

MERGER

PROJECT

of

BANCO COMERCIAL PORTUGUÊS, S.A.

and

BANCO DE INVESTIMENTO IMOBILIÁRIO, S.A.



(Page intentionally in blank)

A handwritten signature in black ink, appearing to be 'C. W.' with a stylized flourish.

Table of contents

A - TYPE, MOTIVE, OBJECTIVES AND MERGER CONDITIONS

B - THE COMPANY, REGISTERED OFFICE, THE AMOUNT OF SHARE CAPITAL AND THE NUMBER IN THE COMPANIES REGISTRY AND TIN OF EACH ONE OF THE INTERVENIENT COMPANIES

C - STAKE THAT ANY OF THE COMPANIES MAY HAVE IN THE SHARE CAPITAL OF OTHER COMPANIES

D - BALANCE SHEETS OF THE INTERVENIENT COMPANIES

E - SHARES TO BE GRANTED TO THE SHAREHOLDERS OF THE INCORPORATING COMPANY

F - CHANGES TO THE ARTICLES OF ASSOCIATION OF THE INCORPORATING COMPANY

G - MEASURES TO PROTECT THE RIGHTS OF THIRD PARTIES WHO ARE NOT SHAREHOLDERS AND ARE ENTITLED TO PART OF THE COMPANY'S PROFITS

H - TYPE OF PROTECTION FOR THE RIGHTS OF CREDITORS

I - DATE AFTER WHICH THE OPERATIONS OF THE INCORPORATED COMPANY SHALL BE CONSIDERED AS BEING MADE BY THE INCORPORATING COMPANY IN TERMS OF ACCOUNTING

J - RIGHTS ENSURED BY THE INCORPORATING COMPANY TO THE SHAREHOLDERS OF THE INCORPORATED COMPANY, HOLDERS OF SPECIAL RIGHTS

L - ANY SPECIAL ADVANTAGES GRANTED TO THE EXPERTS INTERVENING IN THE MERGER AND TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISION BODIES OF THE COMPANIES MERGED

M -DELIVERY OF THE SHARES OF THE INCORPORATING COMPANY AND DATE AFTER WHICH SUCH SHARES ENTITLE THE SHAREHOLDERS TO RECEIVE PROFITS

N - LEGAL, ECONOMIC AND SOCIAL CONSEQUENCES FOR EMPLOYEES AND MEASURES RELATED TO THEM

O - TAXATION



(Page intentionally in blank)

Handwritten signature or initials in the bottom right corner of the page.

A - TYPE, MOTIVE, OBJECTIVES AND MERGER CONDITIONS

1 - Type

The companies **Banco Comercial Português, S.A.** (hereinafter **BCP**) and **Banco de Investimento Imobiliário, S.A.** (hereinafter **BII**) are planning to carry out a restructuring and consolidation operation involving the merger through a global transfer of **BII**'s assets to **BCP** with subsequent extinction of the incorporated company, pursuant to article 97 (1) (a) and (4) and under the terms of article 116, both of the Companies Code.

2 - Rationale, objectives and merger conditions

Rationale and merger objectives

This Plan, framed within the restructuring and reorganization process of the companies that are part of Banco Comercial Português Group, is fundamentally justified for strategic reasons related to the process of organizational simplification that has been taking place in recent years.

In accordance with the 2021 Strategic Plan, the Banco Comercial Português Group's business model for the domestic market is focused on BCP's activity in retail banking, which is segmented in order to best serve Customer interests, both through a value proposition based on innovation and speed aimed at Mass-market Customers, and through the innovation and personalised management of service targeting Prestige, Business, Companies, Corporate and Large Corporate Customers. Retail Banking activity also has a bank aimed specifically at Customers who are young in spirit, intensive users of new communication technologies and prefer a banking relationship based on simplicity and offering innovative products and services, ActivoBank, S.A.

In this context and with the purpose of eliminating redundant structures, it is considered timely and appropriate to follow the procedures that have been adopted to reduce, where possible, the number of companies whose activity is redundant and residual, using for this purpose, once again, the merger by incorporation methodology.

In this regard, the business of Banco de Investimento Imobiliário will be integrated with the rest of the Group of which this company is part of, bringing the respective models of operation closer, and doing so without a cost increase for the Group, since the back-office operations, for the domestic distribution network, are already integrated into BCP, in order to benefit from economies of scale.

BCP will carry on the business developed by **BII**, and this will be an opportunity to develop the business and explore synergies gains (of costs and revenues).

The proposed merger intends to bring about an integrated model, according to which the banking business in Portugal will be developed primarily through **BCP**, without prejudice to maintaining the management model oriented to the different activities grouped in Business Units organically integrated in this Bank.

The proposed incorporation of **BII** will allow the elimination of the costs associated with the maintenance of a legally autonomous credit institution and will also, like all other mergers of financial institutions done by **BCP** in the past, ensure efficiency gains through the rationalisation of the operating areas, of the Back Office, and of other support functions.

The Activities of the Incorporated Company and its Integration into the Incorporating Company

As a result of the merger, the incorporating company (**BCP**) will continue the activities currently carried out by the incorporated company (**BII**).

As part of the restructuring/merger of **BCP** Group carried out in the first 10 years of the 21st century, the merger of **BII** into **BCP** was scheduled, justified by the acquisition by **BCP** of the entire share capital of **BII**, a bank which, until then, largely concentrated the business of real estate leasing, home loans and real estate development of the Group.

However, during the period in which **BCP** was under public aid, this type of corporate restructuring was relegated to a secondary role, with the first priority being given to other measures with greater impact on the restructuring of the consolidated financial statements and operating cost base, and only later were addressed issues that are essentially related to administrative simplification and organisational structure.

Within the scope of the Group's restructuring process, all new real estate business started, from 2006 on, to be promoted directly by **BCP**, and **BII** was limited to the management of its existing portfolio, which it has been doing totally relying on the structures of **BCP** itself.

Merger conditions

In order to carry out the purpose of this Project, in accordance with the above mentioned, and after approval by the corporate bodies of the companies involved, the required prior authorization will be requested, under Article 35 of the General Regime of Credit Institutions and Financial Companies of the Supervisory Authority, and the deed of the merger will be dependent on the granting of such authorisation.

Taking all these facts into consideration and in accordance with article 116 of the Companies Code, the merger herein projected will be registered without a prior resolution adopted by the General Meeting of the companies involved, in case the respective call is not required in accordance with the provisions of article 116 (3) (d) of the Companies Code, which is, for all legal purposes hereby declared, being also the above mentioned publication preceded by the notice to the creditors mentioned by article 100 also in the Companies Code.

Pursuant to the above mentioned Article 116 (2) of the same Code, the legal provisions relating to the reports of the corporate bodies and experts and the responsibilities of these bodies and experts shall not apply to this Merger Project.

In effect, no interests of members of the incorporated company are in danger and, on the other hand, the interests of the shareholders of the incorporating company are not undermined, since the incorporated company already belonged totally to the company of which they are shareholders.

The shareholders of the incorporating company and its creditors and those of the incorporated company may consult, at the registered office of each company, the documents mentioned by article 101 of the Companies Code as of the date when the notice to the creditors previously mentioned is published.

B - THE COMPANY, REGISTERED OFFICE, THE AMOUNT OF SHARE CAPITAL AND THE NUMBER IN THE COMPANIES REGISTRY AND TIN OF EACH ONE OF THE INTERVENIENT COMPANIES

1 - INCORPORATING COMPANY:

BANCO COMERCIAL PORTUGUÊS, S.A. (BCP)

Company open to public investment

Registered Office: Praça D. João I, 28, freguesia de Santo Ildefonso, 4000-295 Porto

Share capital: EUR 4,725,000,000

Registered in the Commercial Registry Office of Oporto

Single registration and tax identification number 501 525 882

2 - INCORPORATED COMPANY:

BANCO DE INVESTIMENTO IMOBILIÁRIO, SA (BII)

Registered Office: Rua Augusta, 28 - Lisbon

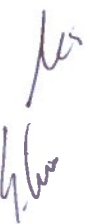
Share capital: EUR 17,500,000

Registered in the Commercial Registry Office of Lisbon

Single registration and tax identification number 502 924 047

C - STAKE THAT ANY OF THE COMPANIES MAY HAVE IN THE SHARE CAPITAL OF OTHER COMPANIES

Banco Comercial Português, S.A. owns 100% of the share capital of Banco de Investimento Imobiliário, S.A.



D - BALANCE SHEETS OF THE INTERVENIENT COMPANIES

The balance sheets herein transcribed correspond to the balances of the financial year ended on 30 June 2019. They contain, in accordance with paragraph d) of no. 1 of article 98 of the CC, the value of the assets and liabilities to be transferred to BCP.

Ms
h/la
o

INDIVIDUAL BALANCE SHEETS

	BCP SA (30 June 2019)	BII SA (30 June 2019)
ASSETS		
Cash and deposits at Central Banks	2 295 521	-
Loans and advances to credit institutions	143 275	47 033
Financial assets at amortised cost		
Other loans and advances to credit institutions	1 189 873	34 650
Loans to customers	31 367 529	1 058 390
Debt securities	2 609 591	-
Financial Assets at fair value through profit or loss		
Financial assets held for trading	708 316	-
Financial assets Not held for trading mandatorily at fair value through profit or loss	1 564 504	1 903
Financial Assets designated at fair value through profit or loss	31 544	-
Financial assets at fair value through other comprehensive income	8 320 491	771 779
Hedging derivatives	175 439	3 347
Investments in subsidiaries and associated companies	3 276 905	-
Non-current assets held for sale	1 108 529	106 585
Other tangible assets	374 831	-
Intangible assets	28 895	-
Current tax assets	31 494	-
Deferred tax Assets	2 629 498	43 968
Other assets	1 323 648	20 786
TOTAL ASSETS	57 179 883	2 088 441
LIABILITIES		
Financial assets at amortised cost		
Resources from credit institutions	7 820 826	1 639 455
Resources from costumers and other liabilities	35 664 044	1
Non-subordinated debt securities issued	1 510 927	-
Subordinated debt	822 967	35 008
Financial Assets at fair value through profit or loss		
Financial liabilities held for trading	335 746	382
Financial Liabilities designated at fair value through profit or loss	3 514 498	-
Hedging derivatives	144 568	38 825
Provisions	260 628	10 876
Current tax liabilities	1 656	1 330
Other liabilities	1 051 121	114 375
TOTAL LIABILITIES	51 126 981	1 840 252
EQUITY		
Capital	4 725 000	17 500
Issue premium	16 471	-
Other equity instruments	402 922	-
Legal and statutory reserves	240 535	17 273
Merger Reserve	-	-
Reserves and retained earnings	667 974	213 416
TOTAL EQUITY	6 052 902	248 189
	57 179 883	2 088 441

To be read with the notes to the individual condensed interim financial statements

E - SHARES TO BE GRANTED TO THE SHAREHOLDER OF THE INCORPORATING COMPANY

Since the merger is being planned pursuant to Article 116 of the Companies Code, the provisions regarding the exchange of shareholdings do not apply.

F - CHANGES TO THE ARTICLES OF ASSOCIATION OF THE INCORPORATING COMPANY

The project for the merger does not foresee any changes in the articles of association of the incorporating company.

G - MEASURES TO PROTECT THE RIGHTS OF THIRD PARTIES WHO ARE NOT SHAREHOLDERS AND ARE ENTITLED TO PART OF THE COMPANY'S PROFITS

Considering the features of the merger project and since there are no third parties, who are not shareholders, entitled to part of the incorporated companies' profits, which until the merger, shall be directly and entirely owned by the incorporating company, none of the protection measures foreseen in article 98 (1) (g) of the Companies Code will be adopted.

H - TYPE OF PROTECTION FOR THE RIGHTS OF CREDITORS

Based on the features of the liabilities of the companies involved and the form of the merger project, there are no creditors whose rights require special protection. For all purposes and in compliance with provisions of article 100, ex vi article 116, (3) (b) of the Companies Code, an announcement will be made addressing the creditors and the measures to protect them set forth by the applicable rulings shall be observed.

I - DATE AFTER WHICH THE OPERATIONS OF THE INCORPORATED COMPANY SHALL BE CONSIDERED AS BEING MADE BY THE INCORPORATING COMPANY IN TERMS OF ACCOUNTING

In terms of accounting, the operations of the incorporated company will be deemed as made on account of the incorporating company as from 1 January 2019, inclusive onwards, except if, because the necessary authorization from ECB is still pending, it is not possible to request the registration of the merger before 31 December 2019, case when the date of the accounting effects to be considered will be 1 January 2020 inclusive, that is, the first day of the tax year when the registration of the merger is requested.

J - RIGHTS ENSURED BY THE INCORPORATING COMPANY TO THE SHAREHOLDERS OF THE INCORPORATED COMPANY, HOLDERS OF SPECIAL RIGHTS

Because of the features of the merger project and because there are no Shareholders with special rights, no measures will be taken to safeguard the interests of the shareholders of the incorporated companies.

L - ANY SPECIAL ADVANTAGES GRANTED TO THE EXPERTS INTERVENING IN THE MERGER AND TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISION BODIES OF THE COMPANIES MERGED

No special advantages were foreseen to be granted to the experts intervening in the merger and to the members of the management and supervision bodies of the companies that participate in the merger.

M - DELIVERY OF THE SHARES OF THE INCORPORATING COMPANY AND DATE AFTER WHICH SUCH SHARES ENTITLE THE SHAREHOLDERS TO RECEIVE PROFITS

Due to the features of this merger, the provisos of article 98 (1) (m) of the Companies Code do not apply.



N - Legal, economic and social consequences for employees and projected measures related to them

The merger shall not imply redundancy or suppression of work stations since the activity developed by the incorporated company, exception made to the activity developed by the members of the supervision and management bodies, is already on this date carried out by means of the provision of services by the incorporating company and the employees of the incorporated company have already been assigned to BCP, performing functions which will not be affected by the merger. Consequently, the only alteration deriving from the projected merger will be the fact that the employees with a work contract with BII will now have a work agreement established directly with BCP.

We do must point out that, since both companies are subscribers of the same regulator instruments (Collective Work Agreements signed, on one hand with the Unions of the Banking Employees of the North, Centre and South and Islands and, on the other, with the Banking Staff and Technicians Union and the Banking Independent Union) with the application in both companies of the same principles and guidelines regarding the management of staff, there is no unfavourable consequence for the employees, who will keep their respective rights, namely seniority, categories, levels, remunerations and social benefits, namely regarding the social security regime and the respective health plan.

O - TAXATION

We consider that the merger project is able of being ruled by article 60 (3) (a) of the Tax Benefits Statute, being automatically applicable to them the exemptions foreseen in number 1 of the above mentioned article.

The merger project herein described is also able of being ruled by article 73 (1) (a) of the Portuguese Corporate Tax Code (IRC), being, consequently, applicable to it the tax neutrality regime foreseen in article 73 and following of the IRC Code. In accordance with this regime, and if some specific requirements are met, the merger operations are fiscally neutral, i.e. the moment the operation is made any result will be computed as a consequence of the merger, all will happen, for tax purposes, as if a transfer of asset elements did not occur, being the tax liability assessed, in the future, within the scope of the beneficiary company.

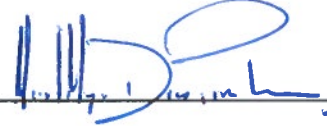


Lisbon, 12 September 2019

THE MANAGING BODIES OF THE PARTIES

On behalf of the Board of Directors of
BANCO COMERCIAL PORTUGUÊS, S.A.





On behalf of the Board of Directors of
BANCO DE INVESTIMENTO IMOBILIÁRIO, S.A.

