



Banco Comercial Português, S.A.

(Incorporated with limited liability under the laws of Portugal)

and

BCP Finance Bank, Ltd.

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

EUR25,000,000,000

Euro Note Programme

Arranger

UBS Investment Bank

Programme Dealers

ActivoBank

Banca IMI

Banco Santander Totta

Barclays

BNP PARIBAS

BofA Merrill Lynch

Citigroup

Credit Suisse

Deutsche Bank

HSBC

J.P. Morgan

Millennium Investment Banking

Morgan Stanley

The Royal Bank of Scotland

UBS Investment Bank

The date of this Offering Circular is 17 July 2013

This Offering Circular replaces and supersedes the Offering Circular dated 28 June 2012 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 as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the “**Prospectus Directive**”).

Each of BCP Finance and the Bank (each as defined below) accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche (as defined below) of Notes issued under the Programme. 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.

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 (as defined herein) nor any Dealer (as defined below) 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 (as defined below) 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.

Under the EUR25,000,000,000 Euro Note Programme (the “**Programme**”), each of Banco Comercial Português, S.A. (the “**Bank**”, “**BCP**”, “**Banco Comercial Português**” or “**Millennium bcp**”), acting either through its head office or through its Macao branch, 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 form (“**Bearer Notes**”) 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 acting through its Macao branch only if so indicated in the applicable Final Terms (as defined herein).

In addition, the Bank acting through its head office may issue Notes in book-entry form (“**Book Entry Notes**”), and together with the Bearer Notes, the “**Notes**”, which expression shall include Senior Notes and Subordinated Notes (each as defined below)) 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 of Registration of Securities (“**Central de Valores Mobiliários**”).

Considering that Notes to be issued by BCP Finance are expected to be subscribed primarily by international Investors, such Notes may, whenever indicated in the Final Terms, be guaranteed by the Macao branch of Banco Comercial Português, S.A., which has an international business scope (Banco Comercial Português, S.A., acting through its Macao branch, the “**Guarantor**”). Macao branch acting as Guarantor does not affect the fact that Banco Comercial Português, S.A. is a Portuguese entity and that Investors rights are against Banco Comercial Português, S.A. only.

The Final Terms for each Tranche 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, if guaranteed, be guaranteed on an unsubordinated basis (“**Senior Notes**”) or (ii) subordinated Notes which, in the case of Notes issued by BCP Finance, will, if guaranteed, 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).

Notes issued by BCP Finance with a maturity of less than one year will, if proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits under section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional Investors and have a denomination of at least £100,000 or its equivalent.

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” below.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (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 Programme provides that admission of Notes to trading on the Euronext Lisbon’s regulated market may also be sought, as may be agreed between the relevant Issuer and the Dealer(s) and as specified in the applicable Final Terms. Each of the London Stock Exchange’s regulated market and Euronext Lisbon’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

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 certain other information not contained herein which are applicable to each Tranche of Notes will be set forth in a final terms document (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, where listed, the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Programme has been rated “B1/NP” (in respect of Notes issued on a senior basis (“**Senior Notes**”) with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and “Caa3” (in respect of Notes issued on a subordinated basis (“**Subordinated Notes**”)) by Moody’s Investors Service

España, S.A. (“**Moody’s**”), “B/B” (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 “CCC-” (in respect of Subordinated Notes) by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”), and “BB+/B” (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively)“ by Fitch Ratings Limited (“**Fitch**”) and “BBB (low)/R-2” (mid) (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 “BB (high)” (in respect of Subordinated Notes) by DBRS, Inc. (“**DBRS**”). The Programme has not been rated in respect of Senior Notes and Subordinated Notes issued by BCP Finance which are not guaranteed by the Bank acting through its Macao branch. Moody’s, Standard & Poor’s and Fitch are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such Moody’s, Standard & Poor’s and Fitch are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. DBRS is not established in the European Union but the ratings it has assigned to Banco Comercial Português, S.A. are endorsed by DBRS Ratings Limited for use in the European Union. DBRS Ratings Limited is a rating agency established in the European Union and registered in accordance with CRA Regulation. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and 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. Please also refer to “Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes” in the “Risk Factors” section of this Offering Circular.

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2011 and 31 December 2012 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The Book Entry Notes will be registered by Interbolsa. 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 Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) (each an “**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*). For further details of clearing and settlement of the Notes issued under the Programme see “Clearing and Settlement” below.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning BCP Finance and the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing such information. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of BCP Finance or the Bank during the life of the Programme or to advise any Investor in the Notes of any information coming to their attention. To the extent that any information received from BCP Finance or the Bank is material 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.

**IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES WHERE
THERE IS NO EXEMPTION FROM THE OBLIGATION UNDER THE PROSPECTUS
DIRECTIVE TO PUBLISH A PROSPECTUS**

Restrictions on Public Offers of Notes in Relevant Member States where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Public Offer. This Offering Circular has been prepared on a basis that permits Public Offers of Notes. However, any person making or intending to make a Public Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) may only do so if this Offering Circular 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 published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Offering Circular in connection with such offer as provided under “Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)” and the conditions attached to that consent are complied with by the person making the Public Offer of such Notes.

Save as provided above, none of the Issuers, the Guarantor and any Dealer have authorised, nor do they authorise, the making of any Public 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.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Public Offer of such Notes, the Issuers and the Guarantor (as the case may be) accept responsibility, in the jurisdictions to which the consent to use the Offering Circular extends, for the content of this Offering Circular under section 90 of the FSMA in relation to any person (an “**Investor**” or collectively the “**Investors**”) who purchases any Notes in a Public Offer made by any person to whom the relevant Issuer has given consent to the use of this Offering Circular (an “**Authorised Offeror**”) in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under “Consent” and “Common Conditions to Consent” below.

None of the Issuers, the Guarantor or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and none of the Issuers or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, none of the Issuers, the Guarantor and any Dealer has authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Offering Circular by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuers, the Guarantor and any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Offering Circular for the purposes of section 90 of the FSMA in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under “Common Conditions to Consent”:

(a) the Issuers consent to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Notes during the relevant Offer Period stated in the applicable Final Terms by the relevant Dealer and by:

(i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

(ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Bank’s website (www.millenniumbcp.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer;

(b) if (and only if) Part B of the applicable Final Terms specifies “General Consent” as “Applicable”, the Issuer hereby offers to grant its consent to the use of this Offering Circular (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes during the relevant Offer Period stated in the applicable Final Terms by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under the Financial Services and Markets Act 2000, as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) (in which regard, Investors should consult the register maintained by the Financial Conduct Authority at: <http://www.fsa.gov.uk/register/home.do>); and

(ii) it accepts the Issuer’s offer to grant consent to the use of this Offering Circular by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

“We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the “Notes”) described in the Final Terms dated [insert date] (the “Final Terms”) published by [Banco Comercial Português, S.A./BCP Finance Bank, Ltd.] (the “Issuer”). We hereby accept the offer by the Issuer of its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Offering Circular, and we are using the Offering Circular accordingly.”

The **Authorised Offeror Terms**, being the terms to which the relevant financial intermediary agrees in connection with using the Offering Circular, are that the relevant financial intermediary:

(A) will, and it agrees, represents, warrants and undertakes for the benefit of the relevant Issuer, the Guarantor (as the case may be) and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:

I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including the Rules published by the United Kingdom Financial Conduct Authority (the “**FCA**”) (including its guidance for distributors in *The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer, the Guarantor (as the case may be) and the relevant Dealer if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

II. comply with the restrictions set out under “Subscription and Sale and Transfer Restrictions” in this Offering Circular which would apply as if it were a Dealer;

III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the Financial Services and Markets Act 2000 or any other applicable legislation;

V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer, the Issuer and the Guarantor (as the case may be) or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantor and/or the relevant Dealer in order to enable the Issuer, the Guarantor and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and *know your client* Rules applying to the Issuer, the Guarantor and/or the relevant Dealer;

VII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer, the Guarantor (as the case may be) or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

VIII. co-operate with the Issuer, the Guarantor (as the case may be) and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) upon written request from the Issuer, the Guarantor or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantor or the relevant Dealer:

(i) in connection with any request or investigation by the FCA or any other regulator in relation to the Notes, the Issuer, the Guarantor (as the case may be) or the relevant Dealer; and/or

(ii) in connection with any complaints received by the Issuer, the Guarantor (as the case may be) and/or the relevant Dealer relating to the Issuer, the Guarantor and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or

(iii) which the Issuer, the Guarantor (as the case may be) or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer, the Guarantor or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

IX. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;

X. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

XI. ensure that it does not, directly or indirectly, cause the Issuer, the Guarantor (as the case may be) or the relevant Dealer to breach any Rule or subject the Issuer, Guarantor or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

XII. comply with the conditions to the consent referred to under “Common Conditions to Consent” below and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;

XIII. make available to each potential Investor in the Notes the Offering Circular (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with the Offering Circular and the applicable Final Terms; and

XIV. if it conveys or publishes any communication (other than the Offering Circular or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer, the Guarantor (as the case may be) and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Guarantor or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer, the Guarantor or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes and the Guarantor as the guarantor of the relevant Notes on the basis set out in the Offering Circular;

(B) agrees and undertakes to indemnify each of the relevant Issuer, the Guarantor (as the case may be) and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantor or the relevant Dealer; and

(C) agrees and accepts that:

I. the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Offering Circular with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

II. subject to (IV) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the financial intermediary submit to the exclusive jurisdiction of the English courts;

III. for the purposes of (C)(II) and (IV), the Issuer and the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

IV. to the extent allowed by law, the Issuer, the Guarantor (as the case may be) and each relevant Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

V. the Guarantor (as the case may be) and each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

Any financial intermediary who is an Authorised Offeror falling within (b) above who meets all of the conditions set out in (b) and the other conditions stated in "Common Conditions to Consent" below and who wishes to use this Offering Circular in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (b)(ii) above.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Offering Circular in the context of the relevant Public Offer are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms;
- (ii) only extends to the use of this Offering Circular to make Public Offers of the relevant Tranche of Notes in the United Kingdom, Portugal and France under the Programme, as specified in the applicable Final Terms; and
- (iii) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be the United Kingdom, Portugal and France under the Programme, and accordingly each Tranche of Notes may only be offered to Investors as part of a Public Offer in the United Kingdom, Portugal and France under the Programme, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS OFFERING CIRCULAR AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUERS, THE GUARANTOR (AS THE CASE MAY BE) AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

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. The Issuers, the Guarantor (as may be the case), the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any 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, or 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 the relevant Issuer, the Guarantor (as may be the case), the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under 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 may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of 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, Portugal and France), Japan and the Cayman Islands, see “Subscription and Sale and Transfer Restrictions” below.

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 may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has 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) has 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) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential Investor’s currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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) 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.

The Notes have not and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be

offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “Subscription and Sale and Transfer Restrictions” below).

All references in this Offering Circular to (i) “**U.S. dollars**”, “**dollars**”, “**USD**”, “**U.S.\$**”, “**\$**” and “**U.S. cent**” refer to the currency of the United States of America, (ii) “**Sterling**” and “**£**” refer to the currency of the United Kingdom, and (iii) “**Euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union amended from time to time.

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) 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.

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SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes, the Issuers and the Guarantor. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “Not Applicable”.

Section A – Introduction and warnings

Element	
A.1	<p>Warning that:</p> <ul style="list-style-type: none"> • This summary should be read as an introduction to the prospectus and the applicable Final Terms; • Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor, including any documents incorporated by reference and the applicable Final Terms; • Where a claim relating to information contained in the prospectus and the applicable Final Terms is brought before a court, the plaintiff might, under the national legislation of the Member States, have to bear the costs of translating the prospectus and the applicable Final Terms before the legal proceedings are initiated; and • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<p>Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Public Offer”.</p> <p>Issue specific summary:</p> <p>[Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[<i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of the Offering Circular in connection with a Public Offer of Notes by the Dealers[, [<i>names of specific financial intermediaries listed in final terms,</i>] [and] [each financial intermediary whose name is published on the website of Banco Comercial Português, S.A. (www.millenniumbcp.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and any financial intermediary which is authorised to make such offers under [the Financial Services and Markets Act 2000, as amended, or other] applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p>

Element	
	<p>“We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the “Notes”) described in the Final Terms dated [insert date] (the “Final Terms”) published by [] (the “Issuer”). We hereby accept the offer by the Issuer of its consent to our use of the Offering Circular (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Offering Circular, and we are using the Offering Circular accordingly.”],</p> <p>(each an “Authorised Offeror”).</p> <p><i>Offer period:</i> The Issuer’s consent referred to above is given for Public Offers of Notes during [offer period for the issue to be specified here] (the “Offer Period”).</p> <p><i>Conditions to consent:</i> The conditions to the Issuer’s consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Offering Circular to make Public Offers of the relevant Tranche of Notes in [specify each Relevant Member State in which the particular Tranche of Notes can be offered] and (c) [specify any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms].</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.]</p>

Section B – Issuers and Guarantor

Element	Title	
B.1	Legal and commercial name of the Issuers	<p>[Banco Comercial Português, S.A. (“BCP”)]</p> <p>[BCP Finance Bank, Ltd. (“BCP Finance”)]</p> <p>(each an “Issuer” and together the “Issuers”)</p>
B.2	Domicile/ legal form/ legislation/ country of incorporation	<p>BCP is a limited liability company incorporated and domiciled in Portugal under the Portuguese Companies Code and General Framework of Credit Institutions and Financial Companies.</p> <p>BCP Finance is incorporated and domiciled in Cayman as an exempted company for an unlimited duration with limited liability under the laws of the Cayman Islands.</p>
B.4b	Trend information	<p>It is expected that the extremely demanding economic conditions will prevail during 2013 in the peripheral countries and especially in Portugal, as a result of the maintenance of the recessive environment, rising unemployment, reduction of disposable family income, and deflationary pressures on the economy operating on the market of products and services, real estate and on wages. This combination of factors is likely to continue to constrain banking activity.</p> <p>In Portugal, 2012 was marked by the implementation of the banks recapitalisation programme and by a climate of growing austerity, imposed by the Economic and</p>

Element	Title	
		<p>Financial Adjustment Programme (the “PAEF”), agreed in May 2011. 2013 will be marked by the continuation of the deleveraging process (lower volumes) and, simultaneously, efforts will be developed to recover profitability in a context of increased default and past due loans. 2013 will also be characterised by the implementation of the restructuring plan agreed with the European Commission, for the banks which received public investment.</p> <p>Under BCP’s recapitalisation plan (the “Recapitalisation Plan”), as approved by Order no. 8840-B/2012 of the Minister of State and Finance, of 28 June 2012 (the “Order”), the underwriting of hybrid instruments that qualify as Core Tier 1 capital by the State, on 29 June 2012, to the total value of Euro 3,000 million, and the successful share capital increase operation through new cash entries, intended for subscription by its shareholders in the exercise of their legal preemptive right, of a total amount of Euro 500 million, in October 2012, reflect compliance with the priority of financial strength, defined in the management agenda for 2012. However, the issue of hybrid instruments poses new challenges for the management of net interest income and commissions, operating costs and allocations for impairment.</p> <p>In 2012, BCP prepared and presented to the Government a restructuring plan, required by national law and by the applicable European rules on matters of State aid. The final version of the restructuring plan, which is currently pending approval by the European Commission, might contain additional measures, on top of those already established in the Recapitalisation Plan, including possible commitments of a behavioural and/or structural nature. The restructuring plan referred to above will have to (i) demonstrate BCP’s long term viability without any assistance from the State; (ii) demonstrate the contribution that BCP and its shareholders have provided and shall provide to support the necessary efforts of recapitalisation and restructuring of BCP; and (iii) define measures to limit any potential competition distortions arising from the public assistance that BCP has received from the Portuguese Republic.</p> <p>BCP believes that the conditions currently established in the Recapitalisation Plan and in the Order and the additional management measures that BCP has already considered, are balanced and in proportion.. Nevertheless, there is still uncertainty regarding the extent of the restructuring that BCP will have to carry out and on the precise content of the restructuring plan which is expected to be approved by the European Commission.</p> <p>Even if Portugal complies with the targets of the PAEF, the scale and scope of the financial assistance received by the country might not be sufficient to ensure the return of the Republic to market funding in 2013, which limits the options open to Portuguese banks. Portuguese banks remain dependent on the willingness of the ECB to continue to supply the funding needs of European banks, in particular of the peripheral countries, in an unlimited form.</p> <p>These circumstances shall continue to be pervasive during 2013, creating pressures towards the reformulation of the business models of banks and organisational restructuring. Moreover, the changes in regulations on the structure of the banking sector have given rise to new measures aimed at restricting the activities developed in terms of investment banking and global finance, re-segmenting domestic operations and adjusting the banks to the new interbank funding system.</p>
B.5	Description of the Group	<p>BCP is the ultimate parent company of the group (BCP and its subsidiaries together constitute the “Group”).</p> <p>BCP Finance is a wholly owned indirect subsidiary of BCP.</p>

Element	Title	
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Offering Circular.
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit report included in the Offering Circular.
B.12	Selected historical key financial information:	
	BCP	
	The table below sets out summary information extracted from BCP's audited financial statements for each of the two years ended 31 December 2011 and 31 December 2012 and from BCP's unaudited financial statements for the three month period ended 31 March 2013 (including comparative data), respectively:	
		2012 2011
	Balance sheet	
	Total assets	89,744 93,482
	Loans and advances to customers (net) (1)	62,618 68,046
	Total customers funds (1)	68,547 65,530
	Shareholders' equity and subordinated debt	7,671 4,973
	Profitability	
	Return on average shareholders' equity (ROE)	-35.4% -22.0%
	Income before tax and non-controlling interests / Average shareholders' equity	-32.6% -28.0%
	Return on average total assets (ROA)	-1.3% -0.8%
	Income before taxes and non-controlling interests / Average net assets (2)	-1.4% -1.3%
	Net interest margin	1.2% 1.7%
	Efficiency	
	Cost to income (2) (4)	66.6% 58.6%
	Cost to income - Activity in Portugal (4)	69.1% 60.2%
	Staff costs / Net operating revenues (2) (4)	37.2% 32.1%
	Credit Quality	
	Overdue loans (>90 days) + doubtful loans / Total loans (2)	8.1% 6.2%
	Overdue loans (>90 days) + doubtful loans, net / Total loans, net (2)	1.9% 1.4%
	Credit at risk / Total loans (2)	13.1% 10.1%
	Credit at risk, net / Total loans, net (2)	7.2% 5.5%
	Total impairment / Overdue loans (>90 days)	101.6% 109.1%
	Cost of risk	252 p.b. 186 p.b.
	Capital (*)	
	Own Funds	6,773 5,263
	Risk Weighted Assets	53,271 55,455
	Core Tier I (2)	12.4% 9.3%
	Tier I (2)	11.7% 8.6%
	Total (2)	12.7% 9.5%
	Note: million Euros, except percentages	
	(1) Adjusted from companies partially sold - Millennium bank Turkey (2008) and Millennium bcpbank USA (2008 to 2009).	
	(2) According to Instruction no. 23/2011 from the Bank of Portugal.	
	(3) Calculated in accordance with the definition from the Bank of Portugal.	
	(4) Excludes the impact of specific items.	
	(*) Capital ratios based on the IRB approach in 2012, 2011 and 2010 and in accordance with the standard approach in 2009 and in 2008 (detailed information in the section "Capital Management").	

Element	Title	31 Mar. 13	31 Mar. 12
	Balance sheet		
	Total assets	89,474	92,029
	Loans to customers (gross) (1)	66,507	71,243
	Total customer funds (1)	70,622	67,328
	Loans to customers, net / Customer deposits (2)	121.0%	139.5%
	Loans to customers, net / Customer deposits (3)	121.4%	137.7%
	Profitability		
	Net operating revenues / Average net assets (2)	2.0%	2.8%
	Return on average assets (ROA) (4)	-0.6%	0.3%
	Income before tax and non-controlling interests / Average net assets (2)	-0.7%	0.4%
	Return on average equity (ROE)	-19.7%	4.5%
	Income before tax and non-controlling interests / Average equity (2)	-17.3%	8.9%
	Credit quality		
	Overdue loans + doubtful loans / Total loans (2)	8.8%	6.8%
	Overdue loans + doubtful loans, net / Total loans, net (2)	2.4%	1.9%
	Credit at risk / Total loans (2)	13.8%	10.9%
	Credit at risk, net / Total loans, net (2)	7.8%	6.2%
	Impairment for loan losses / Overdue loans by more than 90 days	96.3%	100.3%
	Efficiency ratios (2)		
	Operating costs / Net operating revenues	71.5%	53.4%
	Operating costs / Net operating revenues (Portugal)	86.8%	50.9%
	Staff costs / Net operating revenues	39.8%	30.0%
	Capital		
	Own funds	6,750	5,353
	Risk weighted assets	53,625	57,188
	Core tier I (2)	12.1%	9.2%
	Tier I (2)	11.5%	8.6%
	<i>Note: million Euros, except percentages</i>		
	(1) Adjusted for a Repo operation of Euro 697 million on 31 March 2012.		
	(2) According to Instruction nr. 16/2004 from the Bank of Portugal, as the currently existing version.		
	(3) Calculated in accordance with the definition from the Bank of Portugal. Excludes Millennium bank in Greece.		
	(4) Considering net income before non-controlling interests.		
	BCP Finance		
	<i>Income Statement</i>		
	The table below sets out summary information extracted from BCP Finance's audited comprehensive income statement for each of the two years ended 31 December 2011 and 31 December 2012:		
		2012	2011
	Statement of Comprehensive Income		
	Net interest income	(11.218)	2.978
	Gains arising from trading and hedging activities	337.283	1.754.742
	Total operating income	326.065	1.757.720
	Total operating expenses	333.345	1.444.459
	(Loss)/profit for the year	(7.280)	313.261
	Other Comprehensive Income	4.086	(25.862)
	Total Comprehensive Income/ (loss) for the year	(3.194)	287.399
	Note: thousands of USD		
	<i>Consolidated Balance Sheet</i>		
	The table below sets out summary information extracted from BCP Finance's audited balance sheet as at 31 December 2011 and 31 December 2012:		

Element	Title		
		2012	2011
	Balance sheet		
	Assets		
	Loans and advances to credit institutions	2.600.772	5.057.353
	Financial assets held for trading	13.333	769.221
	Other assets	10.177	10.250
	Total assets	<u>2.624.282</u>	<u>5.836.824</u>
	Liabilities		
	Deposits from credit institutions	897.932	1.460.206
	Debt securities issued	649.184	2.466.426
	Other liabilities	221.748	1.051.580
	Total liabilities	<u>1.768.864</u>	<u>4.978.212</u>
	Shareholder's Equity	855.418	858.612
	Note: thousands of USD		
	Statements of no significant or material adverse change		
	Save as disclosed in the section entitled "Recent Developments in 2013" on pages 153 and 154 of the Offering Circular, there has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 March 2013. There has been no material adverse change in the prospects of BCP or Banco Comercial Português Group since the date of the last audited annual accounts, 31 December 2012.		
	There has been no significant change in the financial or trading position of BCP Finance since 31 December 2012.		
	There has been no material adverse change in the prospects of BCP Finance since the date of the last audited accounts, 31 December 2012.		
B.13	Events impacting the Issuers' solvency	Save as disclosed in the "Evolution of the Solvency Ratio on the first quarter of 2013" section on pages 172 and 173 of the Offering Circular, there are no recent events particular to BCP which are to a material extent relevant to the evaluation of its solvency. There are no recent events particular to BCP Finance which are to a material extent relevant to the evaluation of its solvency.	
B.14	Dependence upon other group entities	BCP is, directly or indirectly, the ultimate holding company of all the companies in the Group and is not dependent upon other entities within the Group. However, being the ultimate holding company of the Groups the activities developed by the other members of the Group have an impact on BCP. BCP Finance is an (indirect) wholly owned subsidiary of BCP. Please also refer to Element B.5.	
B.15	Principal activities	The Group is engaged in a wide variety of banking and related financial services activities, including investment banking, asset management and insurance, in Portugal and internationally. BCP's operations are primarily in retail banking, but it also offers a complete range of additional financial services. BCP Finance acts as an overseas finance vehicle of BCP and of the Group, issuing Notes pursuant to the Programme. As such it raises funds to BCP by way of intra-group loans.	

Element	Title	
B.16	Controlling shareholders	<p>BCP is not aware of any shareholder or group of connected shareholders who directly or indirectly control the BCP.</p> <p>BCP Finance is a wholly owned indirect subsidiary of BCP.</p>
B.17	Credit ratings	<p>The Programme has been rated “B1/NP” (in respect of Notes issued on a senior basis (“Senior Notes”) with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and “Caa3” (in respect of Notes issued on a subordinated basis (“Subordinated Notes”)) by Moody’s Investors Service España, S.A., “B/B” (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 “CCC-” (in respect of Subordinated Notes) by Standard & Poor’s Credit Market Services Europe Limited, and “BB+/B” (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) by Fitch Ratings Limited and “BBB (low)/R-2” (mid) (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 “BB (high)” (in respect of Subordinated Notes) by DBRS, Inc..</p> <p>The Programme has not been rated in respect of Senior Notes and Subordinated Notes issued by BCP Finance which are not guaranteed by the Guarantor.</p> <p>Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency.</p> <p>Issue specific summary:</p> <p>[The Notes [have been/are expected to be] rated [<i>specify rating(s) of Tranche being issued</i>] by [<i>specify rating agent(s)</i>].</p> <p>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.]</p> <p>[Not Applicable - No specific ratings have been assigned to the debt securities at the request of or with the co-operation of the Issuer in the rating process.]</p>
B.18	Description of the Guarantee	<p>The Notes issued by BCP Finance may be unconditionally and irrevocably guaranteed or unguaranteed by BCP acting through its Macao branch (in its capacity as guarantor, the “Guarantor”), as specified in the applicable Final Terms. Macao branch acting as Guarantor does not affect the fact that BCP is a Portuguese entity and that investors rights are against BCP only.</p> <p>The Guarantee may be issued on either a senior basis (“Senior Guarantee”) in the case of a Guarantee relating to Senior Notes or a subordinated basis (“Subordinated Guarantee”) in the case of Subordinated Notes.</p> <p>The obligations of the Guarantor under its Senior Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of negative pledge below) unsecured obligations of the Guarantor and will rank <i>pari passu</i> with all present and future unsecured and unsubordinated obligations of the Guarantor, save for those that have been accorded by law preferential rights.</p> <p>The obligations of the Guarantor under its Subordinated Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor, and in the event of the winding up of the Guarantor, (to the extent permitted by Portuguese law) will be subordinated in right of payment to the claims of all secured and/or unsubordinated</p>

Element	Title	
		creditors of the Guarantor.
B.19	Information about the Guarantor	Banco Comercial Português, S.A. acting through its Macao branch. Information relating to Banco Comercial Português, S.A. is set out in this Section B.

Section C – Securities

Element	Title	
C.1	Description of Notes/ISIN	<p>The Notes to be issued under the Programme may be in bearer or book entry form.</p> <p>The Notes to be issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of the foregoing.</p> <p>Issue specific summary:</p> <p>The Notes are [£/€/U.S.\$/other] [] [[] per cent. Fixed Rate Notes/Floating Rate/Zero Coupon/other] Notes due [].</p> <p>International Securities Identification Number (ISIN): []</p>
C.2	Currency	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.</p> <p>Issue specific summary:</p> <p>The currency of this Series of Notes is [Pounds Sterling/Euro/U.S. dollars/Japanese yen/Swiss francs/Australian dollars/Canadian dollars/other].</p>
C.5	Restrictions on transferability	Not Applicable - There are no restrictions on the free transferability of the Notes.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p>Status and Subordination</p> <p>Notes may be issued on either a senior or a subordinated basis, the Senior Notes and the Subordinated Notes, respectively.</p> <p>Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of negative pledge below) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.</p> <p>Payments in respect of any Subordinated Notes constitute direct, unconditional and unsecured obligations of the Issuer, and in the event of the winding up of the Issuer, will be subordinated in right of payment to the claims of all secured and/or unsubordinated creditors of the Issuer (if the Issuer is BCP Finance, in accordance with the provisions of the Trust Deed, if the Issuer is BCP, to the extent permitted by Portuguese law).</p> <p>Issue specific summary:</p> <p>This Series of Notes is issued on a [senior/subordinated] basis.</p>

Element	Title	
		<p><i>Taxation</i></p> <p>All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by the Cayman Islands (in the case of payments by BCP Finance) or Portugal (in the case of payments by BCP) unless such deduction or withholding is required by law. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>Currently, payments of interest and other revenues to be made by BCP directly to non-Portuguese residents is subject to Portuguese withholding tax at 25% (collective entities), 28% (individuals) or 35% if the payment is made to an account held on behalf of undisclosed beneficial owners, unless they are disclosed for these purposes or, when applicable, to reduced withholding tax rates under the tax treaties entered into by Portugal. The 35% rate also applies to payments of interest and other investment income to entities that are domiciled in a country included in the Portuguese “tax havens” list. Euroclear and Clearstream, Luxembourg do not offer any tax relief services to holders of Notes (other than Book Entry Notes) issued by BCP. Payments of interest or other revenues to be made by BCP thereunder will be subject to Portuguese taxation rules. Notes with a maturity of less than one year issued by BCP may be subject to withholding tax pursuant to Portuguese tax law. In that event, all payments in respect of such Notes will be made subject to withholding with no grossing up.</p> <p>All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.</p> <p><i>Negative pledge</i></p> <p>The terms of the Senior Notes will contain a negative pledge provision to the effect that, so long as any of the Senior Notes remains outstanding, neither the Issuer nor the Guarantor (as the case may be) shall create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest (subject to certain exceptions with respect to assets that belonged to a third company and were acquired pursuant to an amalgamation or merger, securitisations, asset-backed financing or like arrangements, and mortgage-backed bonds or covered bonds) upon the whole or any part of its undertaking or assets, present or future, to secure any Indebtedness or to secure any guarantee or indemnity given in respect of any Indebtedness, without at the same time or prior thereto securing the Notes equally and rateably therewith or providing other security for the Notes.</p> <p>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 which with the consent of the Issuer or the Guarantor, as the case may be, are, or are intended to be, listed or traded on any stock exchange or other organised market for securities other than a borrowing which is entirely or substantially placed in Portugal.</p>

Element	Title	
		<p>The terms of the Subordinated Notes will not contain a negative pledge provision.</p> <p>Events of default</p> <p><i>Senior Notes</i></p> <p>The terms of the Senior Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer or the Guarantor (as the case may be) of any of their respective other obligations (i.e. under the conditions of the Notes and the Guarantee), in certain cases continuing for a specified period of time; (c) acceleration by reason of default of the repayment of any indebtedness or default in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness by the Issuer or BCP (as the case may be), in any case so long as any such indebtedness exceeds the specified threshold; (d) events relating to the winding up or dissolution of the Issuer or the Guarantor (as the case may be); and (e) the Guarantee ceases to be in full force and effect (where applicable). <p><i>Subordinated Notes</i></p> <p>The terms of the Subordinated Notes will contain the following events of default:</p> <ul style="list-style-type: none"> (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; and (b) events relating to the winding up or dissolution of the Issuer or the Guarantor (as the case may be). <p>Meetings</p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p>Governing law</p> <p>English law, except that in relation to Subordinated Notes and, with respect to Book Entry Notes, the form and transfer of Notes, the creation of security over Notes and the Interbolsa procedures for the exercise of rights under Notes will be governed by Portuguese law.</p>
C.9	Interest/ Redemption/ Representative of holders	<p>Interest</p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate.</p> <p><i>Issue specific summary:</i></p> <p>[The Notes bear interest [from their date of issue/from []]] at the fixed rate of</p>

Element	Title	
		<p>[] per cent. per annum. Interest will be paid [annually/semi-annually/quarterly/monthly] in arrear on [] [and []] in [each [year/month]/other]. The first interest payment will be made on [].</p> <p>[The yield on the Notes is [] per cent. per annum. The yield is calculated at the issue date of the Notes on the basis of the issue price of the Notes of [] per cent. It is not an indication of future yield.]</p> <p>[The Notes bear interest [from their date of issue/from []] at floating rates calculated by reference to [specify reference rate for Notes being issued] [plus/minus] a margin of [] per cent. Interest will be paid [annually/semi-annually/quarterly/monthly] in arrear on [] [and []] in [each [year/month]/other], subject to adjustment for non-business days. The first interest payment will be made on [].]</p> <p>[The [Fixed Interest Rate/Spread] will be increased by [] per cent. on [] [and further increased by [] per cent. on [].]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> <p>Redemption</p> <p>The terms under which Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes.</p> <p><i>Issue specific summary:</i></p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [] at [] per cent. of their nominal amount.</p> <p>The Notes may be redeemed early for tax reasons or following an Event of Default [or [at the option of the Issuer [[and/or] at the option of the investor] [or [specify any other early redemption option applicable to the Notes being issued]] at [specify the early redemption price].</p> <p>Trustee</p> <p>The Issuers has appointed The Law Debenture Trust Corporation p.l.c. (the “Trustee”) to act as trustee for the Notes. The Trustee may, without the consent of any holders and without regard to the interests of particular holders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of any holders that an event of default or potential event of default shall not be treated as such or (iii) the substitution of another company as principal debtor under the Notes in place of the relevant Issuer, subject to fulfilment of certain conditions.</p> <p>Please also refer to Element C.8.</p>
C.10	Derivative component in the interest payments	<p>Not applicable – There is no derivative component in the interest payments.</p> <p>Please also refer to Element C.9.</p>
C.11	Listing and Admission to	<p>Notes issued under the Programme may be listed and admitted to trading on the London Stock Exchange or such other stock exchange or market specified below.</p>

Element	Title	
	trading in respect of Notes with a denomination of less than EUR100,000 (or its equivalent in other currencies)	<p>Issue specific summary:</p> <p>[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [London Stock Exchange/Euronext Lisbon].] [The Notes are not intended to be admitted to trading on any market.]</p>
C.21	Admission to trading in respect of Notes with a denomination of at least EUR100,000 (or its equivalent in other currencies)	<p>Notes issued under the Programme may be listed and admitted to trading on the London Stock Exchange or such other stock exchange or market specified below.</p> <p>Issue specific summary:</p> <p>[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the [London Stock Exchange/Euronext Lisbon].] [The Notes are not intended to be admitted to trading on any market.]</p>

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer and the Guarantor	<p>In purchasing Notes, investors assume the risk that the Issuer and the Guarantor (as the case may be) may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. The paragraphs below include a list of some of such identified risks. The order according to which the risks are presented herein is not an indication of their relevance or occurrence probability. Investors must carefully read the information contained in the Offering Circular or included therein by reference and reach their own conclusions before taking any investment decision.</p> <p>Risks relating to BCP:</p> <p><i>Risk factors relating to the economic and financial crisis of the Portuguese Republic, which include, inter alia, i) BCP is highly sensitive to the evolution of the Portuguese economy, which is undergoing a process of far reaching reforms that might allow for some instability; ii) The PAEF constitutes an important focus point for the evolution of the expectations of economic agents, with direct repercussion on economic activity, market behaviour and business conditions faced by BCP; iii) The funding capacity and conditions of the Portuguese economy, public and private entities, constitute an uncertainty factor over the medium term and may negatively affect the evolution of economic activity and financial conditions of BCP's customers and, consequently, have repercussions on the development of the business, profitability and solvency of BCP; iv) Alterations in the Portuguese government or in its policy may negatively influence BCP's activities; and v) The Portuguese Republic may be subject to rating reviews by the rating agencies, with implications on the funding of the economy and on BCP's activity.</i></p> <p><i>Risk factors relating to the sovereign debt in Europe which include, inter alia, the sovereign debt crisis of the euro zone constitutes a potential source of turbulence for the markets</i></p>

Element	Title	
		<p>and evolution of economic activity, in general, with impact in BCP's activity.</p> <p><i>Risks relating to volatility in the Global Financial Markets which include, inter alia</i>, the recent volatility in the financial markets, especially in the inter-banking and debt markets led to BCP's dependence on the ECB for funding.</p> <p><i>Risks relating to BCP's Business, which include, inter alia</i>, i) BCP is exposed to credit risk and further deterioration of asset quality; ii) In addition to its exposure to the Portuguese economy, BCP faces exposure to macroeconomic risks in its businesses in Europe (Poland and Romania) and Africa (Angola and Mozambique); iii) In spite of the risk mitigation actions, BCP is still exposed to Greece; iv) The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group may occur; v) BCP is exposed to market risk, which may translate into the risk of devaluating the investment holdings or affect its trading results activities; vi) BCP is exposed to contingent risks for the implementation of its strategy, and may not, totally or partially, achieve the objectives in its Strategic Plan 2012-2017; and vii) BCP is subject to operational risks, which may include interruptions in the services provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management.</p> <p><i>Risks relating to BCP Recapitalisation Plan, which include, inter alia</i> i) BCP issued hybrid instruments subscribed by the State that are remunerated at a high and growing cost and it does not have investments being paid at rates equal or higher to those and able of ensuring this payment. Therefore, there is the risk that BCP may not be able to ensure the payment of the interests and repayment of the issue, a fact that would imply the conversion of those amounts into shares and might render the State the majority shareholder of BCP; and ii) BCP's bonds guaranteed by the Portuguese Republic may entitle the Portuguese Republic to exercise certain management rights and to acquire Special Shares.</p> <p><i>Legal and Regulatory Risks, which include, inter alia</i>, BCP's activity may be affected by potential changes in the regulatory framework of the banking activity, including, among other factors, in what concerns capital and liquidity requirements.</p> <p><i>Risks Relating to Administrative Proceedings by the CMVM and the Bank of Portugal.</i></p> <p>BCP has been accused and condemned by the CMVM and (not definitively) by Banco de Portugal in infringement proceedings related to operations, including the financing of the acquisition of shares issued by BCP, carried out with companies, namely based in off-shore centres, and, in this context, has proceed with the precautionary recording of an adjustment of Euro 300 million (Euro 220.5 million net of tax) to its financial statements of the fiscal year of 2006. BCP has contested these infringement proceedings and taken legal action against the condemnatory decisions of Banco de Portugal and the CMVM, where the final decision relative to the infringement proceeding of the CMVM is already known, which maintained the condemnation of BCP to pay a fine of Euro 5,000,000 and determined the suspension, for the period of two years, of the enforcement of half the value of this fine.</p> <p><i>Risks relating to BCP Finance:</i></p> <p>BCP Finance is an overseas finance vehicle of BCP and of the Group. As such it raises funds to BCP by way of intra-group loans. In the event that BCP fails to make a payment under an intra-group loan, BCP Finance may not be able to meet its payment obligations under the issued Notes. Investors should furthermore note that not all Notes issued by BCP Finance will be guaranteed by BCP.</p>
D.3	Key risks	There are also risks associated with the Notes. These include risks related to the

Element	Title	
	regarding the Notes	structure of particular issues of Notes, a range of market risks (including that the value of the investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency, that any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes, that changes in market interest rates will affect the value of Notes which bear interest at a fixed rate and that there may be no or only a limited secondary market in the Notes), the fact that the conditions of the Notes may be modified without the consent of the holder in certain circumstances, that the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law and that investors are exposed to the risk of changes in law or regulation (including in respect of taxation) affecting the value of Notes held by them.

Section E – Offer

Element	Title													
E.2b	Use of proceeds	<p>The net proceeds from each issue of Notes will be applied by the Issuer for the general corporate purposes of the Group, which include making a profit.</p> <p>[Issue specific summary:</p> <p>The net proceeds from the issue of Notes will be [applied by the Issuer for its general corporate purposes, which include making a profit [and []]/[applied by the Issuer for []].]</p>												
E.3	Terms and conditions of the offer	<p>Under the Programme, the Notes may be offered to the public in a Public Offer in the United Kingdom, Portugal and France.</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms.</p> <p>Issue specific summary:</p> <p>[Not Applicable - the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency.)]</p> <p>[This issue of Notes is being addressed solely to qualified investors (as defined under the Prospectus Directive).]</p> <p>[This issue of Notes is being offered in a Public Offer in [Portugal/France/the United Kingdom] during the Offer Period.</p> <p>The issue price of the Notes is [] per cent. of their nominal amount.</p>												
		<table> <tr> <td>[Offer Price:</td> <td>[Issue Price/Not Applicable/[]]</td> </tr> <tr> <td>Conditions to which the offer is subject:</td> <td>[Not Applicable/[]]</td> </tr> <tr> <td>Description of the application process:</td> <td>[Not Applicable/[]]</td> </tr> <tr> <td>Details of the minimum and/or maximum amount of application:</td> <td>[Not Applicable/[]]</td> </tr> <tr> <td>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:</td> <td>[Not Applicable/[]]</td> </tr> <tr> <td>Details of the method and time limits for paying up and</td> <td>[Not Applicable/[]]</td> </tr> </table>	[Offer Price:	[Issue Price/Not Applicable/[]]	Conditions to which the offer is subject:	[Not Applicable/[]]	Description of the application process:	[Not Applicable/[]]	Details of the minimum and/or maximum amount of application:	[Not Applicable/[]]	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[]]	Details of the method and time limits for paying up and	[Not Applicable/[]]
[Offer Price:	[Issue Price/Not Applicable/[]]													
Conditions to which the offer is subject:	[Not Applicable/[]]													
Description of the application process:	[Not Applicable/[]]													
Details of the minimum and/or maximum amount of application:	[Not Applicable/[]]													
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[]]													
Details of the method and time limits for paying up and	[Not Applicable/[]]													

Element	Title	
		<p>delivering the Notes:</p> <p>Manner and date on which results of the offer are to be made to public: [Not Applicable/[]]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[]]</p> <p>Process for notification to applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made: [Not Applicable/[]]</p> <p>Details of any tranche(s) reserved for specific country: [Not Applicable/[]]</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[]]</p>
		<p>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/The Authorised Offerors identified above]</p>
E.4	Interest of natural and legal persons involved in the issue/offer	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for BCP, BCP Finance and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, BCP or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with BCP or BCP Finance routinely hedge their credit exposure to BCP or BCP Finance in a way consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.</p> <p>Issue specific summary</p> <p>[Other than as mentioned above,[and save for [],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>
E.7	Expenses charged to the investor by the Issuer	Not Applicable – No expenses will be charged to investors by the Issuer.

RISK FACTORS

Investing in financial instruments, including securities, involves risk. Before making any investment decision, one must take into consideration all the information described in this Offering Circular and, in particular, the risks mentioned herein.

The following text describes the material risks which the Issuers believe may affect the capacity of the Issuers to comply with its duties concerning the Notes issued under the Programme. All these factors may adversely affect the business, income, results, assets and liquidity of the Group. Moreover, there may also be some unknown risks and other that, despite deemed as non-relevant, may become relevant in the future. The Bank is unable to ensure that, in view of exceptionally adverse scenarios, the policies and procedures used by it to identify, monitor and manage the risks are fully efficient. The order according to which the risks are presented herein is not an indication of their relevance or occurrence probability. Investors must carefully read the information contained in this Offering Circular or included therein by reference and reach their own conclusions before taking any investment decision.

RISKS RELATING TO THE ISSUERS

1. Factors that may affect BCP Finance's ability to fulfil its obligations under the Notes issued by it

BCP Finance is an overseas finance vehicle of the Bank and of the BCP group (the “**Group**”). As such it raises funds to the Bank by way of intra-group loans. In the event that the Bank fails to make a payment under an intra-group loan, BCP Finance may not be able to meet its payment obligations under the issued Notes. Investors should furthermore note that not all Notes issued by BCP Finance will be guaranteed by the Bank. The applicable Final Terms will indicate whether or not the Bank is acting as guarantor for a particular Tranche of Notes. If a particular Tranche of Notes issued by BCP Finance is guaranteed the applicable Final Terms will indicate whether the guarantee is subordinated or not. Investors should note that the trading value of unguaranteed notes may be less than that for guaranteed Notes and the trading value of Notes guaranteed on a subordinated basis may be less than for those guaranteed on an unsubordinated basis.

2. Risk factors relating to the economic and financial crisis of the Portuguese Republic

The Bank is highly sensitive to the evolution of the Portuguese economy, which is undergoing a process of far reaching reforms that might allow for some instability.

The evolution of the Portuguese economy has a great impact on the Group's business, its financial situation and net income. In the current context, particular emphasis should be placed on the constraints arising from the ongoing implementation of the Economic and Financial Assistance Program for Portugal (the “**PAEF**” or the “**Program**”), the systemic effects of the European sovereign debt crisis, the agreed institutional commitments relative to the government of the Economic and Monetary Union, amid, naturally, from the evolution of the global economic and financial environment.

The financial and economic crisis which has been affecting the world economy since mid-2007 drew the growth model that had characterised the Portuguese economy since its adhesion to the single currency to a close. Over the period between 1999 and 2011, the annual average growth rate of Gross Domestic Product (“**GDP**”) was 1.0% in real terms (Source: Portugal's National Statistics Institute – “**INE**”) and total net external debt, as measured by the international investment position, reached 117% of GDP by the end of 2012 (Source: Bank of Portugal, April 2013). In view of the sovereign debt crisis in the euro zone and high levels of budget deficit and public debt, the concerns of international investors regarding the sustainability of public finances has substantially aggravated the funding conditions of private and public Portuguese issuers in international markets, though the situation has improved markedly during the first half of 2013.

Economic activity has been on a downward path since 2011 as a result of the containment of public and private expenditure, the more restrictive funding conditions and increased unemployment. Economic activity, measured by real GDP, contracted 1.6% in 2011 and 3.2% in 2012, after a temporary acceleration in 2010 (Source: INE, March 2013), accompanied by a significant increase in the annual average unemployment rate from 10.5% in 2010 to 16.9% at the end of 2012 (Source: INE, February 2013). In 2012, the public deficit rose to 6.4% of GDP

(Source: Eurostat, April 2013), a reading that stood above the Program target of 5.0% of GDP (Source: Fifth Review of the Memorandum of Understanding, October 2012) only due to the statistical treatment given by Eurostat to specific operations, without which the fiscal deficit would have been compliant with the agreed target of 4.9% (according to the Statement by the EC, ECB and IMF on the Seventh Review Mission of Portugal, EC, 15 March 2013). The consolidated value of the gross debt of Public Administration in 2012 increased to 123.6% of GDP, compared with 108.3% for the previous year (Source: Eurostat, April 2013). The restructuring of the balance sheets of the public sector and private economic provided for a reduction of the external imbalance, with significant improvements in the current and capital account balances, which recorded a surplus in 2012, for the first time in decades (Source: Bank of Portugal, April 2013).

The economic context is particularly challenging for Portugal. The persistence of important uncertainties regarding the course of European sovereign debt markets, the difficulty of achieving funding from abroad under regular conditions, the process of reduction of private and public sector debt, the implementation of structural reforms in the labour product and services markets, and the pressure of higher tax burden on the real disposable income of families and companies, represent a very adverse context for economic activity, where a GDP contraction of 2.3% is forecasted for 2013 followed by very mild growth in 2014 (Source: European Commission, May 2013). Weaker economic performance cannot be excluded in view of the high level of uncertainty surrounding the success and enforcement of the structural adjustment and risk of continuing and significant slowdown of external demand.

Consequently, the economic activity in the main countries receiving Portuguese exports is extremely important to the evolution of the Portuguese economy and achievement of the objectives of the PAEF. The existence of a more unfavourable external context, in particular in the main trading partners of Portugal, which increases the risk of recession in the European Union (the “EU”), might exacerbate the economic and financial crisis currently being experienced in Portugal. In spite of the good performance shown by Portuguese exports over the last few years at various levels - resilience, market shares, market diversification and higher technological incorporation - a less favourable contribution from abroad towards the growth of the Portuguese economy cannot be excluded over the coming years, in view of certain constraints, derived, among other factors, from the excessive levels of debt that are also present in most European economies, the lower effectiveness of the transmission of monetary policy in a context of interest rates close to zero, and the persistence of a climate of uncertainty and speculation inhibiting the creation of value, which would have resulted from a full exercise of economic integration. The efforts and gains derived from the diversification of exports to markets outside the European Community, namely to countries in Africa and Latin America, may become less profitable if, among other adverse factors, competition intensifies, or protectionist policies rises.

The adverse macroeconomic conditions in Portugal have significantly affected, and will continue to affect, the behaviour and financial position of the Bank’s customers and, therefore, the demand and supply of the products and services offered by the Bank. In particular, constrained growth of loans is expected for the forthcoming years, hindering the creation of revenue supporting net interest income. Unemployment, reduction of business profitability and increased insolvency of companies and/or households has and will continue to negatively influence the customers’ capacity to repay loans and, consequently, might increase non performing loans, which stand already at historically high levels, reflecting a deterioration of the quality of the Bank’s assets. The impact of Greece’s, or any other Eurozone country’s potential departure from the Eurozone may also have unpredictable consequences and would likely severely and negatively affect the Portuguese banking system and the Bank through, among other things, increased pressure on regular funding from customer deposits. If customers decide to reallocate their savings towards other countries that are perceived to be fundamentally more stable than Portugal that may place additional pressure on financing costs of Portuguese banks and may adversely affect the net interest margin and results of the Bank. Any other significant deterioration of global economic conditions, including the credit profile of other countries of the EU, or the solvency of Portuguese or international banks, or changes in the euro zone, may lead to concerns relating to the capacity of the Portuguese Republic to meet its funding needs. This possible deterioration could:

- have a direct impact on the value of the Bank’s portfolio of public debt bonds (as at 31 March 2013, the Bank’s investments reached approximately Euro 5.886 billion in Portuguese public debt bonds and Euro

0.031 billion in Greek public debt bonds, representing approximately 64% of its portfolio of public debt bonds. Any permanent reduction of the value of public debt bonds would be reflected in the Bank's equity position;

- strongly affect the Bank's capacity to increase and/or generate capital and observe the regulatory minimum capital requirements;
- strongly limit the Bank's capacity to obtain liquidity; and
- negatively affect the Bank's capital positions, net operating income and financial condition.

The PAEF covers an important portion of the funding needs of the Portuguese Republic for the period 2011-2014 but assumes the adoption of structural reforms, does not satisfy the funding needs of the private sector and is subject to significant risks.

On 5 May 2011, the Portuguese Government, with the support of the main political parties, announced that it had reached a memorandum of understanding with the International Monetary Fund (“**IMF**”) and European Union in relation to an economic and financial assistance program (the PAEF or Program). The PAEF includes important financial assistance to Portugal, in the amount of up to 78 Euro billion for the period between 2011 and 2014. This assistance is distributed between the Euro 26 billion provided by the IMF, under the “Extended Fund Facility”, with a variable interest rate indexed to the Special Drawing Rights, and the remaining Euro 52 billion financed by the European Union and respective financial stabilisation mechanisms. The Program was approved by the European Commission on 10 May 2011 and by the Ministers of Finance of the countries of the European Union on 16 May 2011. The availability of the entirety of the financing is conditional on Portugal's compliance with a series of budgetary targets and structural measures, the pursuit of which is monitored on a quarterly basis by the European Union and IMF during the term of the Program. By the end of March 2013, the level of compliance with the scheduled targets had enabled Portugal to receive Euro 63 billion of external assistance (Source: Portuguese Treasury and Debt Management Agency, April 2013).

The objectives of the Program focus on the permanent reduction of the funding needs of the Portuguese economy, through a path of sustained growth and a context of financial stability, so as to enable the return to regular funding in international financial markets. The Program is based on three fundamental pillars, as follows:

a) **Structural reforms:** the reforms seek to increase the competitiveness of the Portuguese economy and its potential growth through legal, regulatory and procedural changes in terms of the labour, goods and services markets, real estate lease market and legal system. Although acting on constraints and distortions of a structural nature in the Portuguese economy, the degree of success of the reforms is uncertain and will only materialize over the long term, depending on the interaction of a multiplicity of endogenous and exogenous factors, where their immediate impact might be adverse, due to the change of regime it implies thus affecting the scenario in which the Bank's business is developed;

b) **Budgetary consolidation:** the Portuguese Government has undertaken to implement a series of measures to reduce expenditure and increase revenue with the goal of progressively driving the public deficit to a sustained value below 3.0% of GDP by 2015. Furthermore, the Program seeks to reduce the ratio of public debt to GDP in a sustained manner, maintain budgetary consolidation so as to achieve budgetary equilibrium in the medium term, with greater support from lower expenditure, and strengthen competitiveness through the recomposition of the tax burden with a neutral effect on revenue. The consolidation path has implied, over the first years of implementation of the Program, a significant increase in the tax burden on companies and families, and heavy restrictions on public expenditure, current and investment, acting as a strongly restrictive factor on economic activity, company profitability and the financial conditions of families, which are all important variables in the definition and evolution of the banking business. Moreover, it cannot be excluded that additional budgetary consolidation measures might be necessary, namely derived from the adverse macroeconomic conditions, social expenditure and assumption of contingent liabilities, such as costs arising from renegotiation of public-private partnerships or reclassification of public companies, with repercussions on private and public expenditure and an uncertain effect on public order. The implementation of these measures may elicit considerable resistance from unions and citizens, which might undercut the capacity of the Government to maintain the reformist stance in the future.

c) **Financial stabilisation:** the Program establishes a deleveraging process together with the strengthening of banks' solvency (loans-to-deposits indicative ratio of 120% and Core Tier 1 ratio of 10%), and improvement of the mechanisms for early intervention and resolution of institutions which show significant imbalances and represent systemic risk. These goals directly constrain the Bank's activity in the lending and allocation of the available funds, demand capacity to raise stable funding and impact on the net interest income.

If Portugal fails to implement the structural reforms, in particular the reform of the public administration and to cut public expense, it risks failing to achieve the targets for the public deficit included in the PAEF and entering in a situation of unsustainable public debt dynamics, which would in turn result in the need of a new financial aid to Portugal and its financial institutions. In such scenario, the ratings of the Portuguese Republic (and, as an extension, the ratings of the Portuguese Banks) would be further downgraded, market access for funding would be constrained (or at least funding costs would raise), which would probably cause a high degree of economic uncertainty and could materially and adversely affect the Bank's financial condition, its results and prospects. Also, in the scenario of a new financial aid, additional austerity measures may be implemented, which could result in the decrease of disposable income of individuals, increase in unemployment rates and companies failures leading to the increase in delinquency in the economy, which could affect materially and adversely the Bank's results and financial condition.

The PAEF foresees a gradual return to markets for financing the public debt and of the financial institutions, but this may not occur in the foreseen period

During its implementation period, the PAEF foresees institutional funding for a wide range of public funding needs and foresees exceptional funding cases and recapitalisation mechanisms for the financial institutions. However, the PAEF assumes the continued participation of Portugal in the short-term debt market and the return of private and public entities to the markets in the second half of 2013.

By the end of 2012 and beginning of 2013, a Portuguese bank carried out two issuances of senior debt at 3 and 5 years in an aggregated amount of 750 and 500 million euros, respectively, and another Portuguese bank issued bonds amounting to 750 million euros. Although the prospects for 2013 appear to be optimistic, since, earlier this year, the long-term Portuguese public debt interest rates remain steadily high in the secondary market, the Portuguese economy and the domestic financial system remain vulnerable and dependent on the potential effects that may result from decisions taken at an institutional level regarding the sovereign crisis problem that the Eurozone periphery area is facing or, in the opposite direction, by the volatility in the financial markets due to the absence of such decisions.

If the macroeconomic conditions do not improve in Portugal in the medium term or if the structural reforms necessary to tackle the European sovereign debt crisis are not, or are not properly, approved or implemented, PAEF forecasts regarding Portugal's return to the markets may not materialise and a new financial aid to Portugal and to its financial institutions might be necessary. In such a scenario, funding is likely to be offered in onerous conditions or may not be available at all, which would probably cause a high degree of economic uncertainty and could materially and adversely affect the Bank's financial condition, its results and prospects.

The PAEF constitutes an important focus point for the evolution of the expectations of economic agents, with direct repercussion on economic activity, market behaviour and business conditions faced by the Bank.

During the implementation of the Program, tensions related to Portuguese public finances or the negative effect of contagion of events abroad may reverse the progress attained since mid-2012 in what concerns the liquidity and profitability of the financial system in Portugal, resulting, namely, in the reduction of the market value of Portuguese sovereign bonds; liquidity restrictions in the Portuguese banking system and persistent dependence on institutional external funding; increased competition for the customer deposits, thereby raising their respective cost; limitation of loan concession to customers; and deterioration of the quality of the loan portfolio.

The successful implementation of the Program does not guarantee, in itself, that the Portuguese economy will evolve to a standard of sustained and robust growth which will enable easing the financial constraints of the country and boost the conditions for foreign direct investment; it will not provide immunity from negative impacts from abroad related to the evolution of worldwide economic conditions, including the credit profile of other

countries of the European Union, the credit-worthiness of business partners, financial or otherwise, or repercussions from changes to the European institutional framework, which might contribute to the persistence or increase of investor fears regarding Portugal's capacity to honour its financial commitments.

In contrast, any failure to comply with the objectives and performance criteria that were agreed in the Program might justify the cancellation of the external financial assistance, and, consequently hinder the country's ability to meet its financial commitments, leading to a possible credit event of sovereign debt, which would have very negative repercussions, both immediate and in the long term, on the economic activity and, in particular, on the financial system and the Bank.

The funding capacity of the Portuguese economy and of public and private entities, and respective conditions constitute an uncertainty factor over the medium term and may negatively affect the evolution of economic activity and financial conditions of the Bank's customers and, consequently, have repercussions on the development of the business, profitability and solvency of the Bank.

The PAEF foresees the institutional funding for a significant portion of the public financing needs over the Program's duration period and institutes exceptional financing and recapitalisation mechanisms for financial institutions.

However, the Program indicates, as important assumptions, autonomy in the refunding of short term public debt and the gradual return to markets by both private and public entities. Furthermore, the perception of the risk is not exclusive of financial markets, but is also implicit in the various contractual conditions and commercial practices observed in normal relations between resident and non-resident companies.

Consequently, and notwithstanding the financial assistance framework, the evolution of overall financial conditions, in particular those practised in markets of the euro zone, are not irrelevant for the Portuguese economy: they exercise a direct influence on the cost of short term debt and indirectly through the evolution of the expectations of economic agents relating to the success of the PAEF, with repercussions on the development of the business climate.

Hence, the Portuguese economy and its financial system are vulnerable to the effects arising from the settlements adopted at an institutional level in relation to the problem of the euro sovereign crisis or, in the other hand, to the volatility in the financial markets arising from the absence of such agreements.

The persistence of challenging financing conditions, or the possibility of renewed deterioration, increases the degree of difficulty of the current economic and financial adjustment process, hindering the evolution of the banking business and, consequently, the profitability and solvency of national financial institutions generally, and of the Bank in particular.

Alterations in the Portuguese Government or in its policy may negatively influence the Bank's activities.

Since the last parliamentary elections held in June 2011, a parliamentary majority is supporting a coalition Government. The economic policy that the coalition Government is implementing intends, first and foremost, to put into action the measures foreseen in the PAEF. An aggravation in the economic environment or in the social tensions may lead to the replacement of the Government or to the review of the policies that are currently being adopted. Hence, changes may be introduced in the economic policy, including a more challenging relation with the external authorities, a fact that may influence the Bank's activities and its strategic orientation and negatively affect its financial situation, results and future prospects.

The EC regulatory and supervision framework may condition the economic conjuncture and adversely influence the Bank's operational activity.

The Treaty on Stability, Coordination and Governance entered into force on 1 January 2013 in the Economic and Monetary Union. This treaty intends to reinforce budget discipline by means of the introduction of a "balanced budget rule" and an automated mechanism for the adoption of correction measures. Specifically, this treaty establishes that the structural budget deficit of each country should not exceed 0.5% of the GDP at market prices in order to comply with the "balanced budgetary rule". Moreover, the budget balances of the Member States

must comply with the specific medium-term objectives defined by the Stability and Growth Pact that are monitored every year within the context of the European Semester. In case the Member State does not observe the defined objectives, an automated correction mechanism will be activated. Both the “balanced budgetary rule” and the automated correction mechanisms must be transposed into the domestic legislation of each Member State, preferably at a Constitution level, until 1 January 2014 (European Council, December 2012). Likewise, the debt criteria foreseen in the Stability and Growth Pact are assuming a greater relevance and, accordingly, it is requested to the Member States that have a debt exceeding 60% of the GDP (the reference-value of the European Union in terms of debt) to adopt corrective actions to reduce their debts at a pre-defined pace (having as standard reference a reduction at an average rate of one-twentieth per year), even if their deficits are below 3% of GDP (the reference value for the European Union). In spite of the fact that these measures are not relevant in the short-term given the current size of the Portuguese public debt, they will probably limit for a long period of time the capacity of the Government to stimulate the economic growth through public expenditure or by lowering taxes. Any limitation to the growth of the Portuguese economy will adversely affect the Bank’s activities and its financial situation, its income or operations and its future prospects.

In this respect, the solution adopted jointly by the European authorities and the Government of Cyprus to the recapitalisation of some Cypriot banks involving the bail-in of depositors holding deposits above Euro 100,000 created some concerns among the European public opinion about the security of bank deposits in general. This issue is enmeshed in considerable uncertainty due to the hesitations in the implementation of the European Banking Union, which is aimed at setting up a unified banking supervisory mechanism, a single deposit insurance scheme, and a single banking resolution mechanism. In the sense that the full implementation of the banking union might entail a greater involvement of hitherto presumed completely safe creditors – e.g. senior debt holders and depositors – in the orderly resolution of insolvent credit institutions, some European banks, including the Bank, might find it harder to fund themselves, both in the wholesale and the deposits’ markets.

The Portuguese Republic may be subject to rating reviews by the rating agencies, with implications on the funding of the economy and on the Bank’s activity.

Since the start of the international financial crisis in mid-2007, the rating agencies Standard & Poor’s, Moody’s, Fitch and DBRS have significantly downgraded the long term rating of the Portuguese Republic, essentially reflecting the uncertainties related to the low competitiveness of the Portuguese economy abroad, the external funding difficulties and the sustainability of the public debt dynamics. The outlook of the rating agencies for the Portuguese Republic is dependent on the continued successful implementation of the measures included in the PAEF as well as on the gradual recovery of economic activity. In this context, there might be a new downgrade of the rating of the Portuguese Republic in the future, e.g. in the case of drastic deterioration of the public finance situation arising from weaker performance of the economy, caused by political and social instability and/or by the recessionary impact of the austerity measures adopted internally or induced by the contagion effect as a consequence of the slowdown of the activity of Portugal’s main trading partners, in particular Spain, or if these measures are perceived as insufficient or as a result of the lack of success of the process of deepening structural reforms, simplification of State administration and streamlining of the justice system. Under these circumstances, the credit risk for the Republic will tend to increase, with negative collateral effects on the credit risk for Portuguese banks and, consequently on their profit levels. The effect of the downgrading of the rating of the Republic on the funding of Portuguese banks is mitigated since the ECB has relaxed the rules relative to eligible assets for discount operations. However, in all cases, a cut in the rating of the Republic would tend to lead to increased haircuts and a reduction of the pool of eligible assets for discount at the ECB, in particular with respect to securitisation and mortgage bonds. Hence, the inability of rapid recovery in view of the current context and compliance to the targets defined under the PAEF, added to the deepening of the recessive climate and continued difficulties in access to external funding might have an extremely negative impact on the risk of the Portuguese Republic and, consequently, on the risk premium of Portuguese banks, their funding costs, the value of the portfolio of eligible collateral at the ECB, funding capacity and net income of the Bank.

3. Risk factors relating to the sovereign debt in Europe

The sovereign debt crisis of the euro zone constitutes a potential source of turbulence for the markets and evolution of economic activity, in general, with impact in the Bank's activity.

The financial crisis of 2007/2008 exacerbated the budgetary imbalances of various European countries due to the need for additional government intervention to support economic activity and stabilise the financial systems. The response to the crisis has assumed a transversal dimension affecting several areas - relations and cooperation between member states, reformulation of supervisory mechanisms, common fiscal measures, regulation of the financial system, mechanisms of emergency financial support to member states, and adoption of exceptional mechanisms concerning monetary policy. In a certain way, these reforms constitute a profound review of the operating regime of the Monetary Union, whose solutions have not always been consensual or given rise to the intended outcomes.

Accordingly, in spite of the recent agreements signed with the European Union and the Economic and Monetary Union, in particular, the intergovernmental agreement on fiscal stability, the revised plan of financial assistance to Greece, the greater flexibility given to some countries in meeting the fiscal targets and the additional use of unconventional monetary policy measures, uncertainties still remain as to the resolution of the sovereign debt crisis and the stability of the Euro. Should any or all these risks materialize, the consequences for the underlying economic and financial environment faced by the Portuguese economy could be extremely adverse as it would entail severe pressure on the conditions and financing costs of Portuguese banks, particularly regarding deposits, as well as asset depreciation, with marked impact on the net interest margin and the results of the Bank, credit impairments and mark-to-market valuation of financial assets.

The Bank is exposed to Portuguese, Greek, Irish, Italian and Spanish sovereign debt.

The Bank is exposed to Portuguese, Greek, Irish, Italian and Spanish sovereign debt. The Bank's exposure to the debt of these countries results from the public debt securities issued by these countries held in its portfolio of financial assets held-to-maturity, in the trading portfolio and in the portfolio of assets available for sale. The trading portfolio and portfolios of assets available-for-sale are measured at fair value. The changes in fair value are stated against fair value reserves until they are sold or when there are signs of impairment. When selling available-for-sale assets, the cumulative gains or losses previously accounted as reserves are recognised through the income statement. Potential depreciations in the value of the trading portfolio and in the portfolio of assets available for sale of sovereign debt of the Group may have negative repercussions in its financial situation and operating revenues. On 31 March 2013, the Group's exposure to sovereign debt amounted to EUR 5.9 billion of Portuguese sovereign debt, EUR 31 million of Greek sovereign debt, EUR 203 million of the Irish sovereign debt, EUR 50 million of Italian sovereign debt and EUR 43 million of Spanish sovereign debt, from which EUR 558 million were accounted in the portfolio of financial assets held for trading and EUR 8,692 million in the portfolio of financial assets available for sale and of financial assets held-to-maturity.

Governments may not be willing or not be able to reimburse the capital or pay the interests on the respective maturity dates. In case of default, the use of legal mechanisms may be limited. The political conditions, especially the availability of the public entities to comply with the duties emerging from the debt service are particularly important. The capacity of a sovereign issuer to timely comply with the debt service will also be significantly influenced by the respective balance of payments, its export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves. Additionally, a default of any Eurozone member could create or further increase the negative sentiment in relation to other Eurozone members.

In 2011, the Bank recognised an impairment charge of EUR 533 million relating to its holdings of Greek Government Bonds ("GGBs") amounting to approximately 77% of its nominal holdings in Greek sovereign debt as of 31 December 2011. The provision for impairments was set taking into consideration the provisos in the Private Sector Involvement ("PSI") involving Greece and other private investors. Pursuant to the PSI, the Greek government offered holders of GGBs the opportunity to exchange their holdings in certain GGBs for new GGBs with a face value of 31.5% of the par amount of the exchanged GGBs and for notes issued by the European

Financial Stability Facility with a face value of 15% of the exchanged GGBs. The Bank agreed to participate in the PSI, the settlement of which occurred on 21 March 2012. Since then, the Bank is in a process of selling the remaining portion of its GGBs. In addition, in accordance with the European Banking Authority's ("EBA") recommendations for the creation of a capital "buffer" in connection with sovereign debt, for the purpose of calculating its Core Tier 1 capital, the Bank has assumed that its Core Tier 1 capital will be reduced by approximately EUR 848 million relating to further impairment of the sovereign debt held by the Bank, excluding Greece. See "In spite of risk mitigation actions, the Bank is still exposed to Greece."

There can be no assurance that further write-downs on the Bank's holdings on Greek government bonds or another sovereign debt will not be required. Additional deductions of capital losses on public debt from the Bank's own funds would have a negative impact on the Bank's capital ratios, creating greater difficulties in complying with the additional and temporary requirements established by the supervisory entities. It will also negatively influence the Bank's financial condition, results of operations and future prospects.

The Group's business and income have been, and will continue to be, negatively affected by the political uncertainty that surrounds the European sovereign debt crisis.

The ongoing banking and financial crisis exacerbated the budgetary imbalances of various European countries due to the need for additional government intervention to support economic activity and to stabilise financial systems which in turn, together with other factors, led to the current sovereign debt crisis. The increase in the public debt of certain EU Member States and the decreased creditworthiness of those same Member States has further limited their financing capabilities on the international capital markets. This, in turn, has affected EU Member States at a number of levels, including cooperation between EU Member States, reformulation of supervisory mechanisms, harmonised fiscal policies, regulation of the financial system, and mechanisms of emergency financial support to member states and adoption of exceptional mechanisms concerning monetary policy. The significant political and institutional changes occurring in the European Union have created substantial uncertainty in the financial markets and have failed to resolve the sovereign debt crisis. Furthermore, the elections that will take place in September 2013 in Germany may imply the introduction of significant changes in their current policies. Political and regulatory uncertainty in the European Union and in Portugal has resulted in a significant deterioration of confidence and, as a consequence, of macroeconomic performance. For the Group, this has resulted in, among other things, reduced lending and increased funding costs, all of which have had and will likely continue to have, an adverse effect on the Bank's financial condition, results of operations and prospects.

4. Risks Relating to Volatility in the Global Financial Markets

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

Investment returns are an important part of the Bank's overall profitability, particularly in relation to its asset management business carried out by Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A., to the life insurance business carried out by the Millenniumbcp Ageas joint venture and to the Bank's investment banking business.

The uncertainty regarding the current international financial crisis will continue to negatively impact the capital markets and maintain or aggravate the already high risk aversion reflected in the significant volatility of equity market prices, which may materially and adversely affect the Bank's life insurance business, investment banking and asset management operations, results of its financial operations and other income and the value of financial holdings and securities portfolios.

In particular, any further decline in global capital markets would likely have an adverse effect on sales of many of the Group's products and services, such as unit-linked products, capitalisation insurance, real estate investment funds, asset management services, brokerage, primary market issuances and investment banking operations, and significantly reduce the fees charged on each of them, with a negative impact on the Bank's business, financial condition and results of operations. As a minority shareholder of Millenniumbcp Ageas, there is a risk of the Bank being called up to inject capital into this company if the solvency ratio of the company falls below a

certain predefined level which, due to certain products of Millenniumbcp Ageas, could occur if such products do not meet a minimum level of return. Furthermore, the recurrent and prolonged fluctuation of stock market prices or extended volatility or turbulence of markets could lead to the withdrawal of funds from markets by investors, which would result in lower investment rates or in the early redemption of life policies, which could negatively influence the placement of the Group's investment products, including some categories of life insurance. Therefore, a decline in the capital markets in general could adversely affect the Bank's financial condition, results of operations and prospects.

On 31 March 2013, the equity portfolio of the Group, including the investments in associated companies totalled EUR 621.8 million, equal to 0.7% of the Group's total assets. Any depreciation in the value of the Group's equity investments could adversely impact its financial condition and results. A decline in equity and debt market prices would also have an impact on the quality of the assets due to the lower value of loans collateralised with financial assets, leading to the reduction in coverage ratios (on 31 March 2013, 5.5% of the loan portfolio's collateral consisted of financial assets).

The value of the assets that are part of the Bank's Pension Fund also depend on the future evolution of the capital markets. A sharp decline in capital markets could cause the value of the assets in the portfolio to become insufficient to cover the liabilities assumed by the Pension Fund, thus negatively affecting its capital ratios and results.

The depreciation of the value of financial collateral, the risk premium associated with operations in different markets and yields of pension funds might also negatively affect the Bank's results and solvency ratios. The uncertainty surrounding access to capital markets as a source of funding for the Bank may hinder the Bank's deleveraging process further maintaining an excessive dependence on funding from the ECB.

Besides Portugal, the European Union, the ECB and the IMF are involved in aid programmes for other European countries affected by the macroeconomic instability and by the high public debt levels (Greece and Ireland), in addition to the financial assistance to Spanish banks. The Bank may not foresee the degree of success of the financial assistance programmes or its effects in the single currency, in the European Union or in the Bank's business related with cash flow operations and in its financial situation. The uncertainties derived from the implementation of the programmes, as well as the markets' reaction thereto, have and will continue to have an adverse material effect on the Bank's business, its financial condition and results of operations.

Increased market risk and uncertainty will exert pressure on the Bank to seek alternative funding sources, to accelerate its capital and liquidity plan and to add to its pool of collateral eligible for funding at the ECB, although there can be no assurance that it will be successful in its efforts to do so.

The recent volatility in the financial markets, especially in the inter-banking and debt markets led to the Bank's dependence on the ECB for funding.

Notwithstanding the recent issues of medium term debt by the Portuguese Republic and Portuguese financial institutions, there are still no guarantees whatsoever that the Bank may return to the markets or that the related funding costs will have acceptable terms. If this situation persists it may damage the deleverage effort and conduct to an excessive dependence on the ECB for obtaining funds.

The ECB has been one of the funding sources used by the majority of the Portuguese banks during the financial crisis and the European sovereign debt crisis. On 31 March 2013, the Bank had EUR 10.2 billion (net use) of loans outstanding with the ECB, corresponding to 11.9% of the Bank's liabilities. By the end of March 2013, the Bank had a total of EUR 22.6 billion of assets eligible for discount in the ECB, of which EUR 12.3 billion are available. The pool of eligible assets could be eroded as a result of price devaluations, increase in haircuts following credit downgrades or even the loss of eligibility of certain assets, namely those that benefit from measures implemented by the ECB to support liquidity, including the acceptance of debt instruments issued or guaranteed by the Portuguese Government and the acceptance of additional credit claims. The reduction of the pool of eligible assets and the increased difficulty in managing eligible assets to compensate for such loss of eligibility will have a negative impact in terms of liquidity, requiring the Bank to find alternative funding sources, which could have a negative impact on the Bank's business, financial condition and results of operations.

The objective of the Bank is to reduce this funding dependency on ECB in the short-medium term. The Bank is implementing various measures to diversify its funding sources, having also accelerated its deleveraging process, and aims to increase customer funds and reduce the granting of loans to customers, which could represent a risk of increased cost of deposits (as at 31 March 2013, customer deposits accounted for 66% of the funding structure). If this process is not accompanied simultaneously by the re-pricing of loans, this could negatively affect the net interest income and overall results of the Bank. If regulators require a quicker reduction of exposure to the ECB or if there are restrictions to access ECB funding, the Bank might be forced to accelerate its capital and liquidity plan, which would likely reduce profitability and hinder the deleveraging process. In addition, in the current economic climate, a review of liquidity conditions by the ECB could force the Bank to dispose of assets, at a potentially significant discount in relation to their respective book values, with a corresponding negative impact on capital and results.

Although the Bank considers its liquidity risk management and mitigation policies to be adequate, the continuation of the current market conditions and the high levels of sovereign debt risk will likely negatively impact the Bank's liquidity position, both through funding difficulties and as a result of the reduction of the pool of assets eligible for discount at the ECB, in addition to the funding costs of the activity and its capacity to increase its loan and asset portfolio, with negative impact on the Group's financial condition, credit quality and net operating income. These circumstances could be further aggravated by persistent volatility in the financial sector and capital markets, or by difficulties of one or more financial institutions, or their default, which could lead to significant liquidity problems in the market in general, losses and defaults by other institutions. Furthermore, it is not possible to predict which structural and/or regulatory changes might arise from current market circumstances or if such changes could have a negative impact on the Bank. If current market conditions continue to deteriorate, especially for an extended period of time, this could lead to a reduction of credit availability, credit quality and increased default on debt, which could have a negative impact on the Bank's rating, business, financial condition, results of operations and prospects.

Financial problems faced by the Group's customers could adversely affect the Group.

Market turmoil and the economic recession, especially in Portugal, Greece and in other European countries, could have a material adverse effect on the liquidity, the activity and/or the financial conditions of the Group customers which could in turn further impair the Group's loan portfolio. The ratio of overdue loans and doubtful loans over 90 days to gross loans increased (from 9.7%, on 31 March 2012 to 12.1%, on 31 March 2013, with provisions coverage of 54%, on 31 March 2013).

Due to continuing market turmoil, economic recession and increasing unemployment coupled with declining consumer spending, the value of assets collateralising the Group's secured loans could decline significantly as a result of a general decline in market prices or as a result of a decline in value of asset class underlying the collateral, which could result in an impairment of the value of the Group's loan assets. Loan volume to businesses and individuals is expected to remain depressed in Portugal, due to downward pressure on household disposable income and the firms' profitability from austerity measures, as well as the resulting deterioration in the business environment, more restrictive credit conditions and stressed liquidity.

The Group's customers' levels of savings and credit demand are dependent on consumer confidence, employment trends, the state of the economies in countries in which the Group operates and the availability and cost of funding. In addition, customers may further significantly decrease their risk tolerance to non-deposit based investments such as stocks, bonds and mutual funds. This would adversely affect the Group's fee and commission income. Any of the conditions described above could have a material adverse effect on the Group's business, financial condition or results of operations.

5. Risks Relating to the Bank's Business

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

On 4 December 2012, the rating agency Moody's reviewed the rating of three Portuguese Banks, downgrading the long-term rating of BCP in one notch to "B1", with Negative Outlook. On 24 May 2012, the

rating agency DBRS placed the ratings of Banco Comercial Português under review with negative implications, following a similar action made for the Portuguese Republic. On 5 December, following the confirmation, on 30 November, of the long-term rating of the Portuguese Republic, the rating agency DBRS reaffirmed the ratings of four Portuguese banks, maintaining the long-term rating of BCP in “BBB (low)”, with a negative outlook. On 18 June 2012, the rating agency Fitch Ratings reviewed downwards the Viability Rating of Banco Comercial Português from “b” to “cc”. The long and short term ratings stayed in “BB+”/”B”, with a Negative outlook. On 17 July 2012, the rating agency Fitch announced that it reviewed upwards the following ratings of BCP - Viability Rating from “cc” to “b”, Subordinated Debt (Lower Tier 2) from “C” to “B-“and Preferential Shares from “C” to “CC” so as to translate the improvements introduced in the capital base and the perspective that the Bank is better positioned to face the recessive situation that Portugal is currently experiencing. On 11 July 2013 the rating agency Standard and Poor’s reaffirmed BCP’s short-term rating at “B” and, following the revision of the outlook for Portugal from stable to negative, revised the BCP long-term rating to “B”, maintaining the negative outlook. At the same date, the rating agency Fitch, emphasizing improvements in liquidity at BCP but also macroeconomic risks in Portugal, maintained its main ratings for BCP: short-term at “B” and long term at “BB+”, maintaining the negative outlook. Similarly, the DBRS rating agency also reaffirmed BCP’s ratings: short-term “R-2 (mid)” and long-term: “BBB (low)” maintaining a negative outlook.

The credit ratings represent an important component of the bank’s liquidity profile. The changes of BCP’s credit ratings reflect, apart from the changes of the rating of the Portuguese Republic, a series of factors intrinsic to BCP. In terms of capital and despite the fact that the agencies recognise that the solvency levels of BCP are better due to the recapitalisation made by the Portuguese State and by the shareholders in June and September 2012, respectively, the concern remains on whether the adverse conditions of the Portuguese economy will condition the Bank’s profitability and its ability to generate income, endangering the preservation of capital. The rating agencies also took under consideration the following additional risk factors: (i) the deterioration of the quality of the loan portfolio to be an additional risk factor, essentially related to its exposure to small and medium enterprises in Portugal; (ii) the Bank’s exposure to public debt, (iii) the Bank’s exposure to its main clients, particularly shareholders and (iv) the high dependency on wholesale funding and funding from the ECB, as well as the need to reduce the ratio of net loans/deposits so as to reach a ratio of 120% by 2014. Since there is still some uncertainty on whether the Portuguese Republic will be able to, on a regular basis, access the wholesale funding market, potential downgrades of the Bank’s credit ratings may contribute to, for example, to the erosion of the collateral eligible for funding by the ECB, as well as more restrictive access to funding, with increasing costs. Under such circumstances, the Bank may need to accelerate its deleveraging process and reduce its activities, with a negative effect on its financial condition, results of operations and prospects.

Moreover, the Bank’s capacity to successfully compete in the deposit market depends on various factors, including the Bank’s operating results and credit ratings attributed to it by recognised rating agencies. Any downgrade in the Bank’s credit rating could affect the Bank’s ability to raise funding and could have a material adverse effect on its business, financial conditions and results of operations.

The Bank is exposed to credit risk and further deterioration of asset quality.

The Bank is exposed to the credit risk of its customers and counterparties, including risks arising from the high concentration of individual exposures of its loan portfolio. The 20 largest individual loan exposures represented, as of 31 March 2013, 10.7% of the total loan portfolio, which, together with the high credit exposure to the real estate and civil construction sectors, contributed to the rise of the Bank’s exposure to credit risk. This problem is common to most of the main Portuguese banks, in view of the small size of the Portuguese market, and has been noted by the rating agencies as a fundamental challenge facing the Portuguese banking system. The rating agencies have been particularly critical of the Bank’s exposure to larger customers and, especially, exposure to its shareholders. Although the Bank carries out its business based on strict risk control policies, in particular with respect to credit risk, and seeks to increase the degree of diversification of its loan portfolio, it is not possible to guarantee that the exposure to these groups will not be increased or that exposure will fall in the short, medium- or long-term.

Exposure to credit risk could derive from trading activities, loan concession, acceptance of deposits, clearing and settlement, as well as other activities and relationships. These relationships include relationships with

customers, brokers and dealers, commercial banks, investment banks and borrowing companies. Most of these relationships expose the Bank to credit risk in the event of default by the counterparty or customer. Furthermore, should there be any reduction in the value of assets given to guarantee loans that have been granted, or in the case that they are not sufficient to cover the exposure to derivative instruments, the Bank would be exposed to an even higher credit risk of non-collection in the case of non-performance, which, in turn, might affect the Bank's capacity to meet its payment obligations. Some risk diversification and management strategies used by the Bank also involve transactions which include the provision of financial services by the relevant counterparties. The insolvency of any of these counterparties might result in an imbalance in the Bank's risk diversification and management strategies, which may have a material and adverse effect on the Bank's financial condition, results of operations and prospects.

The persistence of the current economic and financial crisis, combined with the implementation of budgetary consolidation measures established under the PAEF, have resulted in a further deterioration of the quality of the Bank's assets, including its loan portfolio. The risks arising from changes in credit quality and the repayment of loans and other amounts owed by customers and counterparties are inherent in a broad spectrum of the Bank's business activity. Adverse changes in the credit quality of customers and counterparties of the Bank, a generalised deterioration of the Portuguese and global economy, or the growing systemic risk of financial systems, could affect the recovery and value of the Bank's assets and require an increased provision for bad debt and other provisions, which would adversely affect the Bank's financial condition and results of operations.

The Bank's consolidated loan portfolio, as of 31 March 2013, reached EUR 66.5 billion, of which 6.8% related to overdue loans by more than 90 days, representing an increase of 1.8 percentage points compared to the same period in 2012. The prolonged persistence of the adverse economic and financial circumstances at a worldwide, European and national level increases the risk of deterioration of the quality of the consolidated loan portfolio and might lead to increased impairment losses and deterioration of the solvency ratio through reduction of its own funds and/or increase in the Bank's risk weighted assets (RWA). Non-performing loans, calculated in accordance with Instruction no. 23/2011 of Banco de Portugal, which includes loans overdue more than 90 days and doubtful debts, accounted for 8.8% of total loans and advances to customers as of 31 March 2013, compared with 6.8% of total loans and advances to customers as of 31 March 2012. Loan impairment (net of recoveries) increased to EUR 188.4 million as of March 2013, compared with EUR 152.3 million as of March 2012. Cost of risk, measured by the proportion of loan impairment charges (net of recoveries) versus loans to customers (gross) stood at 122 basis points as of 31 March 2013, compared with 91 basis points as of March 2012. The coverage of loans overdue more than 90 days stood at 96% as of 31 March 2013, compared with 100% as of 31 March 2012. The persistence, or deepening, of the crisis, sluggish economic growth, increased unemployment, or a sharp increase in risk premiums required would lead to increased loan impairment levels and, consequently, to the reduction of the Bank's net income. In addition, the level of provisions and other reserves might not be sufficient to cover possible future impairment losses, and it may be necessary to create additional provisions of significant amounts. Any failure in risk management or control policies relating to credit risk could adversely affect the Bank's business, financial condition and results of operations.

The Bank faces strong competition in its main areas of activity.

Since 1996, the Bank has witnessed a significant expansion of retail financial services in the Portuguese banking market, resulting in the sustained development of the mortgage market, consumer credit, investment funds, unit linked products and a broader use of credit cards. By the end of the 90's, the Portuguese banking system went through a consolidation process due to the need to attain scale economies and operational synergies. More recently, the majority of the Portuguese banks rationalized their operational structures aiming at cutting costs and improving efficiency. The Portuguese banking market is well developed, containing major national and foreign competitors which follow multi-product, multi-channel and multi-segment approaches and are, in general, highly sophisticated. Over recent years, there has been a significant development of banking operations through the internet and the use of new techniques which has enabled banks to assess the needs of their customers with greater accuracy and efficiency. Foreign banks, as well, have entered the Portuguese market, especially in areas such as corporate banking, asset management, private banking and investment banking services. These factors have led to an increase in competition. Furthermore, many Portuguese banks are dedicated to enhancing their revenue through an increase in their market shares and cross-selling strategies, as well as focus on their core business, and engagement in more

aggressive commercial strategies. A possible intensification of the integration of European financial services may contribute to increased competition, particularly in the areas of asset management, investment banking and online banking and brokerage services.

These levels of competition, in Portugal and in other countries where the Bank operates, or its intensification, entail business and strategic risks. These risks might lead to a reduction in the Bank's market share for some products and business segments and lower spreads. Moreover, such a situation could also lead to a reduction in net interest income, fees and other income of the Bank, any of which could have a material adverse effect on the Bank's financial condition, results of operations and prospects.

In addition to its exposure to the Portuguese economy, the Bank faces exposure to macroeconomic risks in its businesses in Europe (Poland and Romania) and Africa (Angola and Mozambique).

The Bank faces exposure to macroeconomic risks in its businesses in Poland, Romania, Mozambique and Angola and, if the risks mentioned above in respect of each country materialise in the future, this may have an adverse impact on the business, financial condition and results of operations of the Bank.

In the three months ended 31 March 2013, the Group's net income attributable to international operations was EUR 38.4 million, compared to a total net loss of EUR 152.0 million for the Group as a whole. For the same period, net income in Poland was EUR 28.7 million, of which EUR 18.8 million was attributable to the Group, net losses in Romania were EUR 2.1 million, net income in Angola was EUR 6.5 million, of which EUR 3.3 million was attributable to the Group and EUR 20.3 million in Mozambique, of which EUR 13.5 million was attributable to the Group.

Up to 2009, the economies of Poland and Romania showed strong GDP growth rates, arising from their respective processes of European integration, benefiting, in particular, from high foreign investment inflows and from the opportunities deriving from the use of European funds. The worldwide financial crisis, however, created an unavoidable destabilizing effect on the economic and financial structures of these two economies. Poland withstood the impact of the global crisis quite resiliently, never experiencing annually negative GDP growth. Romania, on the other hand, suffered an acute recession in 2009-2010, a circumstance that led this country to apply for a multilateral financial assistance program sponsored by the European Union and the IMF that was originally negotiated in 2009 and renewed in 2011.

In 2012, the real GDP growth rate in Poland decelerated from 4.5 to 1.9% (Source: European Commission, May 2013). Such lacklustre performance was the result of all-round weakness: tepid private consumption growth, fiscal austerity and a bleaker external environment. The near-term outlook points to subdued growth on the assumption that the above-mentioned factors are likely to linger on. Official forecasts indicate a GDP annual average growth of 1.7% for the two-year period 2013-2014 (Source: European Commission, May 2013). Amongst these risk factors, the following stand out: the external context, with the sequential downward review of the growth of the European Union, main trading partner of Poland, being able to constrain activity through exports and to negatively affect confidence levels of households and businesses; the foreign exchange rate evolution, in particular in case of renewed instability in financial markets with unfavourable impact on the Polish zloty/Swiss franc exchange rate, where the greater exposure to foreign currency is concentrated, with indirect repercussions on the financial conditions of customers and directly through the Bank's results from financial operations; and budgetary policy, in view of the need to bring the public deficit below the 3% threshold as soon as possible (stood at 3.9% in 2012) (Source: European Commission, May 2013), in a context that is likely to be characterised by a low growth environment. Therefore, in the medium term, a more adverse context may develop in terms of turnover, asset quality and higher tax costs on banking activity.

In 2012, GDP in Romania expanded in real terms by a meagre 0.7% (Source: European Commission, May 2013), affected by the adverse impact of extreme climate conditions on agricultural output and by a weak external environment. For 2013, the growth rate of the Romanian economy is expected to rebound to 1.6% (Source: European Commission, May 2013) on the back of stronger investment. The following constitute some relevant risks to the scenario of recovery in the medium term: the recomposition of the balance sheet of families and reduction of debt levels; contagion effects derived from the sovereign debt crisis in Europe, enhanced by the instability and

institutional uncertainty; the sustainability of short term financial flows of the Romanian economy; the persistence of tight financing conditions; and the commitment of the authorities to the pursuit of the agreed budgetary targets and measures.

Angola and Mozambique have been particularly noteworthy due to their strong and sustained growth over the past few years and adoption of economic policies targeting the reduction of inflation, sustainability of economic activity, and diversification of productive potential. In Mozambique, GDP is expected to have recorded a real annual average growth rate of 7.5% in 2012 (Source: International Monetary Fund, April 2013), largely determined by the acceleration of the mining industry output, especially in what concerns coal. Real GDP should have expanded by 6.8% in Angola during 2012 (Source: International Monetary Fund, April 2013) essentially benefiting from the strong expansion in oil production, though the non-oil sector also grew at a robust pace on the back of consistent public investment. In their current state of development, these countries still show a non-negligible dependence of economic growth on a relatively limited group of sectors, associated with natural resources such as oil (Angola) and aluminium and coal (Mozambique), which are vulnerable to specific shocks in these markets and, consequently, upholds the persistence and dimension of policies of incentives to sectorial diversification and social nature. The climate of optimism, abundant liquidity and expansion of geographical coverage and offering of banking products and services that has prevailed over the recent years, in a context of the early development of financial systems, models and control mechanisms, may have implications for the level of asset quality of the customer base, with consequences for the level of solvency and perceived safety of the banking system. The incomplete provisioning of better terms of social conditions, albeit a notable improvement in recent years, represents a factor which might lead to social instability, namely when drawing close to important political events, in detriment of the development of regular banking activity, which might have an adverse effect on the Bank's business activity, financial condition or results.

In February 2009, Banco Comercial Português, S.A. carried out financial transactions relating to the strategic partnership agreements established with Sonangol - Sociedade Nacional de Combustíveis de Angola, Empresa Pública (“**Sonangol**”) and Banco Privado Atlântico, S.A. (“**BPA**”), having carried out a share capital increase of Banco Millennium Angola (“**BMA**”) in the amount of USD 105,752,496.80, and reduced its stake in BMA to 52.7%. In April 2012, the Bank reduced its stake in BMA to 50.1%, following the increase in BMA share capital, which was fully subscribed by Global Pactum - Gestão de Activos (main shareholder of BPA), in line with the partnership agreement entered into with Sonangol and BPA. Following this partnership agreement, BMA accelerated its business plan, through investment in the expansion of its network of branches (76 branches as at 31 March 2013; target of 100 branches) and has created over 1,000 jobs up to the end of March 2013 (932 employees as at 31 March 2013). It is not possible to predict in advance the success of the Group's expansion in Angola.

In spite of the risk mitigation actions, the Bank is still exposed to Greece.

Following the 22 April 2013 announcement, the Bank completed on 19 June 2013 the sale of the entire share capital of Millennium Bank (Greece) to Piraeus Bank, in accordance with the general conditions previously announced. Prior to the completion of the acquisition, BCP has recapitalised Millennium Bank (Greece) in the total amount of 413 million euros, which is covered by the 427 million euros provision created for potential losses at Millennium Bank (Greece). The Bank subscribed for Piraeus Bank ordinary shares in the amount of 400 million euros in the capitalisation process of Piraeus Bank. The Bank and Piraeus Bank entered into a contract whereby Piraeus Bank undertakes to support BCP in the phased disposal of shares held in its share capital, subject to the assumption by the BCP to certain limitations, including a lock-up period and some temporary restrictions on the exercise of voting and disposal during the conditioning period of HFSF. The impacts of the sale will be recognised in the financial statements of the 2nd quarter. With the conclusion of the sale, BCP completes successfully its strategy of risk mitigation concerning Greece.

As a result of the investment transaction, BCP is the holder of a stake of approximately 4.6% in Piraeus Bank's share capital, to be booked as an available for sale financial asset. Available for sale financial assets are initially accounted at the investment value (value of acquisition), and subsequently measures at fair value. Changes to fair value are accounted for against fair value reserves until the asset is sold or an impairment loss exists. On disposal of the available for sale financial asset, accumulated gains or losses recognised as fair value reserves are booked

under net gains / losses from available for sale financial assets. Dividends are booked in the income statement when the right to receive them arises.

The participation in Piraeus Bank's capital increase exposes the Issuer to market risk, arising from Piraeus Bank's shares price volatility and Greece's strained operating conditions, and partially offsets the reduction in risk-weighted assets achieved through the sale of the entire share capital of Millennium Bank (Greece).

The Bank is exposed to a contraction of the real estate market.

The Bank is highly exposed to the Portuguese real estate market, both directly through assets related to its operations or obtained in lieu of payment, and indirectly through properties securing loans or through funding of real estate development projects (foreclosed assets in Portugal represented 1.7% of total assets of the Bank as at 31 March 2013, and direct exposure to the real estate sector, composed of loans granted to construction companies, real estate activities and mortgage loans, represented 56.4% of the consolidated loan portfolio as at 31 March 2013). Accordingly, the Bank is vulnerable to a contraction in the real estate market. A significant devaluation of prices in the Portuguese real estate market would lead to impairment losses in the assets held directly, and increased exposure in counterparty risk for loans guaranteed by real estate collateral and in pension fund assets retained by the Bank, adversely affecting the Bank's business, financial condition and results of operations.

The Group's highly liquid assets may not cover liabilities to its customer base.

The Bank's main source of funding is its deposits base (66% of the Bank's funding as at 31 March 2013).

However, over the last few years the persistence of interest rates at historically low levels has resulted in the Bank investing deposits into instruments with higher potential yield. The Bank's other funding sources include money market instruments, medium- and long-term bonds, covered bonds, commercial paper, medium-term structured products and the securitisation of a portion of its loan portfolio. Over the last few years, the Bank has strengthened its own funds through capital increases (the most recent share capital increase amounting to EUR 500 million was completed in October 2012), and, in June 2012, the subscription by the Portuguese Republic of Core Tier 1 Capital Instruments (as defined below), in the amount of EUR 3.0 billion.

The Group has sought to mitigate liquidity risk, since 2007, having adopted various measures which mitigated the impact of the unfavourable market circumstances on its liquidity position—namely, by reducing the deficit, strengthening the attraction of deposits, selling non-strategic assets, increasing highly liquid assets and increasing the maturity of institutional funding, mainly due to the maturity increase of ECB exposure and to the issue of the Core Tier 1 Capital Instruments. The weight of the wholesale funding with a maturity greater than one year increased from 86.2% as of 31 December 2012 to 88.2% as at March 2013, as a result of using the LTRO of the ECB and redemption of EUR 1 billion of medium and long term debt. Inability of the Bank to obtain sufficient funds because of difficulties in the financial markets, in order to meet its liabilities with customers and other investors, would negatively affect its financial condition and its results of operations.

The results of additional stress tests could result in a need to increase capital or a loss of public confidence in the Group may occur.

National and international regulators, including the IMF, the ECB and the EBA, have conducted stress tests in the banking sector. Additional stress tests might reveal new capital requirements to a bank in particular or to the Portuguese banking system in general, and may lead to the approval of increased regulation in the financial sector. In particular, the stress tests might force the Bank to obtain additional capital and may also result in the Bank being unable to repay the Core Tier 1 Capital Instruments on the schedule contemplated in its Recapitalisation Plan or pursuant to applicable regulations. Consequently, additional stress tests could adversely affect the Group's funding cost, and adversely impact its operations and financial condition. Furthermore, reduced confidence in the banking system following the disclosure of the results of stress tests relating to a bank or the Portuguese banking system as a whole, or even the widespread perception that these tests might not have been sufficiently strict in the past, may also negatively affect the Bank's financial condition, results of operations and prospects. European banks' stress tests are currently expected to occur only in 2014. This delay is related with the implementation of a new scheme European Banking Supervision during the 2nd half of 2013, which represents a first pillar of the Banking

Union. Uncertainty continues regarding the revaluation of the EBA Public Debt buffer, which affects the Core Tier 1 ratio of the Bank.

The Bank's interest rate risk is at historically high levels, making it vulnerable to fluctuations in interest rates, which may negatively affect net interest income and lead to other adverse consequences.

Interest rates are highly sensitive to many factors beyond the Bank's control, including rulings or policy changes of the monetary authorities and national and international political constraints. Changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently from those it pays on interest-bearing liabilities. These differences could reduce the Bank's net interest income. On 2 May 2013, the ECB announced its decision to reduce the interest rate applicable to the main refunding operations of the Eurosystem to historic minimum (0.5%). A movement in the opposite direction by the ECB (increased interest rates in the Eurozone) could increase the costs associated with debt service in Portugal and aggravate the country's general financial condition if interest rate increases do not correspond to the needs of the Portuguese economy. An increase in interest rates could reduce demand for loans and the Bank's capacity to grant loans to customers, and could also contribute to increased loan default. Additionally, a decrease in interest rates may negatively affect the Bank through, among others things, the lower average interest rate of its mortgage loan portfolio, lower net interest income from deposits, reduced demand for deposits and increased competition. As a result of these factors, changes or volatility in interest rates may materially and adversely affect the Bank's financial condition, results of operations and prospects.

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

The Bank's success depends on its capacity to maintain high levels of loyalty among its customer base and to offer a wide range of competitive and high quality products and services to its customers. In order to pursue these objectives, the Bank has adopted a strategy of segmentation of its customer base, aimed at serving the various needs of each segment in the most suitable manner, and of cross-selling its products and services through the distribution network in Portugal under the single brand "Millennium bcp". Moreover, the Bank seeks to maintain long term financial relations with its customers through the sale of anchor products and services, namely mortgage loans, salary accounts, standing transfers, credit cards and saving products and bancassurance products. Nevertheless, high levels of competition in Portugal and in other countries where the Bank operates, and an increased emphasis in cost reduction may result in the Bank's inability to maintain high loyalty levels of the Bank's customer base, to provide competitive products and services, or maintain high customer service standards, each of which may negatively affect the Bank's business, financial condition and results of operations.

In addition, as of 31 March 2013, approximately 5.7% 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 and results of operations.

The Bank is exposed to reputational risks, including those arising from rumours which affect its image and customers relations.

Reputational risk is inherent to the Group's business activity. Negative public opinion towards the Bank or the financial services sector as a whole could result from real or perceived practices in the banking sector, such as money laundering or the fraudulent sale of financial products, or even from the way that the Group conducts, or is perceived to conduct, its business. Negative publicity and negative public opinion could adversely affect the Group's ability to maintain and attract customers, in particular, institutional and retail depositors, whose loss could adversely affect the Group's business, financial condition and future prospects, for example, as a result of a run on deposits and the disappearance of funding sources.

The Bank has a limited number of customers who are classified as politically exposed persons pursuant to the applicable legislation. Although the Group exercises increasingly stricter scrutiny of transactions with politically exposed persons in order to ensure compliance with applicable laws, the bank services provided to these individuals expose the Bank to reputational risks, notwithstanding the Bank's compliance with applicable laws.

Risks relating to standardised contracts and forms

The Group maintains contractual relationships with a large number of clients. In all of the Group's business areas and departments, the management of such a large number of legal relationships involves the use of general terms and conditions and standard templates for contracts and forms. This standardisation implies that for subjects that need clarification, contain drafting errors or require individual terms and conditions, the use of standard contracts and forms poses a significant risk due to the large number of contracts entered into under these conditions. In light of recent amendments to the applicable legal frameworks as a result of new laws and judicial decisions, and the growing influence of European legislation on national laws, it is possible that not all the general terms and conditions, standard contracts and forms used by the Group comply with all the applicable legal requirements at all times. If there are drafting errors, interpretive issues, or if the individual contractual terms or the contracts are invalid in their entirety or in part, a large number of client relationships may be affected negatively, which may result in claims for compensation or other legal consequences that may have an adverse effect on the financial condition and operating results of the Group.

Labour disputes or other industrial action could disrupt Bank operations or make them more costly to run.

The Group is exposed to the risk of labour disputes and other industrial action. Approximately 86% of the Group's employees in Portugal and 76% of all its employees were members of labour unions as of 31 December 2012, and the Group could experience strikes, work stoppages or other industrial actions in the future. Any of these actions could, possibly for a significant period of time, result in disruption to the Group's activity, result in increased salaries and benefits granted to employees or otherwise have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank may have to bear additional costs, especially with respect to staff costs, related to the implementation of the Strategic Plan for 2012-2017.

The Bank announced on September 2012, a Strategic Plan based on three main stages for the next 5 years: (i) Capital and liquidity increase, underway since 2010; (ii) Creation of growth and profitability conditions, to be executed in 2013-2015 and (iii) Promotion of a sustainable growth, to be pursued in 2016 and 2017. The first stage, completed in December 2012, mainly aimed to reach comfortable capital levels, together with an improvement in the liquidity and an increase of the level of provisions. For this purpose, the Bank undertook an expressive deleveraging effort in 2012, with loans to customers falling EUR 4,600 million and balance sheet customer funds rising EUR 2,700 million, enabling the commercial gap to be reduced by EUR 7,300 million in 2012. In turn, the (gross) balance sheet loans-to-deposits ratio decreased from 168% in December 2009 to 129% in December 2012. The Core Tier 1 ratios went from 6.4% in December 2009 to 12.5% in December 2012, including the effect of the EUR 3,000 million issue of hybrid instruments and a EUR 500 million share capital increase.

Also as part of the measures to implement these priorities, the Bank intends to gradually reduce the number of employees in Portugal or other countries. In 2012, the Bank announced a process of mutual terminations of employment contracts in Portugal, including the possibility of voluntary accession, with a goal of 600 employees. This number was surpassed as a result of the early retirement processes, in accordance with applicable law. These measures to reduce staff costs have an initial cost associated with the payment of compensations that amounted to EUR 69 million in 2012. In turn, the reduction of 977 employees is expected to allow savings with staff-related costs in the next few years. Although staff reductions in the past have taken place without very significant social, legal or reputational damage, the Bank cannot guarantee that these measures relative to the reorganisation of its activities will not result in disputes or disturbance to the Bank's operations with a potential adverse impact on its financial condition and results, just as it cannot possibly guarantee that there will be no more procedures of the same type in the future.

The Bank may have difficulty in hiring and retaining qualified personnel.

The Bank's ability to successfully implement its strategy depends on its capacity to recruit and maintain the most qualified and competent members for its governing bodies and for employment positions in Portugal and other countries. Restrictions to the compensation of members of management and supervisory bodies provided for in the Ministerial Order ("*Portaria*") no. 150-A/2012, of 17 May 2012, which includes restrictions on the level of

compensation of the members of management and supervisory bodies, to be restricted to the greater of (i) 50% of such members' average compensation over the previous two years or (ii) the remuneration received by members of management and supervisory bodies of public credit institutions, may hinder the Bank's ability to maintain and/or attract members with the desired profile.

The inability to attract and retain qualified and competent members for its governing bodies and/or other employee positions could limit or delay the implementation of the strategy, which could have a negative effect on the Bank's business, financial condition and results of operations.

The Bank is exposed to the risk of changes in its management.

Although the current members of Board of Directors, including the members of its Executive Committee, were elected for the term of office of 2012-2014 at the general meeting of shareholders held on 28 February 2012, which approved the amendment and restructuring of the articles of association ("*estatutos*"), comprising the adoption of a one-tier management and supervisory model and following Decision 15463-A/2012, of the Ministry for State and Finance, within the Bank's Recapitalisation Plan, the composition of the Board of Directors of the Bank and/or its Executive Committee might change due to decisions made by the shareholders or by the Board of Directors or due to other circumstances. As noted above, the restrictions to the compensation of the members of the Bank's management and supervisory bodies provided for in Ministerial Order ("*Portaria*") no. 150-A/2012 could hinder the ability of the Bank to maintain and/or to attract members with the desired profile and qualifications, and the Bank could face difficulties in replacing any directors who leave, which could negatively affect its financial condition, results of operations and prospects. Furthermore, changes may also be decided by the Board of Directors and executive management of the Bank's subsidiaries in other countries where the Group has operations which, while not necessarily implying changes in the strategy pursued by such operations, might negatively affect the Bank's financial condition, results of operations and prospects.

The level of coverage of pension fund liabilities of the Bank could turn out to be insufficient, which would lead to actuarial losses for the year, which are recognised against reserves for the year when they occur.

The Group has undertaken the obligation to pay pensions to its employees upon retirement or due to disability and other obligations, in accordance with the terms established in the Collective Labour Agreement of the Banking Sector (ACT). The Group's liabilities are essentially covered by the Pension Fund of Banco Comercial Português, which is managed by PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A.

Following the Portuguese Government's decision laid down in Decree-Law no. 127/2011, of 31 December 2011, the Portuguese Government signed a three-party agreement with the Portuguese Banking Association, the banks and the unions for the partial transfer of the liabilities with the payments of retirement pensions and the pension fund assets from the pension funds of the banks to the National Social Security. The Government undertook these measures in order to reduce the Portuguese banking system's exposure to the risks of defined benefit plans and to release those assets held by pension funds to the Portuguese Republic, in part, to meet the Government's fiscal targets under the PAEF.

Decree-Law no. 127/2011 established that the liabilities assumed by Social Security would exclusively comprise pensions already in payment as at 31 December 2011 at constant values (0% update) (as set out in the collective labour regulation instruments (IRCT) in force in the banking sector). The discount rate used to value the pension fund's liabilities was 4%. Liabilities in connection with increases in the pensions being transferred, in accordance with the applicable collective labour regulation instruments, the supplementary benefits to pensions to be undertaken by Social Security and contributions to the Bank's Social Health Assistance Service (SAMS) for retirement and survivors' pensions, death grants and deferred survivors' pensions remain the responsibility of the institutions, with funding being insured through their respective pension funds.

The impacts of the transfer of the liabilities included:

- A negative impact of EUR 1.0 billion before taxes in the Bank's equity as of 31 December 2011, associated with the liabilities in respect to the change to the accounting policy related to the recognition of the actuarial gains and losses associated to liabilities with pensions transferred to Social Security and EUR 117 million

related with the cost of the transfer of the liabilities related with pensions to Social Security in net results. The transaction implied a negative impact of 74 basis points to the regulatory capital as of 31 December 2011, which was recognised in June 2012, as a result of a decision made by the Banco de Portugal.

– A reduction to the Bank's liabilities with pensions of 53%, as of 31 December 2011, which means that the Bank's vulnerabilities associated with the market risk inherent to the Pension Fund were also reduced. This risk has penalised the Bank significantly in the recent past, especially considering the adverse economic and financial environment. The Bank has sustained accumulated actuarial losses of EUR 1.7 billion up to 2011, and 2009 was the only year where no actuarial losses occurred.

The value of transferred liabilities was determined based on actuarial assumptions that are different from those used by the Group, namely with respect to the discount rate (4%) and the mortality table (TV 88/90 for women and TV 73/77 aggravated by one year for men). These assumptions were determined under the assumption of a liquidation of liabilities (exit value) since this involves a definitive and irreversible transfer of these liabilities. This implies differences when compared with the assumptions used in the determination of the liabilities reflected in the financial statements prepared in accordance with the requirements of IAS 19 - Employee Benefits. On 31 December 2011, the total value of the transferred liabilities reached EUR 2,747 million. The financial settlement of 55% of the operation, a value of EUR 1,510 million, took place before 31 December 2011, and the remaining value (EUR 1,244 million) was transferred by the end of June 2012.

The liabilities related to retirement pensions had been totally funded at levels above the minimum limits defined by Banco de Portugal, presenting a coverage level of 119% at the end of 2012. As of 31 December 2012, the liabilities related to the pension and other employee benefits reached EUR 2,293 million, compared with EUR 2,452 million recorded as of 31 December 2011.

The partial transfer of liabilities in respect of pensions to Social Security that took place in late 2011, although it reduced some risks as it reduced the Bank's future obligations, has had significant adverse impacts in the short term, particularly in terms of liquidity, to the extent that the Bank had to provide the Pension Fund with sufficient liquidity to meet the conditions for transfer of the aforementioned liabilities.

In 2012, the Pension Fund recorded a 1.6% rate of return. The settlement of the transferred liabilities was carried out in cash. Accordingly, the remaining assets in the Pension Fund corresponding to non-transferred liabilities present a composition which is substantially different from that recorded as of 31 December 2011, and might be considered as higher risk and therefore, depending on the development of the financial markets, which could result in actuarial losses.

IAS 19 permits the use of alternative criteria for the accounting treatment of actuarial gains and losses. Previously, the Group had adopted the corridor method, where unrecognised actuarial gains and losses which exceeded 10% of the greater value between the present value of the defined benefit obligations and the fair value of the Pension Fund's assets were recognised against the year's profit or loss according to the estimated remaining working life of active employees.

Considering that IAS 19 – Employee Benefits enables the use of the method of direct recognition in equity of actuarial gains and losses, the Group decided in 2011 to change its accounting policy and now recognises the actuarial gains and losses for the year against reserves. According to IAS 8, this change of accounting policy is presented for comparative effect as of 1 January 2010, whereby the entirety of the deferred actuarial gains and losses was recognised in shareholders' equity on that date. Hence, as of 31 December 2011, inclusively, the Group no longer has deferred actuarial losses in the balance sheet.

For prudential purposes, Banco de Portugal authorised the maintenance of the corridor for the liabilities not transferred to Social Security as well as the amortisation method defined previously for deferred adjustments related to the pension fund (extended corridor), with the exception of those arising from actuarial deviations recorded in 2008, of the value corresponding to the liabilities transferred to Social Security. As at 31 December 2012, the value of the corridor was EUR 243 million.

In 2012 the Bank altered the actuarial premises for the pension fund, and the discount rate is of 4.5% (5.5% in 2011), the salary growth rate 1% until 2016 and 1.75% after 2017 (2% in 2011) and the growth rate of the pensions 0% until 2016 and 0.75% after 2017 (1.0% in 2011). The actuarial differences recorded in 2012, including financial, non-financial and those resulting from changes to the premises, attained EUR 164 million (EUR 155 million of which were recognised in the first half of 2012).

Actuarial differences in 2012 had a negative impact, after taxes and corridor variation, of 25 basis points to the Group's Core Tier 1 (without significance in the second half of 2012). Yet, if in addition one takes into consideration the negative effects of the transfer of liabilities with pensions to the Social Security General Regime (that were neutralised on 31 December 2011) and of the amortization of the deferred impacts allowed by Banco de Portugal, the impact increases to 133 basis points.

The level of coverage of Pension Fund liabilities could turn out to be insufficient. If the deterioration of global financial markets leads to lower investment income and, consequently, lower value of the fund, this would result in the statement of actuarial losses for the year. The losses are recognised against reserves for the year when they occur.

In the future, the Bank cannot guarantee that changes will not take place in the actuarial assumptions relating to the pension and other employee benefits. Any such changes in the assumptions could lead to increased actuarial losses having a potential adverse impact on the financial condition of the Bank.

The Bank's ability to achieve certain targets is dependent upon the accuracy of a series of assumptions involving factors that are significantly or entirely beyond the Bank's control and are subject to known and unknown risks, uncertainties and other factors.

The achievement of certain of the Bank's targets will depend on the accuracy of a series of assumptions involving factors that are significantly or entirely beyond the Bank's control and are subject to known and unknown risks, uncertainties and other factors that may result in management failing to achieve these targets. These factors include those described elsewhere in this section and, in particular, the Bank's ability to successfully implement its Recapitalisation Plan, the Bank's ability to successfully implement its Funding and Capital Plan, the successful implementation of economic reforms in Portugal, the Bank's ability to access financing on the capital markets, the adequacy of the Bank's current provisions against non-performing loans, the quality of the Bank's assets, the Bank's ability to reduce costs, the Bank's ability to deleverage, assumptions included in the Bank's financial models, the financial condition of the Bank's customers, reductions in the Bank's credit rating, growth of the financial markets in the countries in which the Bank operates, the Bank's ability to grow internationally, future market conditions, currency fluctuations, the actions of regulators, changes in the political, social and regulatory framework in which the Bank operates, macroeconomic or technological trends or conditions, including inflation and consumer confidence, and other risk factors identified in this Offering Circular.

If one or more of these assumptions is inaccurate, the Bank may be unable to achieve one or more of its targets, which may have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

The Bank is exposed to market risk, which may translate into the risk of devaluating the investment holdings or affect its trading results activities.

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 in the risk of fluctuations in its shares price, interest rate risk, foreign exchange rate risk and risk of changes in the price of commodities. The performance of the financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the interest rate level, yield curve 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 main measure used by the Group in evaluating the market risks (including interest rate risk, foreign exchange rate risk and equity price risk) is Value at Risk ("VaR"). VaR is calculated based on analytical

approximation defined in the methodology developed by Risk Metrics (1996). It is calculated using a 10 business day time horizon and a unilateral statistical confidence interval of 99%. During 2012, the average VaR for the trading portfolio stood at EUR 4.8 million.

The interest rate risk originated by transactions involving the non-trading book is assessed through a risk sensitivity analysis, carried out every month for all operations included in the Group's consolidated balance sheet. The reported analysis as at 31 December 2012 indicates that interest rate risk sensitivity of the balance sheet, calculated as the difference between the present value of the interest rate mismatch after discounting cash flows at the market interest rate and discounting those same cash flows after taking into account parallel shifts in the market interest rate by + 100 basis points, is approximately + EUR 16 million for the currency in which the Group has the most significant position, the euro.

The trading portfolio and portfolio of assets available for sale (shares) was EUR 100.6 million as at 31 December 2012, compared to EUR 137.9 million as at 31 December 2011. Any depreciation in the value of the Group's trading portfolio, portfolio of assets available for sale and other variable yield securities could have negative repercussions on its financial condition and results.

The Bank has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, including the use of derivatives to hedge certain products offered to its customers, and the Bank's risk exposure is continuously monitored. However, it is difficult to accurately predict changes in market conditions and to foresee the effects that these changes might have on the Bank's financial condition and results of operations. Any failure in risk management or control policies relative to market risk could have a negative impact on the Bank's financial condition, results of operations and prospects.

The Group is exposed to insurance risks, where the value of insurance claims may exceed the amount of reserves held against those claims.

The Bank is exposed to insurance risks (mainly through its holding of 49% of Millenniumbcp Ageas' share capital). Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behaviour, changes in public health, pandemics and catastrophic events such as earthquakes, industrial disasters, riots or terrorism. Failure to control insurance risks could result in material adverse effects on BCP's financial condition, results of operations and prospects.

Further, the EU is developing a new solvency framework for insurance companies, referred to as "Solvency II".

The new approach will be based on the concept of three pillars-minimum capital requirements, supervisory review of firms' assessment of risk, and enhanced disclosure requirements-and will cover valuations, the treatment of insurance groups, the definition of capital and the overall level of capital requirements. The EC is continuing to develop the detailed rules that will complement the high-level principles of the Directive, referred to as "implementing measures". There is significant uncertainty regarding the final outcome of this process. As a result there is a risk that the effect of the measures finally adopted could be adverse for Millenniumbcp Ageas, including potentially a significant increase in capital required to support its business and that Millenniumbcp Ageas may be placed at a competitive disadvantage to other European and non-European financial services groups.

The Bank is subject to compliance risk, which may lead to claims of non-compliance and lawsuits by government agencies, regulatory agencies and other parties.

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

The Bank is also subject to rules and regulations related to money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-

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

The Bank is exposed to contingent risks for the implementation of its strategy, and may not, totally or partially, achieve the objectives in its Strategic Plan 2012-2017.

The Bank is exposed to strategic risk, with the possibility of inadequate strategic decisions, failures in the implementation of decisions or lack of response capability in light of changes to market conditions, and may not, totally or partially, achieve the objectives in its Strategic Plan 2012-2017, including the Recapitalisation Plan. It is not possible to guarantee in advance that the Group will manage to implement its strategic agenda due to general constraints, such as (i) the further deterioration of market conditions; (ii) increased competition or the actions taken by its main competitors; (iii) specific constraining factors associated with possible delays or inadequacies in the implementation of its strategic programme, or in the efficacy and degree of implementation of the measures to resume growth and leadership in the retail banking segment and attract greater value in the Companies, Corporate and Large Corporate segments; (iv) the maintenance of the drive to reduce costs and optimise discipline in capital and liquidity management; and (v) the strengthening of risk management. Furthermore, the Bank could face difficulties in the implementation of critical management measures aimed at continued re-pricing, optimising the recovery of banking revenues and profitability, mitigating exposure to various types of risk and increasing its own funds, with a negative impact on expected efficiency levels, and compromising the defined objectives and solvency. If the Bank is unable to achieve its strategic objectives, its financial condition, results of operations and prospects may be adversely affected.

The Bank is subject to operational risks, which may include interruptions in the services provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management.

In its normal activity and as a result of its organisational structure, the Bank is subject to certain operational risks, including interruptions in the services provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management. The Bank continually monitors these risks by means of, among other actions, advanced administrative and information systems and insurance coverage with respect to certain operational risks. However, it is not possible to guarantee that the monitoring and prevention of these risks will be fully effective. Any lack of success in the implementation of the Bank's risk management and control policies could adversely affect its financial condition, results of operations and prospects.

The Bank faces technological risks and a failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security.

In the scope of the implementation of a new organisational and strategic coordination model, the Bank was divided into four business areas and two service areas (Banking Services and Corporate Areas). The Banking Services area is composed of sub-units whose functions include: credit analysis, credit recovery, processing of operations, development and exploration of computer and telecommunications systems, physical and logistical security, administrative and property management, purchasing and other units for the support of the activity of the business areas. The operations developed by the Group, in Portugal and internationally, have an infrastructure of information systems which is externalised, but also common and integrated, promoting higher overall efficiency. The Bank's operations depend heavily on their respective computer processing, especially following the centralisation of the information systems. The computer processing involves record-keeping, financial reporting and other systems, including systems for monitoring points of sale and internal accounting systems. Regarding the security of the information systems, the Bank has continued to pursue a strategy aligned with good international

practices, such as the principal information security standard ISO 17799/27001 (currently named ISO 27002). It is not possible to guarantee potential investors complete identification and timely correction of all problems related to the informational technology systems, or systemic success in the implementation of technological improvements. A failure in the Bank's information technology systems could result in, among other things, trading losses, losses in customer deposits and investments, accounting and financial reporting errors and breaches in data security. The occurrence of any of the aforementioned events could materially and adversely affect the Bank's financial condition, results of operations and prospects.

The Bank's financial models incorporate assumptions, judgments and estimates that may change over time or may not be accurate.

The Bank regularly uses financial models in the course of its operations. These financial models help inform the Bank of the value of certain of its assets (such as certain loans, financial instruments, including illiquid financial instruments where market prices are not readily available, goodwill or other intangible assets) and liabilities (such as the Group's defined benefit obligations and provisioning) as well as the Bank's risk exposure. These financial models generally require the Bank to make assumptions, judgments and estimates which, in many cases, are inherently uncertain, including expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may need to be updated to reflect changing facts, trends and market conditions and may result in a decrease in the value of, and consequently an impairment of, the Bank's assets, an increase in the Bank's liabilities or an increase in the Bank's risk exposure, any of which may have a material adverse effect on the Bank's financial condition, results of operations and prospects.

In particular, recent market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of the Bank's financial instruments. Decreased valuations reflecting prevailing market conditions, faulty assumptions or illiquidity, may result in changes in the fair values of these instruments, which may have an adverse effect on the Bank's financial condition, results of operations and prospects.

The Bank is subject to the risk of changes in the relationship with its partners.

Some of the activities of the Group are carried out in partnership with other entities that are not under the control of the Group, including Millenniumbcp Ageas. Therefore, the Group does not have the ability to control the decisions of these entities or ensure full compliance with the agreements that established such partnerships. Any decision, action or breach of such agreements may negatively and materially affect the Bank's reputation, financial condition, results of operations and prospects.

In February 2009, Banco Comercial Português, S.A. carried out financial transactions relating to the strategic partnership agreements established with Sonangol and BPA, having carried out a share capital increase of BMA in the amount of USD 105,752,496.80, and reduced its stake in BMA to 52.7%. In April 2012, the Bank reduced its stake in BMA to 50.1%, following the increase in BMA share capital, which was fully subscribed by Global Pactum—Gestão de Activos (main shareholder of BPA), in line with the partnership agreement entered into with Sonangol and BPA. Following this partnership agreement, BMA accelerated its business plan, through investment in the expansion of its network of branches (78 branches and 1,079 employees as at 31 December 2012). It is not possible to predict in advance the success of the Group's development in Angola.

Transactions in the Bank's own portfolio involve risks.

The Bank carries out various proprietary activities, including the placement of deposits denominated in Euros and other currencies in the interbank market, as well as trading in primary and secondary markets for government securities. The management of the Bank's own portfolio includes taking positions in fixed income and equity markets, both spot and through derivative products and other financial instruments. In spite of the Bank's limited level of involvement in these activities, trading on account of its own portfolio carries risks, since its results depend partly on market conditions. Moreover, the Bank relies on a vast range of reporting and internal management tools in order to be able to report its exposure to such transactions correctly and in due time. Future results arising from trading on account of its own portfolio will depend partly on market conditions, and the Bank

may incur significant losses which could materially and adversely affect its financial condition, results of operations and prospects.

Hedging operations carried out by the Bank may not be adequate to prevent losses.

The Bank carries out transactions to cover risk (hedging) to reduce its exposure to different types of risks associated with its business. Many of its hedging strategies are based on historical patterns of transactions and correlations. Consequently, unexpected market developments might negatively affect the Bank's hedging strategies.

Furthermore, the Bank does not hedge all of its risk exposure in all market environments or against all types of risks. Moreover, the way that gains or losses arising from certain ineffective hedges are recognised may result in additional volatility in its reported earnings. If any of its hedging instruments or strategies is inefficient, the Bank could incur losses which could have a material adverse effect on its financial condition, results of operations and prospects.

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

Although the probability, time, place and degree of disturbance of an event of this nature are very difficult to assess, a terrorist attack or a pandemic in any country in which the Group conducts business or elsewhere could cause significant disruptions to economic activity, increase economic uncertainty and reduce economic confidence. The occurrence of either of these events could adversely affect the Bank's financial condition, results of operations and prospects.

The Bank may face difficulties in implementing its international strategy.

The Group has operations in international markets, which are exposed to risks arising from any adverse developments at a political, governmental and economic level. The Bank maintains operations in markets integrated in the European Union which have not yet joined the euro, namely Poland and Romania.

Some of the Group's international operations are also directly or indirectly exposed to exchange rate risk, which could adversely affect the Group's results. Any devaluation of these currencies vis-a-vis the euro could have a negative impact on the Group's business activity, financial condition and results. In addition, any devaluation of these currencies could have a negative impact on the Group's consolidated results. In the case of Romania, the impact would be in the opposite direction since the operation has not yet reached its break-even point.

Moreover, the Bank's loan portfolio includes loans in foreign currency, where the losses are assumed by the customers and recorded in the profit and loss account under impairment. The use of funding in foreign currency in some countries of Eastern Europe exposes some of the Bank's customers to exchange risk, affecting the financial condition of these entities and, consequently, the net income of the Bank. Although Bank Millennium stopped granting new foreign currency loans in Poland at the end of 2008, it still holds a considerable loan portfolio in foreign currency, and therefore the Bank's net income could be significantly affected by the need to undertake additional payments for impairment in the loan portfolio and the high cost of zloty swaps. Net income may also be adversely affected if Poland does not join the Eurozone in the medium term as is currently expected, or in the event of reallocation of the portfolios of institutional investors in favour of “safe haven” assets to the detriment of assets in emerging markets, in particular in the context of greater political instability related to reform of the European institutional framework, which have had repercussions on the Swiss franc exchange rate, a currency which combines a significant part of the exchange rate risk to which the Bank's customers are exposed.

The deterioration of the macroeconomic environment in most of the Group's international operations may adversely affect the Bank's ability to implement its strategy for its international operations. These difficulties could have a significant impact on the opening of new branches, attraction of new customers and turnover and, as a result, materially and adversely affect the Bank's financial condition, results of operations and prospects.

The Bank might be exposed to non-identified risks or to an unexpected level of risks, notwithstanding the risk management policies pursued by the Bank

The Bank is exposed to a series of risks, including, among others, credit risk, market risk, operational risk and liquidity risk. Although careful methodologies have been implemented for the management of each type of risk to which the Bank is exposed to, when faced with exceptionally adverse scenarios, the policies and procedures used by the Bank in the identification, monitoring and management of these risks might not prove to be totally effective. The Bank's risk management methods are based on a combination of human and technical controls and supervision, which are subject to errors and defects. Some of the Bank's methods of managing risks are based on internally developed controls and on historic data on market behaviour, also supported by common market practices. These methods might not adequately predict future losses, in particular when related to relevant market fluctuations, which could be considerably higher than those observed historically. These methods might also be ineffective in protecting against losses caused by technical errors, if the implemented testing and control systems are not efficient in the prevention of software and hardware technical defects. Any errors or failures in the implementation of such risk management systems, as well as their possible inability to identify all the risks or risk levels to which the Bank is exposed, could adversely affect the Bank's financial condition and results.

6. Risks Relating to the Recapitalisation Plan of the Bank

The Bank issued hybrid instruments subscribed by the State that are remunerated at a high and growing cost and it does not have investments being paid at rates equal or higher to those and able of ensuring this payment. Therefore, there is the risk that the Bank may not be able to ensure the payment of the interests and repayment of the issue, a fact that would imply the conversion of those instruments into shares and might render the State the majority shareholder of the Bank.

The Bank issued hybrid instruments subscribed by the State ("Core Tier 1 Capital Instruments"), that are remunerated at a high and growing cost (8.5% during the first year, with increases afterwards of 25 basis points per year in the 2nd and 3rd years and 50 basis points in the 4th and 5th years). Investments of the Bank are not remunerated at rates equal to, or higher than, the cost of borrowing from the State and able to ensure, by themselves, payment of interest and capital under the instruments.

In spite of the Board of Directors' strong commitment to the objectives and targets set forth in the Recapitalisation Plan in order to be able to rapidly repay the public investment, the Bank may not be able to avoid the dilution that may result from the occurrence of a circumstance that may determine the conversion of the Core Tier 1 Capital Instruments into ordinary or special shares, including, among other aspects better detailed in the Terms and Conditions of the issue, the non-payment in full in the end of the term legally established for the public funding; if the bank cancels or suspends, totally or partially, the payment of interests or any other circumstance that proves to be a materially relevant non-compliance with the Recapitalisation Plan, as stated by the State after an opinion issued by Banco de Portugal, or other circumstances that the Bank is unable to control, including decisions made by Banco de Portugal on its viability, changes to its control structure or in the applicable regulatory framework, the request for additional State aid or even the exclusion of its shares from trading in the market.

When the payment (full or partial) of the remuneration of the Core Tier 1 Capital Instruments in cash determines the non-compliance or, in the opinion of Banco de Portugal, may endanger the compliance with the own funds minimum requirements, in particular the Core Tier 1 own funds requirements, such payment may, by choice of the Bank, be replaced, insofar as necessary, by the payment in kind by means of the delivery to the State of new ordinary shares of the Bank. As mentioned above, in case the Bank cancels or suspends, totally or partially, the payment of interests, such act may be considered a materially relevant non-compliance with the Recapitalisation Plan and, if declined as such by the State, shall imply the mandatory conversion of the Core Tier 1 Capital Instruments into special shares.

A potential conversion of the Core Tier 1 Capital Instruments held by the State into ordinary or special shares (or the respective payment in kind with delivery of new ordinary shares, in accordance with the conditions approved at the General Meeting of Shareholders held on 25 June 2012 and foreseen in the respective terms and conditions of the issue attached to the Decision no. 8840-B/2012 of the Ministry of State and Finance of 28 June

2012, as amended, published in the Supplement of the Official Gazette, 2nd series of 3 July 2012, approving the public investment foreseen in the Recapitalisation Plan, the "**Decision**") represents a considerable risk of dilution of the stakes of the shareholders and could mean that the State would be able to exercise a significant control over the Bank's operations, becoming a majority shareholder. Both situations could negatively affect the price of the BCP Shares.

The restructuring plan of the Bank that is currently being appraised by the European Commission, the conditions and obligations of which the Bank will have to observe to ensure the compatibility of the aid with the Treaty on the Functioning of the European Union ("TFEU")¹, may condition the strategic and operational flexibility of the Group and have an adverse effect on its activity, its competitive position and its results. Furthermore, the European Commission may impose obligations and conditions that are more penalising than the ones proposed in the Recapitalisation Plan and in the Decision.

In accordance with Portuguese law, namely article 2(6) of Ordinance 150-A/2012 and the decision of the Commission dated 30 May 2012 in the State aid process SA.34055 (2011/N) – Portugal, the Bank, to ensure that its recapitalisation process is compatible with the rules of the TFEU, submitted to the member of the Government in charge for the finance area, a restructuring plan within the antecedence that enabled the remittance of the same to the competent European Authorities in the six months following the approval of the Decision. The restructuring plan is currently being appraised by the European Commission.

The final version of the restructuring plan to be approved may contain an additional package of measures apart from those that are already provided for in the Recapitalisation Plan, in the decision of the European Commission that authorises the general regime for recapitalisation of credit institutions in Portugal and in the Decision. The above-mentioned restructuring plan will have to: (i) show the long-term viability of the Bank without additional State aid, (ii) ensure the contribution of the Bank and its shareholders to support the necessary efforts to recapitalise and restructure the Bank; and (iii) establish measures to prevent any potential competition distortions resulting from the public aid that the Bank received from the Portuguese Republic.

Apart from the measures imposed within the scope of the Recapitalisation Plan, the Bank has contemplated in the restructuring plan currently under assessment by the European Commission the feasibility and/or possibility of implementing other measures to reach these objectives in line with the discussions held meanwhile with the European Commission. Such measures, if possible, proposed or imposed would, in general, be applicable during the period of time the State aid is in effect and could consist in additional restrictions in the policy for the distribution of dividends to the holders of ordinary shares and the repurchase of the same and in the discretionary or deferred payments relating to hybrid instruments and subordinated debt; changes to the remunerations policy; additional reduction of the cost structure in Portugal; definition of even more strict limits to the assumption of risks, namely in what concerns market risk and the granting of credit to related entities; additional reduction of the balance sheet in Portugal, contributing to adequate the offer and demand for banking services; additional limits to the purchase of holdings; sale of assets; limits to the granting of new credit in Portugal; restrictions in the price policy concerning new credits and deposits in Portugal and additional reduction of the commercial gap.

Currently there is no certainty as to the sense, contents and reach of the final decision of the European Commission regarding the restructuring plan.

In spite of the discussions currently underway with the European Commission, the uncertainty remains on the extension of the restructuring that the Bank will have to carry out and on the exact contents of the restructuring plan, in case it is approved by the European Commission. The decision on the measures to include in the restructuring plan pertains to the European Commission, that may refuse or approve the restructuring plan and /or demand the adoption of different additional measures or alternatives versus the ones previously indicated, including measures with a behaviour and/or structural nature, which may include the sale of assets (including assets deemed by the Bank as strategic assets) or an even more profound deleveraging. Moreover, the conditions imposed by the European Commission in the decision approving the recapitalisation general regime may be applied even after

¹ See "The European Commission or a domestic court may order the repayment of a State aid provided to the Bank if they consider such aid illegal and/or not compatible with the Treaty on the Functioning of the European Union ("TFEU)".

approval of the Bank's restructuring plan. The adoption or imposition of all or a portion of these conditions and obligations may affect the operational and strategic flexibility of the Group and may have a substantially adverse effect in the financial situation, in the operating revenues and in the future prospects of the Bank.

Furthermore, the Bank may also have to face other costs related with its restructuring plan, including costs deriving from the closing of branches or headcount reduction. Any costs supported by the Bank due to the implementation of its restructuring plan may significantly and adversely affect its financial situation, results of operations and prospects.

The Recapitalisation Plan may not be sufficient to meet the Bank's future regulatory capital requirements and the Bank may engage in further liability management transactions and/or sales of assets.

Continued deterioration in the economic and financial markets in Europe and internationally, further downgrades in the Bank's credit ratings or a change in the Bank's regulatory capital requirements could result in the Bank not holding sufficient reserves to meet its regulatory capital requirements, as described under "Risks Relating to Volatility in the Global Financial Markets.". In that event, the Bank may offer additional ordinary shares or other financial investments to meet its regulatory capital requirements. Such offerings may be in the form of an offering of pre-emptive rights to the Bank's current shareholders, or the Bank may decide to engage in other liability management transactions in which the Bank would offer the holders of other classes of securities issued by the Bank or its affiliates the opportunity to exchange or otherwise convert such other securities into the Bank's shares, including its ordinary shares. In addition, the Bank may seek other alternatives to reinforce own funds and may consider the sale of assets, which could impact negatively its profitability.

Although this is not foreseen and not intended or expected to occur, it cannot be fully excluded that in accordance with the rules governing the recapitalisation of Portuguese banks, the Bank may be forced to resort to additional funding from governmental entities in exchange for the issuance of additional ordinary or special shares (of the same or different kind of the Special Shares) and may result in the ability of such governmental entities to exert significant control over the operations of the Bank, namely because this could, in certain cases, result in the conversion of all or any Core Tier 1 instruments held by the Portuguese Republic into shares.

Any additional issuance of ordinary shares and/or special shares by the Bank or the public perception that any such issuance may occur, could have an adverse effect on the market price of the Bank's ordinary shares. In addition, any further issuance of additional ordinary shares and/or special shares (of the same or different kind as the Special Shares) would dilute existing holders of ordinary shares to the extent such existing holders do not, or are unable to, exercise pre-emptive rights or such pre-emptive rights are limited or cancelled.

The European Commission or a domestic court may order the repayment of a State aid provided to the Bank if they consider such aid illegal and/or not compatible with the Treaty on the Functioning of the European Union ("TFEU").

The Bank benefited from aid given by the Portuguese State in the form of recapitalisation, under the general regime for the recapitalisation of credit institutions in Portugal, pursuant to Law 63-A/2008 of 23 November, Ordinance 150-A/2012 of 17 May and in subsequent legislation. In its Decision dated 30 May 2012 (relating to State aid case SA.34055 (2011/N) – Portugal²), the European Commission considered that this public aid is indeed State aid within the meaning of article 107 of the TFEU and found them compatible with the Treaty provided that a number of conditions.

With regard to the Recapitalisation Plan, some of the conditions imposed by the EC are partially recited below:

"a) a remuneration for Hybrid Securities shall be, as a minimum, 8.5% for the first year of the investment of the State and shall be increased, thereafter, through annual step-ups in order to reach an average of 9% throughout the five year period of legal maturity of such hybrid instruments;

² Extended by decision dated 17 December 2012 (SA.35747).

b) a dividend ban on the Beneficiaries, unless previously authorised by the European Commission, except for the adequate remuneration of the State;

c) a ban on buying back hybrid instruments and subordinated debt;

d) a ban on coupon and interest payments on hybrid instruments and subordinated debt, where there is no legal obligation to proceed with such payment;

e) a ban on aggressive commercial strategies;

f) a ban on the acquisition of equity stakes in other companies, unless previously authorised by the European Commission”.

These conditions will continue to be applied after the approval of the restructuring plan of the Bank and, in that extent, may affect the strategic and operational flexibility of the Group and may have an adverse effect on its financial condition, results of operations and prospects.

In 2012, BCP prepared and presented to the Government a restructuring plan as required by Portuguese law and by European Union rules on State aid, which was formally submitted by the State to the European Commission complying with the maximum term of six months after the approval of the Decision.

The European Commission may approve or refuse to approve the Bank’s restructuring plan and /or impose alternative or additional measures as a condition for the approval of the State aid. If, in spite of the favourable opinion of Banco de Portugal relating to the Bank’s viability, as mentioned in the Decision, the European Commission would consider that the Bank’s viability could not be restored in the long term without additional State aid, the already mentioned additional or alternative measures could mean the orderly winding-up of the Bank. The compliance by the Bank with the restructuring plan to be approved by the European Commission and with the conditions established in the decisions mentioned above, made by the European Commission, in the extent that the same are applicable after the approval of that plan, are decisive factors so that the European Commission definitely authorises the State aid granted to the Bank. Compliance with such measures may constrain the strategic and operational flexibility of the Group and may have a material adverse effect on its financial condition, results of operations and prospects.

If the State and/or the Bank do not comply with the conditions established in past or future decisions of the European Commission relating to State aid granted or to be granted to the Bank, if the European Commission considers that these decisions were made based on incorrect information, if a national court decides that State aid has been granted in violation of the obligation laid down in Article 108 TFEU requiring the relevant State to notify the European Commission prior to the State aid implementation, or if the European Commission considers that State aid granted is incompatible with the TFEU, the European Commission and/or a national court, as the case may be, may order the State to recover the amount corresponding to the aid made available to the Bank. The European Commission can also order the Bank to return the aid if it deems that the Bank (including in what concerns any aspect related with the subscription of the Core Tier 1 Capital Instruments or with the contract denominated “Underwriting Agreement”, established with the State on 29 June 2012) benefited from any State aid that has not been previously authorised by the European Commission, if it considers that such aid is not compatible with the TFEU.

A potential obligation to repay the aid granted to the Bank would have a material adverse effect on its financial condition, operating revenues and prospects and would demand, among other aspects, a reimbursement of the Core Tier 1 capital Instruments held by the State in anticipation of what is foreseen in the Recapitalisation Plan and the repurchase or redemption of the public funds in shares that may have been carried out in the meantime, if any, which repurchases may present further legal complications under Portuguese corporate law.

The Bank’s bonds guaranteed by the Portuguese Republic may entitle the Portuguese Republic to exercise certain management rights and to acquire Special Shares.

The Bank carried out four issues of non-subordinated bonds guaranteed by the Portuguese Republic under the provisions of Law number 60-A/2008, of 20 October 2008 and Ministerial Order (“*Portaria*”) no. 1219-A/2008,

of 23 October 2008, as amended, in the total value of EUR 6 billion. Pursuant to the Portuguese legislation, in the event of the calling on the guarantees, the Portuguese Republic is entitled, amongst others, to appoint members of the Board of Directors, decide on the adoption of principles of good corporate governance and on the remuneration policy of the members of the management body, and/or convert any claim against the Bank resulting from the payment of guarantees into share capital of the Bank, including, in particular, into Special Shares.

In order to ensure compliance with the legal provisions referred to above, the general meeting of shareholders resolved, in relation to each issuance of bonds backed by the Portuguese Republic, that the Board of Directors is authorised to resolve on the issuance of shares with exclusion of pre-emptive rights of shareholders for conversion of any credit of the Portuguese Republic arising from the calling on the guarantees provided by the Portuguese Republic. In the event the guarantee is called, any payment of interest or dividends by the Bank will be subject to the prior approval of the Portuguese Republic (except in compliance with legal obligations) and any increase of capital resulting from an exchange of the loan into share capital will result in a dilution of existing shareholders. In addition, the issuance and the distribution of new shares may affect, in an adverse way, the share price of BCP shares and increase its volatility.

7. Legal and Regulatory Risks

The Bank's activity may be affected by potential changes in the regulatory framework of the banking activity, including, among other factors, in what concerns capital and liquidity requirements.

The Group conducts its business in accordance with the applicable regulations and is subject to the related regulatory risks, including the effects of amendments to laws, regulations and policies in Portugal and in other countries where the Group operates. As a result of the current environment and recent market events, the Portuguese and international regulatory entities, including the European Union, have considered significant changes to the Bank's regulatory framework, particularly in relation to capital adequacy and the scope of Bank operations. As a result, the Bank may face increased regulation which may materially and adversely affect the Bank's operations.

Capital Requirements

The implementation of a more demanding and restrictive regulatory framework, with additional restrictions on financial institutions, in particular with respect to capital ratios, indebtedness, liquidity and disclosure requirements, even if beneficial to the financial system and of a preventive and temporary nature, will imply additional costs for banks.

Compliance with new regulations might increase the regulatory capital requirements and costs of the Bank, result in increased disclosure, restrictions on certain types of transactions, limitations on the Bank's strategy, and limitations or modification of the rates or fees charged by the Bank for certain loans and products. Any of the above might reduce the yield of the Bank's investments, assets or holdings. As a consequence, this could have a material adverse effect on the Bank's financial condition, results of operations and prospects.

As part of the PAEF signed with the Troika, Portugal agreed that, while the Program is in force, Banco de Portugal will demand to all the banking groups it supervises, to reach a ratio Core Tier 1 of 10% until the end of 2012 and that level should be kept thereafter. This requirement was formally approved by Banco de Portugal in its Notice 3/2011. In addition to these requirements, on 8 December 2011, the EBA recommended that European Union central banks temporarily increase capital requirements in connection with bank exposure to sovereign debt. For Portugal, this represented a substantial increase in capital strengthening requirements (reaching a total of EUR 6,950 million, of which EUR 3,700 million refer to the sovereign debt buffer). This recommendation was endorsed by Banco de Portugal, which, in line with the guidelines issued by the EBA, established in Notice no. 5/2012 that these additional requirements should be complied with by 30 June 2012.

It is currently unclear how long Portuguese banks will be required to comply with the EBA recommendations, and there can be no guarantee that temporary capital requirements are not maintained or will not be further increased in the future. Further increases in the Bank's capital adequacy requirements may result in the Bank needing additional capital in order to comply with the more demanding capital ratios, thereby lowering the profitability of such capital. Additional requirements may also lead to the Bank being unable to repay the Core Tier

1 Capital Instruments on the schedule contemplated in its Recapitalisation Plan or in applicable law. Any of the above events could have a material adverse effect on the Bank's financial condition, results of operations and prospects.

The enhanced supervision by Banco de Portugal as a result of the PAEF agreed with the Troika could increase costs and potentially force the Group to sell some of its non-core assets under distressed conditions. As a consequence, the Bank might be confronted with the need to further increase its capital base or further restrict its policy of profit distribution past the requirements already included in the Recapitalisation Plan. Moreover, the Bank could be faced with additional constraints concerning the management of its assets and liabilities in the context of the commitments undertaken under the Recapitalisation Plan, and the obligations set out in the Decision and also in the respective annexes or those of the restructuring plan that is being appraised by the European Commission.

The Core Tier 1 ratio of the Bank stood in 12.4% (IRB approach) (calculated in accordance with the rules of Banco de Portugal) on 31 December 2012. However, it is not possible to guarantee that Core Tier 1 ratio will remain above the minimum values established by Banco de Portugal in Notices no. 3/2011 and no. 5/2012 referred to above thereafter, and, if the Bank's Core Tier 1 ratio falls below such minimum value, the Bank may need to adopt additional measures such as acceleration of the deleveraging process, the reduction of RWAs, the sale of non-core assets and other measures, with the objective of strengthening the Core Tier 1 ratio. And as a result, increased capital requirements could have a material adverse effect on the Bank's financial condition, results of operations and prospects.

Basel III

On 12 September 2010, the Basel Committee on Banking Supervision announced a new agreement on banking supervision, known as Basel III, which has amended most of the minimum requirements relating to capital and liquidity. This agreement has stricter capital requirements that will be applied over a transitional period in order to mitigate their impact on the international financial system. The minimum capital requirements for Common Equity Tier 1 capital will gradually increase from 3.5% of risk weighted assets to 7% of risk weighted assets, including the capital conservation "buffer," by 2019. The total solvency ratio will increase from 8% to 10.5% between 2016 and 2019. Further changes include: (i) a progressive increase of the common equity ratio from 3.5% to 4.5% by 2015; (ii) a progressive increase of the Tier 1 ratio from 4.5% to 6% by 2015; (iii) an additional requirement of a capital conservation "buffer" of 2.5% on common equity, with phased implementation from 2016 to 2019 and restrictions on bank capacity to pay dividends or make other payments, to be defined, if the capital is below the common equity ratio and capital conservation ratio; (iv) a countercyclical capital buffer, which will stand between 0% and 2.5% of risk weighted assets, with loss absorption properties, according to the credit cycle phase pursuant to its application by the national supervisory authorities; and (v) the leverage ratio will be tested for a non-adjusted ratio of 3% risk. Furthermore, the Basel III framework also contains stricter requirements relative to the quality of the capital that may be considered Common Equity Tier 1 capital and for the calculation of risk weighted assets. Full implementation of Basel III is expected to occur by the beginning of 2019. It is expected that the main impacts of Basel III on consolidated capital ratios will be related to deferred tax assets, expected loss impairment provisions, the pension fund corridor, minority holdings in consolidated subsidiaries, significant holdings in non-consolidated financial institutions, and in the increased capital requirements for market and counterparty risks.

On 13 January 2011, the Basel Committee issued "Minimum requirements to ensure loss absorbency at the point of non-viability", which suggests some specific rules for internationally active banks, such as the Bank. The rules require that all additional Tier 1 and Tier 2 instruments issued by internationally active banks must include, with certain exceptions, a provision in their terms and conditions requiring that they should be written-off when particular circumstances occur. If these rules were to be implemented in Portugal, the Bank would be subject to them. If the proposal were to be implemented in its current wording, this could increase the cost of the additional Tier 1 and Tier 2 instruments issued by the Group in the future.

In addition to the rules regarding capital requirements, Basel III recommendations also provide for the setting of short and long-term liquidity ratios and funding ratios referred to as "Liquidity Coverage Ratio" and "Net Stable Funding Ratio", respectively. The Liquidity Coverage Ratio, for which implementation is recommended to be carried out in 60% in 2015 with an annual increase of 10% until it reaches 100% in 2019, concerns the sufficiency of

high quality liquid assets to meet short-term liquidity needs in high stress scenarios, where the value of these assets may not be less than 100% (from 2019 onwards) of net outflows of cash flow for the 30 days following the relevant stress date. Moreover, the Basel Committee extended, in the beginning of 2013 the definition of high quality net assets, including debt of companies rated “A+” up to “BBB-“, shares and high quality mortgage-backed securities. A haircut is applied to these assets and its weight on the “Liquidity Coverage Ratio,” is limited to the class of asset. The Net Stable Funding Ratio, for which implementation is recommended to be carried out in 2018, seeks to establish a minimum amount of stable funding based on the liquidity features of assets of the relevant institution and its activities during the period of one year.

The profitability of financial assets is generally inversely correlated with its liquidity. To that extent, compliance with these ratios by the Bank may lead to the need to strengthen or create a portfolio of highly liquid but low profitable assets and/or an increase of funding costs, since the method for calculating these ratios favours long-term over short-term funding.

In addition to these requirements, institutions identified as systemically relevant at a worldwide level might be subject to even more demanding and restrictive requirements. While the Bank does not anticipate that Portuguese banks will be classified as systemically relevant at a global level, there are, however, proposals that this principle should also be applied at a national level. If this occurs, the Bank’s classification as systemically relevant for Portugal could result in additional costs for the Bank.

Significant uncertainty remains concerning the final requirements and implementation of Basel III. If these measures are implemented as currently proposed, it is expected that this will have a significant impact on the capital and on the management of the assets and liabilities of the Group, which would likely have an adverse effect on the Group’s financial condition, results of operations and prospects.

Increased capital requirements for certain payments on deposits

Banco de Portugal (Notice no. 7/2011 and Instruction no. 28/2011) has set additional capital requirements applicable to situations where the interest on deposits exceeds a specified limit based off of Euribor. Although this measure contributes to counteract the trend of increased deposit rates and pressure on net interest income in the context of limited funding and instability in international financial markets, the ability to attract stable long term financial resources might have an additional impact on yields and, consequently, on capital.

New credit institution restructuring rules

The international financial crisis and its effects on the banking sector has led to the adoption of legal mechanisms and intervention powers of supervisors in credit institutions where such institution’s financial situation begins to show signs of deterioration, so as to enable the swift adoption of measures aimed at preventing the risk of contagion to other institutions. These proposals identified the need to entrust supervisors with a series of preventative intervention powers under a harmonised system in the EU.

In this context, Decree-Law no. 31-A/2012, of 10 February 2012, which amended various rules of the General Framework of Credit Institutions and Financial Companies (the “Banking Law”), replaced the credit institution restructuring system, approving a new system characterised by three different intervention phases (corrective intervention, provisional administration and resolution), applicable according to the severity of the risk or degree of non-compliance by an institution of relevant regulation, as well as the scale of the respective consequences on the interests of the depositors or on the stability of the financial system. Banco de Portugal will be responsible for the choice of the method of intervention and adoption of specific measures.

The new regime requires the preparation of recovery and resolution plans (living wills) to be submitted periodically to Banco de Portugal, who will be responsible for approving them or requesting their modification, to ensure planning in the event of the need for the recovery or resolution of a credit institution, also enabling Banco de Portugal to detect and remove constraints to the application of resolution measures.

The provisional administration phase will correspond to situations that may place the financial balance or solvency of the institution at serious risk, or constitute a threat to the stability of the financial system. In this stage,

Banco de Portugal will have the possibility of suspending the management body of a credit institution and appointing all its members.

In the extreme case of a credit institution being at serious risk of failure or of non-compliance with its regulatory requirements, such as its minimum capital adequacy requirements and where it is not foreseeable that the credit institution will survive or manage to return to being compliant within a reasonable period, supervisory authorities may apply certain measures of last resort, including the total or partial disposal of the business of such credit institution or the transfer of assets, liabilities, off-balance sheet items or assets under management to a transition bank.

The application of this type of measures will naturally depend on their necessity to prevent systemic contagion or possible negative impacts on the financial stability plan, with a view to minimising costs for the public treasury or safeguarding the trust of the depositors. Pursuant to the preamble of the abovementioned Decree-Law, “its application should seek to assure that the shareholders of the credit institution, as well as its creditors, are the first to assume its losses, in accordance with the respective hierarchy and under conditions of equality within each category of creditors”.

As is already the case in other countries, a resolution fund has been created for the purpose of providing financial support for the application of any resolution measure that might be adopted by Banco de Portugal, which foresees the participation of credit institutions based in Portugal, branches of credit institutions based in States not belonging to the European Union, relevant companies for the management of payment systems subject to supervision by Banco de Portugal as well as certain types of investment companies.

Decree-Law no. 31-A/2012, of 10 February 2012, also reviewed the special winding-up system of institutions subject to supervision by Banco de Portugal, including, in particular, the constitution of credit privileges applicable to loans backed by deposits covered by deposit guarantee funds, as well as loans certified by the Deposit Guarantee Fund, Crédito Agrícola Mútuo Guarantee Fund or Resolution Fund, arising from any financial support that these institutions might provide under the application of resolution measures, within the framework of the legal limits applicable to each one of them.

Although these measures contribute to the flexibility of regulators to intervene in the case of difficulties experienced by credit institutions aimed at increasing efficiency and reducing systemic risk in the restructuring and resolution process, its effective implementation may result in increased expenses (related, in particular, to possible contributions to the resolution fund) or, particularly in the case of effective implementation of the system, losses which negatively impact the Bank’s financial condition, results of operations and prospects.

The Bank is subject to the increase in obligations and effects resulting from the new legal framework within the scope of prevention, monitoring and correction of clients’ default risk.

At the end of 2012, a set of legal and regulatory rules were approved, contemplating actions that credit institutions should follow for the prevention and monitoring of default situations in credit contracts entered into with private bank customers, namely:

- Decree-Law 227/2012, of 25 October 2012 (“General Regime”), that foresees that credit institutions should adopt an action plan for default risk (PARI), setting forth procedures and measures to prevent defaulting loans; and that created the Extra-Judicial Procedure for the Correction of Default Situations (PERSI), that aims to promote negotiations outside the courts between credit institutions and bank customers in case of default;

- Law 58/2012, of 9 November 2012, that enshrines an extraordinary regime for the protection of home loans debtors that are in an extremely difficult economic situation, wherein is foreseen that credit institutions should adopt extraordinary measures to correct defaults on loan agreements for the acquisition, construction or ordinary or extraordinary conservation, or for the improvement of own permanent home, in cases when the bank customers request access to said regime and meet the application requirements.

This legal framework sets forth a group of obligations for credit institutions and protection measures for bank customers, contemplating procedures for gathering of information, contacting customers, monitoring the

execution of loan agreements and managing default risk situations; duties to assess the financial capacity of the bank customer and the presentation of default correction proposals adapted to the debtor's situation; drawing up a plan for restructuring the debts emerging from home loans or replacing mortgage foreclosures, that may include the suspension of the mortgage foreclosure during the period of application of the protection measures, grace periods for the monthly payments of the borrower, extension of loan terms, reduction of spreads for the duration of the grace period, among others.

The implementation of these legislative measures, as well as any potential additional regulatory or self-regulation measures, may lead to an increase of the Bank's credit impairment, which will in turn have an adverse effect on the financial condition, results and prospects.

These initiatives represent significant changes in terms of execution of loan agreements within an adverse economic environment, with high and persistent unemployment rates, which resulted in a surge of credits with doubtful collection. Implicit limitations in terms of fees, financial margin and flexibility in terminating contracts, as well as the uncertainty regarding the behavioural effects that these changes may raise, may have a negative impact on the Bank's financial condition, results and prospects.

New provisions of the ECB relating to the discretionary acceptance of bank debt guaranteed by national central banks may affect the pool of the Bank's eligible collateral.

The ECB recently issued Guideline ECB/2012/18, of 2 August 2012, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9. Among other aspects, Guideline ECB/2012/18 includes provisions permitting national central banks not to accept bank bonds guaranteed by an EU Member State under a EU/IMF programme or whose credit assessment does not comply with the ECB benchmark as collateral. In addition, this Guideline establishes that, except under exceptional conditions where the Governing Council may grant exemptions, bank bonds guaranteed by an EU Member State may not be used as collateral in excess of the nominal amount of such collateral already submitted to the ECB on that date. These decisions introduce uncertainty with regard to the Bank's liquidity in light of the discretionary nature of decision-making by each national central bank, which has an indirect impact on the acceptance of this type of debt as collateral by third parties, thereby affecting the Bank's ability to obtain market funding, and may lead to greater isolation of the financial systems of the countries undergoing financial aid.

The planned creation of a deposit guarantee system applicable throughout the European Union may result in additional costs to the Group.

The harmonisation of the deposit guarantee systems will represent significant changes to the mechanisms of the deposit guarantee systems currently in force in individual countries. Harmonisation of the deposit guarantee systems contemplates increasing ex ante funding to around 75% of total funds and increasing the target levels of the deposit guarantee systems to 2% of eligible deposits. Banks may be required, as a result, to contribute to the deposit guarantee systems in amounts that are much higher than the current contributions. The European Union estimates that the cumulative impact on banks will be a reduction of 4% in their operational results over the first five years, and a reduction of 2.5% over the following five years.

Although the harmonisation of the deposit guarantee systems is currently expected to maintain the level of coverage at EUR 100,000, the pressure on the European Union authorities to simplify eligibility criteria and put swifter payment procedures in place may lead to additional adjustments in the level and scope of coverage, resulting in higher bank contributions to the deposit guarantee schemes.

Indirect additional costs on the deposit guarantee system might also have to be considered even if significantly lower than the direct contributions to the fund, such as detailed information to customers on products and specific regulation for advertising deposit or deposit-like products.

Any additional costs to the Group as a result of the harmonisation of the deposit guarantee system at an EU level may have a negative impact on the financial condition and results of the Bank.

Government regulatory responses to market turbulence may be inadequate and have undesired consequences, in particular in the banking activity

As a consequence of the persistence of the sovereign debt crisis at an European level and the internal economic and financial crisis, there has been government intervention aimed at mitigating their effects and it is expected that considerable increase in the regulation of the financial service sector will continue, in addition to those that have already taken place, materialised in the establishment of higher capital requirements, more strict standards of communication duties and restrictions to certain types of transactions. New regulations could imply that Banco Comercial Português needs more capital or that the rates or fees it charges on certain loans or other products are changed. Any of these events could have material adverse effects on the Group's financial situation and net income of its operations. The BCP Group may also face increased compliance costs and limitations to its capacity to pursue certain business opportunities.

Changes to tax legislation, regulations, higher taxes or lower tax benefits could have an adverse effect on the Bank's activity.

The Bank might be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the European Union and other countries in which it operates, as well as by changes of interpretation by the competent tax authorities of legislation and regulation. In addition, the Bank might be adversely affected by difficulties in the interpretation of or compliance with new tax laws and regulations. The materialisation of these risks may have a material adverse effect on the Bank's financial condition, results of operations and prospects.

The various measures approved by the Portuguese Republic to ensure budgetary consolidation, stimulate the economy and support the banking system have led to a considerable increase of public debt levels. In the context of low growth, the need to restore the balance to public finance in the medium term, as negotiated in the PAEF, will imply increased tax costs through the expansion of the tax base, tax rates and/or reduction of tax benefits, as well as increased restrictions on tax planning practices, with direct impact on the Bank's net income and turnover. Moreover, changes in legislation may require the Bank to bear costs due to participation in financial stabilisation mechanisms, at a national or European level.

For example, under Portuguese Law 55-A/2010 of 31 December 2010 and Ministerial Order ("Portaria") no. 121/2011 of 30 March 2011, a bank levy is now applicable to the Bank and will be applied over (i) the Bank's liabilities at a tax rate of 0.05% and (ii) the notional amount of off-balance sheet financial derivatives, excluding hedging derivatives and back-to-back derivatives at a tax rate of 0.00015%. The taxable base is calculated by reference to an annual average of the monthly balances of the qualifying items, as reflected in the relevant year's approved accounts.

The Bank also has ongoing ordinary course disputes with the tax authorities. The Bank has made provisions which it believes are adequate to cover an adverse outcome of those disputes. However, there can be no assurance that those provisions will be sufficient to cover all the additional taxes assessed if the outcome of those disputes was negative.

The resolutions adopted by the European Commission relating to the Banking Recovery and Resolution ("Crisis Management Framework") may restrict the trading operations of the Group and increase its refinancing costs.

The Crisis Management Framework aims to equip authorities with common tools and powers to tackle bank crises at the earliest possible moment, and avoid costs for taxpayers. The set of measures foreseen in the Crisis Management Framework includes preparatory and preventive measures, the attribution of powers to the supervision authorities enabling them to act in advance and that are triggered whenever one financial institution does not comply or it is likely that it will not comply with the regulatory requirements it is subject to and also resolution instruments and powers to be used when a financial institution does not comply or it is likely to fail. The application of these measures and powers will likely interfere with the rights of shareholders and creditors of the Bank.

Implementation of the Crisis Management Framework also entails the establishment of national funds to support bank resolution. Banks subject to the Crisis Management Framework may be required to contribute to

ex ante funds. The exact amount of such contributions has not been determined, but any requirement for banks to contribute to *ex ante* funds will increase the banks' costs.

Pursuant to the Crisis Management Framework, credit institutions will be required to prepare and update recovery plans suitable for addressing liquidity problems, solvency or overall risk exposure. As a complement to resolution planning, authorities will have preventative powers including limiting or modifying risk exposure, enacting additional reporting requirements, restricting or prohibiting certain activities and changing group structures. These actions may negatively affect the Bank's profitability and cost of funds and/or require the Bank to change its overall strategy.

As part of the early intervention powers provided for by the framework, authorities will be invested with powers to prohibit the distribution of net income to shareholders or holders of hybrid securities, to replace managers or directors of a financial institution and to require the financial institution to dispose of assets that pose excessive or unwanted risk to the financial soundness of the institution. Such actions may negatively affect the investors' expected income and may have other adverse effects due to changes in the business lines of the Bank.

When dealing with failing financial institutions, regulatory authorities' resolution powers include, among others, the right to determine the transfer of assets, rights or liabilities to another entity, to write off or cancel shares, to write down or convert debt, to replace management and to demand continuity of essential services. (See "The Bank's activity may be affected by potential changes in the regulatory framework of the banking activity, including, among other factors, in what concerns capital and liquidity requirements - New credit institutions restructuring rules").

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

The Bank has been accused and condemned by the CMVM and (not definitively) by Banco de Portugal in infringement proceedings related to operations, including the financing of the acquisition of shares issued by the Bank, carried out with companies, namely based in off-shore centres, and, in this context, has proceed with the precautionary recording of an adjustment of Euro 300 million (Euro 220.5 million net of tax) to its financial statements of the fiscal year of 2006. The Bank has contested these infringement proceedings and taken legal action against the condemnatory decisions of Banco de Portugal and the CMVM, where the final decision relative to the infringement proceeding of the CMVM is already known, which maintained the condemnation of BCP to pay a fine of Euro 5,000,000 and determined the suspension, for the period of two years, of the enforcement of half the value of this fine.

Summary of procedures and investigations by the CMVM and Banco de Portugal

At the end of the financial year of 2007, the Bank received a formal notice dated 27 December 2007 sent by Banco de Portugal, informing that it had filed infringement proceeding number 24/07/CO against the Bank, "based on the existence of preliminary evidence of administrative offences established and punished by the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law number 298/92, of 31 December), namely non-compliance with accounting rules, provision of false or incomplete information to Banco de Portugal, in particular regarding the value of own funds, and non-compliance with prudential obligations".

A press release issued by Banco de Portugal on 28 December 2007 noted that this proceeding had been filed "based on facts related to 17 off-shore entities whose nature and activities were always hidden from Banco de Portugal, namely during previous inspections".

On 12 December 2008, the Bank was notified by Banco de Portugal of an accusation under the process of the abovementioned infringement proceeding number 24/07/CO instructed by Banco de Portugal.

The Bank did not accept the accusation made against it, and submitted objection to this infringement proceeding within the period of time for this effect, which ended on 16 March 2009.

On 12 May 2010, the Bank was notified of the contents of the decision read under the proceedings filed against it by the Board of Directors of Banco de Portugal, which condemned the Banco to pay a single fine of the value of Euro 5,000,000 and also applied sanctions to various natural persons connected to the Bank.

The Bank appealed against the decision of the administrative authority, and initiated judgement in the Small Instance Criminal Court of Lisbon. Following the inquiry of one of the witnesses for better appraisal of the question of the validity of the documentation attached to the accusations and on its possible nullity as evidence, due to breach of bank secrecy, an order was read in October 2011, declaring the nullity of the evidence submitted and, as a consequence, the nullity of the entire proceeding.

The Public Prosecutor and Banco de Portugal have appealed against this decision. The Bank and other defendants, in due time, submitted their respective answers to the allegations. The Court admitted such appeals, as well as the respective replies, and those have been sent to the Lisbon Court of Appeal. The Public Prosecutor has submitted its opinion before the Lisbon Court of Appeal that the appeals should be accepted. The Bank has replied to this opinion, arguing in favour of the appealed decision. By a judgment dated 3 July 2012, the Lisbon Court of Appeal upheld the appeal of the Public Prosecutor and Banco de Portugal and therefore revoked the appealed judgment, having determined that the trial hearing should be resumed and continued. Three defendants (natural persons) have appealed to the Constitutional Court against the decision of the Lisbon Court of Appeal. On 21 March 2013, the Constitutional Court rejected the mentioned appeal.

On 12 December 2008, the Bank was also notified by the CMVM of an accusation brought against it under infringement proceeding number 41/2008.

The Bank did not accept the accusation brought against it and submitted, on 27 January 2009, objection to the infringement proceeding in question, having argued for the total rejection of the accusation.

On 26 June 2009, BCP was notified of the condemnation to pay a single fine of the value of Euro 5,000,000 (five million) for the disclosure of untrue information. The CMVM deliberated to proceed with the partial suspension, of the value of Euro 2,500,000 for the period of 2 years, of the enforcement of the applied fine. In its decision, the CMVM expressed the understanding derived from the law that, in the case of the taking of legal action against this outcome, the decision relative to the partial suspension of the enforcement of the fine would extinguish.

The Bank did not accept the decision and on 24 July 2009 submitted legal action against the decision.

On 21 July 2010, the Small Instance Criminal Court of Lisbon read the sentence in the proceeding which confirmed the condemnatory decision of the CMVM, including the value of the fine of Euro 5,000,000, although it considered founded and granted the Bank's appeal with respect to the subsistence of the partial suspension of the fine, which was maintained in spite of the Bank having taken legal action against the decision of the CMVM.

The Bank appealed against the judicial decision and was notified, on 11 April 2011, of the decision of the Court of Appeal which dismissed its appeal, having then submitted an appeal at the Constitutional Court, which declined to grant it. Therefore, the decision of 21 July 2010 of the Small Instance Criminal Court of Lisbon is now final.

Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the procedures and investigations described above, if decided against the Bank, could have an important negative effect on its activity and results.

Adjustment to the financial statements

In December 2007, the Bank initiated an internal investigation process in relation to the operations connected to the off-shore companies referred to above. Furthermore, the Bank complied with the requests of the CMVM and Banco de Portugal, namely by providing the requested documentation.

In view of the existing indications arising from the investigations conducted by the supervisory authorities regarding the more thorough analysis of the economic substance of the transactions described below, the Bank decided in 2008 to consider a more prudent interpretation, considering the currently identified risks, of their nature and restructuring, and recorded an adjustment of Euro 300 million taking effect as at 1 January 2006, where its respective effect net of tax reached approximately Euro 220.5 million. This decision did not imply any kind of recognition by the Bank of the existence of alleged infractions which might be imputed to it.

This adjustment decreased the Bank's Tier 1 capital ratios and may lead to loss of trust, which could hinder any future share capital increases. It cannot be guaranteed that new adjustments will not be required or recommended to the Bank, which may depend on the outcome of the procedures and investigations conducted by Banco de Portugal and the CMVM or could arise otherwise as a consequence of, or in relation to, the transactions summarised below. Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the above, if decided against the Bank, could have an important negative effect on its activity and results.

Summary of the activities of the off-shore entities and respective transactions

The abovementioned procedures and investigations, as well as the said adjustment, are related to the transactions summarised below.

Between 1999 and 2002, companies based in off-shore centres, financed by the Bank, acquired Bank shares, which, in November 2002, reached approximately 5% of the Bank's share capital. In November 2002, the said off-shore companies sold their BCP shares to a financial institution, against cash, having also received securities indexed to shares issued by this (Equity-Linked Notes). In 2004, the said financing was subject to a restructuring and was taken by a business group whose activity consists of the real estate projects (hereinafter referred to as "GI"). Under this operation, GI assumed net liabilities with the Bank of approximately Euro 450 million. The Bank also sold the company Comercial Imobiliária (hereinafter referred to as "CI") to GI for Euro 26 million and a series of other real estate properties of the total value of Euro 61 million. Subsequently, and also during 2004, the Bank reacquired 11.5% of the share capital of CI.

In 2005, the Bank made a contribution in kind to the Pension Fund of the BCP Group of a group of assets which included commercial paper issued by CI, of the value of Euro 210 million, together with shares issued by listed entities. The proceeds of the commercial paper issued by CI were used to repay the Bank for part of the loans owed. In 2007, the commercial paper was converted into share capital of CI, with the GI Group henceforth holding a stake of 68.3% in the share capital of CI and the Pension Fund of the BCP Group holding a stake of 28.29% (of which 18.29% was subsequently sold to the Bank).

In 2006, CI acquired a holding and economic interest of 54% in a real estate development project in Luanda, Angola ("Luanda Bay Project") and the Bank granted shareholder loans of the value of Euro 300 million, whose proceeds were used to repay part of the loans owed by GI to BCP.

In 2007, the Bank accepted, as assets in lieu of payment, 68.34% of the share capital of CI, for the repayment of liabilities to the Bank of the value of Euro 61 million.

As a result, namely, of the transactions referred to above, (i) all the loans granted by the Bank to the off-shore entities (subsequently assumed by GI) were repaid; (ii) the Bank, as of 2005, allocated a provision of the value of Euro 85 million for the loan in question; (iii) the Bank became the creditor of CI for the sum of Euro 300 million of shareholder loans, which, after the adjustment referred to above, are stated at the net value of Euro 23.4 million; (iv) the Banco became the shareholder of 99.9% of the share capital of CI, and, indirectly, approximately 54% of the future benefits of the Luanda Bay Project (a stake which, according to two independent valuations made in September 2007, was at that time valued between Euro 278.8 million and Euro 231.6 million).

In view of the existing indications arising from the investigations conducted by the supervisory authorities regarding the more thorough analysis of the economic substance of the transactions described below, the Bank has decided to consider a more prudent interpretation, considering the identified risks, of their nature and restructuring, and recorded an adjustment of Euro 300 million (Euro 220.5 million net of tax) relative to the shareholder loan agreement concluded with CI, and proceeded with its book recording at its investment value (Euro 23.4 million). This decision did not imply any kind of recognition by the Bank of the existence of alleged infractions which might be imputed to it. The adjustment took effect as of 1 January 2006 and the Bank's financial statements as at 31 December 2007 were adjusted in order to reflect the effects of this restructuring as of 1 January 2006. The Bank, when it made this adjustment, had not been notified of any accusation and did not admit nor admits to any infraction or liability relative to the transactions described above.

During 2009, Banco Comercial Português S.A., after analysing the market conditions and the development prospects of the Luanda Bay Project, decided to reduce the Group's investment in the said project to 10%, through sale to the Angolan company Finicapital - Investimentos e Gestão S.A., which generated a cash inflow of approximately USD 100,000,000 and capital gains of Euro 57,196,000.

Banco Comercial Português considers that the holding kept by the Group in the Luanda Bay Project will enable it to retain a relevant presence in an extremely important project for Angola and maintains the expectation that the Luanda Bay Project will generate additional earnings in the future, which may be recorded against profit or loss of the Bank for the financial years when they are generated.

At this date it is not possible to predict the definitive outcome of the proceeding lodged by Banco de Portugal or whether new lawsuits or investigations will be submitted in the future. However, the Bank runs the risk of being subject to restrictive measures of civil, administrative or other nature, including fines, depending on the result of the accusations, investigations and proceedings in question. The Bank might also be subject to investigations or proceedings by other regulators or disputes, in Portugal or in any other place, by shareholders or third parties, disputes which, if decided against the Bank, could lead to significant losses for the Bank and the downgrading of its ratings. Any of these regulatory proceedings and disputes could lead to negative publicity or perceptions relative to the business developed by the Bank and could lead to loss of customers and increased funding costs, and even draw the attention of the management team away from the current management of the Bank's activity. Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the operations described above, if decided against the Bank, could have an important negative effect on its activity, operating income or financial situation.

RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

1. 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:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant 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 relevant 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.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate or vice versa, this may affect the secondary market and the market value of the Notes concerned.

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

floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate tends to be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

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

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's or the Guarantor's insolvency

The relevant Issuer's and (as the case may be) the Guarantor'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 relevant Issuer or (as the case may be) the Guarantor become insolvent.

2. Risks related to Notes generally

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

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

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.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State in which a withholding system applies and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant 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 relevant 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.

U.S. Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and/or held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems (see “Taxation – 4. Foreign Account Tax Compliance Act”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged, in respect of Notes other than Book Entry Notes, once it has paid the common depositary or common safekeeper for the clearing systems (as bearer or registered holder of the Notes) and, in the case of Book Entry Notes, by payment to Interbolsa in respect of each amount so paid, and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

The value of the Notes could be adversely affected by a change in law or administrative practice.

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)) 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 (*representação formal*) 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 related to withholding tax on Notes issued by the Bank

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-Law 193/2005, 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.

Failure to comply with procedures, declarations, certifications or others, as provided in paragraph (iii) of Condition 8, will result in the application of the relevant Portuguese domestic withholding tax to the payments without giving rise to an obligation to gross up by the Bank.

It should also be noted that, if interest and other income derived from the Notes issued other than by BCP Finance is paid or made available (“colocado à disposição”) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g., typically “jumbo” accounts) such income will be subject to withholding tax in Portugal at a rate of 35% unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 35% and the Bank will not be required to gross up payments in respect of any withheld accounts, as results from paragraph (x) of Condition 8. Investors should note that such is the case if the Notes are issued through Euroclear Bank SA/NV, Clearstream Banking société anonyme or The Depository Trust Company and for as long as these do not have in place any procedures to identify the beneficial owners.

Further, 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 that are domiciled in a country included in the “tax havens” list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November) is subject to withholding tax at 35%, which is the final tax on that income. The Bank will not be required to gross up payments in respect of any of such non-resident holders, as results from paragraph (v) of Condition 8.

See details of the Portuguese taxation regime in “Taxation — Portuguese Taxation”.

Issuers who purchase or hold Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued.

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.

3. Risks related to the market generally

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

If an investor holds Notes which are not denominated in the investor’s home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

Principal and interest on the Notes will be paid 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 or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

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 assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

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.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

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. Illiquidity may have a severely adverse effect on the market value of Notes.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the following audited consolidated financial statements, notes and audit report set out at the following pages of the document related to the 2011 Annual Report of BCP and its subsidiaries (“**BCP Group**”):

Balance Sheet	Page 255
Income Statement	Page 254
Cash Flows Statement	Page 256
Statement of Changes in Equity	Page 257
Statement of Comprehensive Income	Page 258
Notes to the Consolidated Financial Statements	Pages 259 to 381
Audit Report	Pages 488 to 490

(b) the following audited consolidated financial statements, notes and audit report set out at the following pages of the 2012 Annual Report of BCP Group:

Balance Sheet	Page 183
Income Statement	Page 182
Cash Flows Statement	Page 184
Statement of Changes in Equity	Page 185
Statement of Comprehensive Income	Page 186
Notes to the Consolidated Financial Statements	Pages 187 to 307
Audit Report	Pages 416 to 418

(c) the following unaudited consolidated financial statements set out at the following pages of the Earnings Press Release of the 1st Quarter 2013 of BCP Group:

Balance Sheet	Page 17
Income Statement	Page 16

(d) the following audited financial statements, notes and audit report set out at the following pages of the document related to the 2011 Annual Report of BCP Finance:

Balance Sheet	Page 7
Statement of Comprehensive Income	Page 8
Cash Flow Statements	Page 9
Statement of Changes in Shareholder’s Equity	Page 10
Accounting Principles and Notes	Pages 11 to 53
Audit Report	Page 6

(e) the following audited financial statements, notes and audit report set out at the following pages of the document related to the 2012 Annual Report of BCP Finance:

Statement of Comprehensive Income	Page 6
Balance Sheet	Page 7
Statement of Cash Flows	Page 8
Statement of Changes in Shareholder's Equity	Page 9
Notes to the financial statements	Pages 10 to 49
Audit Report	Page 5

(f) the Terms and Conditions of the Notes contained in the previous Offering Circulars dated 21 December 2001, pages 27-51 (inclusive), 19 December 2002, pages 26-50 (inclusive), 21 November 2003, pages 26-50 (inclusive), 22 November 2004, pages 25-49 (inclusive), 13 December 2005, pages 37- 61 (inclusive), 21 September 2006, pages 38-62 (inclusive), 18 April 2007, pages 43-71 (inclusive), 30 April 2008, pages 64-93 (inclusive), 28 April 2009, pages 68-97 (inclusive), 23 April 2010, pages 72-101 (inclusive), 15 June 2011, pages 78-107 (inclusive) and 28 June 2012, pages 91-120 (inclusive), prepared by BCP Finance and the Bank in connection with the Programme.

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2011 and 31 December 2012 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The information incorporated by reference in (a), (b) and (c) above represent an accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

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. Documents referred to in (a) and (b) above can be viewed electronically and free of charge at the Bank's website (<http://ind.millenniumbcp.pt/en/Institucional/investidores/Pages/RelatorioContas.aspx>). Documents referred to in (c) above can be viewed electronically and free of charge at the Bank's website (http://ind.millenniumbcp.pt/pt/Institucional/investidores/Documents/ApresentacaoResultados/Earnings_Millenniumbcp_1Q13.pdf). Documents referred to in (d) and (e) can be viewed electronically and free of charge at <http://hugin.info/134857/R/1697098/559125.pdf> and <http://hugin.info/134857/R/1607550/509982.pdf>, respectively. Earlier Offering Circulars published by the Issuer referred to in (f) above can be viewed electronically and free of charge at the website of the London Stock Exchange (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

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.

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.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

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, and in the Final Terms applicable to such Notes, which complete information regarding the Terms and Conditions, as more fully described under “Form of the Notes” below. If so indicated in the applicable Final Terms, Notes issued by BCP Finance will be guaranteed by the Bank acting through its Macao branch, 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 after the date of approval 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 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; and
- (b) 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 bearer (“**Bearer Notes**”) or book entry form (“**Book Entry Notes**”), as indicated in the applicable Final Terms.

1. Bearer Notes

Each Tranche of Bearer Notes will initially be represented by a temporary bearer global note (a “**Temporary Bearer Global Note**”) or, if so specified in the applicable Final Terms, a permanent global note (a “**Permanent Bearer Global Note**”) which, in either case, will:

- (i) if the 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 SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”); and
- (ii) if the Global Note is not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common depositary (the “**Common Depositary**”) for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified as to whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms. Global Notes issued in NGN form by BCP Finance will not be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem.

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 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 Bearer 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, 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.

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at anytime at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in any other currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in any other currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

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

2. Book Entry Notes

The Book Entry Notes are issued in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliated Members information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). The Book Entry Notes are issued in any 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 as management entity of Central de Valores Mobiliários.

Where the Notes issued in respect of any Tranche are in book-entry form and registered with Interbolsa in its capacity as a securities settlement system, the Notes may be held in a manner which would allow Eurosystem eligibility. Any indication that the Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Book Entry Notes will only be tradeable in one Specified Denomination.

As of the date of this Offering Circular, the Book Entry Notes may only be issued in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars.

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 any holder of Book Entry Notes.

The Book Entry Notes will be issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (TEFRA C).

3. General

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes”), the Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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 held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such 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 Guarantor (as the case may be), the Paying Agents and the Trustee 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 the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor (as the case may be), the Paying Agents and the Trustee 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.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor (as the case may be) unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and the failure shall be continuing.

Each of the Issuers and the Guarantor (as the case may be) may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event a new Offering Circular or a Supplement to the Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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 100,000 (or its equivalent in another currency).

FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”)]

Issue of [] []

[Guaranteed by Banco Comercial Português, S.A. acting through its Macao branch]

under the EUR25,000,000,000

Euro Note Programme

Any person making or intending to make an offer of the Notes may only do so[

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 8 of Part B below, provided such person is of a kind specified in that paragraph and that the offer is made during the Offer Period specified in that paragraph; or
- (ii) otherwise] 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 to 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.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 17 July 2013 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”). 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. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular has been published on the Issuer’s website (www.millenniumbcp.pt) and on the website of the London Stock Exchange plc (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

[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 [] which are incorporated by reference in the Offering Circular dated 17 July 2013. 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 dated 17 July 2013 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”), including the Conditions incorporated by reference in 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. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular has been published on the Issuer’s website (www.millenniumbcp.pt) and on the website of the London Stock Exchange plc (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

- | | | | |
|----|-------|--|---|
| 1. | (i) | Issuer: | [BCP Finance Bank Ltd. /Banco Comercial Português, S.A.] |
| | (ii) | Guarantor: | [Unguaranteed/Banco Comercial Português, S.A. acting through its Macao branch] [Not Applicable] |
| 2. | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | [] |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to below, which is expected to occur on or about []][Not Applicable] |
| 3. | | Specified Currency: | [] |
| 4. | | Aggregate Nominal Amount | |
| | – | Tranche: | [] |
| | – | Series: | [] |
| 5. | | Issue Price of Tranche: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [] (if applicable)] |

6. (i) Specified Denomination(s): [] [and integral multiples of [] in excess thereof up to and including []. Definitive Notes will not be issued in denominations in excess of []]
- (ii) Calculation Amount: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [[]/ Interest Payment Date falling in or nearest to []]
9. Interest Basis: [[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: [] [Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
[Not Applicable]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
- (ii) Status of the Guarantee: [Senior/[Dated/Perpetual] Subordinated] [Not Applicable]
- (iii) Date of [Board] approval: [] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date
- (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] [] [Not Applicable]
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [Actual/Actual (ICMA)] [30/360]
- (vi) Determination Date(s): [] in each year

15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(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] [Not Applicable]
	(iii) Additional Business Centre(s):	[Not Applicable/[]]
	(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[Not Applicable/[]]
	(vi) Screen Rate Determination	
	– Reference Rate:	Reference Rate: [] month [LIBOR/EURIBOR]
	– Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period] [First day of each Interest Period] [Second day on which the TARGET2 System is open prior to the start of each Interest Period] []
	– Relevant Screen Page:	[Reuters] []
	(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 ³ :	[] per cent. per annum
	(xi) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360]

³ If no minimum interest rate is specified or if the minimum interest rate is specified as Not Applicable, then the minimum interest rate shall be zero.

		[30E/360] [30E/360 (ISDA)]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i) Accrual Yield:	[] per cent. per annum
	(ii) Reference Price:	[]
	(iii) Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 8(b) (<i>Taxation</i>):	Minimum period: [] days Maximum period: [] days
18.	Issuer Call	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[]
	(ii) Optional Redemption Amount:	[] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[]
	(b) Higher Redemption Amount:	[]
	(iv) Notice periods:	Minimum period: [] days Maximum period: [] days
19.	Investor Put	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[]
	(ii) Optional Redemption Amount:	[] per Calculation Amount
	(iii) Notice periods:	Minimum period: [] days Maximum period: [] days
20.	Final Redemption Amount of each Note:	[] per Calculation Amount
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes	
	(a) Form:	[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for
Definitive Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for
Definitive Notes [on 60 days' notice given at any
time/only upon an Exchange Event/at any time at the
request of the Issuer]]

[Book Entry Notes: *nominativas*/ Book Entry Notes: *ao
portador*]

- (b) New Global Note: [Yes] [No]
23. Additional Financial Centre(s): [Not Applicable/[]]
24. Talons for future Coupons to be attached to
Definitive Bearer Notes: [Yes, as the Notes have more than 27 coupon payments,
Talons may be required if, on exchange into definitive
form, more than 27 coupon payments are still to be
made/No]

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By:
Duly authorised

By:
Duly authorised]

PART B – OTHER INFORMATION

1. Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange’s regulated market and, if relevant, listing on the Official List of the UK Listing Authority/Euronext Lisbon’s regulated market] 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 [the London Stock Exchange’s regulated market and, if relevant, listing on the Official List of the UK Listing Authority/Euronext Lisbon’s regulated market] with effect from [].] [Not Applicable]
2. Ratings: [The Notes have not been specifically rated.]
- [The following ratings reflect ratings assigned to the Notes of this type issued under the Programme generally:
- [[] by Moody’s Investors Service España, S.A. [“(Moody’s)”]]
- [[] by Standard & Poor’s Credit Market Services Europe Limited [“(Standard & Poor’s)”]]
- [[] by Fitch Ratings Limited [“(Fitch)”]]
- [[] by DBRS, Inc. [“(DBRS)”]]]
- [The Notes to be issued [have been/are expected to be] rated:
- [] by []]
3. Interests of natural and legal persons involved in the issue: Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. [Certain [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.] []]
4. **Reasons for the Offer, Estimated Net Proceeds and Total Expenses**
- (i) Reasons for the offer: The net proceeds from the issue of Notes will be [applied by the Issuer for its general corporate purposes, which include making a profit [and []]/[applied by the Issuer for []].
- (ii) [Estimated net proceeds: []]
- (iii) [Estimated total expenses: []]

5. Indication of yield (Fixed Rate Notes only): [Not Applicable]
6. Historic Interest Rates (Floating Rate Notes only): Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters] . [Not Applicable]
7. **Operational Information**
- (i) ISIN Code:
- (ii) Common Code:
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any):
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through Euroclear and/or Clearstream, Luxembourg will be deemed to have been given on the day on which Euroclear and/or Clearstream, Luxembourg are open for business after the day on which it was given to Euroclear and/or Clearstream, Luxembourg.
8. **Distribution**
- (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/
- (ii) Date of [Subscription] Agreement:
- (iii) If non-syndicated, name and address of relevant Dealer: [Not Applicable/
- (iv) Total commission and concession: per cent. of the Aggregate Nominal Amount
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category 2] [TEFRA D] [TEFRA C] [TEFRA rules not applicable]
- (vi) Public Offer where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus: [Not Applicable] [An offer of the Notes may be made by the Managers (the “**Initial Authorised Offerors**”)] [and any additional financial intermediaries who have or obtain the Issuer’s specific consent to use the Prospectus in connection with the Public Offer and who are identified on the Issuer’s website at www.millenniumbcp.pt as an Authorised Offeror] (together, being persons to whom the Issuer has given consent, the Authorised Offerors) other than pursuant to Article 3(2) of the Prospectus Directive in [the United Kingdom/Portugal/France] (the “**Public Offer Jurisdiction[s]**”) during the period from until (the “**Offer Period**”). See further Paragraph 9 below.

- (vii) General Consent: [Not Applicable][Applicable]
- (viii) Other conditions to consent: [Not Applicable][]

9. **Terms and Conditions of the Offer**

- Offer Price: [Issue Price/Not Applicable/[]]
- [Conditions to which the offer is subject:] [Not Applicable/[]]
- [Description of the application process:] [Not Applicable/[]]
- [Details of the minimum and/or maximum amount of application:] [Not Applicable/[]]
- [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable/[]]
- [Details of the method and time limits for paying up and delivering the Notes:] [Not Applicable/[]]
- [Manner in and date on which results of the offer are to be made public:] [Not Applicable/[]]
- [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable/[]]
- [Whether tranche(s) have been reserved for certain countries:] [Not Applicable/[]]
- [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not Applicable/[]]
- [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/[]]
- [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] [The Authorised Offerors identified in paragraph 8 above.]

10. **Third Party Information**

[[] has been extracted from []. 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

ANNEX
SUMMARY OF THE NOTES
[]

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 100,000 (or its equivalent in another currency).

FINAL TERMS

[Date]

[BCP Finance Bank, Ltd. (“BCP Finance”)/Banco Comercial Português, S.A. (the “Bank”)]

Issue of [] []

[Guaranteed by Banco Comercial Português, S.A. acting through its Macao branch]

under the EUR25,000,000,000

Euro Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 17 July 2013 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”). 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. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular has been published on the Issuer’s website (www.millenniumbcp.pt) and on the website of the London Stock Exchange plc (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

[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 [] which are incorporated by reference in the Offering Circular dated 17 July 2013. 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 dated 17 July 2013 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”), including the Conditions incorporated by reference in 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. A summary of the Notes (which comprises the summary in the Offering Circular as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Offering Circular has been published on the Issuer’s website (www.millenniumbcp.pt) and on the website of the London Stock Exchange plc (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

- | | | | |
|----|-------|--|---|
| 1. | (i) | Issuer: | [BCP Finance Bank Ltd. /Banco Comercial Português, S.A.] |
| | (ii) | Guarantor: | [Unguaranteed/Banco Comercial Português, S.A. acting through its Macao branch] [Not Applicable] |
| 2. | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | [] |
| | (iii) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent |

- Bearer Global Note, as referred to below, which is expected to occur on or about [] [Not Applicable]
3. Specified Currency: [] [and integral multiples of [] in excess thereof up to and including []. Definitive Notes will not be issued in denominations in excess of []]
4. Aggregate Nominal Amount
- Tranche: []
- Series: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [] (if applicable)]
6. (i) Specified Denomination(s): []
- (ii) Calculation Amount: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [[]/ Interest Payment Date falling in or nearest to []]
9. Interest Basis: [[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: [] [Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
[Not Applicable]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual] Subordinated]
- (ii) Status of the Guarantee: [Senior/[Dated/Perpetual] Subordinated] [Not Applicable]
- (iii) Date of [Board] approval: [] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date

(iii)	Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[] per Calculation Amount
(iv)	Broken Amount(s): (Applicable to Notes in definitive form)	[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
(v)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360]
(vi)	Determination Date(s):	[] in each year
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
(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] [Not Applicable]
(iii)	Additional Business Centre(s):	[Not Applicable/[]]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[Not Applicable/[]]
(vi)	Screen Rate Determination	
	– Reference Rate:	Reference Rate: [] month [LIBOR/EURIBOR]
	– Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period] [First day of each Interest Period] [Second day on which the TARGET2 System is open prior to the start of each Interest Period] []
	– Relevant Screen Page:	[Reuters] []
(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 ¹ :	[] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
16.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i)	Accrual Yield:	[] per cent. per annum
(ii)	Reference Price:	[]
(iii)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 8(b) (<i>Taxation</i>):	Minimum period: [] days Maximum period: [] days
18.	Issuer Call	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[]
(ii)	Optional Redemption Amount:	[] per Calculation Amount
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[]
(b)	Higher Redemption Amount:	[]
(iv)	Notice periods:	Minimum period: [] days Maximum period: [] days
19.	Investor Put	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[]
(ii)	Optional Redemption Amount:	[] per Calculation Amount
(iii)	Notice periods:	Minimum period: [] days Maximum period: [] days
20.	Final Redemption Amount of each Note:	[] per Calculation Amount

¹ If no minimum interest rate is specified or if the minimum interest rate is specified as Not Applicable, then the minimum interest rate shall be zero.

21. Early Redemption Amount payable on [] per Calculation Amount redemption for taxation reasons or on event of default:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes

(a) Form:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

[Book Entry Notes: nominativas/ Book Entry Notes: *ao portador*]

(b) New Global Note:

[Yes] [No]

23. Additional Financial Centre(s):

[Not Applicable/[]]

24. Talons for future Coupons to be attached to Definitive Bearer Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

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 [the London Stock Exchange’s regulated market and, if relevant, listing on the Official List of the UK Listing Authority/Euronext Lisbon’s regulated market] 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 [the London Stock Exchange’s regulated market and, if relevant, listing on the Official List of the UK Listing Authority/Euronext Lisbon’s regulated market] with effect from [].]
 - (ii) Estimate of total expenses related to admission to trading: []
2. Ratings: [The Notes have not been specifically rated.]

[The following ratings reflect ratings assigned to the Notes of this type issued under the Programme generally:
[] by Moody’s Investors Service España, S.A. [“(Moody’s”)]
[] by Standard & Poor’s Credit Market Services Europe Limited [“(Standard & Poor’s”)]
[] by Fitch Ratings Limited [“(Fitch”)]
[] by DBRS, Inc. [“(DBRS”)]]

[The Notes to be issued [have been/are expected to be] rated:
[] by []]
3. Interests of natural and legal persons involved in the issue: Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue. [Certain [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.] []
4. Indication of yield (Fixed Rate Notes only): [] [Not Applicable]
5. Historic Interest Rates (Floating Rate Notes only): Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters] []. [Not Applicable]

6. **Operational Information**

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[]]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Deemed delivery of clearing system notices for the purposes of Condition 15: Any notice delivered to Noteholders through Euroclear and/or Clearstream, Luxembourg will be deemed to have been given on the [] day on which Euroclear and Clearstream, Luxembourg are open for business after the day on which it was given to Euroclear and/or Clearstream, Luxembourg.

7. **Distribution**

- (i) If syndicated, names of Managers: [Not Applicable/[]]
- (ii) Date of [Subscription] Agreement: []
- (iii) If non-syndicated, name of relevant Dealer: [Not Applicable/[]]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2] [TEFRA D] [TEFRA C] [TEFRA rules not applicable]

8. **Third Party Information**

[] has been extracted from []. 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

ANNEX
SUMMARY OF THE NOTES
[]

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 completes the information regarding the following Terms and Conditions and will be incorporated into, or attached to, each Temporary Bearer Global Note, Permanent Bearer Global Note, Book Entry Note and definitive Note. Reference should be made to 'Form of Final Terms' above for the form of Final Terms which will specify which of these Terms and Conditions are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued as specified in the Final Terms relating to this Note (the “**applicable Final Terms**”) either by Banco Comercial Português, S.A. (the “**Bank**”), or by 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 17 July 2013 (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) Book Entry Notes and (iv) any global Note. The Notes 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), Banco Comercial Português, S.A., as Portuguese paying agent (the “**Portuguese Paying Agent**” which expression shall include any successor Portuguese paying agent) (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and the Trustee.

Interest bearing definitive Bearer Notes have interest coupons (“**Coupons**”), unless otherwise indicated in the applicable Final Terms and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, 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.

The applicable Final Terms for this Note is attached hereto or (to the extent relevant) incorporated herein and supplement these Terms and Conditions (the “**Conditions**”).

The applicable Final Terms will state in particular whether this Note is (i) a senior Note issued by BCP Finance or the Bank (a “**Senior Note**”) or (ii) a subordinated Note issued by BCP Finance or the Bank (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 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, the “**Noteholders**”, which expression shall, in relation to any Notes represented by a global Note, be construed as provided below) 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 17 July 2013 at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders 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.

In these Conditions, Euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. Form, Denomination and Title

The Notes may be in bearer form (“**Bearer Notes**”) or in book entry form (*forma escritural*) and can either be *nominativas* (in which case Interbolsa, at the Issuer’s request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders) (“**Book Entry Notes**”), as specified in the applicable Final Terms, and, in the case of definitive Notes, will be serially numbered, and, subject to applicable legal or regulatory restrictions, in any currency as agreed between the Issuer and the relevant Dealer(s) at the time of the issue (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Final Terms.

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 or a Zero Coupon Note, or any appropriate combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Bearer Notes in definitive form are issued with Coupons and (if applicable) 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 and Coupons will pass by delivery. 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 (when the Notes benefit from the Guarantee (as defined in Condition 4)), the Trustee and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and any person in whose name 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 on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such 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 (as the case may be), the Paying Agents and the Trustee 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 the bearer of the relevant global Note shall be treated by the Issuer, the Bank (as the case may be), the Paying Agents and the Trustee 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.

References herein to 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 (when the Notes benefit from the Guarantee), 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 or Euroclear.

2. Status of the Notes

The applicable Final Terms will indicate whether the Notes are Senior Notes or Subordinated 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 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 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 Coupons against BCP Finance in respect of payments pursuant to the Notes and the relative 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 Coupons are direct, unconditional and unsecured obligations of the Bank, save that the claims of the holders of the Notes and the relative 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 Coupons.

3. Negative Pledge

This Condition 3 shall apply only to Senior Notes and references to “Notes”, “Noteholders” 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 (when the Notes benefit from the Guarantee) 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 and the Couponholders an equal and rateable interest in the same or, at the option of the relevant Issuer, providing to the Noteholders 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 (when the Notes benefit from the Guarantee) 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 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 (when the Notes benefit from the Guarantee) that belonged to a company whose assets or undertaking have become part of the assets or undertaking of the Issuer or the Bank (when the Notes benefit from the Guarantee) pursuant to an amalgamation or merger of such company with the Issuer or the Bank (when the Notes benefit from the Guarantee), 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 (when the Notes benefit from the Guarantee), 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 Macao branch, if so 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, such Notes issued by BCP Finance and all other amounts payable by BCP Finance under or pursuant to the Trust Deed in relation to such Notes (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 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

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

(a) *Interest on Fixed Rate Notes*

This Condition 5(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

(i) Interest Payment Dates

This Condition 5(b) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5(b) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate 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 which are Book Entry Notes will be calculated on the full nominal amount outstanding of Floating Rate Notes 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 each 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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes 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 the day 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) (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time) in the case of LIBOR, or Brussels time, in the case of EURIBOR (the “**Specified Time**”) 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.

If the Relevant Screen Page is not available or if, in the case of (A), no such offered quotation appears or, in the case of (B), fewer than three such offered quotations appear, in each case at the Specified Time, the Agent (in respect of Notes other than Book Entry Notes) and the Portuguese Paying Agent (in respect of Book Entry Notes) shall request each of the Reference Banks (as defined below) to provide the Agent or, as the case may be, the Portuguese Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent or, as the case may be, the Portuguese Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent or, as the case may be, the Portuguese Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent or, as the case may be, the Portuguese Paying Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or, as the case may be, the Portuguese Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) Agent or, as the case may be, the Portuguese Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or, as the case may be, the Portuguese Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the relevant Issuer suitable for such purpose) informs the Agent or, as the case may be, the Portuguese Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 5(b)(iv), "**Reference Banks**" means, in the case of (A), those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B), those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(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, in the case of Floating Rate 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. The Agent will calculate the amount of interest (“**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Notes represented by such global Note; or
- (B) in the case of Floating 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 subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

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

- (a) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “**Actual/360**” is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;
- (e) if “**30/360**”, “**360/36**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee and any stock exchange on which the relevant Floating Rate 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 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 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 or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Bank (when the Notes benefit from the Guarantee), the Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Bank (when the Notes benefit from the Guarantee), the Noteholders or the Couponholders shall attach to either the 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) *Accrual of Interest*

Each 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.

(b) *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, but without prejudice to the provisions of Condition 8, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

(c) *Presentation of Notes 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 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 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 and its possessions)).

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

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

Upon the date on which any Floating Rate Note 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 either on such bearer global Note by the Paying Agent to which it is presented or in the records of Euroclear and Clearstream Luxembourg, as applicable.

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 9):

- (a) is or falls before the due date for payment of principal and or interest; and
- (b) is a TARGET2 Settlement Day.

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 (when the Notes benefit from the Guarantee) 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 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 Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each payment so made by the Issuer or the Bank (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of Bearer Notes will be made at the specified office of a Paying Agent in the United States if:

- (A) the Issuer and the Bank (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee), adverse tax consequences to the Issuer or the Bank (when the Notes benefit from the Guarantee).

(d) *Payment Day*

If the date for payment of any amount in respect of any Note 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) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) each 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 (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(e) *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 Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vi) 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 will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for Tax Reasons*

Subject to Condition 7(e), 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 not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Bank (when the Notes benefit from the Guarantee) 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 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)*

This Condition 7(c) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an “**Issuer Call**”. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 7(c) for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount(s), any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to Noteholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption)¹, redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and

¹ When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system clearing system business days’ notice

at the Optional Redemption Amount(s) 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, 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) not more than 5 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 5 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes.

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)

This Condition 7(d) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an “**Investor Put**”. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 7(d) for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount(s), any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (which notice shall be irrevocable)², the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver (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 (ii) (in all other cases) a notice to the Paying Agent in accordance with the standard procedures of 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 at any time within the notice period during normal business hours of such Paying Agent. 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.

for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.

² When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days’ notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.

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) 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 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:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price;

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

“**y**” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be 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 will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days 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 will be 360) or (iii) Actual/365 (in which case the numerator will be the actual number of days from (and including) the Issue Date of the first Tranche of 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 will be 365).

(f) Purchases

The Issuer, the Bank (when the Notes benefit from the Guarantee) 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 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 (when the Notes benefit from the Guarantee) or the relevant Subsidiary, surrendered to any Paying Agent for cancellation.

(g) Cancellation

All Notes which are redeemed will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption), in the case of Book Entry Notes in accordance with the applicable regulations of Interbolsa. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (b) above (together, in the case of definitive Bearer

Notes, with all unmatured 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.

(b) 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 and Coupons by the Issuer or the Bank (where the Notes benefit from the Guarantee) 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 Notes benefit from the Guarantee) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes 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 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 or Coupon:

- (i) presented for payment by or on behalf of, a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; and/or
- (ii) presented for payment by or on behalf of, a Noteholder 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 or Couponholder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law 193/2005, of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or
- (iv) presented for payment by or on behalf of, a Noteholder or Couponholder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Noteholders before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (ii) who is resident in one of the contracting states; and/or
- (v) presented for payment by or on behalf of, a Noteholder or Couponholder resident in a tax haven jurisdiction as defined in Ministerial order no. 150/2004, of 13 February 2004, as amended from time to time, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in Portugal; and/or
- (vi) 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

- (vii) 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
- (viii) where such withholding or deduction is required to be made pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto; and/or
- (ix) presented for payment by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (x) except for Notes issued by BCP Finance, presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.
- (xi) with a maturity of less than one year issued by the Bank.

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 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 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 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or the Bank (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) (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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee), 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 and the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) (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); 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).

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 (when the Notes benefit from the Guarantee) to enforce the provisions of the Trust Deed, the Notes or 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 (when the Notes benefit from the Guarantee), as the case may be, in respect of the Trust Deed, the Notes 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 or Couponholder (in respect of Notes other than Book Entry Notes) shall be entitled to proceed directly against the Issuer or the Bank (when the Notes benefit from the Guarantee) unless the Trustee, having become bound to so proceed, fails to do so within a reasonable period and such failure is continuing provided that in the case of Book Entry Notes, the Trustee may not but the holders thereof may at any time take such proceedings against the Bank as they may think fit to enforce the provisions of the Book Entry Notes and/or the Instrument.

12. Form and transfer of Book Entry Note generally and replacement of Notes, Coupons and Talons

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

Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). Book Entry Notes shall not be issued in physical form, whether in definitive bearer form or otherwise. Book Entry Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Book Entry Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg). The transfer of Book Entry Notes and their beneficial interests will be made through Interbolsa.

(b) *Replacement of Notes, Coupons and Talons*

If any Bearer Note, Coupon or Talon shall become mutilated, defaced, destroyed, lost or stolen, it may be replaced at the specified office of the Agent 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, Coupons or Talons must be surrendered before replacements will be issued.

13. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agent will be specified in the applicable Final Terms.

The Issuer and the Bank (when the Notes benefit from the Guarantee) are, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Bearer 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) 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) 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 (when the Notes benefit from the Guarantee) 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). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly in accordance with Condition 15.

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 Agent and the Paying Agents act solely as agents of the Issuer and the Bank (when the Notes benefit from the Guarantee) 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 or Couponholders, except that (without affecting the obligations of the Issuer and the Bank (when the Notes benefit from the Guarantee) to the Noteholders 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 Couponholders until the expiry of the period of prescription specified in Condition 9. Each of the Issuer and the Bank (when the Notes benefit from the Guarantee) 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 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 (when the Notes benefit from the Guarantee) and any of their Subsidiaries without being liable to account to the Noteholders 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 (when the Notes benefit from the Guarantee) 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, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear 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 such day as is specified in the applicable Final Terms after the day on which the said notice was given to Clearstream, Luxembourg and/or Euroclear.

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 in such manner as the Agent and Clearstream, Luxembourg and/or Euroclear 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 the Instrument (in the case of Book Entry Notes) 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 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 (when the Notes benefit from the Guarantee) 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 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 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 Couponholders.

The Trust Deed provides that the Trustee may (in respect of Notes other than Book Entry Notes), without the consent of the Noteholders or Couponholders agree to any waiver or authorisation of any breach or proposed breach by the Issuer or the Bank (when the Notes benefit from the Guarantee) 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 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 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 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 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 or Couponholder be entitled to claim, from the Issuer, the Bank (when the Notes benefit from the Guarantee) or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders 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 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 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 (when the Notes benefit from the Guarantee) 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 acting through its Macao branch 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 and the Notes benefitted from the Guarantee on issue 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 and the Notes benefitted from the Guarantee on issue (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.

18. 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 (when the Notes benefit from the Guarantee) 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 (when the Notes benefit from the Guarantee) or any Subsidiaries of the Bank.

19. 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.

20. 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 Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes 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 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 and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes 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 and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) may be brought in such courts.
- (c) Each of BCP Finance and the Bank has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (d) Each of BCP Finance and the Bank has in the Trust Deed appointed the London Representative Office of Banco Comercial Português, S.A. at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of it ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

USE OF PROCEEDS

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

BCP FINANCE BANK, LTD.

Introduction

BCP Finance Bank, Ltd. (“**BCP Finance**”) was incorporated as an exempted company for an unlimited duration with limited liability under the laws of the Cayman Islands, on 27 March 1998 with the registered number 80648. BCP Finance holds a class B banking licence (number 98005) in the Cayman Islands and is regulated by the Cayman Islands Monetary Authority.

The Registered Office of BCP Finance is the 3rd floor, Strathvale House, 90 North Church Street, George Town, P.O. Box 30124, Grand Cayman KY1-1201, Cayman Islands. Its local Agent and Authorised Representative is Millennium bcp Bank & Trust (“**Mbcp B&T**”), at the same address and with the telephone and fax numbers (1) 345 815 0450 and (1) 345 949 7743, respectively. Both BCP Finance and Mbcp B&T are wholly owned subsidiaries of Banco Comercial Português S.A. (“**BCP**”).

Board of Directors

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

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

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

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

(d) 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 stated above, no Director has any activities outside BCP Finance which are significant with respect to BCP Finance.

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

Audit Committee

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

Group's Risk Management

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

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

The said Risk Commission is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business. This Commission has two sub-commissions: Pension Fund Risk Sub-Commission and the Credit Risk Monitoring Sub-Commission.

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

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

Activities

BCP Finance is a wholly owned subsidiary of BCP (indirectly) and acts as an overseas finance vehicle of BCP and of the BCP Group, issuing Notes pursuant to the Programme.

According to its Memorandum of Association, article 3, "the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law. Without prejudice to the foregoing generality, the objects for which the Company is established include the following:

- (i) 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 to realization of, or render profitable, any of the property or rights of the Company;

(ii) 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;

(iii) 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 traded in any recognised market.

The authorised share capital of BCP Finance is U.S.\$246,000,000 divided into 246,000,000 Ordinary Shares of U.S.\$1.00 nominal value each, issued to BCP International II, Sociedade Unipessoal, S.G.P.S., Lda (“**BCP INT II**”). During 2010, BCP INT II changed its name to Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.

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

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

General

KPMG, situated at Century Yard, Cricket Square, George Town, P.O. Box 493, Grand Cayman KY1-1106, Cayman Islands are the auditors of BCP Finance (having been appointed by the Board of Directors on 31 March 1998 and having audited all the Issuer’s annual reports including the two most recent ones for the years ended on 31 December 2011 and 31 December 2012).

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

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

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

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

Other than the execution of the Subscription Agreement, the Dealer Agreement and any amendments thereof, the Agency Agreement and any amendments thereof, the Trust Deed and the Notes under the Programme, BCP Finance has not entered into any contract outside the ordinary course of its business which could result in the

Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to the holders of the Notes issued under the Programme.

BCP FINANCE BANK, LTD.

Balance Sheets as at 31 December, 2012 and 2011

(Amounts expressed in thousands of USD)

	<u>2012</u>	<u>2011</u>
Assets		
Loans and advances to credit institutions		
Repayable on demand.....	384	1,058
Other loans and advances.....	2,600,388	5,056,295
Financial assets held for trading.....	13,333	769,221
Financial assets available for sale.....	4	4
Hedging derivatives.....	10,030	10,125
Other assets.....	143	121
	<u>2,624,282</u>	<u>5,836,824</u>
Liabilities		
Deposits from credit institutions.....	897,932	1,460,206
Debt securities issued.....	649,184	2,466,426
Financial liabilities held for trading.....	4,190	790,605
Other financial liabilities at fair value through profit and loss.....	27,776	76,134
Hedging derivatives.....	-	-
Subordinated debt.....	189,658	184,468
Other liabilities.....	124	373
	<u>1,768,864</u>	<u>4,978,212</u>
Shareholder's Equity		
Share capital		
Ordinary shares.....	246,000	246,000
Share premium.....	315,000	315,000
Fair value reserves.....	6,620	8,092
Reserves and retained earnings.....	287,798	289,520
	<u>855,418</u>	<u>858,612</u>
	2,624,282	5,836,824

BCP FINANCE BANK, LTD.

**Statements of Comprehensive Income
for the years ended 31 December, 2012 and 2011**

(Amounts expressed in thousands of USD)

	<u>2012</u>	<u>2011</u>
Interest and similar income	52,435	161,091
Interest expense and similar charges.....	<u>63,653</u>	<u>158,113</u>
Net interest income.....	<u>(11,218)</u>	<u>2,978</u>
Gains arising from trading and hedging activities	<u>337,283</u>	<u>1,754,742</u>
Total operating income	<u>326,065</u>	<u>1,757,720</u>
Losses arising from trading and hedging activities.....	333,058	1,444,256
Other administrative costs.....	176	125
Other operating expenses	111	78
Total operating expenses	<u>333,345</u>	<u>1,444,459</u>
Profit/(loss) for the year.....	<u>(7,280)</u>	<u>313,261</u>
Other Comprehensive Income		
Exchange differences arising on translation of retained earnings	5,558	(23,741)
Exchange differences arising on translation of fair value reserves.....	159	(323)
Changes in fair value reserves		
Financial assets available for sale.....	<u>(1,631)</u>	<u>(1,798)</u>
Other Comprehensive Income/(Loss)	<u>4,086</u>	<u>(25,862)</u>
Total comprehensive income/(loss) for the year	<u><u>(3,194)</u></u>	<u><u>287,399</u></u>

BCP FINANCE BANK, LTD.

**Cash Flows Statements
for the years ended 31 December, 2012 and 2011**

(Amounts expressed in thousands of USD)

	2012	2011
Cash flows arising from operating activities		
Interest income received.....	54,192	168,861
Interest expense and commissions paid.....	(72,297)	(203,008)
Net cash flows from trading and hedging activities.....	13,668	331,035
Operating fees and other payments.....	(252)	(201)
 (Increase)/decrease in operating assets		
Loans and advances to credit institutions.....	2,452,679	3,710,491
 (Increase)/decrease in operating liabilities		
Deposits from credit institutions.....	(560,512)	154,599
Other liabilities.....	(237)	(2,962)
	1,887,241	4,158,815
Cash flows from financing activities		
Repayment of debt securities and Other financial liabilities at fair value through profit and loss.....	(1,898,616)	(3,103,394)
Proceeds from issuance of debt securities and Other financial liabilities at fair value through profit and loss.....	-	5,110
Repayment of subordinated debt.....	5,143	(1,044,908)
Proceeds from issuance of subordinated debt.....	-	88,632
Dividends paid.....	-	(79,729)
	(1,893,473)	(4,134,289)
 Exchange differences arising on translation of retained earnings and income for the period at year-end rates.....	5,558	(23,741)
	5,558	(23,741)
 Net changes in cash and equivalents.....	(674)	785
Cash and cash equivalents at the beginning of the year.....	1,058	273
 Cash and equivalents at the end of the year.....	384	1,058

DESCRIPTION OF THE BUSINESS OF THE GROUP

A. Description of the Business of the Group

Overview

Millennium bcp Group (the “**Group**”) is the second largest banking group in Portugal in terms of number of branches, total assets, loans to customers (gross, excluding off balance sheet securitisations) and customer deposits, as at 31 December 2012 (based on data from the Bank of Portugal). The Group offers a wide range of banking products and related financial services, both in Portugal and internationally, namely demand accounts, instruments of payment, savings and investment products, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group is highly regarded in Europe and Africa by virtue of its operations in Poland, Greece, Romania, Switzerland and in Mozambique and Angola, respectively, all of which operate under the Millennium brand.

In accordance with International Financial Reporting Standards (“**IFRS**”), the Group had at 31 March 2013, total assets of Euro 89,474 million and total customer funds (including customer deposits, debt securities, asset management and capitalisation insurance) in the sum of Euro 70,622 million. Loans to customers (gross) amounted to Euro 66,507 million. The consolidated solvency ratio, calculated in accordance with Bank of Portugal rules stood at 12.6% (Core Tier 1 at 12.1%).

Based on the latest available data from Bank of Portugal, the Group accounted for 19.1% of loans to customers (gross) and 18.9% of customer funds in the Portuguese banking sector on 31 December 2012.

In addition, on 31 March 2013, the Bank was one of the largest companies listed on Euronext Lisbon in terms of market capitalisation (Euro 1,872 million).

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

Bank History

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

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

After 1994, competition in the domestic banking market intensified following the modernisation of existing financial institutions and the entry of new foreign and domestic deposit taking banks and non-deposit taking financial institutions. The Bank decided to acquire a domestic bank with a complementary business focus to secure additional market share in domestic banking, insurance and other related financial services sectors. In March 1995, the Bank acquired control of Banco Português do Atlântico, S.A. (“**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 took a clear decision to opt for an internationalisation strategy, after the consolidation of its relevant position in the Portuguese market. From the beginning, the aim underlying the involvement in a process of internationalisation was the desire to participate in businesses with strong growth prospects in foreign markets with a close historical connection with Portugal and with businesses that have large communities of Portuguese origin – including Mozambique, Macao, Luxembourg, France, USA and Canada – as well as in markets where there is a strong commercial rationale for establishing banking operations following a similar business model to the one the Bank has adopted in its Portuguese market – including Poland and Greece. The access to specialised knowhow and the new organisational capabilities led to the development of strategic partnerships with selected foreign financial institutions. These included alliances with Fortis (currently, Ageas) for bancassurance in Portugal, Eureko (currently, Achmea B.V.) for bancassurance in other markets, Banco Sabadell in Spain (wherein the Group provides support to Banco Sabadell customers in Portugal while Banco Sabadell provides support to the Group’s customers in Spain), and F&C Investments, for the asset management activities of the Group, and, in 2007, the establishment of a partnership with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública (“**Sonangol**”), providing for the subscription of up to 49.99% of Banco Millennium Angola (“**BMA**”) through a capital increase of the former.

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

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

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

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

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 CGD and Ageas Groups relating to non-bancassurance insurance. 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 Ageas involved the sale of 51% of the share capital and the transfer of management control of the insurers Ocidental – Companhia Portuguesa de Seguros, S.A. (“**Ocidental**”), Ocidental – Companhia Portuguesa de Seguros de Vida, S.A. (“**Ocidental Vida**”) and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. (“**Médis**”), and of the pension-fund manager 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. Within the scope of this partnership, Ageas increased its shareholding in the Bank to 4.99% in September 2005. As a consequence of the two Bank share capital increases that took place in 2006, Ageas’s shareholding in the Bank fell to 4.94%. In September 2007, Ageas disposed of its qualified holdings in the share capital of the Bank.

During 2005, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, particularly: completion of the sale of Crédilar; the agreement for the sale of Santander Consumer Finance of the Bank's holding in Interbanco (50.001% of its share capital); the agreement with Hong Kong-based Dah Sing Bank Limited for the sale of the banking and insurance businesses carried out in Macao, while ensuring the continuation of the local Bank branch; the sale of shareholdings in Friends Provident, Banca Intesa, PZU, and reduction of the holding in EDP – Energias de Portugal S.A. (“**EDP**”). These were measures of strategic nature that generated considerable capital gains and made a material contribution to an increase in the Group's own funds.

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

During 2006, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, particularly: 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'Epargne – the Group retained 19.9% participation in both the French and Luxembourg operations and established cooperation agreements with the buyer for developing cross-border remittances in both markets (meanwhile, the Bank agreed the phasing sale of its remaining shareholding in Banque BCP Luxembourg); closing of an agreement with the Canadian financial institution BMO Financial Group (formerly the Bank of Montreal) in respect of the sale of the whole of the share capital of bcpbank Canada; and the closing of an agreement by the Bank and BCP Pension Fund with EDP with a view to the sale of the whole of the Bank's holding in ONI, SGPS, S.A., corresponding to 23.062% of its share capital.

The Bank 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 the Bank of BPI through the public takeover originally announced on 13 March 2006 was formally notified, with the imposition of certain conditions and obligations. 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 BPI by the Bank, were published by Euronext Lisbon, and notwithstanding the undoubted strategic rationale and attractiveness of the offered compensation, the offer was not successful.

During 2007, the Bank sold its shareholdings of 1.954% in Sabadell and 1.641% in EDP to the Bank pension fund. Following the agreement with Banco Santander (Portugal) Group and the Bank Pension Fund, represented by its managing company Pensõesgera for the acquisition by the Bank of BPI shares, the Bank acquired a 10.50% stake of BPI. On 31 May 2007, the Bank announced the reduction in a sale in the trading session of Euronext Lisbon, of its participation in the BPI from 12.30% to 9.9988%. On 17 December 2008, the Bank sold 87,214,836 shares representing 9.69% of BPI share capital, to a company wholly owned by Santoro Financial Holdings, SGPS, SA, incorporated under Portuguese law, disposing of its qualified participation in BPI.

On 25 October 2007, the Bank received a proposal from BPI to negotiate a possible merger of the two banks. On 30 October 2007, the Executive Board of Directors of the Bank, considered the terms of the proposal inadequate and unacceptable but also resolved to express to the Board of Directors of BPI its willingness to initiate talks for the purpose of reaching a merger agreement, as long as this process was not subject to preconditions of any nature whatsoever and that the ultimate objective would be to reach an equitable solution and create, from a strategic standpoint, a fully autonomous institution. On 25 November 2007, the talks that had started on 6 November 2007 with BPI, with the aim of reaching a possible merger agreement between the two banks, were concluded without success.

On 15 May and 23 September 2008, the Bank signed strategic partnership agreements with Sonangol and BPA. The group of interlinked agreements that govern this partnership include a framework agreement that foresees, notably, an indicative qualified stake of Sonangol in the share capital of the Bank and, while this stake remains as such, a presentation to the shareholders of the Bank of a proposal for the appointment of a member agreed with Sonangol to be a member of the Supervisory Board and the Senior Board of the Bank, as well as consultation principles that will govern the evolution of the qualified stake referred to. The partnership also contemplated the acquisition of up to 49.9% of the share capital of BMA by Sonangol and by BPA by means of a share capital increase to be subscribed in cash, which took place in February 2009. Under the terms of the agreements, BMA maintains its current nature as the Bank subsidiary, but will benefit from the reference participations therein held by Sonangol and BPA. Under the agreement, BMA acquired a 10% stake in BPA's share capital.

The deterioration of global macroeconomic conditions, between the end of 2008 and early 2009, was exacerbated by the impact of the preceding financial turbulence, exerting considerable pressure on the profitability and solvency of financial institutions. Thus, in 2009, in view of a particularly adverse context and under the pressure of many exogenous variables, the Bank considered that, following a period of institutional stabilisation, conditions were gathered for establishing new strategic priorities based on three fundamental pillars: 'Solidity and Trust', 'Commitment and Performance' and 'Sustainability and Value', focusing on the European portfolio and setting affinity markets as one of the principal lines of action. As a result of the reanalysis of the portfolio of international operations, in October 2010 the Bank sold the entire network of branches of Millennium bcp bank in the United States of America ("USA"), the respective deposit base and part of the loan portfolio to Investors Savings Bank, ceasing to hold banking operations in the USA. Also following the above mentioned strategy of focusing on affinity markets, the Bank also concluded, in December 2010, the process of sale of 95% of the share capital of Millennium Bank A.S. in Turkey to the financial institution Credit Europe Bank, N.V..

The year of 2010, which had been expected to be a year of recovery from the financial crisis experienced in the previous years, was marked by the eclosion of the sovereign debt crisis, which shadowed the European markets, especially the markets of peripheral countries. In response to the aggravation of the economic and sovereign crisis, the Bank carried out a new adjustment to its strategic agenda, having implemented initiatives based on three priority lines: i) 'Increasing Trust', in particular the strengthening of customer relations, maintaining higher capital ratios via reduction of risk weighted assets ("RWA"), maintaining control of the commercial gap and improving results; ii) 'Overcoming financial and economic crisis', especially through repricing of loans, growth of funds, deleverage of the balance sheet and the launch of an innovative Bank based on the ActivoBank platform; and iii) 'Focus and Sustainability', through organisational simplification, cost control and focus on the international portfolio.

In December 2010, Bitalpart B.V., a wholly-owned subsidiary of the Bank agreed to sell to the Pension Fund of Group BCP a minority shareholding corresponding to 2.7% of the share capital of Eureko B.V..

On 27 July 2011, the Bank announced the new strategic agenda for the period 2011-2014, based on four key drivers: i) to ensure solvency levels above regulatory requirements (9% of Core Tier 1 in 2011 and 10% in 2012); ii) to manage the deleveraging process to stabilise balance sheet funding needs and structure, having defined as a goal a Loan to Deposit ratio of 120% in 2014; iii) to recover profitability levels in Portugal, aiming at surpassing a 10% Return-on-Equity ("ROE"); and iv) to organise the international portfolio according to attractiveness and availability of resources criteria. In the scope of the new strategic vision and of the aimed focus in Portugal, Africa, Asia and Brazil, the remaining operations in Europe are considered as non-core. In the scope of the strategic agenda adjustment, the Bank announced that it had initiated a process of evaluating different scenarios for creating value for the operations in Poland.

On 7 September 2011, the Bank announced that it had signed a partnership agreement with BPA to create a bank in Brazil in order to access opportunities in the Brazilian market, namely in corporate finance and trade finance, through partnerships, reflecting the new strategic agenda to refocus on affinity markets.

On 19 December 2011, the Bank, after considering different scenarios for creating value for the operations in Poland, some of them involving offers received for the acquisition of the Bank's shareholding in Bank Millennium, concluded that the option that best protected the interests of all stakeholders and that best preserved its ability for creating value was to maintain its stake in Bank Millennium. Hence, the Bank reaffirmed its confidence in the Polish

economy, and remained committed to continuing to support the organic growth of Bank Millennium, anchored on its strong retail franchise, a low risk credit portfolio, and efficiency and productivity gains.

On 28 February 2012, the General Meeting of Shareholders of the Bank approved the amendment and restructuring of the articles of association, including the adoption of a one-tier management and supervisory model, composed of a Board of Directors and respective Executive Committee (the Bank's current management body), an Audit Committee (with only non-executive members according to the law), and a Statutory Auditor. An International Strategic Board was also created for the purpose of ensuring the development of the international expansion strategy of the Bank and the Group, entrusted with the analysis and reflection on this strategy, and supervision of its evolution and implementation.

The Bank completed its capitalisation plan approved by the General Meeting of Shareholders on 25 June 2012, which took place in two phases: i) public investment, consisting of hybrid instruments qualifying as Core Tier 1 capital in the amount of Euro 3,000 million, at the end of June and ii) private investment, consisting of a rights issue in the amount of Euro 500 million, at the price of Euro 0.04 per share, which was completed in early October 2012. The Bank thus fulfilled the regulatory requirements established by the European Banking Authority ("EBA") and delivered its Core Tier 1 ratio of 9.7% in June 2012 and 9.8% in December 2012 (adjusted for the values of 31 December 2012, the buffer sovereign is zero euros, implying a ratio of 11.4%, according to the criteria of EBA), and 12.4% in December 2012, according to the criteria of the Bank of Portugal. As a result of the recapitalisation plan implemented by the Bank, and the terms provided by law, the State appointed, on 3 December 2012, two non-executive members to the Board of Directors, to hold office during the term of the public investment aimed at strengthen the Bank's own funds.

In December 2012, the Bank prepared and presented to the Government a restructuring plan, required by national law and by the applicable European rules on matters of State aid, which was formally submitted by the State to the European Commission, in observance of the maximum period of six months after the approval of the Bank's recapitalisation as provided in Order number 8840-B/2012 of the Minister of State and Finance, of 28 June 2012. The final version of the restructuring plan, which is currently pending approval by the European Commission, might contain an additional series of measures, on top of those already established in the Recapitalisation Plan, namely possible commitments of a behavioural and/or structural nature.

On 22 April 2013, the Bank entered into definitive agreements with Piraeus Bank regarding: (i) the sale to Piraeus Bank of the entire share capital of Millennium Bank (Greece) and, (ii) the investment by the Bank in the forthcoming capital increase of Piraeus Bank. The transaction was completed on 19 June 2013 and the Bank is now the holder of approximately 4.6% in Piraeus Bank share capital after settlement of Piraeus Bank share capital increase.

B. Business Overview

Nature of Operations and Principal Activities

The Group is engaged in a wide variety of banking and related financial services activities, in Portugal and internationally. The Bank operates in foreign markets, being present in the following markets: Poland, Greece, Switzerland, Romania, Mozambique and Angola. In Portugal, the Bank's operations are primarily in retail banking, but it also offers a complete range of additional financial services (in accordance with article 3 of the Bank's by-laws, which provides that "the corporate object is to engage in banking with such latitude as may be permitted by law"). The Bank also engages in a number of international activities and partnerships.

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

The Bank has subsidiaries that offer additional financial services, including investment banking, asset management and insurance. These subsidiaries generally distribute their products through the Bank'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 September 2012, the Bank presented a strategic plan composed of three phases for the subsequent period of 5 years: i) strengthening of the capital and liquidity position (underway during 2012-2013); ii) creation of conditions to ensure growth and profitability (for implementation over 2014-2015); iii) sustainable growth (from 2016 to 2017).

Hence, the priorities of the 1st phase, which started in 2012 and shall end by the end of 2013, is the achievement of comfortable capital ratios, improvement of the liquidity position and strengthening of provisions.

From December 2009 until March 2013, the Bank has undertaken a significant deleveraging effort, with loans and advances to customers (gross) having declined by Euro 10 billion and customer funds on the balance sheet having increased by Euro 6 billion. The commercial gap decreased by Euro 16 billion between December 2009 and March 2013, the ratio of loans and advances (gross) to customer funds on the balance sheet (loan-to-deposit ratio) fell from 152% in December 2009 to 116% in March 2013. The Bank had amortised Euro 19.5 billion of medium and long term debt by March 2013 and the use of ECB funding declined from Euro 14.9 billion in December 2010 to 10.2 billion in March 2013, of which 11.5 billion are long term refinancing operations ("LTRO") with the objective of replacing short term funding.

The Core Tier 1 ratio increased from 6.4% in December 2009 to 12.1% in March 2013, benefiting from the reinforcement of Core Tier 1 by Euro 3 billion as a result of liability management operations (2011 and 2012) and issue of hybrid instruments (2012), in spite of the negative impacts of Greece and pension fund and the reduction of RWA by Euro 12 billion, arising from the deleveraging process and adoption of internal rating based ("IRB") methodologies, despite the downgrade of ratings. The Bank implemented a capitalisation plan reflected in the issue of Euro 3 billion of hybrid instruments and a share capital increase of Euro 500 million.

In relation to the reinforcement of provisioning, allocations for impairment of a value around Euro 3,282 million were carried from 2010 up to March 2013. Part of this provisioning effort resulted from inspections conducted pursuant to the measures and actions agreed by the Portuguese authorities in relation to the financial system, under the Economic and Financial Assistance Programme established with the IMF, EU and ECB. Thus, the Special Inspection Programme ("SIP") of the Bank of Portugal was reflected in the strengthening of provisioning by Euro 381 million, while the On-site Inspection Programme ("OIP") covering exposure to the construction and real estate development sectors resulted in the strengthening of provisioning by Euro 290 million.

During the 2nd phase, the Bank intends to ensure the recovery of profitability in Portugal and the continued development of the business in Poland, Mozambique and Angola. The priority of the 3rd phase is the sustainable growth of net income, with an improved balance between the contributions of the domestic and international operations.

During 2013, the Bank intends to recover the profitability in Portugal through 3 areas of action: improve net interest income, reduce operating costs and decrease allocations for impairment. The improvement of net interest income should result from the reduction of the cost of deposits and continued repricing of loans and advances through the recomposition of the mix of the credit portfolio. The objective for operating costs points to an annual reduction of Euro 100 million, through scale reduction (decrease of the network of branches by over 40 in 2012-2013 and cutting of staff numbers by 977 Full Time Employees ("FTE") until 2013) and administrative reorganisation, consisting of the simplification of the organisation, improvement of processes and optimisation of the commercial network. Regarding allocations for impairment, the implementation of a new credit management model, covering the stages of its granting, monitoring and recovering, should lead to a reduction of the cost of risk. These actions should result in a recovery of profitability.

The Bank has a unique international presence focused on key markets where our business model add value and with a large population (Poland) or high rates of growth of the population's participation in the banking system

(Mozambique and Angola). By the end of March 2013, these three operations represented 41% of the total branch network, 47% of total employees, 21% of Turnover and 45% of Net Operating Revenues.

In Poland, Bank Millennium has a well distributed network of branches, supported on modern multi-channel infrastructure, reference service quality, high brand recognition, a robust capital base, comfortable liquidity and solid risk management and control. The principal initiatives consist of the exploration of new market opportunities in the corporate segment with strong focus on Medium-sized Enterprises and the expansion of consumer credit. Bank Millennium has already announced its strategic plan for 2013-2015.

Mozambique is a market of high growth of GDP, based on natural resources and with rates of expansion of the population's participation in the banking system that are above the regional average. The potential for credit expansion is significant.

Similarly, Angola is also a market of strong growth of GDP, based on the export of oil. However, the contribution of the non-oil sector to the expansion of GDP has been increasing, essentially as a result of the investment in major infrastructure and agriculture. Also in Angola, the rates expansion of the population's participation in the banking system are higher than the regional average.

In respect of its Greek subsidiary, on 22 April 2013, the Bank entered into definitive agreements with Piraeus Bank regarding: (i) the sale to Piraeus Bank of the entire share capital of Millennium Bank (Greece) (“**MBG**”) and, (ii) the investment by the Bank in the forthcoming capital increase of Piraeus Bank.

The signing of these agreements marks the successful conclusion of the negotiations between the Bank and Piraeus Bank following the announcement on 6 February 2013 that the parties had entered into exclusive discussions.

This agreement falls within the framework that has been defined by the Bank of Greece and the Hellenic Financial Stability Fund (“**HFSF**”) aiming at the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF.

The transactions were completed on 19 June 2013.

The key elements of the sale transaction are the following:

- The aggregate consideration for the sale of the share capital of MBG was agreed at one million euros;
- Pre closing recapitalisation of MBG by the Bank for Euro 413 million, in line with the requirement of Bank of Greece, through the conversion of approximately Euro 261 million of the existing intercompany funding, in addition to the Euro 139 million already contributed by the Bank into MBG in December 2012. Under this scope, the Bank has already booked in 2012 Financial Statements, an impairment in the amount of Euro 427 million;
- Piraeus Bank to ensure reimbursement by MBG of all the remaining intragroup funding currently provided by the Bank to MBG in two tranches. The first tranche, in the amount of approximately Euro 650 million, was paid on the date of closing of the sale transaction, and the second one, of approximately Euro 250 million will be paid within 6 months from that date;
- No asset transfer from MBG to the Bank as part of the transaction.

The key elements of the investment transaction are the following:

- The Bank invested Euro 400 million in the rights issue of Piraeus Bank within the framework of recapitalisation of Greek banks with the participation of the HFSF, i.e., at the same price as HFSF, leading to a minority stake in Piraeus Bank's share capital;
- The Bank and Piraeus Bank entered into an agreement providing that Piraeus Bank undertakes to assist BCP in the orderly disposal over time of its shareholding in Piraeus Bank, subject to the Bank undertaking certain limitations, including a 6 month lock up period and certain temporary voting and orderly disposal rules for the period where HFSF is also restricted on voting;

- The Bank's minority investment in the share capital of Piraeus Bank will not be consolidated.

The transaction will enable the Bank to deconsolidate circa Euro 4.000.000.000 of RWA of Millennium Bank as of 31 December 2012. There will be no intercompany funding 6 month after closing. In consequence, after this date the impact on RWA will solely be the investment in Piraeus Shares.

The final impact from this transaction on the Bank's capital position will be dependent on the performance of the participation in Piraeus Bank.

Business Model

Part of the "back office" operations are provided by Millennium bcp Prestação de Serviços A.C.E. (formerly Servibanca), which plans, monitors and controls the costs and levels of services of the Group activities and provides various operational and technologic services and represents its members before third parties, particularly in areas of IT, operations, management and procurement.

On 28 February 2012, it was held a General Meeting of Shareholders of the Bank, where it has been approved the alteration and restructuring of the articles of association of the company, which was consolidated in the adoption of an one-tier management and supervision model, composed by a Board of Directors (that includes an Executive Committee), an Audit Committee and a Statutory Auditor.

Following the General Meeting held on 28 February 2012, the internal organisational model of the Bank covers four business areas: Retail, Companies, Asset Management & Private Banking and Business Abroad (Europe, Africa and Other), and two support units - Processes and Banking Services and Corporate Areas.

Regarding the internal organisation and decision-making structure, it is important to note the existence of a series of Committees and Commissions directly appointed by the Executive Committee which, apart from the Directors who are specifically entrusted with the monitoring of matters, include the employees of the Bank or Group who are the heads of their respective areas.

As at 31 December 2012, there were nine Committees, aimed at facilitating the coordination of current managerial decisions, involving the senior management of the units included in each Business Area, with a view to reconciling perspectives and supporting the managerial decision-making process of the Executive Committee, as follows:

Committee for the Approval of New Products: This Committee is composed of sixteen permanent members. In addition to five Directors with specific areas of responsibility, Miguel Maya, Miguel Bragança, Iglésias Soares, Luís Pereira Coutinho and Rui Manuel Teixeira, this Committee is also composed of the persons in charge of the Tax Advisory Department, Legal Department, Audit Department, Direct Banking Department, Compliance Office (acting as secretary of the Committee), Communication Department, Accounting Department, IT and Technology Department, Companies Marketing Department, Retail Marketing Department and Market Research.

This Committee has the primary mission and is entrusted with the analysis of the policy of approval, formalisation, and risk management inherent to the process of implementation, launch and commercialisation of new products and activities of the Bank, as well as correcting and rectifying specific characteristics of products or services or have them removed from the commercial circuit ensuring their suitability with the defined risk management policy and assessing any determinations or communications relative to the products or services issued by supervisory authorities.

Asset Management Committee: This Committee is composed of ten permanent members. The Head of the Group's insurance company participates by invitation. In addition to three Directors with specific areas of responsibility, Luís Pereira Coutinho, Conceição Lucas and Rui Manuel Teixeira, this Committee is composed of the Heads of the Specialised Monitoring Department, Research, Planning and ALM Department, Companies Marketing Department, Private Banking Department, Treasury and Markets Department, through Banque Privée BCP Suisse and Market Research.

The mission of this Committee is to ensure the monitoring and coordination of investment processes and policies, benchmarks and guidelines of investment products managed and/or distributed by the Bank and Services of Asset

Management, Management of Portfolios and Individual Customers, Treasury and Markets, Life Insurance and Private Banking, and high-level definition of scenarios of market evolution by relevant geographical areas.

Legal Affairs Committee: This Committee is composed of eight permanent members. In addition to two Directors with specific areas of responsibility, Miguel Maya and Iglésias Soares, this Committee is composed of the Heads of the Tax Advisory Department, Legal Department, Logistics & Procurement Department, Litigation Department, Cost Control and Performance Department and the Company Secretary (which acts as secretary).

This Committee has the primary mission of ensuring an adequate coordination of the legal function between the different areas of the Bank and of issuing an opinion on the external engagement of legal services.

This Committee is entrusted with the analysis of the suitability of the legal function relative to the objectives of the Bank and the Group, promoting the effective coordination of the same, developing the awareness of the employees in general regarding legal affairs and encouraging the control and optimisation of internal and external legal means.

Costs and Investments Committee: This Committee is composed of seven permanent members and the heads of other areas also participate by invitation when justified by the topic under discussion. In addition to three Directors with specific areas of responsibility, Miguel Maya, Miguel Bragança and Iglésias Soares, this Committee is composed of the Heads of the Purchase and Means Department, which acts as secretary, Cost Control and Performance Department, Management Information Department and Information Technology Department.

This Committee is entrusted with the regular monitoring of the operating evolution and optimisation of the processes involving negotiation and/or acquisition of the most relevant goods and services for the Bank and authorisation of charges and payments.

Companies Committee: This Committee is composed of fourteen permanent members, and the heads of other areas also participate by invitation when justified by the topic under discussion. In addition to the Directors with specific areas of responsibility, Miguel Maya, Miguel Bragança, Luís Pereira Coutinho and Conceição Lucas, this Committee is composed of the Heads of the Specialised Monitoring Department, Investment Banking, Corporate Department, Companies Banking North, Centre and South, Large Corporates Department, Companies Marketing Department (which acts as secretary), Real Estate Business Department and Specialised Recovery Department.

This Committee ensures the analysis, preparation and planning of the monitoring and development of the Bank's business in the small and medium-sized enterprise ("SME"), Corporate, Large Corporates and Investment Banking segments and analysis of the compliance with the objectives; definition of the priorities of the commercial action; approval of the products and services to be launched; analysis of the business context and proposal of commercial actions and of the main risk indicators associated to the business, as well as analysis of the models of coordination of the business regarding their migration in the value proposal and their interconnection with the Bank's networks.

European Banking Committee: This Committee is composed of four permanent members and includes, in addition to the Director with the related area of responsibility, Luís Pereira Coutinho, the heads of the banks of the Group in Poland, Greece and Romania.

This Committee ensures the monitoring of the activity of the Group's operations on the European territory.

This Committee is entrusted with the analysis of the evolution of the activity in the different European operations; search for the best solutions to control costs; increase efficiency and streamline the activity of the different Banks; monitoring of the Process Management model and governance structure of the different operations and definition of the main policies on action and guidelines.

Banking Processes and Services Committee: This Committee is composed of nine permanent members. In addition to three Directors with related areas of responsibility, Iglésias Soares, Luís Pereira Coutinho and Rui Manuel Teixeira, this Committee is composed of the Heads of the Purchase and Means Department, Cost Control and Performance Department, Information Technology Department, Operations Department (which acts as secretary), Quality and Network Support Department and Human Resources Department.

This Committee is entrusted with the monitoring of activity in the major areas of support to the Bank's front-end services; increase the number of mechanisms and processes to enhance efficiency, reduce costs and improve the business processes and monitoring of the management structure at the Bank, analysis of the evolution of the activities of areas involving this Committee, study of the best solutions to control costs, enhance efficiency and streamline the Bank's activity, definition and strengthening of the duties and competences of process owners, approval of proposals of innovation in the management of the Bank's resources and optimisation of their use; definition of policies regarding monitoring, procurement, control and contracting of outsourcing services to be used by the Bank; and definition of the analytical measurements and evolution of controllable variables by the Committee's areas, so as to ensure the continuous measurement of resource efficiency and productivity levels.

Human Resources Committee: This Committee is composed of four permanent members, and the Heads of other areas also participate by invitation when justified by the topic under discussion. In addition to the three Directors with specific areas of responsibility, Nuno Amado, Miguel Bragança and Iglésias Soares, the Head of the Human Resources Department is also a member of this Committee and acts as secretary.

The primary mission of this Committee is the definition, decision and monitoring of the Bank's human resources policies to support the operational and business efficiency.

This Committee is entrusted with the definition of the strategy and approval of the Bank's human resource policies, namely monitoring the top 10 KPIs of people management, hiring and internal mobility, intelligent rightsizing; compensation, benefits and programmes related to the recognition and involvement of employees, and talent management through the approval of mechanisms and timing of performance assessment, promotions, rotation and development plans, expatriation and acceleration of specific competences, as well as communication of human resources, aimed at reinforcing the culture, expectations, strategic alignment and mobilisation of employees, and also branding and value proposal and the external image of human resources.

Retail Committee: This Committee is composed of thirteen permanent members and three non-permanent members who participate in meetings when justified by the topic under discussion. In addition to the Directors with the specific areas of responsibility, Miguel Bragança and Rui Manuel Teixeira, this Committee is composed of, as permanent members, the Heads of the Direct Banking Department, Communication Department, Management Information Department, Retail Marketing Department (which acts as secretary), Quality and Network Support Department, Retail Recovery Department, Foreign Residents Department, Retail Departments - North, Centre North, Centre South and South and, as non-permanent members, the Heads of the Real Estate Business, Human Resources and Insurance areas.

The main mission of this Committee is to monitor and manage the Retail Customers, with the objective of analysing the Bank's activity in this segment and finding the best solutions for growth and enhancement of customer loyalty. This Committee is entrusted with the monitoring of the activity and compliance with the objectives related with Individual and Business Customers; definition of the priorities of the commercial action; approval of products and services for retail customers; analysis of the business context and proposal of commercial action so as to respond to this segment; and analysis of the models of coordination of the individuals segment regarding their migration in the value proposition and networks of the Bank.

As at 31 December 2012, there were six Commissions and two Sub-Commissions under the Executive Board of Directors, essentially with overall and transversal duties, responsible for pursuing the study and assessment, for each area of intervention, of the policies and principles which should guide the action of the Bank and the Group, as follows:

Pension Fund Monitoring Commission: The mission of this Commission is the monitoring of the Pension Funds. This Commission issues opinions on proposals to amend the respective constitutive contracts, and was established under the terms of article 53 of Decree-Law 12/2006, of 20 January 2006, as amended by Decree-Law 180/2007, of 9 May 2007.

This Commission is composed of two permanent members of the Executive Committee, the Vice-Chairman of the Executive Committee, Miguel Bragança and Rui Manuel Teixeira, member of the Executive Committee, and may also include other members of the Executive Committee, depending on the matters scheduled for discussion, the

Risk Officer, the Manager of Pensõesgera (Pension Funds holding company), the Heads of the Research, Planning and Assets and Liabilities Management Department and of the Human Resources Department, which also performs secretarial duties for this Commission. The Bank invited the Workers Committee to send a representative to this Commission, having for this reason assigned one of the two places to which it was entitled. This Commission also includes three representatives of the Bank Sector Unions.

Capital Assets and Liabilities Management Commission (CALCO): The main duties of this Commission are the monitoring and management of market risks associated to the asset and liability structure, the planning and allocation of capital and definition of suitable policies for liquidity and market risk management for the Group as a whole. Seven permanent members of the Executive Committee are part of this Commission, including the Chairman and the two Vice-Chairmen, as well as the Heads of the Corporate Department, Research, Planning and Assets and Liabilities Management Department, which acts as secretary, Management Information Department, Companies Marketing Department, Retail Marketing Department, Risk Officer, Treasury and Markets Department and the International Strategic Research Office, by invitation.

Credit Commission: This Commission, which has the composition and competences stipulated in the Credit Concession, Monitoring and Recovery Regulations, deliberates on the granting of loans and advances to customers (integrated or not in economic groups), whenever this involves an increase of exposure above Euro 20 million, or, for situations where the Bank's exposure is above Euro 50 million, for occasional operations above Euro 10 million and for proposals of renewal or review of credit lines and ceilings which are within the aforesaid amounts.

The Credit Commission is composed of a minimum of three members of the Executive Committee, the Heads of the Credit Department, Specialised Recovery Department, Retail Recovery Department, Legal Department, Litigation Department, Rating and Assessment Department and the Risk Officer of the Group. This Commission also includes, according to the specific operations to be assessed and/or their nature, the Coordinating Directors of the Commercial Areas, Investment Banking Department, Specialised Monitoring Department and Real Estate Business Department, Level 3 Credit Directors and the Compliance Officer.

This Committee is supported by secretarial services administered by the Company Secretary.

Risk Commission: This Commission is responsible for monitoring overall risk levels (credit, market, liquidity and operating risk), ensuring that these are compatible with the objectives, the available financial resources and strategies approved for the development of the Group's activity.

All the members of the Executive Committee, the Compliance Officer, the Risk Officer, which acts as secretary, the Heads of the Audit Department, Credit Department, Research, Planning and Assets and Liabilities Management Department, Management Information Department, Rating and Assessments Department and Treasury and Markets Department are part of this Commission.

Two Sub-Commissions operate under the Risk Commission, the Pension Fund Risk Sub-Commission and the Credit Risk Monitoring Sub-Commission.

The **Pension Fund Risk Sub-Commission** is responsible for monitoring the performance and risk of the Group's Pension Funds and defining suitable hedging and investment policy strategies.

Nuno Amado, Chairman of the Executive Committee, Miguel Bragança, Vice-Chairman of the Executive Committee, and Conceição Lucas, member of the Executive Committee, as well as a representative of F&C Asset Management plc, the General Manager of Pensõesgera and the Heads of the Research, Planning and Assets and Liabilities Management Department, Human Resources Department and the Risk Officer, who administers the secretarial services for this Sub-Commission, are part of this Sub-Commission.

The **Credit Risk Monitoring Sub-Commission** is responsible for monitoring the evolution of credit exposure and of the contracting process, as well as the quality of the portfolio and key performance and risk indicators, counterparty risk, risk of concentration of the highest exposures and the evolution of impairment and the main cases analysed at an individual level. This Sub-Commission also analyses the performance of the recovery processes and supervises the divestment of the real estate portfolio. It submits proposals for the definition of credit

concession policies and regulations, Probability of Default and Loss Given Default models and the models underlying the calculation of impairment as well as the automatic decision-making and credit recovery processes.

Miguel Maya, Vice-Chairman of the Executive Committee, and Luís Pereira Coutinho, Conceição Lucas and Rui Manuel Teixeira, members of the Executive Committee, as well as the Risk Officer, who administers the secretarial services, the Heads of the Corporate Department, Credit Department, Management Information Department, Companies Marketing Department, Retail Marketing Department, Real Estate Business Department, Rating and Assessments Department, Retail Recovery Department and Specialised Recovery Department are also members of this Sub-Commission.

Stakeholders Commission: This Commission is responsible for relations with stakeholders, functioning simultaneously as a privileged channel for the disclosure of internal information and as a forum of debate and strategic advice for the Board of Directors.

Some of its members are persons of high and publicly recognised merit and prestige, without ties to the Bank and are invited amongst the main stakeholders, namely shareholders, employees, customers and civil society.

The Chairman of the Board of Directors, the Chairman of the Executive Committee, three members of the Executive Committee, the Chairman of the Board of the General Meeting of the Bank, the Ombudsman of the Bank, a representative of the Workers Commission, a representative of the Fundação Millennium bcp, a representative of the customers, a representative of suppliers and a representative of universities are part of this Commission.

Sustainability Commission: This Commission is responsible for submitting proposals for decision-making on topics related to the action plan based on the sustainability policy, as well as monitoring and reporting on the degree of achievement of the approved initiatives, and supervision of the preparation of reports and other communication formats in the area of sustainability.

Miguel Maya, Iglésias Soares and Rui Manuel Teixeira, Vice-Chairman and members of the Executive Committee respectively, and the Heads of the Communication Department, Quality and Network Support Department, Purchases and Means Department, Companies Marketing Department, Retail Marketing Department, Human Resources Department, Cost Control and Performance Department (which administers the secretarial services), and a representative of the Fundação Millennium bcp are part of this Commission.

In accordance with the International Financial Reporting Standards (“IFRS”) on 31 December 2012, the Group had total assets of Euro 89,474 million and total customers’ funds in the sum of Euro 70,622 million. Loans to customers (gross) amounted to Euro 65,507 million. The consolidated solvency ratio, calculated in accordance with Bank of Portugal rules, stood at 12.6% (Core Tier 1 at 12.1%).

In a context of high uncertainty, in particular regarding the mechanisms to overcome the sovereign debt crisis in the Eurozone, the challenges faced by the Portuguese economy and Portuguese financial system have further magnified. Portuguese banks have been confronted with the generalisation of the difficulties in access to funding on international wholesale funding markets. This combined with the capital strengthening requirements, management of a deleverage process and a particularly adverse macroeconomic and financial context, arising from the austerity and consolidation of public finance measures, have constrained their business, profitability, asset quality and solvency. In spite of that, the Bank has revealed its strength in successfully exceeding the European stress tests and in complying with the European regulatory requirements, regarding matters of capital and liquidity.

As at 31 December 2012, the business in Portugal accounts for 75% of total assets, 74% of gross loans to customers, 74% of total customers’ funds and 50% of banking income. International operations account for 52% of the Group’s 1,662 branches and 56% of approximately 20,205 employees in March 2013. It should be highlighted the maintenance of the expansion plans in Africa, with Millennium Angola having opened its 76th branch and Millennium bim, a strong leader in Mozambique, having achieved the milestone of one million active customers. In March 2013, these two operations, as a whole, recorded a contribution of Euro 26.8 million to the Group. Also noteworthy are the good results of the Polish operation, held by the Group in 65.5%, which showed a contribution of Euro 28.7 million in March 2013 (+9.0% y-o-y, including FX effects) and the growing size and importance of

such operation in Poland, with 447 branches and a market share of approximately 5.2% in deposits and 4.8% in loans and advances to customers in February 2013 (Source: National Bank of Poland).

Other Financial Services in Portugal

Mortgage Lending

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

Online Banking

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

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

In view of the importance of innovation, as a distinguishing factor of excellence relative to the competition, the Bank was also a pioneer in the launch of a new banking concept, supported by the ActivoBank platform, based on the simplicity of customer service, convenience, transparency and presence of emerging distribution and communication channels (e.g. Mobile Banking). And even though this repositioning and restructuring focus on transactional retail banking, ActivoBank continues to remain true to its original speciality, investment solutions.

This new banking concept involved a new brand image, a new product offering and new service channels, directed at urban customers, young in spirit, who are intensive users of new communication technologies and who favour a banking relationship based on simplicity, transparency, trust, innovation and accessibility. The renewed value proposition is reflected in the brand slogan: “Simplify” – ActivoBank is a Bank thought out in detail to simplify the day-to-day lives of its customers.

ActivoBank is based on distinctive factors, such as branches with extended hours, bank access via smart phones, applications for investment support for iphones. ActivoBank opened eight branches in 2011, consolidating the leading role that the bank holds in the national innovation market.

ActivoBank has been recognised by the international financial community and distinguished with the attribution of awards such as “Best Consumer Internet Bank 2012 in Europe” and “Best in Mobile Banking”, given by Global Finance magazine, amongst others, and was short-listed as one of the five finalists, amongst 200 candidates, for the Global Banking Innovation Awards in the category “Disruptive Innovation” promoted by the BAI. ActivoBank was also distinguished by World Finance magazine as “Best Commercial Bank” in Portugal, in the World Finance Banking Awards 2012, and the awards given in 2012 by Global Finance in the categories of “Best consumer internet bank”, “Best Web Site Design” and “Best in Social Media”, all attributed in the context of the European Area.

Insurance

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

Foreign Business

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

Mozambique

The Group has had banking operations in Mozambique since 1995.

In 2012, Millennium bim strengthened its leadership as the largest financial Group in Mozambique. With 151 branches distributed throughout the entire country, the bank has the largest distribution network and highest geographical penetration in that country. During this period, in terms of the provided alternative channels services, the bank expanded its capillarity by increasing its total number of ATM (385) and POS (4,058). Millennium bim is also distinguished as the largest employer of the sector, as one of the highest tax contributors, by its asset volume, and by having a reputable social responsibility programme, recognised at a national and international level.

As at 31 March 2013, Millennium bim had Euro 1,981 million in total assets, Euro 1,480 million in customers' funds, Euro 1,114 million in loans to customers (gross), and was operating with 151 branches and with 2,426 employees. Net income of Millennium bim in Mozambique decreased -1.7% to Euro 20.3 million in the first quarter of 2013. Fees and commissions and net interest income increased, despite lower reference interest rates. Net interest income was penalised by public debt portfolio evolution. Operating costs increased 14% in line with the expansion plan (an increase of 9 branches compared to March 2012).

Angola

BMA was incorporated on 3 April 2006, as a result of the transformation of the Bank's branch in Angola into a bank incorporated under the laws of Angola. In 2008, BMA strengthened its goal of contributing to the modernisation and development of the Angolan financial system by providing marketing innovative, personalised financial products and services conceived to satisfy all the financial needs and expectations of the various market segments, and maintaining the highest quality and specialisation standards.

In February 2009, the financial transactions relating to the strategic agreement established with Sonangol and BPA were completed through a rights issue carried out by BMA, in the amount of USD 105,752,496.80.

The Bank established the main strategic guidelines for 2012 as being the growth of the business, which includes the expansion of the customer base, the strengthening of its position on the market, through the increased attraction of funds in all business segments, and the higher penetration of financial products amongst customers. In order to achieve these objectives, BMA embarked on the expansion of its distribution network nationwide, in order to increase capillarity, to offer innovative and personalised products and services, designed to meet the needs and expectations of different market segments, to strengthen staff recruitment and training programmes, and to reinforce its risk management and monitoring processes aimed at ensuring excellent service to its customers.

During 2012, BMA inaugurated 15 new Branches, including 3 Prestige Centres, and created a new Corporate Centre specifically designed for the Oil Industry and a Central Treasury, having reached, by the end of December, a total of 76 Branches in the retail network (of which 39 are open to the public on Saturday mornings), 3 Prestige Centres and 6 Corporate Centres. The number of customers stood at approximately 228 thousand in December 2012, having grown by 49.2% in relation to the previous year.

At the end of March 2013, BMA had total assets of Euro 1,331 million. Loans to customers amounted to Euro 540 million and customer funds to Euro 839 million. BMA was operating with 76 branches and 1,029 employees. Net income for the first quarter of 2013 stood at Euro 6.5 million, decreasing 26.7% y-o-y. Fees and commissions and net interest income increased, despite lower reference interest rates. Net interest income was penalised by public debt portfolio evolution. Operating costs increased by 3.6%.

Poland

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

In 1998, the Group entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Group launched a retail operation with BBG in the Polish market under the name “Millennium”. This joint venture was controlled jointly by the Group and by BBG. As part of a restructuring of BBG in 2002, the Group and BBG decided to merge the Millennium joint venture into BBG and to establish one banking operation. During the fourth quarter of 2002, the Group increased its shareholding in BBG to 50% of BBG’s share capital. At the start of 2003, BBG changed its name to Bank Millennium. In December 2006, the Group acquired 131,701,722 shares of Bank Millennium 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. In February 2010, Bank Millennium successfully completed a capital increase of approximately Euro 258.6 million (PLN 1,055.4 million) through a rights issue of 363,935,033 new shares (3 shares per each 7 owned) with a subscription price of PLN 2.9 per share. The Bank (the main shareholder with 65.5% of the share capital) exercised its pre-emptive rights. The remainder of the rights issue was fully subscribed, with the shares available to minority shareholders being almost four times oversubscribed.

Bank Millennium announced a new strategy for 2013-2015 at the time of the third quarter earnings presentation (end of October 2012). The definition of the new strategy was based on the future prospects for the macroeconomic environment, trends for the banking industry in Poland and the ambition to achieve a higher performance and generate value for shareholders, customers and employees.

The medium-term objectives set for 2015, according to the new strategy are to achieve: (i) “Return on Equity” of 14-15%, (ii) Ratio “cost-to-income ratio” of 50% (iii) Ratio “Loan-to-deposit” less than 100%, (iv) Core Tier 1 ratio greater than 10%, (v) customer satisfaction index exceeding 90% (satisfied and very satisfied customers) and (vi) Weight of corporate loans (including leasing) in the total loan portfolio of 30-35%. In this sense, the strategic priorities for 2013-2015 include: (i) Focus on areas which brings value and redirect the product mix to higher margin products, (ii) Improving the efficiency of network sales, (iii) Improved balance sheet structure and profitability of the “franchise” for companies, (iv) Preparation of the Bank for the future by investing in business analysis and a multi-channel platform, and (v) Support the efficiency advantage through strict management platform and discipline in cost savings.

In order to ensure the sustainable growth of Bank Millennium, all strategic initiatives should ensure a high capital base, comfortable liquidity, prudent risk management, ongoing cost control and streamlined processes. Thus, Bank Millennium closed 2012 with a strong capital position and liquidity, with Tier 1 ratio reaching 12.9%, clearly above the goal assumed in the new medium-term strategy, and a ratio Loans-to-deposit under 100%. Bank Millennium has managed to improve the efficiency of its operations, with the ratio “cost-to-income” below 60%. In terms of profitability, the net income increased compared to 2011, despite the fact the return on equity have been affected by the strengthening of the own funds, prompted by the recommendations of the supervisor, in the sense of Polish banks retain their full 2011 results at its base capital.

As at 31 March 2013, Bank Millennium had total assets of Euro 13,513 million, Euro 12,121 million in customer funds, Euro 10,012 million in loans to customers (gross), and was operating with 447 branches and 5,920 employees. Bank Millennium’s net income in the first quarter of 2013 was Euro 28.7 million, increasing 9% y-o-y, as a result of

the increase in banking income (+4.5%), despite the decrease in the reference interest rates that reached historic minimum. Costs decreased 3.4%, in line with the strict costs control policy.

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 Achmea B.V. (formerly Eureko), launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50% of NovaBank's share capital and controlling rights, the Bank wholly-owns NovaBank. The brand 'Millennium' was adopted in 2006.

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

During 2011, Greece's banking sector was significantly affected by the aggravation of the economic and financial crisis, which caused a significant increase of funding costs, intensification of competition in terms of deposits attraction, deterioration of the quality of the loan portfolio as a result of the increased levels of default, and greater restrictiveness in loan concession.

On 22 April 2013, the Bank entered into definitive agreements with Piraeus Bank regarding: (i) the sale to Piraeus Bank of the entire share capital of MBG and, (ii) the investment by the Bank in the forthcoming capital increase of Piraeus Bank.

The signing of these agreements marks the successful conclusion of the negotiations between the Bank and Piraeus Bank following the announcement on 6 February 2013 that the parties had entered into exclusive discussions.

This agreement falls within the framework that has been defined by the Bank of Greece and the HFSF aiming at the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF.

The transactions were completed on 19 June 2013.

The key elements of the sale transaction are the following:

- The aggregate consideration for the sale of the share capital of MBG was agreed at one million euros;
- Pre closing recapitalisation of MBG by the Bank for Euro 413 million, in line with the requirement of Bank of Greece, through the conversion of approximately Euro 261 million of the existing intercompany funding, in addition to the Euro 139 million already contributed by the Bank into MBG in December 2012. Under this scope, the Bank has already booked in 2012 Financial Statements, an impairment in the amount of Euro 427 million;
- Piraeus Bank to ensure reimbursement by MBG of all the remaining intragroup funding currently provided by the Bank to MBG in two tranches. The first tranche, in the amount of approximately Euro 650 million, was paid on the date of closing of the sale transaction, and the second one, of approximately Euro 250 million will be paid within 6 months from that date;
- No asset transfer from MBG to the Bank as part of the transaction.

The key elements of the investment transaction are the following:

- The Bank invested Euro 400 million in the rights issue of Piraeus Bank within the framework of recapitalisation of Greek banks with the participation of the HFSF, i.e., at the same price as HFSF, leading to a minority stake in Piraeus Bank's share capital.

- The Bank and Piraeus Bank entered into an agreement providing that Piraeus Bank undertakes to assist the Bank in the orderly disposal over time of its shareholding in Piraeus Bank, subject to the Bank undertaking certain limitations, including a 6 month lock up period and certain temporary voting and orderly disposal rules for the period where HFSF is also restricted on voting;
- The Bank's minority investment in the share capital of Piraeus Bank will not be consolidated.

The transaction will enable the Bank to deconsolidate circa Euro 4.000.000.000 of RWA of Millennium Bank as of 31 December 2012. There will be no intercompany funding 6 month after closing. In consequence, after this date the impact on RWA will solely be the investment in Piraeus Shares.

The final impact from this transaction on the Bank's capital position will be dependent on the performance of the participation in Piraeus Bank.

As at 31 March 2013, Millennium bank had total assets of Euro 4,711 million, customer funds of Euro 2,966 million and loans to customers (gross) of Euro 4,666 million, operating with 120 branches and 1,182 employees. Net income amounted to Euro -31.9 million in the first quarter of 2013.

Switzerland

Millennium bcp Banque Privée is a private banking platform set up in Switzerland in 2003 which provides services to Group clients with high net worth, including matters of discretionary management, financial advisory services and order execution.

One of the key strategic priorities in 2012 consisted in positioning the bank as a pure asset management player, reducing the loan to assets under management ratio, through the reduction of the Clients credit portfolio. During 2012, the bank managed to reduce its credit portfolio from Euro 406 million to Euro 280 million, concentrating the deleveraging effort on high risk loans and simultaneously improving the diversification of the assets used as collateral.

The focus on deleveraging resulted in increased profitability associated with lower level of loan impairment. Additionally, in 2012, Millennium bcp Banque Privée proceeded to a restructuring of IT costs, credit repricing and commission increase and the impacts will be fully visible in 2013, due to the implementation of new initiatives to reduce costs, in order to improve profitability.

The reduction of the loan portfolio, as well as the use of equity and customer deposits to finance short term loans through exchange rate swaps, enabled the bank to achieve autonomy in terms of funding, significantly reducing interest and equivalent costs and substantially increasing its contribution to the Group's liquidity.

As at the end of March 2013, total assets amounted to Euro 484 million. Loans to customers (gross) stood at Euro 288 million and total customer funds at Euro 2,174 million. Millennium bcp Banque Privée was operating with 1 branch and 67 employees. Net income was Euro 1,7 million in the first quarter of 2013.

Romania

Millennium Bank, a greenfield operation launched in Romania in October 2007, is a nation-wide bank offering a wide range of innovative financial products and services to individuals and companies, leveraged by a network of 66 retail branches and 6 company centres, covering main Romanian cities.

In spite of the extremely adverse and challenging environment for the development of banking activity in 2012, Banca Millennium has continued to consolidate its position in the Romanian banking sector through the expansion of its customer base and increased business volumes. In this context, the following strategic priorities were defined:

- Optimisation of the Customer acquisition model, focused on target products and segments;
- Increase of corporate business, through the development of banking relations with small and medium-sized enterprises, namely via acceleration of credit portfolio growth;

- Higher efficiency levels and maintenance of a conservative approach in relation to risk management;
- Change of credit concession policy by reducing the share of loans in foreign currency.

As at 31 March 2013, Millennium Bank had Euro 585 million in total assets, Euro 321 million in customers' funds and Euro 446 million in loans to customers (gross), and was operating with 65 branches and 609 employees. Net income stood at Euro -2.1 million in the first quarter of 2013, compared to Euro -3.3 million in the first quarter of 2012. Net income improvement was due to the increase in banking income and the reduction in operating costs. Banking income evolution was driven by higher net interest income (+44.9% y-o-y) and higher fees and commissions (+14.7% y-o-y). Decrease in operating costs was a result of the cost containment policy and of the number of employees reduction.

Cayman Islands

Millennium bcp Bank & Trust, with its head office in the Cayman Islands and a "B" category banking license, offers international banking services to customers situated in a variety of countries (not including persons or entities resident in Portugal).

Loans to customers (gross) decreased from Euro 271 million in the first quarter of 2012 to Euro 145 million in the first quarter of 2013. Customer funds decreased from Euro 909 million in the first quarter of 2012 to Euro 718 million in the first quarter of 2013. Net income for 2012 was Euro 3.2 million, which compares to Euro -0.6 million in the first quarter of 2013.

International Partnerships

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

Banco Sabadell

In March 2000, the Group announced the terms of a strategic partnership agreement with Banco Sabadell of Spain, seeking the development of joint initiatives in finance-related fields of mutual interest. In the first half of 2005, an agreement was reached to reinforce the offer of products and services common to the Bank and Banco Sabadell, notably in corporate loans and in innovating services for individuals. As a result of the agreement, the Bank's clients can use the retail and corporate networks of Banco Sabadell in Spain and vice versa for Banco Sabadell's clients in Portugal. The Bank sold its 2.75% shareholding in Banco Sabadell to the Bank Pension Fund. On December 2012, Banco Sabadell held 4.27% of the share capital of the Bank.

Achmea B.V. (formerly Eureko)

In 1991, the Group established strategic partnerships with two significant European insurance groups, Friends Provident and AVCB Averro Centraal Beheer. In 1992, Eureko was established as a pan-European insurance group, as a result of the association between the insurance groups Friends Provident, from the United Kingdom; AVCB Averro Centraal Beheer, from the Netherlands; Wasa, from Sweden; and the Danish financial group Topdanmark. In 1993, the Group, through its insurance holding Seguros e Pensões Gere, SGPS, S.A. became the fifth partner in this pan-European strategic insurance alliance. Eureko Group's holding in the Bank is currently 2.52% of the share capital and inherent voting rights, held by Eureko B.V., following the sale during 2009 of a 4.55% holding in the Bank's share capital. Also, the Total Return Swap entered into by Eureko B.V. with JPMorgan Chase Bank NA on 5 September 2007 was fully unwound and therefore the voting rights attached to the previous additional 2.88% stake in the Bank should no longer be attributed to Eureko B.V. Through its asset management subsidiary F&C, Eureko has established an exclusive distribution agreement affecting its asset management products through the Millennium bcp banking network in Portugal.

On 31 December 2010, the Bank announced that Bitalpart BV, a wholly-owned subsidiary of the Bank, had agreed on this date to sell a minority shareholding corresponding to 2.7% of the share capital of Eureko B.V. to the Pension Fund of Group BCP.

Ageas

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

Sonangol and Banco Privado Atlântico

Sonangol and BPA acquired 47.3% of Banco Millennium Angola's share capital through a capital increase, subscribed by the acquirers, in cash. BMA acquired 10% of the share capital of BPA. According to the terms of the agreement, BMA continues to be a subsidiary company of BCP but would benefit from having important minority shareholders, with the corresponding shareholder influence and co-operation potential. Sonangol has acquired a 4.98% shareholding in the Bank in 2007 and held 19.44% of the Bank on 31 December 2012.

Significant Developments in 2012

On 1 February 2012, the Bank announced that, following a downgrade of the rating of the Portuguese Republic, DBRS reviewed the long-term rating of the Bank from BBB to BBB (low), with "Negative Trend", and the short-term rating from R-2 (high) to R-2 (mid) with "Negative Trend".

On 3 February 2012, the Bank announced that it received the following statement from the President of the Supervisory Board:

"The Chairman of the Supervisory Board of the Bank, having the concurrence of the main shareholders, confirmed that, meeting the criteria of Basel 2.5, translated in the EBA's requirements for the Core Tier 1 ratio on 30 June 2012, and the prudential demands made by the Bank of Portugal for the end of 2012, the Bank submitted to the Bank of Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December.

The Capital Plan delivered involves two components:

- (a) Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. Besides the concurrence of current shareholders, the Bank has received several assurances that allow it to count on the participation of reference investors in a future share capital increase.
- (e) Using the temporary State recapitalisation line regulated by Law 63-A/2008.

The completion of the Capital Plan to be agreed with the competent authorities and submitted to the analysis and approval of a General Meeting specifically convened for that purpose, will be carried out within the deadlines and under the terms and conditions defined.

The execution of the Capital Plan presented will strengthen the financial standing of the Bank, as a foundation for a strategic project involving the Bank, its shareholders and other stakeholders, which will reinforce the Bank' place as a reference financial institution both in Portugal and abroad.

The losses taken in 2011 are an exception, non-recurrent items adding up to a balance sheet that translates the reality that is the stepping stone for the Bank to turn a new page.

The Chairman of the Supervisory Board of the Bank confirmed that he received positive feedback from the Supervisor on the process leading up to the recapitalisation, which allows the Bank to consider that all the conditions required to complete the operation successfully have been met."

On 3 February 2012, the Bank, S.A. announced that it received from its shareholders Sonangol, Grupo Teixeira Duarte, Grupo Berardo, EDP, Sabadell, Interoceânico and Hipólito Pires the following information:

“The shareholders of Banco Comercial Português, S.A., Sonangol, Grupo Teixeira Duarte, Grupo Berardo, EDP, Sabadell, Interoceânico and Hipólito Pires informed that they have asked the Chairman of the Board of the General Meeting of the Bank to call a General Meeting of Shareholders to appraise and resolve on the alteration of the governance model and consequent election of members of the new corporate bodies.

By presenting the proposal, the shareholders intended, together with the reinforcement of the bank’s own funds, to establish in the institution a governance model better suited to deal with the major challenges that the company faces today and will face in the future, a model that confers greater internal efficiency and cohesion while maintaining high audit and supervision levels, namely the adoption of the Anglo-Saxon model, composed by a Board of Directors, an Audit Committee and an Executive Committee. On the other hand, and aiming at the development by the Bank of a strategy for international expansion, the proposal foresees the creation of a Board for International Strategy to help the institution in the pursuit of that strategic vision.

At the same time and expecting that the General Meeting will approve the new corporate governance model it was also proposed the election of the members of the Board of Directors by means of a list that included Ambassador António Monteiro as Chairman of the Board and Mr. Nuno Amado as Chairman of the Executive Committee.

The shareholders also proposed names to be part of the Board for International Strategy that will be chaired by Mr. Carlos Santos Ferreira.”

On 3 February 2012, the Bank announced that, following his acceptance to integrate the Government of the Republic of Angola as Minister for State Affairs and Economic Coordination, Mr. Manuel Domingos Vicente, presented his renunciation to the position of Vice-Chairman of the Supervisory Board.

Moreover, the Bank informed that, due to his professional activities exercised abroad, Mr. Luís de Mello Champalimaud also presented his renunciation to the position he exercised as Member of the Supervisory Board.

On 14 February 2012, the Bank announced that following a downgrade of the Portuguese Republic’s rating, a revision of the Banking Industry Country Risk Assessment for Portugal, and in the context of a review of Portuguese banks’ ratings, Standard and Poor’s reduced the long-term rating of the Bank from “BB” to “B+”, with Negative Outlook, while the short-term rating was confirmed at “B”.

On 16 February 2012, Banco Comercial Português, S.A., informed that following a revision of the rating of the Republic of Portugal, the rating for state guaranteed debt issued by BCP was revised by Moody’s from “Ba2” to “Ba3”, with negative outlook.

On 28 February 2012, the Bank announced that it concluded on that day its General Meeting of Shareholders. The following deliberations were taken:

Item One – Approval of the alteration and restructuring of the articles of association of the company aiming at the adoption of a one-tier management and supervision model, composed by a Board of Directors, an Audit Committee and Chartered Accountant, as well as the creation of a Board for International Strategy.

Item Two – Election of members for the Board of Directors, Audit Committee, Board for International Strategy and Welfare and Remunerations Board for the term office 2012-2014.

On 1 March 2012, the Bank announced that the Bank of Portugal disclosed on that day the global results of the third and final phase of the Special Inspections Program (“SIP”). The third phase of the SIP, now completed, was forward-looking and designed to assess the adequacy of the parameters and methodologies used by banking groups when preparing financial projections that support the assessment of their future solvency, as part of the stress test exercise. This assessment confirmed that the Bank uses the appropriate parameters and methodologies. BCP Group will establish and submit to the Bank of Portugal a plan to be implemented that ensures these parameters and methodologies are adopted in future stress test exercises.

On 1 March 2012, the Bank announced that following the General Meeting of Shareholders held on February 28, that elected the new members of the Bank, corporate bodies, the Board of Directors elected the Executive Committee and its First Vice-President, Miguel Maya Dias Pinheiro, and Second Vice-President, Miguel de Campos Pereira Bragança.

On 29 March 2012, Banco Comercial Português informed that Moody's rating agency, in a release dated 28 March 2012, announced that it has concluded the review of the ratings of the Portuguese banks, initiated on 15 February, following the revision of its rating for the Republic of Portugal on 13 February 2012. In this context, BCP long-term rating was confirmed at "Ba3" with Negative Outlook (identical to the rating of the Portuguese Republic), and the short-term rating was confirmed at Not Prime (NP).

On 4 June 2012, the Bank informed that, following the presentation to the Bank of Portugal of its proposed capitalisation plan, developed in accordance with the Recapitalisation Program for Portuguese Credit Institutions established by Law 63-A/2008 of November 24, and the assessment of its main terms by the Bank of Portugal and the State, whose indications and decisions were received, has obtained on that day confirmation that the State is available to participate with public investment in the Bank's capitalisation program, with the following components:

- (a) A capital increase to raise new funds, to be subscribed by the Bank's shareholders exercising their legal right of preference, in a total expected amount of Euro 500,000,000, to be carried out in the third quarter of 2012, for which it has been agreed that the State will underwrite the offer at a price of Euro 0.04 per share, in compliance with Article 4 of Ministerial Order ("*Portaria*") no.150-A/2012, of 17 May 2012;
- (f) The subscription by the State of hybrid instruments that qualify as Core Tier 1 capital (instruments that are completely repayable by the Bank over a period of five years and which only in specific circumstances, including non-compliance or failure to pay, can be converted into shares of the Bank), in a total value of Euro 3,000,000,000, to be carried out by the end of June 2012.

On 25 June 2012, the Bank announced that at a General Meeting of Shareholders held on that day, with 42.7% of the share capital represented, the following resolutions were adopted:

Item One – Approval of the Bank's recapitalisation plan, including public investment under the terms of Law 63-A/2008, of 24 November, upon related commitments and obligations, and upon granting the management body the powers necessary to accomplish the plan, including the: (i) eventual adjustment of the plan's conditions, in accordance with the approval decision of the ministry mentioned in that Law; (ii) accomplishment and development of measures to execute the plan, including, inter alia, resolving on the issue of shares and financial instruments that may be converted into shares as part of the public investment, the exercise by the State of its rights, and the conditions for the Bank to repurchase such financial instruments; and (iii) definition and execution of eventual adjustments, to namely correct extraordinary deviations or update the conditions for the public divestment.

Item Two – Approval of the proposal to disapply the preference right of the shareholders in the subscription of an issue or issues, to be resolved by the Executive Board of Directors – with the favourable opinion of the Audit Committee- of the financial instruments that may be converted into shares and of shares which are part of public capital injection envisaged in the plan.

Item Three – Approval of the proposal for the "Core Tier 1 capital instruments subscribed by the State" which are capable of being converted into shares and the shares that are eventually issued to be subscribed by the State mentioned in the proposal to disapply the preference right to be approved in the context of the above mentioned item.

On 11 July 2012, Standard & Poor's downgraded the rating assigned to the Programme in respect of Subordinated Notes from "CCC+" to "CCC".

On 17 July Fitch announced the upgrade of the Viability Rating of BCP from "cc" to "b", Subordinated debt from "C" to "B-", and Preferred Shares from "C" to "CC". The long and short term ratings were confirmed at "BB+"/"B", maintaining the negative outlook.

On 3 October 2012, EBA and the Bank of Portugal announced the results of the final assessment of the capital exercise and compliance with the EBA recommendation of December 2011, informing that the Bank exceeded the minimum requirement of a Core Tier 1 ratio of 9%, including the sovereign buffer as indicated in the mentioned EBA recommendation.

On 4 October 2012, the Bank announced that, in compliance with the applicable legal provisions, the share capital increase of the Bank from Euro 3,000,000,000 to Euro 3,500,000,000, comprising the issuance of 12,500,000,000 ordinary, registered and book-entry shares, without nominal value, with the issuance price and subscription price of 0.04 Euro each, which were offered to the shareholders of the Bank for subscription through the exercise of their pre-emptive subscription rights, was registered with the competent Commercial Registry Office. As such, the share capital of the Bank, S.A. is now of Euro 3,500,000,000, represented by 19,707,167,060 ordinary, book-entry shares without nominal value.

On 29 November 2012, the Bank announced that, in the wake of the Bank's recapitalisation operation and in accordance with article 14 (2) of Law 63-A/2008 (altered and republished by Law 4/2012) and the Decision no. 8840-B/2012, dated 28 June, the State appointed Mr. Bernardo Sottomayor, as first non-executive director, and Mr. José Rodrigues Jesus, as second non-executive director, to be its representatives in the Bank's corporate bodies. Mr. José Rodrigues will also be a member of the Audit Committee.

On 3 December 2012, the Bank announced that on 29 November 2012, the On-Site Inspections Program (OIP) for the exposures to construction and real estate promotion sectors in Spain and Portugal, with reference to 30 June 2012, was completed.

For the BCP Group, the assessment concluded that there was a need to reinforce the recorded impairment by a total amount of Euro 290 million, corresponding to about 3.1% of the exposures evaluated.

Impairment reinforcements made by BCP Group, with reference to 30 September (Euro 103 million) and 31 October 2012 (Euro 176 million), already covered most of the identified needs, reducing the amount of EUR 290 million to EUR 11 million, that will be recorded until 31 December 2012.

Additionally, the BCP Group informed that the impairment reinforcement needs identified by the OIP did not affect in any way the solvency and capital targets set out in the bank's recapitalisation plan.

On 4 December 2012, Moody's downgraded the rating assigned to the Programme in respect of Senior Notes with a maturity of more than one year from "Ba3" to "B1" and in respect of Subordinated Notes from "B3" to "Caa3".

On 5 December, following the confirmation of the long term rating of the Portuguese Republic at "BBB(low)", the Bank announced that the rating agency DBRS reaffirmed, the rating of the Bank at "BBB(low)" for long term senior debt and deposits, and at "R2(middle)" for short term debt & deposits, maintaining a negative outlook.

Recent Developments in 2013

On 22 April 2013, the Bank entered into definitive agreements with Piraeus Bank regarding: (i) the sale to Piraeus Bank of the entire share capital of MBG and, (ii) the investment by the Bank in the forthcoming capital increase of Piraeus Bank.

The signing of these agreements marks the successful conclusion of the negotiations between the Bank and Piraeus Bank following the announcement on 6 February 2013 that the parties had entered into exclusive discussions.

This agreement falls within the framework that has been defined by the Bank of Greece and the HFSF aiming at the restructuring of the Greek banking system and strengthening its financial stability. The terms and conditions of the transactions have been approved by the HFSF.

The transactions were completed on 19 June 2013.

The key elements of the sale transaction are the following:

- The aggregate consideration for the sale of the share capital of MBG was agreed at one million euros;

- Pre closing recapitalisation of MBG by the Bank for Euro 413 million, in line with the requirement of Bank of Greece, through the conversion of approximately Euro 261 million of the existing intercompany funding, in addition to the Euro 139 million already contributed by the Bank into MBG in December 2012. Under this scope, the Bank has already booked in 2012 Financial Statements, an impairment in the amount of Euro 427 million;
- Piraeus Bank to ensure reimbursement by MBG of all the remaining intragroup funding currently provided by the Bank to MBG in two tranches. The first tranche, in the amount of approximately Euro 650 million, was paid on the date of closing of the sale transaction, and the second one, of approximately Euro 250 million will be paid within 6 months from that date;
- No asset transfer from MBG to the Bank as part of the transaction.

The key elements of the investment transaction are the following:

- The Bank invested Euro 400 million in the rights issue of Piraeus Bank within the framework of recapitalisation of Greek banks with the participation of the HFSF, i.e., at the same price as HFSF, leading to a minority stake in Piraeus Bank's share capital.
- The Bank and Piraeus Bank entered into an agreement providing that Piraeus Bank undertakes to assist the Bank in the orderly disposal over time of its shareholding in Piraeus Bank, subject to the Bank undertaking certain limitations, including a 6 month lock up period and certain temporary voting and orderly disposal rules for the period where HFSF is also restricted on voting;
- The Bank's minority investment in the share capital of Piraeus Bank will not be consolidated.

The transaction will enable the Bank to deconsolidate circa Euro 4.000.000.000 of RWA of Millennium Bank as of 31 December 2012. There will be no intercompany funding 6 month after closing. In consequence, after this date the impact on RWA will solely be the investment in Piraeus Shares.

The final impact from this transaction on the Bank's capital position will be dependent on the performance of the participation in Piraeus Bank.

On 11 July, BCP announced that the rating agency Standard and Poor's reaffirmed BCP's short-term rating at "B" and, following the revision of the outlook for Portugal from stable to negative, revised the BCP long-term rating to "B", maintaining the negative outlook. The rating agency Fitch, emphasizing improvements in liquidity at BCP but also macroeconomic risks in Portugal, maintained its main ratings for BCP: short-term at "B" and long term at "BB+", maintaining the negative outlook. Similarly, the DBRS rating agency also reaffirmed BCP's ratings: short-term "R-2 (mid)" and long-term: "BBB (low)" maintaining a negative outlook.

C. Principal Markets and Competition

Since 1996, there has been a significant expansion of retail financial services in the Portuguese banking market, resulting in a sustained development of mortgage credit, consumer loans, investment funds and unlinked products, and increased use of credit cards. The Portuguese banking market is now well developed, and includes strong domestic and foreign competitors that incorporate a multi-product, multi-channel and multiclient segmented approach. This has allowed Portuguese banks to tailor their financial products and services to customers' needs and to improve their commercial capabilities. In addition, there have been significant developments 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 brokerage services. 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 Banco 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 have also enabled the Bank to operate efficiently and exploit economies of scale.

According to the Bank of Portugal, as at the end of March 2013, the Bank had a market share of 19.1% of loans to customers (gross) and 18.9% of customer funds. 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 from 31 December 2008 to 31 December 2011:

	<i>As at 31 December</i>			
	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>
No. of Banks ⁽¹⁾	36	37	41	40
No. of Branches	6,080	6,232	6,162	6,062
Population (thousands)	10,562	10,637	10,638	10,627
Inhabitants per branch	1,562	1,707	1,726	1,753
Branches per bank	169	168	150	152

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

(1) Including Caixa Económica Montepio Geral

The Bank is also subject to strong competition in the international markets in which it operates.

In Mozambique, Millennium bim is the market leader, with a market share of 33.2% of customer loans and 31.1% of deposits, in February 2013, according to data from the Bank of Mozambique. Also in this market, it is expected that competition from foreign banks, including South Africans, will continue to increase. In Angola, as a result of the share capital increase foreseen in the strategic partnership agreements established with Sonangol and BPA, BMA embodies the ambition to grow up to 130 branches by 2015. The main competitors have very ambitious business expansion plans, contemplating in some cases the expansion of the branch network. Additionally, there has been an increase in competition in Retail, “Corporate” and Investment Banking. It should be noted that currently there are 23 banking licenses in Angola, although the banking rate is only 11%, compared with a regional average of 33% (Source: FinScope Africa Service). The market share of the BMA in Angola in February 2013, and according to data from the Bank of Angola, stood at 2.9% in customer loans and 2.6% for deposits.

In Poland and Greece, significant opportunities have led to increased competition in recent years. Privatisation and consolidation of the Polish banking market in the second half of the 90s also contributed to increase in competition. Additionally, both in Poland and Greece, the European integration process has created strong incentives for cross-border provision of financial services without local commercial representation and cross-border mergers, which resulted in a significant increase in competition from foreign banks. In February 2013, the market share of Bank Millennium in Poland, according to data released by the National Bank of Poland, stood at 4.8% of loans to customers (gross) and 5.2% of deposits. In Greece, according to data from the Bank of Greece, the market share of customer loans and deposits of Millennium Bank reached, respectively, 2.1% and 1.6% in February 2013.

Third party information

Information sourced from the Bank of Portugal (“Banco de Portugal”), Portuguese Banking Association (“Associação Portuguesa de Bancos”), the National Statistics Institute of Portugal (“Instituto Nacional de Estatística”), the National Bank of Poland, the Bank of Greece, the Bank of Mozambique, the Bank of Angola, the

Hellenic Statistical Authority Office, FinScope Africa Service and from other sources mentioned in this Offering Circular has been accurately reproduced and, so far as the Bank is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render the reproduced information inaccurate or misleading.

D. Trends Information

The extremely adverse macroeconomic context arising from the persistence of the economic and financial crisis which began in 2007 has brought new challenges to banking activity. During 2012, with the aggravation of the sovereign debt crisis in the euro zone, especially in the peripheral euro area Member States, the environment in which banks develop their activity has further deteriorated. It is expected that the extremely demanding economic conditions will continue during 2013 in the peripheral countries and especially in Portugal, as a result of the maintenance of the recessive environment, rising unemployment, reduction of disposable family income, and deflationary pressures on the economy operating on the market of products and services, real estate and on wages. This combination of factors is likely to continue to constrain banking activity.

In Portugal, 2012 was marked by the implementation of the banks recapitalisation programme and by a climate of growing austerity, imposed by the Economic and Financial Adjustment Programme (PAEF), agreed in May 2011. 2013 will be marked by the continuation of the deleveraging process (lower volumes) and, simultaneously, efforts will be developed to recover profitability in a context of increased default and past due loans. 2013 will also be characterised by the implementation of the restructuring plan agreed with the European Commission, for the banks which received public investment.

The banks at a European level were confronted with higher regulatory requirements, namely with respect to the strengthening of solvency levels in 2012. In December 2011, EBA issued a recommendation appealing to the National Authorities to request, from the selected banks, an exceptional and temporary buffer to ensure the achievement of a minimum level of 9% for their Core Tier 1 ratio by June 2012. Most of the banks complied with this target and Portuguese banks were no exception. However, over the coming years the banks will have to adapt to a much more complex and demanding regulatory framework (transition to Basel III).

The recapitalisation of Portuguese banks and the management of a demanding deleveraging process, agreed under the PAEF, developed in a particularly adverse macroeconomic context have contributed to the deterioration of profitability and efficiency indicators. Return on equity has fallen in a widespread manner, to stand below the cost of capital and the Cost-to-Income indicator has shown a tendency to increase. Banks were also faced with the deterioration of the quality of their assets and consequent reinforcement of allocations for impairment. As a result, banking institutions have seen a progressive decline in stock market capitalisation, resulting of the downward revision of prospects for the generation of earnings in the future and downgrade of their ratings.

The global economic environment continues to generate volatility and risk aversion on the part of international investors and led to the closure of the wholesale funding markets, making the European banking system more vulnerable and dependent on financing obtained from the European Central Bank (ECB). In this context and with the objective of replacing short term funding, the banking institutions decided on the massive use of long term refinancing operations (LTRO) in order to limit the pressures on their liquidity.

Even if Portugal complies with the targets of the memorandum, the scale and scope of the financial assistance received by the country might not be sufficient to ensure the return of the Republic to market funding in 2013, which limits the options open to Portuguese banks. Portuguese banks remain dependent on the willingness of the ECB to continue to supply the funding needs of European banks, in particular of the peripheral countries, in an unlimited form.

These circumstances shall continue to be pervasive during 2013, creating pressures towards the reformulation of the business models of banks and organisational restructuring. Moreover, the changes in regulations on the structure of the banking sector have given rise to new measures aimed at restricting the activities developed in terms of investment banking and global finance, re-segmenting domestic operations and adjusting the banks to the new interbank funding system.

In this context, the Bank has been implementing, since 2008, a vast series of measures and initiatives with a view to strengthening its capital base, namely concerning the levels of share capital and own funds, including liability management operations, asset management and transfer of Pension Fund liabilities to Social Security. The underwriting of hybrid instruments that qualify as Core Tier 1 capital by the State, on 29 June 2012, to the total value of Euro 3,000 million, and the successful share capital increase operation through new cash entries, intended for subscription by its shareholders in the exercise of their legal preemptive right, of a total amount of Euro 500 million, in October of the same year, reflect compliance with the priority of financial strength, defined in the management agenda for 2012. However, the issue of hybrid instruments poses new challenges for the management of net interest income and commissions, operating costs and allocations for impairment.

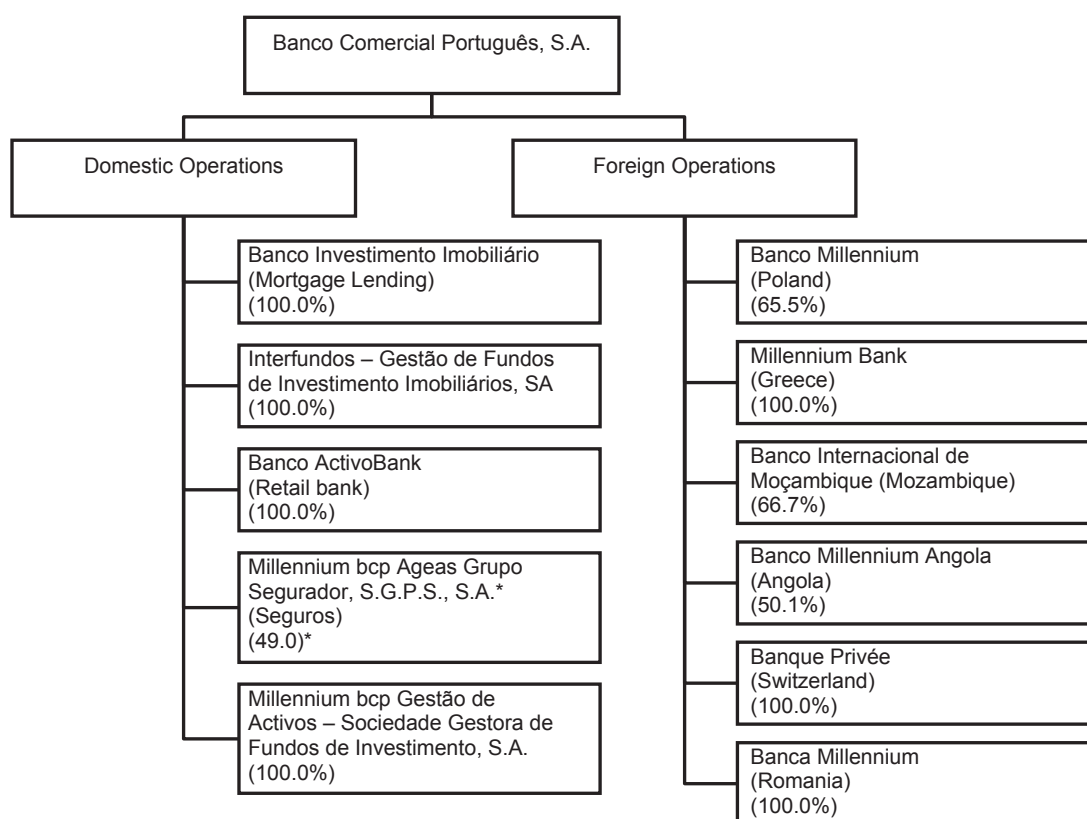
In 2012, the Bank prepared and presented to the Government a restructuring plan, required by national law and by the applicable European rules on matters of State aid, which was formally submitted by the State to the European Commission, in observance of the maximum period of six months after the approval of the Bank's recapitalisation, as provided in Order no. 8840-B/2012 of the Minister of State and Finance, of 28 June. The final version of the restructuring plan, which is currently pending approval by the European Commission, might contain an additional series of measures, on top of those already established in the Recapitalisation Plan, namely possible commitments of a behavioral and/or structural nature. The restructuring plan referred to above will have to (i) demonstrate the Bank's long term viability without any assistance from the State; (ii) demonstrate the contribution that the Bank and its shareholders have provided and shall provide to support the necessary efforts of recapitalisation and restructuring of the Bank; and (iii) define measures to limit any potential competition distortions arising from the public assistance that the Bank has received from the Portuguese Republic.

The Bank believes that the conditions currently established in the Recapitalisation Plan and in Order number 8840-B/2012 of the Minister of State and Finance, of 28 June 2012, which approved the public investment stipulated in the Recapitalisation Plan, as well as in the annexes of both documents, and the additional management measures that the Bank has already considered, are balanced and in proportion, particularly in view of the exogenous factors and transitory nature which justify resorting to public investment, the Bank's management model and investment strategy and, furthermore, the measures of reinforcement of solidity which the Bank has successively adopted over the last few years. Nevertheless, there is still uncertainty regarding the extent of the restructuring that the Bank will have to carry out and on the precise content of the restructuring plan which is expected to be approved by the European Commission.

E. Organisational Structure

The Bank and the Group

The following diagram summarises the organisational structure of the principal subsidiaries of the Group on 31 December 2012:



* Consolidated via the equity-method

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

Significant Subsidiaries

The following is a list of the main subsidiaries of BCP at 31 December 2012:

	<i>Country of Incorporation/R esidence</i>	<i>% held by the Bank</i>	<i>% held by the Group</i>
Banco de Investimento Imobiliário, S.A.....	Portugal	100.0	100.0
Banco ActivoBank, S.A.....	Portugal	–	100.0
Banco Internacional de Moçambique, S.A.	Mozambique	–	66.7
Banco Millennium Angola, S.A.	Angola	50.1	50.1
Millennium Bank, S.A.....	Poland	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Switzerland	–	100.0
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.....	Portugal	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Portugal	100.0	100.0
Millennium bcp-Prestação de Serviços, A.C.E.	Portugal	73.5	91.5
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Portugal	–	49.0
Millennium Bank, Societe Anonyme	Greece	–	100.0
Banca Millennium, S.A.....	Romania	–	100.0

General information

So far as the Bank is aware, 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 in 2013” section on pages 153 and 154 of this Offering Circular, the Bank has made no material investments since the date of the last published financial statements and the Bank has not made relevant firm commitments on future investments.

Save as disclosed in the “Evolution of the Solvency Ratio on the first quarter of 2013” section on pages 172 and 173 of this Offering Circular, there have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Banks solvency.

F. Share Capital

The authorised, issued and fully paid up share capital of the Bank is Euro 3,500,000,000, divided into 19,707,167,060 shares with no nominal value. The shares are ordinary, issued in a dematerialized book-entry form (*escriturais*) and *nominativas*, and are integrated in a centralised system recognised under the Securities Code (Central de Valores Mobiliários) managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., with its registered office at Avenida da Boavista, 3433 to 4100 -138 Oporto.

G. Legislation regulating the activity of the Bank

The Bank is governed by European Union rules, banking and commercial Portuguese laws on limited liability companies (*sociedades anónimas*) – notably by the Companies Code – and, in particular, the Legal Framework of Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), by the Portuguese Securities Code (*Código dos Valores Mobiliários*) and other complementary legislation.

In general terms, the Bank’s activity as a credit institution is subject to the supervision of Bank of Portugal (*Banco de Portugal*), to the supervision of the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*) as an issuer and a financial intermediary and to the supervision of the Portuguese Insurance Institute (*Instituto de Seguros de Portugal*) as the tied insurance intermediary.

H. Management, Audit Committee and Statutory Auditor

The Bank adopted on 28 February 2012, a one-tiered corporate governance model, with one Board of Directors within which there are an Executive Committee, an Audit Committee, a Remunerations and Welfare Board and a Board for International Strategy, plus a Statutory Auditor.

Board of Directors

According to the Articles of Association of the Bank, the Board of Directors is composed of a minimum of seventeen and a maximum of twenty-five members, elected by the General Meeting.

The Board of Directors of the Bank, elected by the General Meeting on 28 February 2012, for the 2012/2014 term-of-office, which included 20 members, is currently composed of 22 because due to the Bank's recapitalisation operation, on 4 December 2012 the State appointed Mr. Bernardo de Sá Braamcamp Sobral Sottomayor and Mr. José Rodrigues de Jesus as its representatives to the Board of Directors of the Bank during the period of the state aid for strengthening own funds. The Board of Directors has the following members:

Chairman:	António Vítor Martins Monteiro
Vice-Chairmen:	Carlos José da Silva Nuno Manuel da Silva Amado Pedro Maria Calainho Teixeira Duarte
Members:	Álvaro Roque de Pinho Bissaia Barreto André Luiz Gomes António Henriques de Pinho Cardão António Luís Guerra Nunes Mexia António Manuel Costeira Faustino Bernardo de Sá Braamcamp Sobral Sottomayor César Paxi Manuel João Pedro Jaime de Macedo Santos Bastos João Bernardo Bastos Mendes Resende João Manuel de Matos Loureiro José Guilherme Xavier de Basto José Jacinto Iglésias Soares José Rodrigues de Jesus Luís Maria França de Castro Pereira Coutinho Maria da Conceição Mota Soares de Oliveira Callé Lucas Miguel de Campos Pereira de Bragança Miguel Maya Dias Pinheiro Rui Manuel da Silva Teixeira

Positions held outside the Group by the Members of the Board of Directors that are relevant to the Group:

<u>Name</u>	<u>Position</u>	<u>Company</u>
António Vítor Martins Monteiro	Chairman of the Board of Curators	Fundação Luso Brasileira
	Non-Executive Member of the Board of Directors	SOCO - Internacional, plc
	Non-Executive Member of the Board of Directors	Banco Privado Atlântico, S.A.
	Member of the General Board	School of Humanities and Social Sciences of Universidade Nova de

Name	Position	Company
		Lisboa
Carlos José da Silva	CEO	Banco Privado Atlântico, S.A.
	Chairman	Banco Privado Atlântico Europa
	Chairman	Angola Management School
	Chairman	Interoceânico Capital SGPS, S.A.
	Vice- Chairman of the Company	Baía de Luanda
Nuno Manuel da Silva Amado	Member of APB- Associação Portuguesa de Bancos	in representation of Banco Comercial Português, S.A.
Pedro Maria Caláinho Teixeira Duarte	Chairman of the Board of Directors	Teixeira Duarte, S.A.
	Chairman of the Board of Directors	Teixeira Duarte – Engenharia e Construções, S.A.
	Chairman of the Board of Directors	Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.
	Chairman of the Board of Directors	PASIM – Sociedade Imobiliária, S.A.
	Chairman of the Board of Directors	PACIM – Sociedade Gestora de Participações Sociais, S.A.
Álvaro Roque de Pinho Bissaia Barreto	Chairman of the Board of Directors	Tejo Energia, S.A.
	Non-Executive Director	Nutrinveste – Sociedade Gestora de Participações Sociais, S.A.
	Chairman of the Board of the General Meeting	Prime Drinks, S.A.
	Non-Executive Director	SAIP – Soc. Alentejana de Investimentos e Participações, SGPS, S.A.
	Non-Executive Director	Beralt Tin & Wolfram (Portugal), S.A.
André Luiz Gomes	Partner	Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.
	Non-Executive Director	Bacalhôa – Vinhos de Portugal, S.A.
	Non-Executive Director	Atram – Sociedade Imobiliária, S.A.
	Non-Executive Director	Matiz – Sociedade Imobiliária, S.A.

Name	Position	Company
António Henriques Pinho Cardão	Freelance economist	
António Luís Guerra Nunes Mexia	Chairman of the Executive Board of Directors	EDP - Energias de Portugal, S.A.
	Vice-Chairman	AIP – Associação Industrial Portuguesa
António Manuel Costeira Faustino	Freelance lawyer	
Bernardo de Sá Braamcamp Sobral Sottomayor	Member of the Board of Directors	Deutsche Bank – RREEF Infrastruture
	Head of Acquisitions	European Infrastructure Fund Management Team
	Investment Management Certificate – qualification required by the Financial Services Authority for the exercise of the financial functions presently exercised in the City of London	
César Paxi Manuel João Pedro	Senior Director	Group Sonangol
Jaime de Macedo Santos Bastos	Chartered Accountant	
	Member of the Audit Board on behalf of J. Bastos, C. Sousa Góis & Associados, SROC	Cimpor
João Bernardo Bastos Mendes Resende	Member of the Management Board	Instituto de Estudos Económicos
	Member of the Board of Directors	Banco Urquijo (Group Banco Sabadell)
João Manuel de Matos Loureiro	Professor	School of Economics of Universidade do Porto and EGP-UPBS
	Head of the Post Graduate Degree in Company Management	Escola de Gestão do Porto
José Guilherme Xavier de Basto	Member of the Research Office	Ordem dos Técnicos Oficiais de Contas (Chartered Accountants Association)
	Non-executive Director	SIBS, S.G.P.S., S.A. and of SIBS Forward Payment Solutions, S.A.
	Member of the Remunerations Committee	Unicre – Instituição Financeira de Crédito, S.A.

Name	Position	Company
José Jacinto Iglésias Soares	Vice-Chairman of the General Board of Associação Industrial Portuguesa – Câmara de Comércio e Indústria, representing Banco Comercial Português, S.A.	
José Rodrigues de Jesus	Member of the Audit Board	Mota-Engil, S.G.P.S., S.A. and of Germen – Moagem de Cereais, S.A.
Miguel Maya Dias Pinheiro	Member of the Supervisory Board of Portugal Capital Ventures-Sociedade de Capital de Risco, S.A. representing Banco Comercial Português, S.A.	
Rui Manuel da Silva Teixeira	Member of the Board of Directors of Unicre-Instituição Financeira de Crédito, S.A. representing Banco Comercial Português, S.A.	

To the best of the Issuer's knowledge, no member of the Board of Directors of the Bank has any external activity relevant for the Bank other than the ones listed above.

For all the purposes resulting from the functions of the members of the Board of Directors, their professional domicile is at Av. Prof. Dr. Cavaco Silva (Parque das Tecnologias), Edifício 1, Piso 2, 2744-002 Porto Salvo.

Executive Committee

Under the terms of the law and of the Articles of Association of the Bank, the Board of Directors appointed an Executive Committee on 1 March 2012, composed of 7 of its members, which performs all the Bank's current management functions that are not to be exercised by the Board of Directors. The members of the Executive Committee are as follows:

Chairman:	Nuno Manuel da Silva Amado
1 st Vice-Chairman:	Miguel Maya Dias Pinheiro
2 nd Vice-Chairman:	Miguel de Campos Pereira de Bragança
Members:	José Jacinto Iglésias Soares Luís Maria França de Castro Pereira Coutinho Maria da Conceição Mota Soares de Oliveira Callé Lucas Rui Manuel da Silva Teixeira

Audit Committee

Under the terms of the Articles of Association of the Bank, the Bank's supervision pertains to an Audit Committee, elected by the General Meeting and composed of a minimum of three and a maximum of five members.

The Audit Committee was created in accordance with the provisions of number 1, of article 278 of the Portuguese Companies Code and in accordance with Article 39 of the Articles of Association of the Bank, is particularly responsible for (amid the remaining powers attributed to it by law):

- a) Monitoring the Bank's management;
- b) Verifying the compliance with the law and the articles of association;

- c) Verifying the regularity of the books, accounting records and documents supporting them;
- d) Verifying the accuracy of the financial statements;
- e) Supervising the efficiency of the risk management system, the internal control system and the internal audit system;
- f) Receiving the communications stating irregularities reported by shareholders, employees of the Bank or others;
- g) Monitoring the preparation and disclosure of financial information;
- h) Proposing to the General Meeting the election of the Chartered accountant and of the external auditor;
- i) Supervising the audit of the annual report and financial statements of the Bank;
- j) Verify the Statutory Auditor's independence, namely regarding the rendering of non-audit services;
- k) Engaging the provision of services by experts to assist one or several of its members in the exercise of their functions. This engagement and the remuneration of the experts must take into account the importance of the issues committed to them and the Bank's economic situation; and
- l) Complying with all the other duties attributed to it by the law or by the Articles of Association.

The Audit Committee has the following members:

Chairman	João Manuel de Matos Loureiro
Members	Jaime de Macedo Santos Bastos José Guilherme Xavier de Basto José Rodrigues de Jesus (Member appointed by the government for the duration of the state aid to increase own funds)

Statements regarding the Members of Management and Supervision Bodies

To the best of the Issuer's knowledge and in its understanding, there are no potential conflicts of interests between the duties of any member of the management and supervision bodies identified above towards the Issuer or towards any other Group company and his/her personal interests and duties, without prejudice to the existence of non-executive members of the Board of Directors with functions in other financial institutions that can be considered competitors of the Bank. For this situation, the General Meeting of Shareholders held on 28 February 2012 resolved to authorise the presence of those members in the Board of Directors, with the mention of the adoption of a restrictive regime of access to sensitive information.

Statutory Auditor

KPMG & Associados, SROC, S.A. (SROC no. 189), represented by Ana Cristina Valente Dourado (ROC no. 1011), as Statutory Auditor and João Albino Cordeiro Augusto (ROC no. 632), as alternate Statutory Auditor.

The business address for the Statutory Auditor and alternate Statutory Auditor is Edifício Monumental, Avenida Praia da Vitória, 71, 11.º, 1069-006 Lisboa.

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

Compliance with corporate governance regime

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

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 on, 31 December 2011 and 31 December 2012 and the unaudited consolidated balance sheet and income statement for the period ended 31 March 2013 of the Bank for the three months period ended on 31 March 2013. The audited annual consolidated financial statements and the unaudited consolidated balance sheet and income statement of the Bank were prepared in accordance with the IFRS. Such financial information should be read together 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 on, 31 December 2011 and 31 December 2012 and the unaudited consolidated balance sheet and income statement of the Bank for the three months period ended on 31 March 2013. The financial statements for the years ended on 31 December 2012 have been approved by the Board of Directors of the Bank and by the General Meeting of Shareholders on 21 May 2013.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the years ended 31 December, 2012 and 2011

	2012	2011
	<i>(Thousands of Euros)</i>	
Interest and similar income	3,615,922	4,060,136
Interest expense and similar charges.....	(2,592,337)	(2,480,862)
Net interest income.....	1,023,585	1,579,274
Dividends from equity instruments	3,873	1,379
Net fees and commissions income.....	690,776	789,372
Net gains / (losses) arising from trading and hedging activities.....	401,128	204,379
Net gains / (losses) arising from available for sale financial assets	46,206	3,253
Net gains / (losses) arising from financial assets held at maturity	15,513	-
Other operating income/costs.....	(52,047)	(22,793)
	2,129,034	2,554,864
Other net income from non banking activities.....	20,093	26,974
Total operating income	2,149,127	2,581,838
Staff costs.....	815,413	953,649
Other administrative costs	565,161	584,459
Depreciation.....	78,065	96,110
Operating expenses.....	1,458,639	1,634,218
Operating net income before provisions and impairment.....	690,488	947,620
Loans impairment	(1,684,179)	(1,331,910)
Other financial assets impairment.....	(74,699)	(549,850)
Other assets impairment	(260,655)	(128,565)
Goodwill impairment	-	(160,649)
Other provisions.....	(17,463)	13,979
Operating net income.....	(1,346,508)	(1,209,375)
Share of profit of associates under the equity method.....	55,659	14,620
Gains / (losses) from the sale of subsidiaries and other assets.....	(24,193)	(26,872)
Net loss before income tax.....	(1,315,042)	(1,221,627)
Income tax		
Current	(81,696)	(66,857)
Deferred.....	259,529	525,714
Net loss after income tax.....	(1,137,209)	(762,770)
Attributable to:		
Shareholders of the Bank.....	(1,219,053)	(848,623)
Non-controlling interests.....	81,844	85,853
Net loss for the year	(1,137,209)	(762,770)
Earnings per share (in Euros)		
Basic.....	(0,10)	(0,05)
Diluted.....	(0,10)	(0,05)

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement for the three months ended 31 March, 2013 and 2012

	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>(Thousands of Euros)</i>	
Interest and similar income	730.463	965.327
Interest expense and similar charges.....	(547.464)	(655.943)
Net interest income.....	182.999	309.384
Dividends from equity instruments	38	295
Net fees and commissions income.....	163.099	165.123
Net gains / (losses) arising from trading and hedging activities.....	33.890	167.771
Net gains / (losses) arising from financial assets available for sale	41.105	6.289
Net gains / (losses) arising from financial assets held at maturity	(278)	(22)
Other operating income/costs.....	(11.681)	(9.631)
	409.172	639.209
Other net income from non banking activities.....	4.809	4.719
Total operating income	413.981	643.928
Staff costs.....	169.980	194.325
Other administrative costs	117.639	132.353
Depreciation.....	17.387	19.503
Operating expenses.....	305.006	346.181
Operating net income before provisions and impairment.....	108.975	297.747
Loans impairment	(188.382)	(152.297)
Other financial assets impairment.....	(5.828)	(816)
Other assets impairment	(34.711)	(36.955)
Other provisions.....	(10.238)	(8.026)
Operating net income.....	(130.184)	99.653
Share of profit of associates under the equity method.....	14.094	12.851
Gains / (losses) from the sale of subsidiaries and other assets.....	(1.448)	(8.058)
Net (loss) / income before income tax	(117.538)	104.446
Income tax		
Current	(15.190)	(20.997)
Deferred.....	43.186	(12.989)
Income after income tax from continuing operations.....	(89.542)	70.460
Income arising from discontinued operations	(42.285)	(11.160)
Net (loss) / income after income tax	(131.827)	59.300
Attributable to:		
Shareholders of the Bank.....	(151.962)	40.759
Non-controlling interests.....	20.135	18.541
Net (loss) / income for the year period.....	(131.827)	59.300
Earnings per share (in Euros)		
Basic.....	(0,03)	(0,02)
Diluted.....	(0,03)	(0,02)

BANCO COMERCIAL PORTUGUÊS
Consolidated Balance Sheet as at 31 December, 2012 and 2011

	<u>2012</u>	<u>2011</u>
	<i>(Thousands of Euros)</i>	
Assets		
Cash and deposits at Central Banks.....	3,580,546	2,115,945
Loans and advances to credit institutions		
Repayable on demand.....	829,684	1,577,410
Other loans and advances.....	1,887,389	2,913,015
Loans and advances to customers.....	62,618,235	68,045,535
Financial assets held for trading.....	1,690,926	2,145,330
Financial assets available for sale.....	9,223,411	4,774,114
Assets with repurchase agreement.....	4,288	495
Hedging derivatives.....	186,032	495,879
Financial assets held to maturity.....	3,568,966	5,160,180
Investments in associated companies.....	516,980	305,075
Non current assets held for sale.....	1,284,126	1,104,650
Investment property.....	554,233	560,567
Property and equipment.....	626,398	624,599
Goodwill and intangible assets.....	259,054	251,266
Current income tax assets.....	34,037	52,828
Deferred income tax assets.....	1,755,411	1,564,538
Other assets.....	1,124,323	1,790,650
	<u>89,744,039</u>	<u>93,482,076</u>
Liabilities		
Deposits from credit institutions.....	15,265,760	17,723,419
Deposits from customers.....	49,389,866	47,516,110
Debt securities issued.....	13,548,263	16,236,202
Financial liabilities held for trading.....	1,393,194	1,478,680
Other financial liabilities at fair value through profit or loss.....	329,267	2,578,990
Hedging derivatives.....	301,315	508,032
Non current liabilities held for sale.....	-	-
Provisions for liabilities and charges.....	253,328	246,100
Subordinated debt.....	4,298,773	1,146,543
Current income tax liabilities.....	15,588	24,037
Deferred income tax liabilities.....	2,868	2,385
Other liabilities.....	945,629	1,647,208
	<u>85,743,851</u>	<u>89,107,706</u>
Equity		
Share capital.....	3,500,000	6,065,000
Treasury stock.....	(14,212)	(11,422)
Share premium.....	71,722	71,722
Preference shares.....	171,175	171,175
Other capital instruments.....	9,853	9,853
Fair value reserves.....	2,668	(389,460)
Reserves and retained earnings.....	850,021	(1,241,490)
Net income for the year attributable to Shareholders.....	(1,219,053)	(848,623)
	<u>3,372,174</u>	<u>3,826,755</u>
Total Equity attributable to Shareholders of the Bank.....		
Non-controlling interests.....	628,014	547,615
	<u>4,000,188</u>	<u>4,374,370</u>
Total Equity.....	<u>89,744,039</u>	<u>93,482,076</u>

BANCO COMERCIAL PORTUGUÊS
Consolidated Balance Sheet as at 31 March, 2013 and 2012

	<i>31 March</i>	<i>31 March</i>
	<i>2013</i>	<i>2012</i>
	<i>(Thousands of Euros)</i>	
Assets		
Cash and deposits at central banks	2,720,085	1,883,922
Loans and advances to credit institutions		
Repayable on demand.....	776,815	1,130,660
Other loans and advances.....	1,730,770	2,365,719
Loans and advances to customers.....	62,155,955	68,330,387
Financial assets held for trading.....	1,939,793	2,066,045
Financial assets available for sale.....	10,145,753	6,266,559
Assets with repurchase agreement	85,622	9,251
Hedging derivatives.....	173,535	471,523
Financial assets held to maturity.....	3,415,703	3,908,114
Investments in associated companies	524,976	386,442
Non current assets held for sale	1,308,406	1,096,777
Investment property	550,879	562,869
Property and equipment.....	620,922	608,427
Goodwill and intangible assets	255,545	249,317
Current income tax assets.....	29,900	34,536
Deferred income tax assets.....	1,809,746	1,540,229
Other assets	1,229,963	1,117,871
	89,474,368	92,028,648
Liabilities		
Deposits from credit institutions.....	13,944,952	18,754,271
Deposits from customers.....	51,873,398	49,526,288
Debt securities issued	11,884,885	14,560,815
Financial liabilities held for trading	1,256,315	1,265,779
Other financial liabilities at fair value through profit or loss.....	479,856	315,768
Hedging derivatives.....	267,047	376,021
Provisions for liabilities and charges.....	273,485	252,832
Subordinated debt	4,364,859	1,160,119
Current income tax liabilities.....	9,633	13,015
Deferred income tax liabilities	3,019	1,249
Other liabilities.....	1,248,453	1,242,633
Total Liabilities	85,605,902	87,468,790
Equity		
Share capital.....	3,500,000	6,065,000
Treasury stock.....	(16,448)	(11,448)
Share premium.....	71,722	71,722
Preference shares.....	171,175	171,175
Other capital instruments	9,853	9,853
Fair value reserves	8,670	(292,284)
Reserves and retained earnings	(375,930)	(2,063,529)
Net income for the period attributable to Shareholders	151,962	40,759
Total Equity attributable to Shareholders of the Bank	3,227,080	3,991,248
Non-controlling interests.....	641,386	568,610
Total Equity	3,868,466	4,559,858
	89,474,368	92,028,648

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement for the years ended 31 December, 2012 and 2011

	2012	2011
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received.....	3,213,190	3,640,315
Commissions income received.....	965,186	965,688
Fees received from services rendered.....	100,683	102,232
Interest expense paid.....	(2,432,932)	(2,319,143)
Commissions expense paid.....	(292,784)	(159,433)
Recoveries on loans previously written off.....	23,582	21,289
Net earned premiums.....	26,150	23,169
Claims incurred.....	(13,328)	(11,076)
Payments to suppliers and employees.....	(1,625,076)	(1,805,189)
	(35,329)	457,852
<i>Decrease / (increase) in operating assets:</i>		
Loans and advances to credit institutions.....	619,383	(1,054,839)
Deposits with Central Banks under monetary regulations.....	(993,619)	(133,961)
Loans and advances to customers.....	6,357,851	5,257,606
Short term trading account securities.....	547,853	3,083,023
<i>Increase / (decrease) in operating liabilities:</i>		
Deposits from credit institutions repayable on demand.....	151,589	25,050
Deposits from credit institutions with agreed maturity date.....	(2,700,665)	(2,608,353)
Deposits from clients repayable on demand.....	611,382	(151,127)
Deposits from clients with agreed maturity date.....	1,133,056	2,036,816
	5,691,501	6,912,067
Income taxes (paid) / received.....	(34,344)	(64,463)
	5,657,157	6,847,604
Cash flows arising from investing activities		
Dividends received.....	8,805	7,717
Interest income from available for sale financial assets and held to maturity financial assets.....	490,014	401,043
Proceeds from sale of available for sale financial assets.....	19,555,462	22,427,343
Available for sale financial assets purchased.....	(69,710,243)	(43,954,493)
Proceeds from available for sale financial assets on maturity.....	46,249,984	19,057,945
Acquisition of fixed assets.....	(113,378)	(103,172)
Proceeds from sale of fixed assets.....	13,817	6,002
Decrease/ (increase) in other sundry assets.....	(595,786)	(1,237,633)
	(4,101,325)	(3,395,248)
Cash flows arising from financing activities		
Issuance of subordinated debt.....	3,160,479	416,100
Reimbursement of subordinated debt.....	(43,921)	(1,224,616)
Issuance of debt securities.....	9,845,201	3,098,189
Reimbursement of debt securities.....	(13,383,919)	(6,999,746)
Issuance of commercial paper and other securities.....	20,687	3,367,283
Reimbursement of commercial paper and other securities.....	(1,445,406)	(2,250,846)
Share capital increase.....	487,405	249,991
Dividends paid to non-controlling interests.....	(10,746)	(19,154)

	<u>2012</u>	<u>2011</u>
	<i>(Thousands of Euros)</i>	
Increase / (decrease) in other sundry liabilities and non-controlling interests	<u>(916,949)</u>	<u>266,740</u>
	<u>(2,287,169)</u>	<u>(3,096,059)</u>
Exchange differences effect on cash and equivalents.....	<u>25,083</u>	<u>(40,190)</u>
Net changes in cash and equivalents.....	<u>(706,254)</u>	<u>316,107</u>
Cash and equivalents at the beginning of the year	<u>2,268,554</u>	<u>1,952,447</u>
Cash (note 19)	<u>732,616</u>	<u>691,144</u>
Other short term investments (note 20)	<u>829,684</u>	<u>1,577,410</u>
Cash and equivalents at the end of the year	<u><u>1,562,300</u></u>	<u><u>2,268,554</u></u>

BANCO COMERCIAL PORTUGUÊS

Evolution of the Solvency Ratio on the first quarter of 2013

Following the request submitted by the Bank, the Bank of Portugal authorised the adoption of methodologies based on Internal Rating Models (“**IRB**”) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the gradual adoption of the IRB methodologies for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of this methodology to the subclasses of risk “Renewable Retail Positions” and “Other Retail Positions” in Portugal with effect as from 31 December 2011. Afterwards, with effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of Credit Conversion Factors (“**CCF**”) for exposures of the class of risk “Companies” in Portugal and the adoption of IRB methodologies for “Loans secured by residential real estate” and “Renewable positions” of the Retail portfolio in Poland.

At the end of the first quarter of 2013, the Core Tier 1 ratio stood at 12.1% in accordance with the Bank of Portugal rules and at 9.6% in accordance with EBA rules (12.4% and 9.8%, respectively, at the end of 2012), reflecting the reduction of the Core Tier 1 ratio (by Euro 90 million in accordance with the Bank of Portugal rules and by Euro 56 million in accordance with EBA rules) and the increase in risk weighted assets (by Euro 355 million) in the first quarter of 2013.

The decrease of Core Tier 1 calculated by the rules of the Bank of Portugal was mainly influenced by negative net income posted for the first quarter of 2013 (Euro 152 million), despite the positive effects mostly associated with the lower deductions related to deposits with higher interest rates (Euro 26 million), with the increases in non-controlling interests (Euro 24 million) and in fair value reserves of Millenniumbcp Ageas (Euro 15 million). Compared with the figures obtained in accordance with the Bank of Portugal rule, the figures determined by the EBA rules benefited from the decrease in the deductions related to significant investments and from the shortfall of impairment to expected loss (Euro 34 million).

The increase of risk weighted assets was mostly influenced by the unfavourable impacts associated with the deterioration of the credit risk of some customers and the increase of market risk, which more than offset the positive effect determined by the reduction in credit exposures observed over the first quarter of 2013.

SOLVENCY

	31 Mar. 13	31 Dec. 12
	<i>Euro million</i>	
Own funds		
Core Tier 1.....	6,489	6,579
Preference shares and perpetual subordinated debt securities with conditional coupons.....	172	173
Other deduction ⁽¹⁾	(496)	(530)
Tier 1 capital.....	6,165	6,223
Tier 2 capital.....	730	697
Deductions to total regulatory capital.....	(146)	(146)
Total Regulatory Capital.....	6,750	6,773
Risk Weighted Assets.....	53,625	53,271
Solvency ratios		
Core Tier 1.....	12.1%	12.4%
Tier 1	11.5%	11.7 %
Tier 2	1.1%	1.0%
Total.....	12.6%	12.7%
Core Tier 1 ratio EBA⁽²⁾	9.6%	9.8%

(1) Includes deductions related to the shortfall of the stock of impairment to estimated losses and to significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

(2) Core Tier 1 ratio in accordance with the criteria of EBA. In this scope, core tier 1 in accordance with the rules of the Bank of Portugal was deducted of the "Other deductions (1)" and of the buffer to sovereign risks (Euro 848 million); the risk weighted assets do not have adjustments.

Note: The Bank received authorisation from the Bank of Portugal to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. In the scope of the gradual adoption of the IRB methodologies for the calculation of capital requirements for credit and counterparty risk, the Bank of Portugal authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. Afterwards, with effect as from 31 December 2012, the Bank of Portugal authorised the use of own estimates of CCF for exposures of the class of risk "Companies" in Portugal and the adoption of IRB methodologies for "Loans secured by residential real estate" and "Renewable positions" of the Retail portfolio in Poland. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

TAXATION

1. 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 different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the "Terms and Conditions of the Notes" or any related documentation.

Notes issued by BCP Finance

Interest and other investment income obtained by Portuguese resident individuals on Notes issued by BCP Finance is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at 35%, which is the final tax on that income. 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 35% will apply, which is the final tax on that income.

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.

Gains obtained on the disposal of Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 28%, which is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 53%, to which a 3.5% surtax is to be added. 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 municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000 and at 5% on taxable profits in excess of Euro 7,500,000.

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 nonresident acting through a Portuguese permanent establishment is subject to corporate tax at 25%. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000 and at 5% on taxable profits in excess of Euro 7,500,000.

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

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 28%, which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 53% to which a 3.5% surtax is to be added. 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.

Gains obtained on the disposal of Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 28%, which is the final tax on that income, unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 53% to which a 3.5% surtax is to be added. Accrued interest qualifies as interest for tax purposes.

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

Interest or other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to Portuguese corporate tax at 25% and may be subject to a municipal surcharge ("*derrama municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000 and at 5% on taxable profits in excess of Euro 7,500,000. Withholding tax at 25% applies to interest and other investment income, which is deemed a payment on account of the final tax due. The withholding (and final) tax rate is 21.5% in the case of entities benefitting from an exemption from tax under Articles 9 and 10 of the corporate tax code that does not apply to investment income. The corporate tax rate is 21.5% in the case of entities not carrying on an activity of a commercial, industrial or agricultural nature.

The annual positive difference between capital gains and capital losses deriving from the sale of Notes and other debt securities, shares and other financial instruments by investment funds created and operating under Portuguese legislation is subject to a tax at 25%.

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.

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a nonresident acting through a Portuguese permanent establishment is subject to Portuguese corporate tax at 25%. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 7,500,000 and at 5% on taxable profits in excess of Euro 7,500,000.

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 without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at 28% (individuals) or 25% (legal persons), which is the final tax on that income. The rate is 35% in the case of individuals or legal persons domiciled in a country included in the “tax havens” list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November).

Interest and other investment income paid or made available (“*colocado à disposição*”) to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 35%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal, the withholding tax rate may be reduced to 15, 12, 10 or 5%, 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*”) no. 4743-A/2008 (2nd series), as rectified on 29 February 2008, published in the Portuguese official gazette, second series, no. 43, of 29 February 2008, of the Portuguese Minister of Finance and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

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

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

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

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

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

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

The reduction of the withholding tax rate may take place at source or through the refund of excess withholding tax. The forms currently applicable for the reduction of the withholding tax rate and for the refund of excess withholding tax where the minimum holding period is met after withholding tax becomes due were approved by Order (“*Despacho*”) no. 4727/2009, (2nd series), published in the Portuguese Official Gazette, second series, no.

27, of 9 February 2009, and may be available for viewing and downloading at www.portaldasfinancas.gov.pt. The refund of excess withholding tax in other cases is subject to the general procedures.

Capital gains obtained on the disposal of Notes by an individual non-resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 28%, which is the final tax on that income. An exemption applies, unless the individual is resident in a country included in the “tax havens” list approved by Ministerial Order no.150/2004, of 13 February 2004 (as amended by Ministerial Order no. 292/2011, of 8 November 2011). 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 2004 (as amended by Ministerial order no. 292/2011. of 8 November 2011). If the exemption does not apply, the gains will be subject to tax at 25%.

Under the tax treaties entered into by Portugal, the above 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 (except for Notes with a maturity of less than one year) held through a centralized 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 (except for Notes with a maturity of less than one year), 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 (as amended by Ministerial order no. 292/2011 of 8 November), 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 an 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 is tax exempt or benefits 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 or from Portuguese withholding tax. The current forms for these purposes were approved by Order (“*Despacho*”) no. 4980/2006 (2nd series), of the Portuguese Minister of Finance and Public Administrations (currently “*Ministro das Finanças*”), published in the Portuguese official gazette, second series, no. 45, of 3 March 2006, and may be available for viewing and downloading at www.portaldasfinancas.gov.pt
- (ii) Alternatively, filing a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of the beneficial owners, stating their address, taxpayer 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*”) no. 3714/2006 (2nd series), published in the Portuguese official gazette, second series, no. 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 and downloading at www.portaldasfinancas.gov.pt.

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

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

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax is 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 (Form 19-RFI) for these purposes was approved by Order (“*Despacho*”) no. 4980/2006 (2nd series), published in the Portuguese official gazette, 2nd series, no. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently “*Ministro das Finanças*”) and may be available for viewing and downloading at www.portaldasfinancas.gov.pt

The refund of withholding tax in other circumstances or after the above 90 days period is to be claimed to the Portuguese tax authorities under the general procedures or through Form 22-RFI, approved by Order (“*Despacho*”) no. 4743-A/2008 (2nd series), as rectified on 29 February 2008, published in the Portuguese official gazette, second series, no. 45, of 29 February 2008, of the Portuguese Minister of Finance and may be available for viewing and downloading at www.portaldasfinancas.gov.pt. and within the general deadlines.

2. 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, (being 28 April 1998) 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.

3. 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 United Kingdom law and published HM Revenue or Customs ("HMRC") 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.

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

4. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 January 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the later of (a) 1 January 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes

characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The U.S. Department of the Treasury has announced that it is actively engaged in a dialogue towards concluding an IGA with the Cayman Islands.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and/or held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor (as the case may be), any paying agent and the any common depository or common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that Notes, other than Book Entry Notes, may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

5. The proposed financial transactions tax

The European Commission has published a proposal for a Directive for a common financial transaction tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

6. Withholding under the EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Clearstream, Luxembourg, Euroclear or Interbolsa (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers believe to be reliable, but neither the Arranger nor any of the Dealers takes any responsibility for the accuracy thereof. 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, any agent party to the Agency Agreement, the Arranger or any of the Dealers 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.

Euroclear and Clearstream, Luxembourg

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

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

Book Entry 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 the amount of securities so held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal, Caixa Geral de Depósitos, S.A. and Interbolsa, as the controlling entity, all participate in such centralised system.

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

In relation to each issue of securities, Interbolsa’s centralised system comprises, inter alia, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa’s centralised system, and which reflect the securities held by such participant on behalf of its customers 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 Central de Valores Mobiliários, 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 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 on behalf of Euroclear and Clearstream, Luxembourg.

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

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

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

Transfer of Book Entry Notes held through Interbolsa

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes 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 17 July 2013 (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 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 (for Notes issued by BCP Finance and guaranteed by the Bank acting through its Macao branch), has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme. Each Issuer may also agree to issue Notes to Issue Dealers who shall enter into the Dealer Agreement with such Issuer for the purpose only of a particular issue or issues of Notes under the Programme on, and subject to, the terms of the Dealer Agreement. Dealers will be entitled in certain circumstances to be released from their obligations under the Dealer Agreement in respect of the issue and purchase of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

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 and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, 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
- (d) 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 (d) 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

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;
- (e) 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
- (f) 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 (2012 Revision) or a foreign company registered pursuant to Part IX of the Companies Law (2012 Revision) or any such company acting as general partner of a partnership registered pursuant to Section 9(1) of the Exempted Limited Partnership Law (2012 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 (as Revised).

Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99, of 13 November 1999, as amended, unless the requirements and provisions applicable to the public offerings in Portugal are met and the registration or approval by the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*) (the “CMVM”) or a recognition procedure is made with the CMVM. In addition, each Programme dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (“*oferta pública*”) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal other than in compliance with all applicable provisions of the Portuguese Securities Code, any regulations 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.

France

Each of the Dealers and the Issuers has represented and agreed that:

- (a) Public Offer in France:

It has only made and will only make Public Offer of Notes in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the Autorité des marchés financiers (the “AMF”), on the date of such approval or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the base prospectus all in accordance with Articles L.412-1 and L.621-8 of the French Code monétaire et financier and the Règlement général of the AMF; or

- (b) Private placement in France:

In connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to qualified investors (investisseurs qualifiés), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Code monétaire et financier.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction, in particular **Australia, South Africa** and **Canada**, 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, in particular Australia, South Africa and Canada, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme have been duly authorised by resolutions of the Board of Directors of the Bank dated 3 September 1998, 9 November 1999, 20 November 2000, 7 December 2001, 16 December 2002, 14 November 2003, 12 November 2004, 7 December 2005, 11 September 2006, 2 April 2007, 22 April 2008, 21 April 2009, 19 April 2010 and 5 April 2011 and by resolutions of the Executive Committee of the Bank dated 19 June 2012 and 2 July 2013 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, 11 September 2006 and 2 April 2007. The Board of Directors of BCP Finance duly authorised the establishment and update of the Programme and the issue of Notes under the Programme by resolutions dated 7 October 1998, 11 November 1999, 24 November 2000, 17 December 2001, 17 December 2002, 19 November 2003, 19 November 2004, 12 December 2005, 18 September 2006, 17 April 2007, 22 April 2008, 27 April 2009, 20 April 2010, 9 May 2011, 25 June 2012 and 12 July 2013, and the increase in the Programme limit by resolutions dated 11 November 1999, 24 November 2000, 17 December 2001, 19 November 2003, 19 November 2004, 12 December 2005, 18 September 2006 and 17 April 2007. The giving of the Guarantee has been duly authorised by resolution of the Board of Directors of the Bank dated 28 June 2013.

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 19 July 2013.

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 on 31 December 2011 and 31 December 2012;
- (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 unaudited 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 on 31 December 2011 and 31 December 2012 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, Notes in definitive form, Coupons and Talons from time to time issuable under the Programme);
- (vi) copy of this Offering Circular; and

- (vii) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Offering Circular and any other documents incorporated herein or therein by reference.

The information mentioned in (i) to (iii) above represent an accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

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.

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 Interbolsa is Avenida da Boavista, 3433-4100 Oporto.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price, using the formula set out below. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

$$P = \frac{C}{r} (1 - (1+r)^{-n}) + A(1+r)^{-n}$$

Where:

“P” is the Issue Price of the Notes;

“C” is the annualised amount of interest payable;

“A” is the principal amount of Notes due on redemption;

“n” is time to maturity in years; and

“r” is the annualised yield.

Significant or Material Change

Save as disclosed in the section entitled “Recent Developments in 2013” on pages 153 and 154 of this Offering Circular, there has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 March 2013. There has been no material adverse change in the prospects of the Bank or Banco Comercial Português Group since the date of the last audited annual accounts, 31 December 2012.

There has been no significant change in the financial or trading position of BCP Finance since 31 December 2012.

There has been no material adverse change in the prospects of BCP Finance since the date of the last audited accounts, 31 December 2012.

Litigation

1. As mentioned in note 56 to the 2012 consolidated financial statements of the Bank, quoting:

“At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by the Bank of Portugal against the Bank and against seven former Directors and two Managers, “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 Bank of Portugal, in particular in what respects 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 proceedings were initiated “based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Bank of Portugal, in particular in previous inspections carried out”. On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings no. 24/07/CO instructed by the Bank of Portugal, in which this Authority charges the Bank and the other defendants, with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by the Bank of Portugal, that do not cause serious damages to the knowledge of the company’s assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

b) the (i) omission of information and communications to the Bank of Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euros 750 and Euros 750,000. However, the (i) provision of false information or (ii) of incomplete information to the Bank of Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euros 2,500 and Euros 2,494,000.

According to the charges, each offence is punishable by a fine between Euros 2,493.99 and Euros 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of the Bank of Portugal, applying to it, as primary sanction, a single fine of Euros 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euros 4,470,000. The Board of Directors of the Bank of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank objected to this decision and has already been informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and in September, the Court heard the witnesses so as to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and Banco of Portugal appealed this decision. The Bank and other defendants have already presented their counter-claim.

On 5 July 2012, the Bank was notified of the decision of the Tribunal da Relação de Lisboa (Lisbon court of appeals) which approved the appeals presented by Banco de Portugal and by the public prosecution, and revoked the decision appealed, determining that, “there being no other reason not to, the trial hearing shall be continued and at the appropriate moment, a decision will be made based on the evidence”.

Several defendants (natural persons) presented an appeal to the Constitutional Court and the proceeding is waiting to be appraised.”

Regarding the administrative proceedings brought by the Banco de Portugal no. 24/07/CO, the Constitutional Court, by decision of 21 March 2013, rejected the appeal presented to the Constitutional Court referred to above.

2. As mentioned in note 56 to the 2012 consolidated financial statements of the Bank, quoting:

“On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts, and to present in this process a request for an indemnity.

Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (Lisbon criminal court section) to recognise that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals, which was admitted by the first instance court but has a merely devolutive effect, being passed to the higher court only with the eventual appeal that ends the proceedings.”

The debate and trial hearing is currently underway, the Bank not having so far filed any proceedings in civil courts.

At present time, the existing circumstances do not allow either a certainty of filing by the Bank or a quantification of a potential civil claim from the Bank.

3. As mentioned in note 56 to the 2012 consolidated financial statements of the Bank, quoting:

“On 22 June 2012, three companies controlled by the same physical person, the Ring Development Corp., the Willow Securities Inc., and the Lisop Sociedade de Serviços Investimentos e Comércio de Imobiliários Lda. (the “Plaintiffs”) brought forward a lawsuit in the courts of Lisbon against Banque Privée BCP (Suíça) S.A. and the Bank requesting: (i) compensation for an unspecified amount, but always above Euros 40 million, for alleged damages and (ii) that certain loan agreements established between the Plaintiffs and Banque Privée BCP (Suisse) S.A. in 2008,

amounting to a total of around Euros 80 million be declared null but without the subsequent legal duty to return the funds borrowed. Notwithstanding the fact that the agreements are ruled by the Swiss law, the Plaintiffs based their request for the agreements to be declared null on an alleged violation of the provisos of the Portuguese Companies Code, stating that the loan agreements were made to enable the Plaintiffs to purchase shares of the Bank and on the fact that they had been forced to enter into the same. The Plaintiffs based their compensation request on alleged losses incurred due to the fact that Banque Privée BCP (Suisse) S.A. triggered the agreements' clause, selling the listed shares given as pledge at base prices, as foreseen in the loan agreements, and that the Plaintiffs were not given the possibility to continue to trade the pledged assets after the execution.

The loan agreements are ruled by the Swiss Law and subject to the jurisdiction of the Swiss courts and the Bank was informed that, according to the Swiss law, the Plaintiffs' request is not likely to be granted. Since the lawsuit was brought forward in the Portuguese courts, if the Portuguese courts decide to try the same, its outcome may be uncertain. Since the Bank believes that the Plaintiffs' request has no grounds, the Bank did not make any provisions regarding this litigation.

On 29 October 2012, the Bank presented its arguments. Banque Privée BCP (Suisse) S.A. requested that the citation be considered null; the request was accepted and an order was issued for the repetition of the citation, and the same was repeated on 08 January 2013, and Banque Privée now has 60 days to present its arguments."

In this respect, Banque Privée, in the meantime, presented its arguments and the plaintiffs filed their responses. At this stage it is not possible to quantify any amounts under these claims.

4. On 10 August 2010, the U.S. Securities and Exchange Commission (the "SEC") initiated a Formal Order of Investigation styled In the Matter of Millennium BCP (NY-8329) (the "SEC Investigation"). The SEC staff has indicated that the SEC Investigation was initiated after receipt of a complaint from a U.S. customer who also filed an action in the United States Courts (which action has been contested by BCP and ultimately, as requested by BCP, was fully dismissed by the Court which dismissal was upheld by Court of Appeals).

BCP, with respect of the legally applicable framework, responded and cooperated with the request made by SEC for information, and, on March 18 2013, BCP without accepting or denying the findings, accepted to pay a total amount of USD 1,892,058.00.

Save as disclosed above in this section entitled "Litigation", 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 on 31 December 2011 and 31 December 2012 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 2011 by KPMG & Associados, SROC, S.A., independent certified public accountants (**KPMG**).

All financial information in this Offering Circular relating to the Bank for the years ended on 31 December 2011 and 31 December 2012 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 on 31 December 2011 and 31 December 2012 were prepared in accordance with International Financial Reporting Standards and audited in accordance with International Standards on Auditing by KPMG independent certified public accountants.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors or any other expert or other person in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or any

other expert or other person in connection therewith contains any limit on the liability of the Auditors or any other expert or other person.

Dealers transacting with the Issuer and the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Bank and their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Bank or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Bank routinely hedge their credit exposure to the Issuer or the Bank in a way consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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