make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. The Book-Entry Notes will be accepted for clearance through Interbolsa. The appropriate ISIN for each Tranche of Book Entry Notes will be specified in the applicable Final Terms.

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099.

The address of Interbolsa is Avenida da Boavista, 3433-4100 Porto.

### Significant or Material Change

Save as disclosed in the “Recent Developments” section on pages 115 to 117 of this Offering Circular, there has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 December, 2007.

There has been no significant change in the financial or trading position of BCP Finance since 31 December, 2007.

Save as disclosed in the “Recent Developments” section on pages 115 to 117 of this Offering Circular including the information relating to the loss in value of the shareholding in Banco BPI, S.A., which will be reflected in the Bank’s first quarter 2008 results (such results yet to be fully determined and approved by management), there has been no material adverse change in the prospects of the Bank or the Banco Comercial Português Group since the date of the last audited annual accounts, 31 December, 2007.

There has been no material adverse change in the prospects of BCP Finance since the date of the last audited accounts, 31 December, 2007.

### Litigation

As mentioned in note 55 to the 2007 consolidated financial statements of the Bank (and as further defined in the “Risk Factors: Risks Relating to Administration Proceedings by the CMVM and the Bank of Portugal”):

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

A press release issued by the Bank of Portugal on 28 December 2007 mentioned that such administrative proceeding was brought “*based in facts related with 17 off-shore entities, which*

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*nature and activities were always hidden from the Bank of Portugal, in particular in previous inspections carried out”.*

The Bank was not, however, formally notified of any charges or accusations in abovementioned administrative proceeding and, therefore, does not have a clear indication of the facts so to allow it to specifically and fully identify the matters that may be involved.

2. On the other hand, on 11 January 2008, a press release which title was “Principal Resolutions of the Executive Board of the CMVM” was made available in the Portuguese Securities Commission (“CMVM”) website. Such press release mentioned that:

*“The Executive Board of the Comissão do Mercado de Valores Mobiliários (CMVM), at a meeting held on 20 December 2007, adopted the following resolutions:*

- *Institute administrative infraction proceeding against Banco Comercial Português SA;*
- *for possible concealment of information from the CMVM;*
- *for other facts still being assessed but already clearly in breach of the law and CMVM’s regulations, including any individual responsibilities of the persons in charge of BCP.*

*(...)”*

Again, the Bank did not receive any formal notice of any charges or accusations in the abovementioned administrative proceeding or proceedings containing a description of the alleged facts that may be attributed to it and their legal consequences.

3. On 21 December 2007, CMVM addressed a notice to the Bank, indicating that it should make public disclosure thereof, which the Bank did on 23 December 2007. The notice read as follows:

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

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

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

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

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

Again, the Bank was not heard in connection with such preliminary findings and their grounds, which the Bank did not accept, and reserved, in the abovementioned public disclosure document of 23 December 2007, its right to take a stand at an appropriate moment in the process.

4. The communications and notices mentioned above, even if read together with the public statements and press news concerning declarations of the heads of the Bank of Portugal and the CMVM before a Parliament Commission, do not allow more than an approximate or preliminary analysis, considering the inexistence of specific attributions, charges or accusations.

In general terms, the administrative offences referred to in the General Framework of Credit Institutions and Financial Companies ("RGICSF") in case the facts mentioned in the notice referred to in 1. above are demonstrated would be the following:

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

On the other hand, the provision to the Bank of Portugal of (i) false information, or (ii) incomplete information, capable of leading to erroneous conclusions with identical or similar effect to that of the provision of false information on the matter constitute an administrative offence foreseen in article 211, r), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000;

- c) The breach of prudential ratios or limits determined by law, by the Minister of Finance or by the Bank of Portugal in the exercise of their legal functions, constitutes an administrative offence foreseen in article 210, d), of RGICSF, punished, in the case of companies, with a fine between Euros 750 and Euros 750,000.

On the other hand, the breach of prudential ratios or limits determined by certain provisions of the RGICSF, by the Minister of Finance or by the Bank of Portugal, when a serious harm for the financial balance of the relevant credit institution results or may result from such illicit breach, constitutes an administrative offence foreseen in article 211, h), of RGICSF, punished, in the case of companies, with a fine between Euros 2,500 and Euros 2,494,000.

5. CMVM's press release referred to in 2. above, its notice referred to in 3. above and, without prejudice of their informal nature, the public declarations made by CMVM's officials referred to

in 4. above could also preliminarily raise the abstract possibility (and with the abovementioned caveat that the Bank has not been notified of any element other than those mentioned above) that one or more of the sanctions foreseen in the Portuguese Securities Code (“CVM”), in the Portuguese Companies Code or the Penal Code might be theoretically applicable to some of the facts attributed to the Bank and, in particular, the following:

- a) Pursuant to article 7 of the CVM, the information relating to financial instruments, securities markets, financial intermediation activities, settlement and clearing of transactions, public offers and issuers should be complete, truthful, up-to-date, clear, objective and lawful. Breach of this provision constitutes an administrative offence foreseen in articles 389, no. 1, a), and 401, no. 1 of the CVM, punished, pursuant to article 388, no. 1, a), of the CVM, with a fine between Euros 25,000 and Euros 2,500,000;
  - b) Other actions that constitute a breach of the law or CMVM regulations may, considering their nature, constitute other administrative offences, which might also be punished with fines between Euros 25,000 and Euros 2,500,000.
6. The inexistence of further specification and conclusions in respect of the facts attributed to the Bank, besides not allowing the equation of civil liability aspects that might be associated to them, does not allow any estimate on the amounts resulting from possible administrative liability, it being important to note that, at the end of any relevant proceeding, the deciding authority would have to make a global consideration of all possible infractions demonstrated pursuant a final court decision to decide on the final amount.
7. Meanwhile, in the context of the global elements available, including informal contacts with CMVM in the abovementioned investigation, even though the Bank was not yet heard in this respect, it was possible to obtain indications relating to the substance and structure of the transactions and operations involved, which, if confirmed, would make the adoption of the adjustments mentioned in note 54 to be considered as legally required by the provisions applicable to the information made by a listed company, which adjustments the Bank decided to make in that context based on reasons of prudence.

Consequently, such decision and such adjustment do not imply any kind of admission or recognition by the Bank of the existence of any of the alleged infractions which may be attributed to it; thus, the Bank reserves all its rights related thereto.”

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

## **Auditors**

The consolidated financial statements of the Banco Comercial Português Group for the financial years ended 31 December, 2006 and 2007 were prepared in accordance with International Financial Reporting Standards. The financial statements of the Banco Comercial Português Group were audited in accordance with International Standards on Auditing for each of the two years ended 31 December, 2007 by KPMG & Associados, SROC, SA independent certified public accountants.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2006 and 2007 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.\*

The financial statements of BCP Finance for each of the financial years ended 31 December, 2006 and 2007 were prepared in accordance with International Financial Reporting Standards and audited in accordance with International Standards on Auditing by KPMG independent certified public accountants.

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\* The audited financial statements for the financial year ended 31st December, 2007 have been approved by the Executive Board of Directors of the Bank and will be subject to the approval of the general meeting of shareholders to be held by 31st May, 2008.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors or any other expert or other person in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or any other expert or other person in connection therewith contains any limit on the liability of the Auditors or any other expert or other person.

**Dealers transacting with the Issuer and the Bank**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Bank and their affiliates in the ordinary course of business.



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