

This document constitutes the base prospectus of Banco BPI, S.A., Banco BPI Cayman Ltd. and BPI Capital Finance, Ltd. in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29th April, 2004 ("*Non-Equity Securities*") (the "*Prospectus*").



BANCO BPI, S.A.

(incorporated with limited liability in the Republic of Portugal)

acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch

and

BANCO BPI CAYMAN LTD.

(incorporated with limited liability in the Cayman Islands)

and

BPI CAPITAL FINANCE, LTD.

(incorporated with limited liability in the Cayman Islands)

(each an "*Issuer*" and together the "*Issuers*")

with obligations under Notes issued by Banco BPI Cayman Ltd. and BPI Capital Finance, Ltd. being unconditionally and irrevocably guaranteed by Banco BPI, S.A. acting through its Cayman Islands Branch (the "*Guarantor*")

EUR 10,000,000,000 Euro Medium Term Note Programme

(the "Programme")

for the issue of Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes

Application has been made to the *Commission de surveillance du secteur financier* (the "*CSSF*") of the Grand Duchy of Luxembourg in its capacity as competent authority (the "*Competent Authority*") under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to approve the Prospectus and application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), and to be listed on the Official List of the Luxembourg Stock Exchange.

An Issuer may request the CSSF to provide competent authorities in host Member States within the European Economic Area (the "*EEA*") with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the *loi relative aux prospectus pour valeurs mobilières* which implements the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "*Prospectus Directive*") into Luxembourg law.

The Notes will be issued (i) in bearer form and accepted for clearance through Euroclear Bank, S.A./N.V. ("*Euroclear*") and Clearstream Banking, société anonyme ("*CBL*") or (ii) in dematerialised book entry form (*forma escritural*) and will be registered notes (*nominativas*) integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator of the Portuguese centralised securities system, Central de Valores Mobiliários ("*CVM*"). CVM currently has links in place with Euroclear and CBL through accounts held by Euroclear and CBL with Interbolsa Affiliate Members (as described below).

This Prospectus comprises three base prospectuses for the purposes of Article 5.4 of the Prospective Directive.

SEE "RISK FACTORS" ON PAGE 26 FOR A DISCUSSION OF CERTAIN RISK FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES. IN PARTICULAR INVESTORS SHOULD SEE "RISK FACTORS" ON PAGE 28, THE "TERMS AND CONDITIONS" ON PAGE 106 AND "TAXATION" ON PAGE 183 IN RESPECT OF PROCEDURES TO BE FOLLOWED TO RECEIVE PAYMENTS UNDER THE INTERBOLSA NOTES (AS DEFINED BELOW). NOTEHOLDERS ARE REQUIRED TO TAKE AFFIRMATIVE ACTION AS DESCRIBED HEREIN IN ORDER TO RECEIVE PAYMENTS ON THE INTERBOLSA NOTES FREE FROM PORTUGUESE WITHHOLDING TAX. NOTEHOLDERS MUST RELY ON THE PROCEDURES OF INTERBOLSA TO RECEIVE PAYMENTS UNDER THE INTERBOLSA NOTES.

Arranger
Deutsche Bank
Dealers
Deutsche Bank

ABN AMRO
BNP PARIBAS
Dresdner Kleinwort

Merrill Lynch International

Banco BPI, S.A.
Citi
UniCredit (HVB)

The date of this Prospectus 3 March, 2008. This Prospectus is valid for a period of twelve months from its date of publication. This Prospectus replaces the Prospectus dated 2nd March, 2007. This Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Banco BPI, S.A. (www.ir.bpi.pt)

RESPONSIBILITY STATEMENT

Banco BPI, S.A. ("*Banco BPI, S.A.*"), Banco BPI Cayman Ltd., BPI Capital Finance, Ltd. and the Guarantor (in the case of Notes issued by Banco BPI Cayman Ltd. or BPI Capital Finance, Ltd.) (the "*Responsible Persons*") accept responsibility for the information contained in this Prospectus. The Responsible Persons declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best knowledge of the Responsible Persons, in accordance with the facts and contains no omission likely to affect the import of such information.

NOTICE

This prospectus should be read and understood in conjunction with any supplement to this Prospectus and with any other documents incorporated herein by reference (see "*Documents Incorporated by Reference*"). Full information on each Issuer, the Guarantor and any Tranche of Notes is only available on the basis of the combination of the Prospectus and the relevant Final Terms (as defined herein).

Under this EUR 10,000,000,000 Euro Medium Term Note Programme, Banco BPI, S.A., acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch or Banco BPI Cayman Ltd. ("*BPI Cayman*") or BPI Capital Finance, Ltd. ("*BPI Capital*" together with BPI Cayman the "*Cayman Issuers*") may from time to time issue notes (the "*Notes*", which will include Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes (as such terms are defined below)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined herein).

Payments in respect of Notes issued by either of the Cayman Issuers will be unconditionally and irrevocably guaranteed by Banco BPI, S.A., acting through its Cayman Islands Branch (the "*Guarantor*").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 10,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Final Terms (as defined below) for each Tranche (as defined in the Terms and Conditions (the "*Terms and Conditions*" which term shall include, where relevant, any Additional Terms and Conditions of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes)) of Notes will state whether the Notes of such Tranche are to be (i) senior Notes ("*Senior Notes*"), (ii) dated subordinated Notes ("*Dated Subordinated Notes*") or (iii) undated subordinated Notes ("*Undated Subordinated Notes*"). Dated Subordinated Notes and Undated Subordinated Notes are together referred to as "*Subordinated Notes*". Furthermore, the Final Terms for each Tranche of Notes will state whether the Notes of such Tranche are to be (i) governed by English law and settled through Euroclear and/or CBL (each as defined herein) or (ii) governed by Portuguese law and settled through Interbolsa (as defined herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified under *Summary of the Programme* and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "*Dealer*" and together the "*Dealers*"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the *relevant Dealer* shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

The Luxembourg Stock Exchange'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 or principal amount of, the interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions*") of Notes will be set out in final terms (the "*Final Terms*") which, with respect to Notes to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to be listed on the Luxembourg Stock Exchange, will be filed with the Luxembourg Stock Exchange and the CSSF. Each Final Terms will contain the final terms of each Tranche of Notes for the purposes of Article 5.4 of the Prospectus Directive. The Programme provides that Notes may, after notification in accordance with Article 18 of the Prospectus Directive, be admitted to trading on the regulated markets of and/or admitted to listing on the stock exchanges of a number of member states of the EEA and/or publicly offered within the EEA. Unlisted Notes and/or Notes not admitted to trading on any market may also be issued.

The Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers), may agree with any Dealer and the Agent and/or the Portuguese Paying Agent, as the case may be, (each as defined below) that Notes may be issued in a form not contemplated by the Terms and Conditions herein, in which event (in the case of Notes intended to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to be listed on the Luxembourg Stock Exchange or offered publicly) a Supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and the relevant Dealer.

GLOBAL NOTES AND DEFINITIVE NOTES ISSUED BY BANCO BPI, S.A. ACTING THROUGH ITS LISBON OFFICE ARE CURRENTLY SUBJECT TO PORTUGUESE WITHHOLDING TAX AS MORE FULLY SET OUT IN "*TAXATION*" BELOW. THERE WILL BE NO GROSS-UP FOR AMOUNTS WITHHELD ON SUCH NOTES. THERE WILL BE NO OPTION FOR BANCO BPI, S.A. ACTING THROUGH ITS LISBON OFFICE TO REDEEM SUCH NOTES FOR TAXATION REASONS.

Neither the Dealers nor Deutsche Bank AG, London Branch as Arranger (the "*Arranger*") have independently verified the information contained herein, any document incorporated herein by reference, or any supplement to the Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Arranger as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. None of the Dealers or the Arranger accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuers or the Guarantor to give any information or to make any representation not contained in or not consistent with this Prospectus 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 the Issuers, the Guarantor, any of the Dealers or the Arranger.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Guarantor, any of the Dealers or the Arranger that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own

independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers and the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme nor the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus or any document incorporated herein by reference nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers or the Guarantor 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 the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "*Securities Act*") and are, in the case of bearer Notes, 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*" below).

Neither this Prospectus nor any Final Terms 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 Prospectus, any document incorporated herein by reference and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor and the Dealers do not represent that this Prospectus 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, no action has been taken by the Issuers, the Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this document in any jurisdiction outside the European Economic Area ("*EEA*") where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus, any document incorporated herein by reference 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. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the Republic of Portugal ("*Portugal*"), France, the Cayman Islands, Japan, Mexico and the EEA (see "*Subscription and Sale*" on pages 197 to 201 of this Prospectus).

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

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part 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, 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 must 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.

All references in this document to U.S. dollars, U.S. \$ and \$ refer to United States dollars and to Sterling and £ refer to pounds sterling. In addition, all references in this document to euro, EUR and € refer to the single currency of certain member states of the European Union. All references in this Prospectus to the *United States* refer to the United States of America, its territories and possessions.

Certain figures in this Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

The language of this Prospectus is English.

Where information has been sourced from a third party, the Responsible Persons confirm that to the best of their knowledge this information has been accurately reproduced and that so far as the Responsible Persons are aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information contained in the description of ratings contained in the Summary on page 8 was sourced from the websites of Moody's, Fitch and Standard & Poor's (each as defined herein), respectively.

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GENERAL DESCRIPTION OF THE PROGRAMME

Under the EUR 10,000,000,000 Debt Issuance Programme (the "*Programme*"), the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein to the following Dealers: ABN AMRO Bank N.V., Banco BPI, S.A., BNP PARIBAS, Bayerische Hypo- und Vereinsbank AG, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Dresdner Bank Aktiengesellschaft, Merrill Lynch International and any additional Dealer appointed under the Programme from time to time by the Issuers (the "*Dealers*") which appointment may be for a specific issue or ongoing basis.

Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuers, which appointment may be for a specific issue or on an ongoing basis. Notes may be distributed by way of public or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the relevant Final Terms.

Notes will be issued in Tranches (each a "*Tranche*"), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments may form a series ("*Series*") of Notes. Further Notes may be issued as part of existing Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in the applicable Final Terms.

Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of the Notes will be, if in euro, EUR 1,000, or if in any currency other than euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 1,000 at the time of the issue of Notes.

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par, as stated in the relevant Final Terms.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to be listed on the Luxembourg Stock Exchange. The Programme provides that Notes may be listed on other or further stock exchanges, as may be agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers), and the relevant Dealer(s) in relation to each issue. Notes may be issued under the Programme which will not be listed on any stock exchange.

Notes will be accepted for clearing through one or more Clearing Systems as specified in the applicable Final Terms. These systems will include those operated by Clearstream Banking, société anonyme, Euroclear Bank S.A./N.V. and Central de Valores Mobiliários, the clearing system operated at Interbolsa.

Deutsche Bank Luxembourg S.A. will act as Luxembourg Listing Agent, Deutsche Bank AG, London Branch will act as fiscal agent (the "*Fiscal Agent*") and Banco BPI, S.A. will act as Portuguese paying agent (the "*Portuguese Paying Agent*").

Deutsche Bank Luxembourg S.A., Credit Suisse and other institutions, as indicated in the applicable Final Terms, will act as paying agents (the "*Paying Agents*") under the Programme.

SUMMARY

This summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference, by any investor. No civil liability attaches to the Issuers or the Guarantor in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus including the documents incorporated by reference, any supplement to the Prospectus thereto and the relevant Final Terms is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

The following does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Prospectus and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms.

Words and expressions defined in "*Terms and Conditions*" of the Notes shall have the same meanings in this summary.

Information relating to the Issuers and the Guarantor

Description:	Banco BPI, S. A., acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch form a single corporate entity. BPI Cayman and BPI Capital are separate corporate entities and Banco BPI, S.A., acting through its Cayman Islands Branch (the "Guarantor") is the Guarantor of Notes issued by BPI Cayman and BPI Capital.
Business:	Banking Activities.
Management Information:	Management of each of the Issuers is carried out by the respective Board of Directors and the Executive Board, which are comprised as listed on pages 46, 52 and 54.

General Information and History

In 2005, BPI Group completed its twenty fifth year of existence since the creation of SPI – Sociedade Portuguesa de Investimentos in 1981. Banco BPI, S.A. is a commercial bank and the holding company of the BPI Group. Banco BPI, S.A. was formed in 1998 by the merger of Banco FONSECAS & BURNAY, Banco de Fomento e Exterior and Banco Borges & Irmão. Later that year Banco Universo (an in-store bank) was acquired by Banco BPI, S.A.. In 2002, BPI SGPS incorporated Banco BPI, S.A. and, simultaneously, assumed the core business mission of a commercial bank, adopting the name Banco BPI, S.A. and assuming the role as the entity at the Group's helm.

BPI Cayman is a commercial bank. It was incorporated in the Cayman Islands in 2002 and commenced operations in 2003.

BPI Capital is an investment and finance company. It was incorporated in the Cayman Islands in 1996.

Business Overview

BPI Group activity is divided into two main segments, Domestic Activity and International Commercial Banking. Domestic Activity is largely comprised of the Domestic Commercial Banking business, which corresponds to

banking activity carried out with companies, individuals and institutions in Portugal and includes the provision of banking services to non-residents, namely to emigrant communities and the Madrid branch. International Commercial Banking Activity includes business operations conducted by Banco de Fomento Angola ("BFA") and by a 30 per cent. shareholding in Banco Comercial e de Investimentos Fomento in Mozambique.

Organisation and Structure

The BPI Group, headed by Banco BPI, S.A., is a universal financial and multi-specialist group, focusing predominantly on commercial banking business in Portugal. The Group's commercial bank, Banco BPI, S.A., operates a domestic network comprising 597 retail branches, 21 investment centres, a homebanking service, telephone banking, specialist branches, agents' network and structures dedicated to the Corporate and Institutional segments. In addition, Banco BPI, S.A. has offshore branches in the Cayman Islands, in Macau, in Santa Maria (the "*Azores Islands*"), and in Funchal (the "*Madeira Islands*"), twelve branches in France and one in Spain, as well as representative offices and distribution agreements in the aforementioned cities where there are large communities of Portuguese emigrants. Banco BPI, S.A., through BFA, is one of the leading commercial banks in Angola in terms of volume of deposits and loans according to a comparison conducted by Banco BPI, S.A. of its balance sheet and the balance sheets of local competitors. In Angola, Banco BPI, S.A. services 340,000 customers with a network of 72 branches, 115 ATMs and homebanking services.

Trend Information

Save as disclosed herein, there has been no material adverse change in the prospects of (i) Banco BPI, S.A. or the Guarantor since 30th June, 2007 or (ii) either of the Cayman Issuers since 30th June, 2007.

Major Shareholders

As at 30th June, 2007, the main shareholders in Banco BPI, S.A. included La Caixa Group (with an interest of 25 per cent.), the Itaú Group (17.6 per cent.), BCP Group (10 per cent.), Allianz Group (8.8 per cent.), JP Morgan Chase Bank (4 per cent.), Credit Suisse First Boston (3.5 per cent.), Arsopi Group (2.9 per cent.), and Violas Group (2.5 per cent.).

Historical Financial Information

Set out below is a summary of unaudited consolidated financial information of Banco BPI, S.A. which is derived from the audited consolidated statements of income for the half-year ended 30th June, 2007 and for the year ended 31st December, 2006 and the audited consolidated balance sheets as at those dates. This financial information was prepared in conformity with International Accounting Standards/International Financial Reporting Standards ("*IAS/IFRS*") as adopted by the European Union in accordance with Regulation (EC) 1606/2002 of 19th July of the European Parliament and Council and incorporated into Portuguese legislation through Bank of Portugal Notice 1/2005 of 21st February.

Consolidated Balance Sheets as at 31st December, 2006 and 30th June, 2007

NET ASSETS

	31st December, 2006	30th June, 2007
		(EUR thousand)
Cash and deposits at central banks	559,940	487,298
Loans and advances to credit inst. repayable on demand	369,483	251,241
Financial assets held for trading and at fair value through profit and loss	4,345,057	4,814,238
Financial assets available for sale	3,064,911	3,676,067
Loans and advances to credit institutions	906,747	991,921
Loans and advances to Customers	24,630,086	26,892,725
Hedging derivatives	407,520	387,100
Other tangible assets	289,308	292,728
Intangible assets	8,803	10,043
Investments in associated companies and jointly controlled entities	141,768	136,676
Tax assets	133,366	115,614
Other assets	708,494	824,740
Total assets	35,565,483	38,880,391

LIABILITIES

	31st December, 2006	30th June, 2007
		(EUR thousand)
Financial liabilities held for trading	201,847	224,456
Resources of other credit institutions	3,960,247	5,034,954
Resources of Customers and other debts	16,235,505	18,341,171
Debt securities	5,464,566	5,378,361
Financial liabilities relating to transferred assets	3,368,059	3,231,732
Hedging derivatives	480,806	408,323
Provisions	54,869	64,094
Technical provisions	2,811,111	2,654,777
Tax liabilities	85,721	98,485
Participating Bonds	27,222	27,666
Subordinated Debt	588,890	669,553
Other liabilities	559,337	739,315
Total Liabilities	33,838,180	36,872,887

SHAREHOLDERS' EQUITY

	31st December, 2006	30th June, 2007
		(EUR thousand)
Subscribed share capital	760,000	760,000
Share premium account	231,306	231,306
Other equity instruments	8,714	7,542
Revaluation reserves	126,356	320,115
Other reserves and retained earnings	67,091	251,636
(Treasury shares)	-51,659	-32,373
Consolidated net income of the BPI Group	308,758	193,119
Shareholders' equity attributable to the shareholders of BPI	1,450,566	1,731,345
Minority interest	276,737	276,159
Total shareholders' equity	1,727,303	2,007,504
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,565,483	38,880,391

OFF BALANCE SHEET ITEMS

	31st December, 2006	30th June, 2007
		(EUR thousand)
Guarantees provided and other contingent liabilities	3,321,665	3,776,221
Of which:		
(Guarantees and sureties)	[3,113,883]	[3,582,961]
(Others)	[207,782]	[193,260]
Commitments	4,297,108	4,930,718

Consolidated Statements of Income for the half-year ended 30th June , 2006 and for the half-year ended 30th June, 2007

	30th June, 2006	30th June, 2007
		(EUR thousand)
Interest and similar income	842,873	1,074,357
Interest and similar expense	-578,211	-772,920
Financial margin (narrow sense)	264,662	301,437
Gross margin on unit links	3,312	5,115
Income from equity instruments	8,488	10,906
Net commission relating to amortised cost	8,504	10,700
Financial margin	284,966	328,158
Technical result of insurance contracts	3,805	5,909
Commissions received	133,407	155,947

	30th June, 2006	30th June, 2007
Commissions paid	-12,672	-15,578
Other income, net	21,003	22,501
Net commission income	141,738	162,870
Gain and loss on operations at fair value	24,029	37,781
Gain and loss on assets available for sale	21,005	52,948
Interest and financial gain and loss with pensions	7,896	17,077
Net income on financial operations	52,930	107,806
Operating income	5,709	4,311
Operating expenses	-4,911	-6,899
Other taxes	-1,406	-2,024
Net operating expenses	-608	-4,612
Operating income from banking activity	482,831	600,131
Personnel costs	-162,770	-180,732
General administrative costs	-96,814	-116,110
Depreciation and amortisation	-18,992	-21,955
Overhead costs	-278,576	-318,797
Recovery of loans, interest and expenses	10,140	10,593
Impairment losses and provisions for loans and guarantees, net	-27,390	-46,819
Impairment losses and other provisions, net	-2,427	-6,932
Net income before income tax	184,578	238,176
Income tax	-41,339	-49,594
Earnings of associated companies (equity method)	11,582	12,468
Global consolidated net income	154,821	201,050
Income attributable to minority interest	-6,187	-7,931
Consolidated net income of the BPI Group	148,634	193,119

Banco BPI, S.A. acting through its Cayman Branch is also acting as guarantor, unconditionally and irrevocably guaranteeing the obligations under the Notes issued by BPI Cayman and BPI Capital.

Set out below is a summary of unaudited consolidated financial information of BPI Cayman which is derived from the audited consolidated statements of income for the years ended 31st December, 2005 and 31st December, 2006 and the audited consolidated balance sheets as at those dates. The financial statements were prepared from the accounting records of BPI Cayman in conformity with the Adjusted Accounting Standards (*Normas de Contabilidade Ajustadas*) established by the Bank of Portugal Notice 1/2005 of 21st February and defined in Bank of Portugal Regulations 9/2005 and 23/2004, pursuant to the authority conferred upon it by item 1 of Article 115 of the General Regime for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*). The Adjusted Accounting Standards correspond in general to International Financial Reporting Standards, as endorsed by the European Union, except for the portfolio of loans and advances to customers and guarantees granted, which are subject to provisions for specific and general credit risk, in accordance with the Bank of Portugal Notice 3/95, of 30th June (with the changes introduced by Bank of Portugal Notice 3/2005 of 21st February).

Balance Sheets as at 31st December, 2005 and 31st December, 2006

NET ASSETS	31st December, 2005	31st December, 2006
		(EUR thousand)
Loans and advances to credit inst. repayable on demand	3,270	622
Financial assets held for trading and at fair value through profit and loss	15,747	252,602
Financial assets available for sale	0	139,603
Loans and advances to credit institutions	458,217	176,211
Loans and advances to Customers	201,477	197,243
Hedging derivatives	0	1,905
Investments in associated companies	1	1
Other assets	70	61
Total assets	678,782	768,248

LIABILITIES	31st December, 2005	31st December, 2006
		(EUR thousand)
Financial liabilities held for trading	68	0
Placements of other credit institutions	526,708	614,093
Provisions	407	163
Other liabilities	22	120
Total Liabilities	527,205	614,376

SHAREHOLDERS' EQUITY	31st December, 2005	31st December, 2006
		(EUR thousand)
Share capital	150,000	150,000
Revaluation Reserves	0	1,619
Retained Earnings	612	612
Interim Dividends	-6,032	-7,556
Net Profit for the year	6,997	9,197
Shareholders' Equity	151,577	153,872
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	678,782	768,248

Statements of Income for the years ended 31st December, 2005 and 31st December, 2006

	31st December, 2005	31st December, 2006
		(EUR thousand)
Interest and similar income	20,389	28,051
Interest and similar expenses	-12,454	-19,886
Financial Margin (narrow sense)	7,935	8,165
Income from equity securities	0	0
Net financial margin	7,935	8,165
Commission received	629	797
Commission paid	-34	0

	31st December, 2005	31st December, 2006
Net commission	595	797
Gains on operations at fair value	3,578	2,504
Losses on operations at fair value	-4,621	-2,545
Net income/ (loss) on financial operations	-1,043	-41
Operating income	16	5
Other taxes	-83	-71
Net non current expenses	-67	-66
Operating income from banking	7,420	8,855
General and administrative expenses	-107	-4
Overhead costs	-107	-107
Provisions and impairment losses on loans, net	-316	338
Provisions and impairment	-316	338
Net income before income tax	6,997	9,197
Income tax	0	0
Net profit for the year	6,997	9,197

Set out below is a summary of unaudited consolidated financial information of BPI Capital which is derived from the unaudited consolidated statements of income for the years ended 31st December, 2006 and 31st December, 2007 and the unaudited consolidated balance sheets as at those dates. The financial statements were prepared from the accounting records of BPI Capital in conformity with the Adjusted Accounting Standards ("*Normas de Contabilidade Ajustadas*") established by the Bank of Portugal Notice 1/2005 of 21st February and defined in Bank of Portugal Regulations 9/2005 and 23/2004, pursuant to the authority conferred upon it by item 1 of Article 15 of the General Regime for Credit Institutions and Financial Companies ("*Regime Geral das Instituições de Crédito e Sociedades Financeiras*"). The Adjusted Accounting Standards correspond in general to International Financing Reporting Standards, as endorsed by the European Union, except for the portfolio of loans and advances to customers and guarantees granted, which are subject to provisions for specific and general credit risk, in accordance with Bank of Portugal Notice 1/2005 of 21st February. Up to 31st December, 2005, BPI Capital's financial statements were prepared and presented in accordance with the Charts of Accounts for the Portuguese Banking System ("*Plano de Contas para o Sistema Bancário – PCSB*") established by the Bank of Portugal through Regulation 4/96 of 17th June. In order to ensure comparability, the financial statements as of 31st December, 2005 were restated in accordance with the Adjusted Accounting Standards – Proforma Financial Statements – as defined by IFRS 1 – First Time Adoption of International Financing Reporting Statements.

Balance Sheets as at 31st December, 2005 and 31st December, 2006

NET ASSETS	31st December, 2005	31st December, 2006
		(EUR thousand)
Loans and advances to credit institutions repayable on demand	69	69
Loans and advances to credit institutions	549,975	550,653
Other assets	0	3
Total Assets	550,044	550,725

LIABILITIES AND SHAREHOLDERS' EQUITY	31st December, 2005	31st December, 2006
		(EUR thousand)
Other liabilities		3
Share capital	550,004	550,005
Other reserves and retained earnings	-1,444	-1,267
Interim dividends	-11,502	-18,604
Net profit for the year	12,986	20,588
Total Liabilities and Shareholders's Equity	550,044	550,725

Statements of Income for the years ended 31st December, 2005 and 31st December, 2006

	31 st December 2005	31 st December 2006
		(EUR thousand)
Interest and similar income	12,807	20,411
Financial Margin (narrow sense)	12,807	20,411
Net commission relating to amortised cost	0	178
Net financial margin	12,807	20,589
Commission recieved	182	8
Net commission	182	8
Losses on operations at fair value		-1
Net income / (loss) on financial operations		-1
Other taxes	-2	-2
Net non current expenses	-2	-2
Operating income from banking	12,987	20,594
General and administrative expensess	-1	-6
Overhead costs	-1	-6
Net income before income tax	12,986	20,588
Net profit for the year	12,986	20,588

Litigation

There are no, nor have there been any, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantor are aware) which may have or have had during the last two financial years a significant effect on the financial position of the Issuers, the Guarantor or the BPI Group.

Information relating to the Programme

Description: Euro Medium Term Note Programme. In issuing Notes, Banco BPI, S.A. may act through its Lisbon Office or through its Cayman Islands Branch, its Madeira Branch or its Santa Maria Branch or Notes may be issued by BPI Cayman or by BPI Capital. The payment of all amounts due in respect of Notes issued by BPI Cayman and BPI Capital are unconditionally and irrevocably guaranteed by the Guarantor.

Size:	Up to EUR 10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time pursuant to the Programme Agreement.
Arranger:	Deutsche Bank AG, London Branch
Dealers:	Deutsche Bank AG, London Branch ABN AMRO Bank N.V. Banco BPI, S.A. Bayerische Hypo- und Vereinsbank AG BNP PARIBAS Citigroup Global Markets Limited Dresdner Bank Aktiengesellschaft Merrill Lynch International and any other Dealers appointed in accordance with the Programme Agreement.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch.
Portuguese Paying Agent:	Banco BPI, S.A.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes:

The Global Notes and Definitive Notes will be issued in bearer form as described in "*Form of the Notes, Clearing and Payments*" below and as indicated in the applicable Final Terms.

The Interbolsa Notes will be represented in dematerialised book-entry form ("*escriturais*") and are registered notes ("*nominativas*") and will be held through the accounts of affiliate members of the Portuguese central securities depository each an ("*Affiliate Member of Interbolsa*") and the manager of the Portuguese settlement system, Interbolsa—Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator and manager of the "*Central de Valores Mobiliários*" (the "*CVM*"). The form of the Interbolsa Notes is described more comprehensively in "*Form of the Notes, Clearing and Payments*".

Notes to be issued under the Programme will be either Senior Notes, Dated Subordinated Notes or Undated Subordinated Notes as indicated in the applicable Final Terms. Notes may be in any other form which the Issuer and the relevant Dealer may agree. The terms governing any such Notes will be specified in the applicable Final Terms.

If the applicable Final Terms specify that U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (the "*TEFRA C Rules*") applies, a Tranche of Notes will be represented by a Global Note without receipts, interest coupons or talons (a "*TEFRA C Global Note*"). A TEFRA C Global Note may be exchangeable in whole or, in the circumstances described in such Notes, in part for Definitive Notes:

- (i) upon not less than 60 days' written notice being given to the Agent by Euroclear and/or CBL (as defined below) acting on the instructions of any holder of an interest in such TEFRA C Global Note; or
- (ii) upon the occurrence of an Exchange Event (as defined in "*Form of Notes*" below), in each case, as specified in the applicable Final Terms.

If the applicable Final Terms specify that U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (the "*TEFRA D Rules*") applies, a Tranche of Notes will initially be represented by a temporary global Note without receipts, interest coupons or talons (a "*Temporary Global Note*"). Each Tranche of Notes represented by a Temporary Global Note will be deposited on the relevant Issue Date with, or with a common depository for, Euroclear and/or CBL and will be exchangeable in accordance with its terms for either a permanent global Note (a "*Permanent Global Note*") or Definitive Notes (as specified in the applicable Final Terms) in each case not earlier than 40 days after the relevant Issue Date upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note may be exchanged for Definitive Notes in the circumstances set out in (i) or (ii) as referred to in the immediately preceding paragraph, construing references to a TEFRA C Global Note as references to a Permanent Global Note, in each case as specified in the applicable Final Terms.

Interests in a Global Note will be transferable only in accordance with the applicable rules and procedures for the time being of Euroclear and/or CBL.

Rating:

The Programme has been rated A1 in respect of Senior Notes with a maturity of more than one year, P-1 in respect of Senior Notes with a maturity of one year or less, A2 in respect of Dated Subordinated Notes and A2 in respect of Undated Subordinated Notes by Moody's and A+ in respect of Senior Notes with a maturity of more than one year, F1 in respect of Senior Notes with a maturity of one year or less, A in respect of Dated Subordinated Notes and A in respect of Undated Subordinated Notes by Fitch and A in respect of Senior Notes with a maturity of more than one year, A-1 in respect of Senior Notes with a maturity of one year or less, A- in respect of Dated Subordinated Notes and BBB+ in respect of Undated Subordinated Notes by Standard & Poor's.

For the purposes of Moody's ratings, obligations rated 'A' are considered upper-medium grade and are subject to low credit risk. Issuers rated 'P-1' or Prime-1 have a superior ability to repay short-term debt obligations. Numbers '2' and '3' are modifiers used to show relative standing within the major rating categories.

For the purposes of Fitch's ratings, 'A' ratings denote a low expectation of credit risk, where the capacity for timely payment of financial commitments is considered strong; this capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings; 'F1' Indicates the strongest capacity for timely payment of financial commitments; a '+' denotes relative standing within major rating categories.

For the purposes of Standard & Poor's ratings, 'A' means that the obligor's capacity to meet its financial commitment on the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories, but the obligor's capacity to meet its financial commitment on the obligation is still strong; a short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories, but the obligor's capacity to meet its financial commitment on the obligation is satisfactory; an obligation rated 'BBB' exhibits adequate protection parameters, but adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation; a plus (+) or minus (-) sign is used to show relative standing within the major rating categories.

"*Moody's*" means Moody's Rating Services Ltd.

"*Fitch*" means Fitch Ratings.

"*Standard & Poor's*" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Unsubordinated Notes and the Subordinated Notes to be issued under the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Clearing Systems:

Notes will be accepted for clearance through one or more Clearing Systems as

specified in the applicable Final Terms. These systems will include those operated by Clearstream Banking, société anonyme, Luxembourg ("CBL"), Euroclear Bank S.A./N.V. ("Euroclear") and Central de Valores Mobiliários ("CVM"), the clearing system operated at Interbolsa. The appropriate Common Code, ISIN for each Tranche of Notes allocated by Euroclear and CBL or Interbolsa will be specified in the applicable Final Terms.

Currencies: Subject to any applicable legal or regulatory restrictions, any currency as may be agreed between the Issuer and the relevant Dealer. For the time being Interbolsa will only settle and clear Notes denominated in Euro.

Denomination: Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be Euro 1,000 (or its foreign currency equivalent at the time of issue of the Notes) and in such higher denominations as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions*" below).

Maturities: Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, save that (i) in the case of Dated Subordinated Notes, the minimum maturity will be five years and one day, and (ii) in the case of Undated Subordinated Notes, there will be no final maturity date.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Prospectus.

Sterling

Issues of Notes by BPI Cayman, BPI Capital or Banco BPI, S.A. acting through its Cayman Islands Branch which have a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale*").

Japanese Yen

Issues of Notes denominated or payable in Japanese Yen ("*Yen*") or in respect of which amounts are payable in Yen will be made only in compliance with applicable Japanese laws, regulations, guidelines and policies.

Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.

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

Floating Rate Notes: Notes for which the interest rate is variable will be payable on such basis as may be agreed between the Issuer and the relevant Dealer as indicated in the applicable Final Terms. The Margin, as specified in the applicable Final Terms, if any, relating to such variable rate will be agreed between the Issuer and the relevant Dealer for each Tranche of Floating Rate Notes. Interest Periods for Floating Rate Notes will be one, two, three, six or twelve months or such other period(s) as may be agreed between the Issuer and the relevant Dealer as indicated in the applicable Final Terms.

Equity Linked Notes: *Equity Linked Interest Notes*

Payments of interest in respect of Equity Linked Interest Notes will be calculated by reference to a single equity security or basket of equity securities on such terms as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms) and/or by reference to a formula and will have terms and conditions substantially in the form as set out in "Additional Terms and Conditions of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes" beginning on page 145.

Equity Linked Redemption Notes

Payments of principal in respect of Equity Linked Redemption Notes will be calculated by reference to a single equity security or a basket of equity securities and/or by reference to a formula and will have terms and conditions substantially in the form as set out in "Additional Terms and Conditions of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes" beginning on page 145. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in the applicable Final Terms. Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of a given number of underlying reference item(s).

If Potential Adjustment Events and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed in the event of certain corporate events occurring in respect of the Equity Issuer(s) specified in the applicable Final Terms as more fully set out under "Additional Terms and Conditions of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes" beginning on page 145.

Index Linked Notes: *Index Linked Interest Notes*

Payments in respect of interest on Index Linked Interest Notes will be calculated by reference to a single index or a basket of indices and/or such formula as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms) with terms and conditions substantially in the form as set out in "Additional Terms and Conditions

of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes " beginning on page 145.

Index Linked Redemption Notes

Payment of principal in respect of Index Linked Redemption Notes will be calculated by reference to a single index or a basket of indices or by reference to a formula and will have terms and conditions substantially in the form as set out in "Additional Terms and Conditions of the Notes in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes " beginning on page 145. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in the applicable Final Terms.

If an Index Adjustment Event occurs the Issuer may redeem the Instruments as more fully set out under "Additional Terms and Conditions of the Instruments in relation to Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes" beginning on page 145.

Other provisions in relation to Floating Rate Notes and Index Linked Notes:

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

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

Dual Currency Notes:

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

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The Final Terms relating to each Tranche of Notes will indicate either that (except for Undated Subordinated Notes which will not have a stated maturity) the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons (subject, in the case of Subordinated Notes only, to having obtained the prior consent of the Bank of Portugal) or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer (subject, in the case of Subordinated Notes only, to having obtained the prior consent of the Bank of Portugal) and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as are indicated in the applicable Final Terms.

Subordinated Notes may not be redeemed at the option of the holders of any such Notes and only by the Issuer with the prior consent of the Bank of Portugal.

Dated Subordinated Notes may not be redeemed prior to five years and one day from the Issue Date thereof, except as described in the "*Terms and Conditions of the Notes*" below.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes issued by Banco BPI, S.A. acting through its Cayman Islands Branch, BPI Cayman or BPI Capital which have a maturity of less than one year may be subject to restrictions on their denomination and distribution (see "*Certain Restrictions*").

Taxation:

Subject as provided below, all payments in respect of Global Notes and Definitive Notes by Banco BPI, S.A., acting through its Lisbon Office are currently subject to Portuguese withholding tax (except where the Noteholder is either a Portuguese resident financial institution or a non resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) and will be made after deduction for or on account of withholding taxes imposed by or on behalf of Portugal which are required by law or regulation. No additional amounts will be paid by Banco BPI, S.A. acting through its Lisbon Office in respect of such withholding or deduction.

All payments in respect of Notes by Banco BPI, S.A., acting through its Madeira Branch or its Santa Maria Branch will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 8), subject as provided in Condition 8. In the event that any such deduction is made, Banco BPI, S.A. acting through its Madeira Branch or its Santa Maria Branch will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

All payments in respect of the Notes by Banco BPI, S.A., acting through its Cayman Islands Branch or by BPI Cayman or by BPI Capital or, as the case may be, the Guarantor will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 8), subject as provided in Condition 8. In the event that any such deduction is made, Banco BPI, S.A., acting through its Cayman Islands Branch, BPI Cayman or BPI Capital or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

All payments in respect of the Interbolsa Notes by Banco BPI, S.A., acting through its Lisbon Office will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 8), subject as provided in Condition 8. In the event that any such deduction is made, Banco BPI, S.A. acting through its Lisbon Office will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Early Redemption for
Taxation Reasons:**

With the exception of Notes issued by Banco BPI, S.A. acting through its Lisbon Office, which are not issued by it under the Decree Law, and unless otherwise specified in the applicable Final Terms, early redemption will be permitted for taxation reasons as

provided in Condition 1(b).

Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 3. The terms of the Dated Subordinated Notes and the Undated Subordinated Notes will not contain a negative pledge provision.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 1(a)(v). The terms of the Dated Subordinated Notes and the Undated Subordinated Notes will not contain a cross default provision.
Status of the Senior Notes:	The Senior Notes and the relative Receipts and Coupons will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the relevant Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) <i>pari passu</i> with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, from time to time outstanding.
Status of the Dated Subordinated Notes:	<p>The Dated Subordinated Notes and any relative Receipts and Coupons will constitute direct, unsecured and subordinated obligations of the Issuer, will rank <i>pari passu</i> without any preference among themselves and (save for certain obligations required to be preferred by law) at least <i>pari passu</i> with all other present and future dated subordinated debt and obligations of the Issuer.</p> <p>If the Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Issuer to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Issuer (as defined in Condition 1(d)).</p>
Status of the Undated Subordinated Notes:	<p>The Undated Subordinated Notes and any relative Receipts and Coupons will constitute direct, unsecured and subordinated obligations of the Issuer, will rank <i>pari passu</i> without any preference among themselves and (save for certain obligations required to be preferred by law) at least <i>pari passu</i> with all other present and future undated subordinated debt and obligations of the Issuer.</p> <p>If the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons or the rights of persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) against the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), as the case may be, to payment of principal and interest and any other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors (as defined in Condition 1(d)).</p> <p>The payment of principal in respect of the Undated Subordinated Notes is subject to the prior consent of the Bank of Portugal. Payment of interest and/or any other amount in respect of the Undated Subordinated Notes is conditional upon the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) being solvent</p>

at the time of payment by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined in Condition 1(d)) and still be solvent immediately thereafter (all as more fully described in Condition 1(c)).

In order to allow the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under the Terms and Conditions of the Notes, would be payable by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in respect of Undated Subordinated Notes, will, subject to certain conditions being met, be available to meet the losses of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) (all as more fully described in Condition 1(c)).

**Status of the
Guarantee:**

(i) In respect of Senior Notes

In respect of Senior Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured (subject to the provisions of Condition 3 and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Guarantor, from time to time outstanding.

(ii) In respect of Dated Subordinated Notes

In respect of Dated Subordinated Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future dated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition 1(f)).

(iii) In respect of Undated Subordinated Notes

In respect of Undated Subordinated Notes issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for

certain obligations required to be preferred by law) at least *pari passu* with all other present and future undated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition 1(f)).

The payment of principal in respect of the Undated Subordinated Notes by the Guarantor is subject to the prior consent of the Bank of Portugal. Accordingly, payment of interest and/or any other amount in respect of the Undated Subordinated Notes by the Guarantor will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Guarantor could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined in Condition 1(f)) and still be solvent immediately thereafter (all more fully described in Condition 1(e)).

In order to allow the Guarantor to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under the Guarantee would be payable by the Guarantor in respect of the Undated Subordinated Notes, will, subject to certain conditions being met, be available to meet the losses of the Guarantor (all as more fully described in Condition 1(e)).

**Approval, Listing and
Admission to Trading:**

Application has been made to the CSSF of the Grand Duchy of Luxembourg in its capacity as the Competent Authority under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to approve the Prospectus and application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), and to be listed on the Luxembourg Stock Exchange. A Series of Notes may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and the relevant Dealer and specified in the relevant Final Terms.

**Luxembourg Listing
Agent:**

Deutsche Bank Luxembourg S.A.

Governing Law:

Interbolsa Notes shall be construed in accordance with Portuguese law (except in the case of Subordinated Notes issued by either of the Cayman Issuers, Conditions 1(b), 1(c) and 1(d)). Conditions 1(b), 1(c) and 1(d) are in the case of Subordinated Notes issued by either of the Cayman Issuers governed by Cayman law.

If the Notes are represented by Global Notes or Definitive Notes, the applicable Final Terms shall specify whether the Notes, the Receipts and the Coupons are governed by

English law or Portuguese law (except Conditions 1(b), 1(c) and 1(d)). Conditions 1(b), 1(c) and 1(d) shall be governed:

- (A) in the case of Subordinated Notes governed by English law and (x) issued by Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch, by Portuguese law; or (y) issued by either of the Cayman Issuers, by Cayman law; or
- (B) in the case of Subordinated Notes governed by Portuguese law and issued by either of the Cayman Issuers, by Cayman law.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Portugal, France, the Cayman Islands, Japan, Mexico and the European Economic Area (see "*Subscription and Sale*" below).

United States Selling Restrictions: For United States securities law and, in the case of bearer notes, tax purposes only, each Issuer is a Category 1 issuer under Regulation S of the Securities Act. Either TEFRA C or TEFRA D may apply to Notes in bearer form as indicated in the applicable Final Terms. TEFRA will not apply to the Interbolsa Notes.

Representation of holders of the Notes: Holders of Notes governed by Portuguese law may appoint a common representative (as more fully described in Condition 19).

Risk Factors: Prospective investors should understand the risks of investing in any type of Note before they make their investment decision. They should make their own independent decision to invest in any type of Note and as to whether an investment in such Note is appropriate or proper for them based upon their own judgment and upon advice from such advisors as they consider necessary.

In connection with the Notes there are risk factors relating to:

- the ability of the Issuer to fulfil its obligations under Notes issued by it; and
- assessing the market risks associated with Notes due to their particular structure or the nature of the market.

There are a number of factors which are material for the purpose of assessing the market risks associated with Notes under the Programme or the risks associated with Notes issued under the Programme or the risks associated with their structure including, but not limited to, the following:

The Instruments may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus;

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

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

There are additional factors which are material for the purpose of assessing the market risks associated with the Interbolsa Notes. In connection with the Interbolsa Notes there are also risk factors relating to:

- the Interbolsa Notes being held through accounts of Affiliate Member of Interbolsa. Investors must rely on various Interbolsa procedures with respect to:
 - (i) the form and transfer of Interbolsa Notes;
 - (ii) payment procedures of the Interbolsa Notes; and
 - (iii) notice to the holders of the Interbolsa Notes.
- the Portuguese tax rules for Interbolsa Notes.

A more detailed description of risk factors is contained in this Prospectus.

Risk factors are designed both to protect investors from investments for which they are not suitable and to set out the financial risks associated with an investment in a particular type of Instrument.

RISK FACTORS

Each Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and no Issuer is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which each Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of an Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

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

The Issuers' financial condition

The Notes are obligations of an Issuer and accordingly if an Issuer's financial condition were to deteriorate the Noteholders may suffer direct and materially adverse consequences, including non-payment of principal and/or interests due under the Notes. An investment in the Notes involves a reliance on the creditworthiness of the Issuer. In addition, an investment in the Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Notes.

The Portuguese financial industry

The Portuguese financial industry has been reacting to a steady stream of changes in the regulatory and legal framework since the early 1980s. The process of deregulation and liberalisation began in 1983 and was followed by the privatisation process (initiated in 1989) and the opening of the banking system to foreign competition. Restrictions on capital movement have been gradually lifted as Portugal implemented legislation bringing Portuguese banking regulations in line with EC legislative practice. In particular, the "*Banking Law*" of December 1992 (Decree Law no 298/92) made a noticeable impact on the Portuguese financial sector by introducing a comprehensive regulatory framework in Portugal in line with EC directives, abolishing the distinction between investment and commercial banks, establishing prudential and supervisory rules, revising regulation of foreign banks operating in Portugal and Portuguese banks operating abroad and creating a deposit guarantee fund in order to protect depositors. In January 2005, the majority of the Portuguese financial sector, representing more than 84 per cent. of total liquid assets, adopted IAS/IFRS accounting rules.

In order to adopt the Codified Banking Directive (2006/48/EC) and the Capital Adequacy Directive (2006/49/EC) a new regulatory framework was implemented in 2007 with the publication of Decree Law no. 103/2007 and Decree Law no 104/2007, both of 3rd April, and a new set of Notices and Instructions of Banco de Portugal which regulate the provisions laid down in those Decree Laws. This new regulatory framework came into full force and effect during 2007 and at 1st January, 2008.

The new regulation created the possibility to use two methods for the calculation of own funds requirements. The first method is the Standardised Approach, which is largely based on the credit ratings published by external credit assessment institutions ("*ECA*"). It implies weighing the risks in accordance with the type of borrower and the type of exposure. The second method, for which two variations exist, is the Internal Ratings Based approach ("*IRB*").

The IRB approach allows the use of internal methodologies for the calculation of own funds requirements, where the calculation of risk weighted exposure amounts considers as input parameters the probability of default (PD), the loss given default ('LGD') and the exposure at default ('EAD'). Banco BPI, S.A. applies the Standardise Approach method.

Also in 2007 the implementation of Directives 2004/39/EC, 2006/73/EC and Regulation 1287/2006 on markets and financial instruments ("*MiFID*") and also of the Directives 2004/109/EC and 2007/14/EC ("*Transparency Directives*") occurred. This new legislation has a two-fold aim of protecting investors and ensuring the smooth operation of the securities market. Its implementation was necessary to ensure that transparency of transactions is achieved and that the rules laid down for that purpose apply to investment firms when they operate on markets.

These changes in the regulatory and legal framework of the Portuguese financial sector, as well as any implementation of future EC directives related to the financial industry, may have an impact on the market share of Banco BPI, S.A.

Banking Markets and Competition

Banco BPI, S.A. faces intense competition in all of its areas of operation (including, among others, banking, investment banking, specialised credit and asset management). The competitors of the Issuer in the Portuguese markets are Portuguese commercial banks, savings and investment banks and foreign banks, many of which have recently entered the Portuguese market. In recent years, mergers and acquisitions involving the largest Portuguese banks have resulted in a significant concentration of market share, a process which the Issuer expects may continue. Competition has increased further with the emergence of non-traditional distribution channels, such as internet and telephone banking. Currently, the Portuguese financial system is quite concentrated, with the five largest banks controlling almost 84 per cent. of total assets, and the largest two, almost 47 per cent. The principal competitors of Banco BPI, S.A. in the banking sector (ranking in terms of assets as of 31 December 2006) are Caixa Geral de Depósitos, the Millennium BCP Group, the Santander/Totta Group and the Banco Espírito Santo Group.

Although the Issuer believes that it is in a strong position to continue to compete in the Portuguese market, there is no assurance that it will be able to compete effectively in the markets in which it operates, or that it will be able to maintain or increase the level of its results of operations.

Economic activity in Portugal

Banco BPI, S.A.'s business activities (including mortgage lending activities) are dependent on the level of banking, finance and financial services required by its customers and borrowers in Portugal. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, the condition of the Portuguese economy and market interest rates. As Banco BPI, S.A. currently conducts the majority of its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events. A weakening in the Portuguese economy may have a material effect on the Banco BPI, S.A.'s financial condition and on the results of its operations.

Regulation

The Issuers operate in a highly regulated industry and their banking activities are subject to extensive regulation by the European Central Bank and the Bank of Portugal, mainly relating to liquidity levels, solvency and provisioning.

The minimum cash requirement applicable to Portuguese banks is currently fixed at 2 per cent. of the total amount of deposits. An increase in the minimum cash reserves or a decline in the rate accrued on those cash reserves would have an adverse impact on the net income of the Issuers.

Portuguese banks are required to maintain a solvency ratio of at least 8.0 per cent. The solvency ratio is defined as Tier I capital plus Tier II capital divided by risk-weighted assets. At 30 June 2007, the solvency ratio of the BPI Group was 9.6 per cent. The capital adequacy requirements applicable to the BPI Group limit its ability to advance loans to customers and may require it to issue additional equity capital or subordinated debt in the future, which are expensive sources of funds.

In addition, the Bank of Portugal has established minimum provisioning requirements regarding current loans, non-performing loans, overdue loans, impairment for securities and equity holdings, sovereign risk and other contingencies. Therefore, any change in these requirements could have an adverse impact on the results of operations of the Issuers.

Risks associated with the implementation of its risk management policies

Within their normal activity the Issuers are exposed to a number of risks that include market risk, credit risk, country risk, liquidity risk and operational risk. The Issuers have implemented management policies and procedures designed to ensure that each of those risks is duly monitored and controlled. Although the Issuers have followed best practices in this area and takes into account what are believed to be worst case scenarios in calculations, the policies and procedures it employs to identify and manage these risks may not be fully effective.

Credit Risk

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

Market Risk

The most significant market risks the Issuers face are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in exchange rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuers' investment and trading portfolios. The Issuers' have implemented risk management methods intended to mitigate and control these and other market risks, and exposure to such risks is constantly measured and monitored. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on each of the Issuer's financial condition and results of operations.

Infrastructure Risk

The Issuers face the risk that computer or telecommunications systems could fail, despite efforts to maintain these systems in good working order. Given the high volume of transactions the Issuers process on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures of the Issuers' internal processes, employees or systems, including any of the its financial, accounting or other data processing systems, could lead to financial loss and damage to the Issuers' reputation. In addition, despite the contingency plans it has in place, the Issuers' ability to conduct business may be adversely affected by disruption to the infrastructure that supports its operations and the communities in which it does business.

Operational Risk

Each of the Issuer's business is dependent on its ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems such as, for example, those of the Issuers' suppliers or counterparties. Although the Issuers have implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is not possible to implement procedures which are fully effective in controlling each of these operational risks.

Impact of regulatory changes

Each of the Issuers are subject to financial services laws, regulations, administrative actions and policies in each location where it operates. Changes in supervision and regulation, in particular in Portugal or in Cayman, could materially affect each of the Issuer's business, the products and services it offers and/or the value of its assets. Although each of the Issuers works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuers.

If the BPI Group's financial condition were to deteriorate due to the above mentioned risks, investors in Notes may suffer direct and materially adverse consequences, including non-payment of principal and/or interests due under the Notes.

Senior Notes

The Issuers are not prohibited from issuing, guaranteeing or otherwise incurring further notes or debt ranking *pari passu* with its obligations under the Notes. The terms of the Senior Notes contain a negative pledge provision as further described in Condition 3.

Dated Subordinated Notes

The obligations of an Issuer under the Subordinated Notes will be subordinated in right of the payment to the claims of all Senior Creditors (as defined in Condition 1(d)) e.g. depositors and other unsubordinated creditors of an Issuer. In the event that an Issuer is wound-up, liquidated or dissolved, the assets of an Issuer would be available to pay obligations under the Subordinated Notes only after all payments have been made to such Senior Creditors.

Undated Subordinated Notes

The obligations of an Issuer under the Subordinated Notes will be subordinated in right of the payment to the claims of all Senior Creditors (as defined in Condition 1(d)).

In the event that an Issuer is wound-up, liquidated or dissolved, the assets of such Issuer would be available to pay obligations under the Subordinated Notes only after all payments have been made to such Senior Creditors.

The payment of principal in respect of the Undated Subordinated Notes is subject to the prior consent of the Bank of Portugal. Payment of interest and/or any other amount in respect of the Undated Subordinated Notes is conditional upon an Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) being solvent at the time of payment by an Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that an Issuer and the Guarantor (in the case of Notes issued by either

of the Cayman Issuers) could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined in Condition 1(d)) and still be solvent immediately thereafter (all as more fully described in Condition 1(c)).

In order to allow an Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under the Terms and Conditions, would be payable by an Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in respect of Undated Subordinated Notes, will, subject to certain conditions being met, be available to meet the losses of an Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) (all as more fully described in Condition 1(c)).

The Guarantee

Senior Notes

The Guarantor is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with its obligations under the Guarantee in respect of the Senior Notes.

Dated Subordinated Notes

The obligations of the Guarantor in respect of the Subordinated Notes will be subordinated in right of the payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition 1(f)). In the event that the Guarantor is wound-up, liquidated or dissolved, the assets of the Guarantor would be available to pay obligations in respect of the Subordinated Notes only after all payments have been made to such Senior Creditors of the Guarantor.

Undated Subordinated Notes

The obligations of the Guarantor in respect of the Subordinated Notes will be subordinated in right of the payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition 1(f)).

In the event that the Guarantor is wound-up, liquidated or dissolved, the assets of the Guarantor would be available to pay obligations in respect of the Subordinated Notes only after all payments have been made to such Senior Creditors of the Guarantor.

The payment of principal in respect of the Undated Subordinated Notes by the Guarantor is subject to the prior consent of the Bank of Portugal. Payment of interest and/or any other amount in respect of the Undated Subordinated Notes is conditional upon the Guarantor being solvent at the time of payment by the Guarantor and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Guarantor could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined in Condition 1(f)) and still be solvent immediately thereafter (all as more fully described in Condition 1(e)).

In order to allow the Guarantor to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under the Guarantee, would be payable by the Guarantor in respect of Undated Subordinated Notes, will, subject to certain conditions being met, be available to meet the losses of the Guarantor (all as more fully described in Condition 1(e)).

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

The Notes may not be a suitable investment for all investors

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

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

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by an Issuer

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

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

Index Linked Notes, Equity Linked Notes and Dual Currency Notes

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

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, an investor should consult its own financial and legal advisers about the risks entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Equity Linked Notes

Equity Linked Redemption Notes may be redeemable by an Issuer by payment of the par value amount and/or by the physical delivery of a given number of the underlying reference item(s) and/or by payment of an amount determined by reference to the value of the underlying reference item(s). Accordingly, an investment in Equity Linked Notes may bear similar market risks to a direct equity investment and investors should take advice accordingly. Interest payable on Index Linked Interest Instruments may be calculated by reference to the value of one or more underlying reference item(s). Equity Linked Notes may not benefit from the same ratings assigned to other Instruments issued under the Programme. Investors should note that no specific rating for the Notes may have been applied for or sought.

Partly-paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

An Issuer's obligations under Dated Subordinated Notes are subordinated

An Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors.

The Dated Subordinated Notes and any relative Receipts and Coupons are direct, unsecured and subordinated obligations of an Issuer, rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future dated subordinated debt and obligations of an Issuer.

If an Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against an Issuer to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors.

"Senior Creditors" means creditors of an Issuer, or as the case may be, the Guarantor who (A) are depositors of an Issuer or other unsubordinated creditors of an Issuer, or as the case may be, the Guarantor, or (B) are subordinated creditors of an Issuer, or as the case may be, the Guarantor other than (x) in the case of Dated Subordinated Notes, those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Dated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such

Notes (in the case of Notes issued by either of the Cayman Issuers) and (y) in the case of Undated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers), Other Pari Passu Claims (as defined in Condition 1(d) of the Terms and Conditions).

An Issuer's obligations under Undated Subordinated Notes are subordinated

An Issuer's obligations under Undated Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors.

The Undated Subordinated Notes and any relative Receipts and Coupons are direct, unsecured and subordinated obligations of an Issuer, and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future undated subordinated debt and obligations of an Issuer.

If an Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons or the rights of persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) against an Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors. The subordination of the Notes is for the benefit of an Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and all Senior Creditors.

See Condition 1(c) of the Terms and Conditions for a full description of subordination and the payment obligations of the Issuers under the Undated Subordinated Notes.

The Guarantor's obligations under the Guarantee in respect of Dated Subordinated Notes issued by either of the Cayman Issuers are subordinated

The Guarantor's obligations under the Guarantee in respect of Dated Subordinated Notes issued by either of the Cayman Issuers will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors or the Guarantor.

In respect of the Dated Subordinated Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future dated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor.

"Senior Creditors of the Guarantor" means creditors of the Guarantor who (A) are depositors of the Guarantor or other unsubordinated creditors of the Guarantor or, (B) are subordinated creditors of the Guarantor other than (x) in the case of Dated Subordinated Notes, those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Dated Subordinated Notes under the Guarantee and (y) in the case of Undated Subordinated, Other Pari Passu Claims (as defined in Condition 1(f)).

The Guarantor's obligations under the Guarantee in respect of Undated Subordinated Notes issued by either of the Cayman Issuers are subordinated

The Guarantor's obligations under the Guarantee in respect of Undated Subordinated Notes issued by either of the Cayman Issuers will be unsecured and subordinated and will rank junior in priority of payment under all Senior Creditors of the Guarantor.

The Undated Subordinated Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future undated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor.

See Condition 1(e) of the Terms and Conditions and the Guarantee for a full description of subordination and the payment obligations of the Guarantor under the Guarantee in respect of Undated Subordinated Notes issued by either of the Cayman Issuers.

Because the Interbolsa Notes are held through accounts of affiliate members of Interbolsa, investors will have to rely on various Interbolsa procedures with respect to the following:

(a) Form and Transfer of the Interbolsa Notes

Interbolsa Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book entry form (*forma escritural*) and are registered notes (*nominativas*). The Interbolsa Notes shall not be issued in bearer form (*ao portador*). The Interbolsa Notes will be registered in the issue account opened by an 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 Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa which include Euroclear and CBL. The transfer of Interbolsa Notes and their beneficial interests will be made through Interbolsa.

(b) Payment Procedures of the Interbolsa Notes

Payments inherent to the Interbolsa Notes (including the payment of accrued interest, coupons and principal) will be (i) made by an Issuer or, as the case may be, Guarantor to the Portuguese paying agent (the "*Portuguese Paying Agent*"), (ii) transferred, according to the procedures and regulations applicable by Interbolsa, from the account held by the Portuguese Paying Agent with the Bank of Portugal to the accounts of the affiliate members of Interbolsa in whose control accounts with Interbolsa the registries of Interbolsa Notes are kept, and, thereafter, (iii) transferred by the Affiliate Members of Interbolsa from their accounts to the accounts of their clients which include Euroclear and CBL.

The Noteholders must rely on the procedures of Interbolsa to receive payment under the Interbolsa Notes. The Issuers will have no responsibility or liability for the records relating to payments made in respect of beneficial interests in the Interbolsa Notes.

(c) Notice to the Noteholders

Notices to the Noteholders may be given by publication in a leading newspaper having general circulation in Portugal (which is expected to be *Diário de Notícias*) or by any other way which complies with Portuguese Securities Code and Interbolsa's rules on notices to investors, notably the disclosure of information through the CMVM official website (www.cmvm.pt).

Meetings of holders of Notes governed by Portuguese law are governed by the Portuguese Companies Code ("Código das Sociedades Comerciais")

Mandatory provisions of the Portuguese Companies Code apply to meetings of holders of Notes governed by Portuguese law. Meetings of holders of such Notes may be convened by a common representative. If the holders of Notes governed by Portuguese law have not appointed a common representative or if the same refuses to convene a Noteholders meeting, holders of such Notes holding not less than 5 per cent. in principal amount of such Notes for the time being outstanding may request the chairman of the general meeting of shareholders of Banco BPI, S.A. to convene a Noteholders meeting.

The quorum required for a meeting convened to pass a resolution other than an extraordinary resolution will be any person or persons holding or representing Notes governed by Portuguese law then outstanding, regardless of the principal amount thereof; and the quorum required for a meeting convened to pass an extraordinary resolution will be a person or persons holding or representing at least 50 per cent. of the Notes governed by Portuguese law then outstanding or, at any adjourned meeting, any person or persons holding or representing any of such Notes then outstanding, regardless of the principal amount thereof.

The number of votes required to pass a resolution other than an extraordinary resolution is a majority of the votes cast at the relevant meeting; the majority required to pass an extraordinary resolution, including, without limitation, a resolution relating to the modification or abrogation of certain of the provisions of the Conditions, is at least 50 per cent. of the principal amount of the Notes governed by Portuguese law then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

Risks related to Withholding Tax

Investment income derived from bearer Notes issued by Banco BPI, S.A. acting through its Lisbon Office are currently subject to Portuguese withholding tax (except where the Noteholder is either a Portuguese resident financial institution or a non resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) and there will be no gross-up for amounts withheld on such bearer Notes.

Pursuant to Decree Law 193/2005, of 7th November 2005, as amended from time to time (the "*Decree Law*"), investment income classified as obtained in Portuguese territory paid to Noteholders of Interbolsa Notes that are non-residents in the Republic of Portugal, as well as capital gains derived from a sale or other disposition of such Interbolsa Notes, will be exempt from Portuguese income tax.

Under the Decree Law, the obligation to collect from the Noteholders proof of their non-Portuguese resident status and of compliance with the other requirements for the exemption rests with the direct registering entities (*entidades registadoras directas*), the participants and the entities managing the international clearing systems. If Interbolsa Notes are held in an account with an international clearing system (either with Euroclear or CBL), the management entity of such international clearing system will not provide the necessary registration services in

respect of Interbolsa Notes and to be eligible for the exemption, the holders of Interbolsa Notes are required to submit, by courier, hand delivery or mail (there is no electronic filing):

- (i) a certificate, on a yearly basis, with the name of each beneficial owner, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax; and
- (ii) alternatively, a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax.

The procedures and certifications are set out in "*Taxation*" beginning on page 183 hereof and may be revised from time to time in accordance with Portuguese law and regulations, further clarification from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems.

Failure to comply with these procedures and certifications will result in the application of Portuguese withholding tax at a rate of 20 per cent. at the date of this Prospectus, or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see "*Taxation*").

Banco BPI, S.A. acting through its Lisbon office will not gross up payments in respect of any such withholding tax in any of the cases indicated in Condition 8 including failure to deliver the certificate or declaration referred to above. Accordingly, Noteholders must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of the Interbolsa Notes. None of Banco BPI, S.A. acting through its Lisbon office, the Guarantor, the Arranger, the Dealers, the paying agents or the clearing systems assume any responsibility therefor.

Risks related to Notes generally

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

Modification, waivers and substitution

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

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither an Issuer nor the Guarantor 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. If a withholding tax is imposed on a payment made by a Paying Agent, an Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Ratings

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Unsubordinated Notes and the Subordinated Notes to be issued under 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. Any ratings assigned to Unsubordinated Notes and the Subordinated Notes as at the date hereof are not indicative of future performance of the Issuer's business or its future creditworthiness.

Change of law

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

Notes where denominations involve integral multiples: Definitive Notes

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

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

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

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

Market Price Risk

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. An investor in the Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the investor sells the Notes prior to the final maturity of such Notes. If an investor decides to hold the Notes until final maturity the Notes will be redeemed at the amount set out in the relevant Final Terms.

Risk of Early Redemption

The applicable Final Terms will indicate whether an Issuer may have the right to call the Notes prior to maturity (optional call right) or whether the Notes will be subject to early redemption in case of the occurrence of an event specified in the applicable Final Terms (early redemption event). An Issuer may have the right to redeem the Notes if such Issuer is required to make additional (gross-up) payments for reasons of taxation. If an Issuer redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, an investor in such Notes is exposed to the risk that due to early redemption his investment will have a lower than expected yield. An Issuer might exercise his optional call right if the yield on comparable Notes in the capital market falls which means that the investor may only be able to reinvest the redemption proceeds in notes with a lower yield.

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

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

consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DESCRIPTION OF THE ISSUERS AND THE GUARANTOR

DEFINITIONS

" <i>Banco BPI, S.A.</i> ", the " <i>Bank</i> "	means Banco BPI, S. A., the holding company of BPI Group
" <i>BPI Cayman</i> "	means Banco BPI Cayman Ltd.
" <i>BPI Capital</i> "	means BPI Capital Finance, Ltd.
" <i>BFA</i> " or " <i>Banco de Fomento Angola</i> "	means Banco de Fomento Angola, S.A.R.L.
" <i>BFM</i> "	means Banco de Fomento Moçambique, S.A.R.L.
" <i>BCI Fomento</i> "	means BCI – Banco Comercial e de Investimentos, S.A.R.L.
" <i>BPI Group</i> " or " <i>Group</i> "	means the financial Group consolidated by Banco BPI, S.A.
" <i>BPI-SGPS</i> "	means BPI-SGPS S. A., the former holding company of the Group
" <i>BPI Investimentos</i> "	means Banco Português de Investimento, S. A.

DESCRIPTION OF THE ISSUERS AND THE GUARANTOR

DESCRIPTION OF BANCO BPI, S.A.

Banco BPI, S.A. is a commercial bank and the holding company of the BPI Group.

HISTORY

Banco BPI, S.A. was formed in 1998 by the merger of Banco FONSECAS & Burnay, Banco de Fomento e Exterior and Banco Borges & Irmão. Later that year Banco Universo (an in-store bank) was acquired by Banco BPI, S.A.

In 2002, BPI SGPS incorporated Banco BPI, S.A. and, simultaneously, assumed the core business mission of a commercial bank, adopting the name Banco BPI, S.A. and assuming the role as the entity at the Group's helm.

In 2005, BPI Group completed its twenty-fifth year of existence since the creation of SPI-Sociedade Portuguesa de Investimentos in 1981.

ESTABLISHMENT AND DOMICILE

Banco BPI, S.A. is domiciled in Rua Tenente Valadim, 284, Porto, telephone number +351 22 2075000.

LEGAL FORM

Banco BPI, S.A. is registered as a bank with the Bank of Portugal and operates under the legal name of "*Banco BPI, S.A.*". Banco BPI, S.A. also operates under the commercial name of "*BPI*". It is a limited liability company ("*Sociedade Anónima*") under Portuguese law registered for an indefinite term in the Commercial Register of Porto, under nr. 35619 as at 23rd October, 1981.

OBJECT AND PURPOSE

According to its constitutional documents, the object of Banco BPI, S.A. is to transact banking business including any additional, related or similar operations compatible with the said business to the full extent permitted by law. Banco BPI, S.A. may also participate in partnership association agreements, complementary corporate conglomerates or European conglomerates of economic interest and may acquire, either originally or subsequently, shares or portions of capital in public limited companies and interests in unlimited liability companies of any object whatsoever and even if subject to special laws.

SHAREHOLDERS

As at 30th June, 2007, the main shareholders in Banco BPI, S.A. included the La Caixa Group (with an interest of 25 per cent.), the Itaú Group (17.6 per cent.), BCP Group (10 per cent.), Allianz Group (8.8 per cent.), JP Morgan Chase Bank (4 per cent.), Credit Suisse First Boston (3.5 per cent.), Arsopi Group (2.9 per cent.), and Violas Group (2.5 per cent.).

BUSINESS OVERVIEW OF BANCO BPI, S.A.

BPI Group activity is divided into two main geographic areas:

- (1) Domestic Activity including Domestic Commercial Banking, Investment Banking, Private Equity and Financial Investments; and

(2) International Commercial Banking.

Domestic Activity

Domestic Commercial Banking business corresponds to banking activity carried out with companies, individuals and institutions in Portugal and includes the provision of banking services to non-residents, namely to emigrant communities and the Madrid branch.

Domestic Commercial Banking is organised into two main segments:

- individuals and small businesses; and
- corporate banking, institutional banking and project finance.

The individuals and small businesses banking division serves individuals, self-employed people and companies with an annual turnover of up to EUR 2.5 million.

The Corporate Banking, Institutional Banking and State Business Sector areas manage the Bank's relationship with its corporate and institutional client base, as well as the respective range of products and services.

Corporate Banking customers are divided into segments according to their respective business volumes - Large Corporations and Companies - and according to their specific needs - Project Finance, Institutional Banking and State (Public) Business Sector.

The Corporate Banking network includes two support areas for large corporations (North-Oporto and South-Lisbon), together with three regional divisions (North, Centre, South and Islands) to serve the rest of the corporate market. These divisions coordinate 43 corporate centres scattered around the country, including Spanish Companies and other Multinationals Centres especially orientated to serve the specific needs of customers with Iberian operations.

The Institutional Banking and State Business Sector Division deals with institutional clients, public sector companies and other public sector controlled entities. It has a specific commercial network composed of six institutional centres which ensures the quality of services, as well as proximity and agility in the service offered to customers..

The Project Finance division is dedicated to the arrangement, structuring and participation in project finance operations and public-private partnerships, as well as in other structured finance deals.

Investment Banking activities, namely equities, corporate finance and private banking, are conducted by BPI Investimentos and private equity business is conducted through a 100 per cent. subsidiary, Inter-Risco, while other non-core investments are booked under Banco BPI, S.A.'s balance sheet.

The contribution to net profit of asset management activity allocated to Domestic Commercial Banking and Investment Banking business is in proportion to each one's importance in the placement of products.

International Commercial Banking

International Commercial Banking Activity refers to business operations conducted by BFA in Angola through a 30 per cent. shareholding in BCI Fomento in Mozambique. This shareholding was acquired as a result of the merger between BFM and Banco Comercial e de Investimentos at the end of November 2003.

SHARE CAPITAL

As at 30th June, 2007, Banco BPI, S.A.'s share capital amounted to 760,000,000 fully subscribed and paid up shares with a nominal value of EUR 1 each.

As at 30th June, 2007, the share premium amounted to EUR 231.3 million. In accordance with Decree Law 408/99, of 4th June, 1999 published in the Diário da República - 1st B Series, 129, the share premium may not be distributed and may not be used for the acquisition of own shares.

MANAGEMENT

The following is a list of the members of the Board of Directors and of the Executive Board of Banco BPI, S.A. and reflects the principal activities of the members of the executive board outside the Bank. The business address of each of the below-mentioned members of the Board of Directors and the Executive Board is Banco BPI, S.A., Largo Jean Monnet, 1, 1269-067 Lisbon, Portugal.

Board of Directors:

<i>Chairman:</i>	Artur Santos Silva
<i>Deputy-Chairmen:</i>	Fernando Ulrich Carlos da Câmara Pestana Ruy Octávio Matos de Carvalho
<i>Members:</i>	Alfredo Resende de Almeida António Domingues António Farinha de Moraes Armando Leite de Pinho Caixa Holding, S.A., Sociedad Unipersonal represented by Marcelino ArmenterVidal Isidro Fainé Casas José Pena do Amaral Klaus Dührkop Manuel Ferreira da Silva Maria Celeste Hagatong Pedro Bissaia Barreto RAS International, N.V, represented by Herbert Walter Roberto Egydio Setúbal Tomaz Jervell Edgar Alves Ferreira Carlos Moreira da Silva Jorge de Figueiredo Dias

A description of the outside activities of the Board of Directors is incorporated into this Prospectus by reference. See "*Documents Incorporated by Reference*".

Executive Board:

<i>Chairman:</i>	Fernando Ulrich
<i>Deputy-Chairman:</i>	António Domingues

Members:

José Pena do Amaral
Maria Celeste Hagatong
Manuel Ferreira da Silva
António Farinha de Moraes
Pedro Bissaia Barreto

Principal activities of the members of the Executive Board outside the Bank:

Fernando Ulrich:

- Deputy-Chairman of the Board of Directors of BPI Investimentos
- Chairman of the Board of Directors of BPI Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.
- Chairman of the Board of Directors of BPI Pensões – Sociedade Gestora de Fundos de Pensões, S.A.
- Chairman of the Board of Directors of BPI Vida – Companhia de Seguros de Vida, S.A.
- Chairman of the Board of Directors of BPI Global Investment Fund Management Company, SA (Luxembourg)
- Chairman of the Board of Directors of BPI Madeira, SGPS, Unipessoal, S.A.
- Chairman of the Board of Directors of BFA – Banco de Fomento, S.A.R.L.
- Director of Semapa – Sociedade de Investimentos e Gestão, SGPS, S.A.
- Director of BPI Capital Finance, Ltd. (Cayman Islands)
- Director of Banco BPI Cayman Ltd.
- Director of Petrocer, SGPS, Lda.

António Domingues:

- Deputy-Chairman of the Board of Directors of BFA – Banco de Fomento, S.A.R.L.
- Director of BCI – Banco Comercial e de Investimentos, SARL (Mozambique)
- Director of BPI Madeira, SGPS, Unipessoal, S.A.
- Director of SIBS – Sociedade Interbancária de Serviços, S.A.
- Director of PT Multimédia, S.A.
- Director of Companhia de Seguros Allianz Portugal, S.A.

António Farinha de Moraes:

- Chairman of the Board of Directors of Eurolocação – Comércio e Aluguer de Veículos e Equipamentos, S.A.
- Director of BPI Madeira, SGPS, Unipessoal, S.A.
- Director of Companhia de Seguros Allianz Portugal, S.A.
- Director of BPI Rent – Comércio e Aluguer de Bens, Lda.

José Pena do Amaral:

- Director of BFA – Banco de Fomento, S.A.R.L.
- Director of BPI Madeira, SGPS, Unipessoal, S.A.

Manuel Ferreira da Silva

- Director and Chairman of the Executive Board of BPI Investimentos
- Chairman of the Board of Director of Inter Risco – Sociedade de Capital de Risco, S.A.
- Director of BPI Madeira, SGPS, Unipessoal, S.A.

Maria Celeste Hagatong:

- Director of BPI Investimentos (non-executive)
- Director of BPI Madeira, SGPS, Unipessoal, S.A.
- Director of CVP – Sociedade de Gestão Hospitalar, S.A. (non executive)

Pedro Bissaia Barreto

– Director of BPI Madeira, SGPS, Unipessoal, S.A.

CERTAIN RELATIONSHIPS

There are no potential conflicts of interests between any duties to the Bank of the members of either the Board of Directors or the Executive Board and their private interests or other duties.

EMPLOYEES

At 30th June, 2007 the BPI Group's workforce numbered 8,798, of whom 85 per cent. were deployed in domestic operations (83 per cent. in Portugal and 2 per cent. at overseas branches and representative offices), while the remaining 15 per cent. made up the workforce at Banco de Fomento Angola.

	Year-end figures			Year-average figures		
	Dec.06	Jun.07	Jun.07/Jun.06	Dec.06	Jun.07	Jun.07/Jun.06
Domestic activity						
Banco BPI, S.A.	6,688	7,015	7.60%	6,567	6,851	5.90%
Banco Português de Investimento	129	139	6.90%	131	133	0.80%
Other subsidiary companies	93	89	4.70%	96	91	-6.20%
Subtotal – activity in Portugal ¹	6,910	7,243	7.50%	6,794	7,075	5.60%
Overseas branches and rep. offices	174	194	19.80%	166	192	15.70%
Subtotal – domestic activity	7,084	7,437	7.80%	6,960	7,267	5.90%
International activity						
Banco de Fomento Angola	1,234	1,361	46.30%	958	1,302	87.10%
Subtotal – international activity	1,234	1,361	46.30%	958	1,302	87.10%
Subtotal – activity in Portugal ¹	8,318	8,798	12.40%	7,919	8,569	13.40%

¹ Includes fixed-term contracts and temporary employment of persons with no binding work contracts with BPI. The costs incurred with temporary employment are recorded in the books under the caption "general and administrative overheads".

PENSION OBLIGATIONS

At 30th June, 2007 the employees' pension funds amounted to EUR 2,826 million, representing 117.4% of the funds' liabilities with pensions. The funds' financial surplus amounted to EUR 419.5 million.

In June 2007 Banco BPI, S.A. changed the actuarial assumptions, which led to an increase of EUR 149.5 million in the amount of pension liabilities.

In the first half of 2007, the funds had a non-annualised return of 16.7 per cent..

Pension obligations coverage

(EUR million)

	30th June, 2006	31st December, 2006	30th June, 2007
Total pension liabilities	2,210.5	2,230.8	2,406.4
Pension funds	2,271.9	2,470.5	2,826.0
Financing of pension liabilities	102.80%	110.70%	117.40%
Corridor¹	227.2	247.0	282.9
Amount of the corridor used (accumulated)	226.1	42.6	137.3
Margin available²	1.1	204.5	420.2
Amount outside the corridor	-0.7	-0.1	-2.6

¹ In the IAS / IFRS regulatory framework, the corridor envisaged, besides being used to accommodate actuarial or fund income variances, can also be used to accommodate changes to the actuarial-financial assumptions without giving rise to an income statement impact. The amounts which are situated outside the corridor can be amortised over the expected period to the expected average retirement age.

² The margin available allows for the accommodation of negative variances of the fund's income or changes to the actuarial assumptions.

THE AUDIT COMMITTEE

The Audit Committee is composed exclusively of non-executive members of the Board of Directors (minimum of three and maximum of five). The majority of the Committee's members must be independent.

Chairman: Artur Santos Silva

Deputy-Chairman: Ruy Octávia Matos de Carvalho

Members: Alfredo Resende de Almeida, Jorge de Figueiredo Dias and Marcelino ArmenterVidal

The role of the Audit Committee is to:

- assess the Group's efficiency in its use of resources and establish control mechanisms to protect the Group against losses arising from its business activities, namely, credit, market, liquidity and operating risks;
- guarantee the integrity and reliability of accounting and financial information;
- ensure the Group complies with all its legal obligations as well as its own general regulations and policies;
- approve and monitor the execution of the external and internal audit programme;
- appoint the external auditors and ensure their independence;
- approve the fees payable to the external auditors for audit services;
- consider the annual internal control reports that are sent to the Bank of Portugal by all BPI Group banks and financial companies, and to collaborate in all inspections conducted by the Bank of Portugal, CMVM, Insurance Institute of Portugal ("ISP") and the Tax Department General Inspectorate;
- prevent the BPI Group's involvement in money-laundering related operations;
- analyse loan and securities impairments;

- analyse losses arising from Customer or Employee fraud;
- review risk exposures of more than 5% and less than 15% of Banco BPI, S.A.'s consolidated shareholders' equity;
- review loans that have been in default for more than 90 days where the credit risk exposure exceeds 500 thousand euro;
- monitor the staff pension funds of the Banks controlled by the BPI Group;
- analyse Customers' complaints systematically reported in the reports prepared by the Quality Division;
- monitor the activity of the rating agencies which issue rating grades for the Group and to become acquainted with the principal aspects addressed at meetings with these entities; and
- monitor the BPI Group's preparatory work for Basle II.

DESCRIPTION OF BPI CAYMAN

BPI Cayman is a commercial bank.

HISTORY

Banco BPI Cayman, Ltd. was incorporated on 29th May, 2002 in the Cayman Islands. On 16th December, 2002 the bank's corporate name changed from BPI Cayman, Ltd. to Banco BPI Cayman, Ltd.

BPI Cayman commenced operations in 2003. With effect from 1st January, 2004 the authorized agent of BPI Cayman is The Bank of Nova Scotia Trust Company (Cayman) Limited.

ESTABLISHMENT AND DOMICILE

BPI Cayman is domiciled in P.O. Box 1034, Harbour Place, 4th floor, 103 South Church Street, Grand Cayman, KY1-1102, Cayman Islands, telephone number +1 345 949-8499.

LEGAL FORM

BPI Cayman is an exempted company organised and existing under and by virtue of the Laws of The Cayman Islands, holder of a category "B" Banking License issued on 2nd January, 2003 under The Banks and Trust Companies Law (2001 Revision) and of a Trust License issued on 9th March, 2005 under The Banks and Trust Companies Law (2003 Revision). It is registered in the Cayman Islands for an indefinite term, under nr. CR - 117993, as at 16th December, 2002.

OBJECT AND PURPOSE

According to article 3 of its Memorandum of Association, the object of BPI Cayman is to carry on business as bankers, capitalists, financiers, promoters, to transact banking business and to carry on the business of a trust company to the full extent permitted by law.

BPI Cayman will not trade in the Cayman Islands with any person, firm or corporation except in the furtherance of the Company carried on outside the Cayman Islands.

Under direct supervision of the Directors, BPI Cayman subcontracted certain data processing functions, compilation of regulatory information and other compliance functions to other BPI Group companies.

SHAREHOLDERS

As at 31st December, 2006, the share capital of BPI Cayman was wholly owned by BPI Madeira, SGPS, Unipessoal, S.A., a subsidiary of Banco BPI, S.A.

BUSINESS OVERVIEW OF BPI CAYMAN

The main activities of BPI Cayman are treasury operations, lending and investing in securities. It also carries on derivative operations.

As at 31st December, 2006 the total balance sheet and profit of the year reached EUR 768.2 million and EUR 9 million, respectively.

SHARE CAPITAL

As at 31st December, 2006, the authorised and issued share capital of BPI Cayman was EUR 150,000,000 divided into 150,000,000 ordinary shares of a nominal value of EUR 1 each. The issued capital has been paid up in full.

MANAGEMENT

The following is a list of the members of the Board of Directors of BPI Cayman. The business address of each of the members of the Board of Directors is Banco BPI, S.A., Largo Jean Monnet, 1, 1269-067 Lisbon, Portugal.

Name	Occupation
Fernando Ulrich	Banker
José Manuel Toscano	Banker
António Luna Vaz	Banker
Carlos Pitarma	Banker

BPI Cayman's auditor is Deloitte & Touche, having its offices at One Capital Place, P. O. Box 1787 GT, Grand Cayman, Cayman Islands.

CERTAIN RELATIONSHIPS

There are no potential conflicts of interests between any duties to BPI Cayman of the members of the Board of Directors and their private interests or other duties.

EMPLOYEES

BPI Cayman has no employees. The Directors are officers of Banco BPI, S.A.

AUDIT COMMITTEE

BPI Cayman is under the supervision of the BPI Group's Audit Committee. Please refer to the description of Banco BPI, S.A. for the composition and the functions of the Audit Committee.

CAYMAN ISLANDS CORPORATE GOVERNANCE

While there is no specific Cayman Islands corporate governance regime BPI Cayman complies with the requirement to remain in good standing with the registrar of companies.

DESCRIPTION OF BPI CAPITAL

BPI Capital is an investment and finance company.

HISTORY

BPI Capital was incorporated on 15th November, 1996 in George Town, Cayman Islands and its legal name is BPI Capital Finance, Ltd.

ESTABLISHMENT AND DOMICILE

The office of BPI Capital is c/o Maples and Calder, Ugland House, P.O. Box 309 GT, George Town, Grand Cayman, Cayman Islands, telephone number + 1 345 949 8066.

LEGAL FORM

BPI Capital is registered as an Exempted Company incorporated in the Cayman Islands with limited liability under nr. 69562..

OBJECT AND PURPOSE

According to article 3 of its Memorandum of Association, the objects for which BPI Capital is established are unrestricted and include, without limitation, to carry on the business of an investment company as financiers and to carry on and execute all kinds of financial, trading, commercial and other operations.

SHAREHOLDERS

As at 31st December, 2005, the ordinary share capital of BPI Capital was wholly owned by Banco BPI, S.A.

BUSINESS OVERVIEW OF BPI CAPITAL

BPI Capital's sole business is to serve as a funding vehicle. The proceeds of the issues done by BPI Capital are lent to other entities within BPI Group.

SHARE CAPITAL

BPI Capital was established with an authorised share capital of USD 500,000,000 consisting of 5,000 ordinary shares with a USD 1 par value each and 19,999,800 Preference Shares of a nominal or par value of USD 25 each. The 5,000 ordinary shares have been issued to Banco BPI, S.A. and fully paid.

BPI Capital has created and issued 6,000,000 USD Series A Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of USD 25 each, 4,000,000 USD Series B Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of USD 25 each (Series A and Series B both already redeemed), 250,000 EUR Series C Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each, 200,000 EUR Series D Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each and 100,000 EUR Series E Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each.

All the authorised share capital of BPI Capital was amended from USD to EUR on 1st January, 2006 and accordingly the current authorised share capital of BPI Capital is EUR 1,050,000,000 divided into 5,000 ordinary

shares of a nominal or par value of EUR 1 each, 6,000,000 Series A Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 25 each, 4,000,000 Series B Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 25.00 (Series A and Series B both already redeemed), 250,000 EUR Series C Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each, 200,000 EUR Series D Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each and 100,000 EUR Series E Floating Rate Non-Cumulative Guaranteed Non-Voting Preference Shares of a nominal or par value of EUR 1,000 each.

The holders of the ordinary shares in BPI Capital have no rights of pre-emption or preferential subscription rights in respect of the any of the Series of Preference Shares. No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

MANAGEMENT

The following is a list of the members of the Board of Directors of BPI Capital. The business address of each of the members of the Board of Directors is Banco BPI, S.A., Largo Jean Monnet, 1, 1269-067 Lisbon, Portugal.

Name	Occupation
Fernando Ulrich	Banker
Isabel Castelo Branco	Banker
António Lobo Ferreira	Banker

CERTAIN RELATIONSHIPS

There are no potential conflicts of interests between any duties to BPI Capital of the members of the Board of Directors and their private interests or other duties.

EMPLOYEES

BPI Capital has no employees. The Directors are officers of Banco BPI, S.A.

AUDIT COMMITTEE

BPI Capital is under the supervision of the BPI Group's Audit Committee. Please refer to the description of Banco BPI, S.A. for the composition and the functions of the Audit Committee.

CAYMAN ISLANDS CORPORATE GOVERNANCE

While there is no specific Cayman Islands corporate governance regime BPI Capital complies with the requirement to remain in good standing with the registrar of companies.

DESCRIPTION OF THE GUARANTOR

The Cayman Islands Branch of Banco BPI, S.A. was established on 18th February, 1997 and holds a "B" banking licence in the Cayman Islands. Its place of business in the Cayman Islands is at Harbour Place, 4th Floor, 203 South Church Street, Grand Cayman, KY1-1102, Cayman Islands.

The Cayman Islands Branch is a full branch of Banco BPI, S.A. and is not a separate legal entity. Banco BPI, S.A. is fully liable for any transaction entered into by its Cayman Islands Branch.

PORTUGUESE BANKING SUPERVISION AND REGULATION

Bank of Portugal

The Bank of Portugal is the central bank of Portugal. It is entrusted with supervisory and regulatory powers over all banks and non-deposit taking financial institutions operating in Portugal (with the exception of insurance companies and pension funds management companies). The Bank of Portugal has established rules for own funds requirements, reserve requirements, control of major risks and provisions for specific and general credit risks, and it monitors compliance with these rules through periodic inspections, review of regularly filed financial statements and reports and continuing assessment of adherence to current regulation. Infringements or violations of applicable regulations may give rise to warnings or penalties.

Since 1st January, 1999, the European Central Bank has assumed responsibility previously held by the Bank of Portugal for implementing monetary and exchange rate policies in Portugal.

General Regulatory Framework of Credit Institutions and Financial Companies

The Decree Law 298/92, published on 31st December, 1992 (General Regulatory Framework of Credit Institutions and Financial Companies or the "*Banking Law*"), as amended, is the main legal framework regulating the activities of Portuguese banks and foreign banks established in Portugal, as well as other financial institutions. The Banking Law harmonised the Portuguese legislation with EU directives replacing older rules and establishing a comprehensive regulatory framework.

Gradual harmonisation of the operating costs imposed on credit institutions based in Portugal with those prevailing in other European countries and transposition of EU Directives into the Portuguese regulatory framework led to the introduction from 1994 of several changes to the regulations governing the Portuguese financial system.

From 2000 until May 2007, the Bank of Portugal implemented new regulations namely regarding own funds requirements applicable to credit institutions and financial companies assigning claims in securitisation operations, which within the scope of these operations have assumed engagements or received assets or off-balance-sheet items, established the regulatory framework, for prudential purposes, of credit and other assets securitisation operations carried out by credit institutions and other financial companies, established the prudential regime of capital losses inherent in financial participations, established the regime to be complied with in the establishment of subsidiaries of credit institutions and financial companies in non-EC member countries, established the regime to be complied with the acquisition by credit institutions of certain types of participations in other credit institutions having their head office abroad, established the procedures to be followed in the reporting of consolidated accounting information, prepared in accordance with IAS, regulated the "*implicit*" support in securitization operations, made amendments concerning the calculation of the solvency ratio of credit institutions (namely in the risk weightings of some assets items as well as in the calculation of the weighted value of some off-balance-sheet items), introduced changes in the regulatory framework of payment cards and determined the procedures to be adopted in the process of recognising and monitoring internal models that institutions may wish to use in determining own funds requirements to cover market risks and imposed that credit institutions and financial companies shall have an internal control system covering the definition of their organisational structure, the methods and the procedures required for the achievement of the objectives set out in that notice, in order to minimize the financial, operational, legal and reputational risks – including the risk of fraud, irregularities and errors – guaranteeing their timely prevention and detection.

Following the adoption of IAS, Banco de Portugal amended, namely, the regulatory framework governing the own funds and the solvency ratio and the regulation on supervision and control of large exposures of institutions subject to the supervision of Banco de Portugal, the regulatory regulation on the publication of accounts by

institutions subject to the supervision of Banco de Portugal and redefined the regime governing the provisions to be set up by credit institutions and financial companies.

The Banking Law was amended in late 2007 by Decree Law 357A/2007 of 31st October, in order to implement Directives 2004/39/EC, 2006/73/EC and Regulation 1287/2006 on markets and financial instruments ("*MiFID*") and also the Directives 2004/109/EC and 2007/14/EC ("*Transparency Directives*").

With the publication, on 14th June 2006 of the Codified Banking Directive (2006/48/EC) and of the Capital Adequacy Directive (2006/49/EC), the new Basel Capital Accord was fully adopted by the European Community's legal framework. The new prudential framework, commonly known as "Basel II", is comprised of the so-called three pillars: calculation of the minimum own funds requirements for market, credit and operational risks (Pillar 1), supervisory review process (Pillar 2) and disclosure requirements on the financial condition and solvency of institutions (Pillar 3). The three-pillar approach is embedded in Directive 2006/48/EC (which amends Directive 2000/12/EC). Among the most significant amendments, it is worth underlining the incentive to better align the own funds requirements with risk, the fact that the institutions' own risk management and measurement systems are recognised for regulatory purposes (provided that certain conditions are met) and the autonomous recognition of operational risk. These new rules reward the institutions with better capacity to manage risk, creating incentives for the adoption of more sophisticated methodologies. Therefore, the new rules will, in principle, prompt some changes in the way institutions measure and manage risks, which, in turn, will inevitably bring about changes in the organisational structures, internal processes and even in the culture of institutions.

These new regulations also created the possibility to use two methods for the calculation of own funds requirements. The first method is the Standardised Approach, which is largely based on the credit ratings published by external credit assessment institutions ("*ECAI*"). It implies weighing the risks in accordance with the type of borrower and the type of exposure. The second method, for which two variations exist, is the Internal Ratings Based approach ("*IRB*"). The IRB approach allows the use of internal methodologies for the calculation of own funds requirements, where the calculation of risk weighted exposure amounts considers as input parameters the probability of default ("*PD*"), the loss given default ("*LGD*") and the exposure at default ("*EAD*").

For operational risk, the new framework comprises three methods for the calculation of own funds requirements, with increasing sophistication and risk-sensitiveness and, consequently, with stricter approval and use criteria: Basic Indicator, Standardised and Advanced Measurement Approaches.

Changes introduced by Directive 2006/49/EC (which amends Directive 93/6/EEC) are less significant and are warranted namely (i) by the fact that the new capital adequacy framework is also applicable, in the European Union, to investment firms, (ii) by the revision of the concept of trading book and (iii) by the establishment of own funds requirements to market risks from exposures to new instruments (such as credit derivatives).

The new regulatory framework was adopted in Portugal with the publication of Decree Law no. 103/2007 and Decree Law no. 104/2007, both of 3rd April, and with the issuance of a set of Notices and Instructions of Banco de Portugal which regulate the provisions laid down in those Decree Laws.

Capital Adequacy and Solvency Ratios

Portuguese banks are subject to own funds requirements. These requirements conform with the EU Capital Adequacy Directive's requirement that the capital adequacy ratio may not be lower than 8.0 per cent. and the Bank of Portugal minimum requirement for Tier 1 capital is 4 per cent. In the case of the Bank, as at 31st December 2006, the ratio of own funds requirements based on the Bank of Portugal's rules was 9.4 per cent. and the Tier I ratio was 7.4 per cent and as at 30th June 2007 was respectively 9.6 and 6.5 per cent.

Large Risks limits

The maximum level of risk exposure of one institution to one customer or group of customers currently in force is 25 per cent. of own funds. The aggregate amount of all large risks of one institution cannot be more than eight times its own funds.

Reserve Requirements

Until November 1994, the Bank of Portugal's reserve ratio requirement was 17 per cent. of all types of customer deposits and certain other liabilities. Since November 1994, the reserve ratio requirement was reduced to, and has remained constant, at 2 per cent. All reserves have to be deposited with the Bank of Portugal. Since January 1999, the reserves are remunerated by the European Central Bank.

The decrease of the reserve requirement ratio has contributed to a progressive reduction of the financial costs imposed on credit institutions operating in Portugal and to a progressive levelling of competitive conditions in an environment of international capital mobility and freedom of provision of financial services.

Loan Provisioning

Types of provisions

In Portugal, the regime that regulates credit risk provisioning (Bank of Portugal Notices 3/1995, 8/2003 and 3/2005) prescribes three types of loan provisions:

- specific provisions for loans and interest in arrears – destined to cover loans (capital and interest) in arrears which are in default for more than 30 days;
- specific provisions for doubtful loans – earmarked to cover the risk on loans which are not yet in arrears in a credit operation or on the total loans advanced to a single customer in respect of whom there are overdue instalments; and
- provisions for general credit risks – are constituted as a percentage of the total performing loan and guarantees portfolios and in respect of which there is no identified risk of default.

Specific provisions for loans and interest in arrears

Loans in default for more than 30 days are deemed to be loans in arrears. After this period, the recording of interest as income on the capital registered as loans in arrears is suspended, while the interest accrued since the last paid instalment of interest is annulled.

As regards mortgage loans, Banco BPI, S.A. adopts a policy that leads to the earlier recognition of non-performing loans. Given that Banco BPI, S.A. institutes legal action for the recovery of the loan five to six months after the first instalment falls into arrears, Banco BPI, S.A. accounts for interest until the date on which it initiates legal action, and at that point, the entire loan (capital and interest), and not just the instalments in default, is fully recognised as loans in arrears.

Provisioning for loans in arrears is done in a progressive manner, in accordance with the minimum cover coefficients laid down in Bank of Portugal Notice 8/2003, which sets out a differentiated treatment depending on the purpose of the loan, the nature of the securities and the age history of the default.

THE BPI GROUP

The BPI Group – headed by Banco BPI, S.A. – is a financial and multi-specialist group, focusing predominantly on commercial banking business in Portugal. It has a comprehensive spectrum of financial services and products for business, institutional and individual customers.

The Group's commercial bank Banco BPI, S.A. serves more than 1.4 million customers – individuals, companies and institutions – through its multi-channel distribution network comprising 597 retail branches, 21 investment centres, branches specialising in home loans (19), a network of external promoters (6,779), structures dedicated to corporates (43 centres) and institutional customers (6 centres), telephone banking (BPI Directo) and a homebanking service (BPI Net). Banco Português de Investimento, the BPI Group's original matrix, is engaged in investment banking business – Equities, Corporate Finance and Private Banking – at Iberian Peninsula level. In asset management activity, Banco BPI, S.A. is a prime player in the management of unit trust (mutual) funds, pension funds and life-capitalisation insurance, which it distributes via Banco BPI, S.A. and Banco Português de Investimento.

Banco BPI, S.A. is one of the leading commercial banks in terms of volume and deposits in Angola according to a comparison conducted by Banco BPI, S.A. of its balance sheet and the balance sheets of local competitors. Banco BPI, S.A. has a 100 per cent. stake in Banco de Fomento Angola which, at the end of June 2007, serviced 340,000 customers.

So far as insurance interests are concerned, Banco BPI, S.A. has a long-standing partnership arrangement with Allianz for general insurance and life assurance, materialised in an equity stake of 35 per cent. in Allianz Portugal and in an agreement covering insurance distribution via the Bank's commercial network. Banco BPI, S.A. also controls 50 per cent. of Cosec, an operator in the national credit-insurance and insurance-guarantee market.

Banco BPI, S.A.

Domestic Commercial Banking and Financial Investments

Private Equity	Asset Management	Investment Banking	International Commercial Banking	Insurance
Inter-Risco 100%	BPI Gestão de Activos 100%	Banco Português de Investimento 100%	Banco de Fomento Angola 100%	Allianz Portugal 35%
	BPI Pensões 100 %	BPI Suisse 100%	BCI Fomento Mozambique 30%	Cosec 50%
	BPI Vida 100%		Banco BPI Cayman 100%	

The Bank is the parent company of all of the companies shown above and the Bank's financial results are dependent upon the cash flows and dividends from these subsidiaries.

International Operations

The activities carried out abroad by branches and representative offices, in general, to serve the needs of Portuguese expatriates as well as to provide a link for Portuguese companies in their business with local parties are integrated in the Domestic Commercial Banking area.

The Bank has offshore branches in the Cayman Islands, in Macau, in Santa Maria (the “*Azores Islands*”) and in Funchal (the “*Madeira Islands*”), twelve branches in France and one in Spain as well as representative offices in Geneva, Hamburg, Newark, Caracas and Johannesburg. The Bank has also established agreements with local credit institutions and with local post offices in Luxembourg, Canada, Belgium, and the United Kingdom and has representative agents in the Dutch Antilles, Australia and Brazil.

CONSOLIDATED FINANCIAL FIGURES

Main indicators

(Consolidated figures in EUR million, except where indicated otherwise)

	30th June, 2006	?% June 05/ June 06	30 th June, 2007	?% June 06/ June 07
Net total assets	32,290.1	18.1%	38,880.4	20.40%
Assets under management ¹	13,155.2	16.2%	15,949.6	9.20%
Business volume ²	47,824.3	11.9%	61,274.1	19.30%
Loans to Customers (gross) and guarantees	25,576.1	12.2%	30,999.9	21.00%
Total Customers Resources	22,248.2	11.6%	30,274.3	17.60%
Business volume ² per Employee ³	6,247.0	4.7%	6,965.0	6.10%
Operating income from banking per Employee ³	64.0	1.2%	70.0	9.60%
Adm. overheads, depreciation and amortisation / operating income from banking	57.7%	-	53.10%	-
Net profit	148.6	39.1%	193.1	29.90%
Cash flow after taxation	197.4	2.9%	268.8	36.20%
Return on average total assets (ROA)	0.9%	-	1.10%	-
Return on Shareholders' equity (ROE)	24.2%	-	24.80%	-
Loans in arrears for more than 90 days / Customers loans	1.1%	-	1.00%	-
Loan impairments (in the balance sheet) / Customers loans	1.5%	-	1.30%	-
Cost of risk ⁴	0.2%	-	0.29%	-
Cover of pension obligation recognised in the balance sheet	102.8%	-	117.40%	-
Shareholders' equity	1,200.9	17.4%	1,731.3	44.20%
Ratio of own funds requirements ⁵	10.8%	-	9.60%	-
Tier I ⁶	7.40%	-	6.50%	-
Data per share adjusted (euro)				
Net profit	0.20	39.6%	0.26	29.10%
Cash flow after taxation	0.26	3.3%	0.36	35.30%
Book Value	1.61	17.7%	2.32	44.50%
Weighted average no. of shares (in millions)	745.4	-0.4%	750.3	0.70%
Closing price (euros)	5.9	88.6%	6.58	10.80%
Stock market capitalisation at year end	4,514.4	88.6%	5,001.0	10.80%
Retail branches ⁶ (number)	636.0	2.4%	724	13.70%
Corporate and institutional centres network ⁷ (number)	49.0	-3.9%	57	9.60%
BPI Group staff complement ⁸ (number)	7,828	6.6%	8,798.0	12.40%

1) Unit trust (mutual) funds, PPR and PPA, capitalisation insurance, assets under discretionary management and advisory mandates of Private Banking Clients and Institutional Clients and assets of the managed pension funds (including the Group's staff pension funds).

- 2) Loans guarantees and total Customer resources.
- 3) Number of Employees of the companies which are consolidated in full.
- 4) Loan impairments (IAS / IFRS) in the semester, deducted from recoveries of loans in arrears written-off (in the income statement) / Costumer loans (annualised figures).
- 5) Calculated in accordance with Bank of Portugal rules governing minimum own funds requirements (Notice n.º 7 / 96).
- 6) Includes traditional branches (542 in 30 Jun. 06 and 597 in 30 Jun. 07), housing shops, investment centres in Portugal, branches in Paris (11 in 30 Jun. 06 and 12 in 30 Jun. 07) and in Angola (46 in 30 Jun. 06 and 65 in 30 Jun. 07).
- 7) Distribution network specialising in serving companies (41 corporate centres), project finance centre (1), Institutional (6 centres) and the branch in Madrid.
- 8) Group staff complement in the domestic activity (7,437 in 30 Jun. 07) and international (1361 in 30 Jun. 07). Includes term Employees and temporary workers, and excludes bursaries.

RISK MANAGEMENT

The following is a summary of certain aspects of the business of Banco BPI, S.A. of which prospective investors of Banco BPI, S.A. should be aware. The summary is not intended to be exhaustive and the following information should be carefully considered in connection with the other information contained in this Prospectus.

Risk management at the BPI Group is based on the ongoing identification and analysis of exposure to the different risks (counterparty, country, market, liquidity, operating and legal risks) and on the execution of strategies aimed at maximising the results vis-à-vis risks, within pre-set and duly supervised limits.

PRINCIPAL INDICATORS	30th June, 2006	31st December, 2006	30th June, 2007		
	Consolidated		Domestic Activity	International Activity	Consolidated
Loans in arrears for more than 90 days, as percentage of total loan portfolio	1.10%	1.10%	1.00%	1.40%	1.00%
Loan impairments (accumulated in the balance sheet), as percentage of total loan portfolio	1.50%	1.40%	1.20%	6.20%	1.30%
Loans in arrears for more than 90 days and doubtful loans ¹ , as percentage of total loan portfolio ²	1.10%	1.10%	-	-	1.00%
Loans in arrears for more than 90 days and doubtful loans, net of specific loan provisions, as percentage of total net loan portfolio ²	0.40%	0.40%	-	-	0.30%
Increase in loans in arrears (for more than 90 days), adjusted by write-offs as percentage of the performing loan portfolio	0.08%	0.07%	0.21%	0.67%	0.23%
Increase in loans in arrears (for more than 90 days), adjusted by write-offs and deducted from recoveries of loans and interests written-off, as percentage of the performing loan portfolio	-0.02%	-0.02%	0.13%	0.67%	0.14%
Loan impairment charges in the year (income statements) as percentage of the performing loan portfolio	0.26%	0.25%	0.27%	3.77%	0.37%

Loan impairment charges in the year (income statements) net of recoveries of loans and interest written-off, as percentage of the performing loan portfolio	0.16%	0.16%	0.18%	3.77%	0.29%
Country-risk exposure, net of provisions (M.€)	3 473	2 421	-	-	2 488
As percentage of total assets (net)	10.80%	6.80%	-	-	6.70%
Market risk (VaR)					
Monthly average (M.€)	3.2	3.3	-	-	2.7
Maximum (M.€)	6.3	7.7	-	-	4.4
Loans as percentage of total Customer resources	87.40%	88.70%	92.70%	45.60%	89.90%
Loans as percentage of stable resources ³	84.80%	73.30%	-	-	74.90%

1) Doubtful loans treated as being in arrears for purposes of provisioning.

2) Calculated according to the Bank of Portugal's Instruction 16 / 2004.

3) Stable resources in accordance with the definition laid down in Bank of Portugal Instruction 1 / 2000: Customer deposits, participating securities, provisions for loans (specific and general), loans (certificated or not) with a residual maturity term of more than one year, minority shareholders' interests and shareholders' equity, after deducting the profits to be distributed by way of dividends.

CREDIT RISK

At the end of June 2007, customer loans in arrears for more than 90 days totalled EUR 272.1 million, which corresponded to 1.0 per cent. of the gross loan portfolio.

In domestic operations, loans in arrears for more than 90 days amounted to EUR 260.6 million which corresponded to a non-performing loan ratio of 1.0 per cent. In international operations, loans in arrears for more than 90 days totalled EUR 11.5 million, corresponding to a non-performing loan ratio of 1.4 per cent.

At 30th June, 2007, the amount of cumulated impairments recognised in the balance sheet totalled EUR 366.9 million which corresponded to 1.3 per cent. of the gross loan portfolio. These represent the estimated loan loss and take into consideration the total amount of the exposure, the recoverable amount and the time horizon until recovery. In domestic operations, these totalled EUR 316.3 million (1.2 per cent. of the gross loan portfolio) and in international operations loan impairments were EUR 50.6 million (4.9 per cent. of the gross loan portfolio).

(EUR million)

Customer loans in arrears, provisions and impairments	30th June, 2006	31st December, 2006	30th June, 2007
Customer loan portfolio at the end of the year (gross)	22,502.0	24,941.4	27,223.6
Loans in arrears			
Loans in arrears for more than 90 days	249.2	263.6	272.1
Loans in arrears for more than 30 days	266.4	277.6	289
Doubtful loans ¹	4.6	3.3	3.5
Loan impairments	328.6	341	366.9
Ratio of loans in arrears and doubtful loans			
Loans in arrears for more than 90 days, as percentage of total loan portfolio	1.10%	1.10%	1.00%

Loans in arrears for more than 90 days and doubtful loans ¹ , as percentage of total loan portfolio ²	1.10%	1.10%	1.00%
Loans in arrears for more than 30 days, as percentage of total loan portfolio	1.20%	1.10%	1.10%
Loan impairments (accumulated in the balance sheet)			
Loan impairments, as percentage of total loan portfolio	1.50%	1.40%	1.30%
Loan impairments, as percentage of loans in arrears for more than 90 days	131.90%	129.30%	134.90%
Note			
Write-offs	15.3	30.5	20.3
Recovery of loans and interests in arrears written-off	10.1	21	10.6

1) Doubtful loans treated as being in arrears for purposes of provisioning.

2) Calculated according to the Bank of Portugal Instruction 16 / 2004.

The variation in arrear loans with more than 90 days adjusted for write-offs amounted to EUR 28.8 million, corresponding in annualised terms to 0.28 per cent. of the performing loan portfolio. On the other hand, EUR 10.6 million in arrear loans and interest previously written off were recovered in the period, with the result that the increase in arrear loans adjusted for write-offs, and after deducting these recoveries, was EUR 18.2 million, which corresponded to 0.14 per cent. of the loan portfolio in annualised terms. This ratio was situated at 0.13 per cent. for domestic operations and at 0.67 per cent. for international operations.

Credit risk cost in the period measured by the loan impairment charges recognised between 30th June, 2006 and 30th June, 2007 and after deducting recoveries of arrear loans previously written off, was EUR 36.2 million, which corresponded to 0.29 per cent. of the performing loan portfolio in annualised terms. In domestic operations, risk cost represented 0.18 per cent. of the loan portfolio and in international operations it was situated at 3.77 per cent., due to the recognition of collective impairments.

	Domestic activity		International activity		BPI Group (consolidated)	
	30th June, 2006	30th June, 2007	30th June, 2006	30th June, 2007	30th June, 2006	30th June, 2007
Performing loan portfolio (average balance)	19,066.30	20,886.90	253.9	446.7	19,320.20	21,333.60
Change in loans in arrears						
Increase in loans in arrears (for more than 90 days), adjusted by write-offs	(16.9) ¹⁾	26.4	3.4	2.4	-13.5	28.8
as percentage of the performing loan portfolio (average balance)	0.05%	0.21%	1.56%	0.67%	0.08%	0.23%
Recovery of loans and interest in arrears written-off	10.1	10.6	0	0	10.1	10.6
Increase in loans in arrears (for more than 90 days), adjusted by write-offs and net of recoveries of loans and interest written-off	-27.1	15.8	3.4	2.4	-23.7	18.2
as percentage of the performing loan portfolio (average balance)	-0.05%	0.13%	1.56%	0.67%	-0.02%	0.14%

Cost of risk						
Loan impairment charges in the year (in the income statement)	19.9	33.3	7.5	13.5	27.4	46.8
as percentage of the performing loan portfolio (average balance)	0.19%	0.27%	3.41%	3.77%	0.26%	0.37%
Recovery of loans and interest in arrears written-off	10.1	10.6			10.1	10.6
Cost of risk	9.8	22.7	7.5	13.5	17.2	36.2
as percentage of the performing loan portfolio (average balance)	0.09%	0.18%	3.41%	3.77%	0.16%	0.29%

¹⁾ EUR 43.3 million relating to a single default situation was restructured in the 1st half of 2006.

At the end of June 2007, cumulated impairment charges in the balance sheet, corresponding to the estimated loss on loans and already recognised in the financial statements, represented in domestic operations 1.2 per cent. of the gross loan portfolio. It is worth mentioning that the expected loss on mortgage loans was lower (0.6 per cent), given the existence of tangible security and a track record of minimal actual loss.

	30th June, 2006			30th June, 2007		
Loans in arrears and accumulated loan impairments in the balance sheet, by market segment	Ratio of loans in arrears > 90 days			Cumulative Loan impairments as % of the gross loan portfolio		
				Ratio of loans in arrears > 90 days		
	%			%		
Domestic operations						
Corporate, institutional and project finance	40%	0.60%	1.80%	43%	0.60%	1.40%
Loans to Individuals and Small Businesses						
Mortgage loans	42%	1.20%	0.60%	38%	1.20%	0.60%
Loans to individuals – other purposes	4%	2.60%	3.00%	4%	1.90%	2.90%
Loans to small businesses	9%	1.50%	1.80%	9%	1.50%	1.80%
Loans to Individuals and Small Businesses	56%	1.40%	1.00%	51%	1.30%	1.00%
Other	3%	2.20%	2.60%	3%	1.10%	1.40%
Domestic operations	98%	1.10%	1.40%	97%	1.00%	1.20%
International operations	2%	1.80%	6.10%	3%	1.40%	6.20%
Total	100%	1.10%	1.50%	100%	1.00%	1.30%

FINANCIAL RISK ASSESSMENT AND CONTROL

Country Risk

The individual evaluation of each country's risk is carried out with the aid of external ratings, outside studies and in-house studies conducted by the International Division. Eligible countries are deemed to be large emerging markets embracing market economy principles, open to international trade and with strategic importance within the context of international politics. Additionally, operations defined as eligible are those involving the short-term financing of foreign trade, loans to certain multilateral banks, medium-term operations with political risk cover or which, owing to their structuring, are not subject to transfer risk.

In the first half of 2007, this activity was concentrated in Brazil, Russia, Turkey and Kazakhstan.

The country risk table also includes exposure through international participating interests (i.e. Banco de Fomento Angola and the 30 per cent. stake in Banco Comercial e de Investimentos in Mozambique).

Country-risk exposure (30th June, 2007)

(EUR million)				
Country	Rating	Gross exposure	Guarantees	Exposure net of guarantees ¹
Brazil	BB+	407.5		407.5
Kazakhstan	BBB	82.3		82.3
Romania	BBB-	2.3		2.3
Turkey	BB-	95.6	0.1	95.6
Angola		275.3	9.7	265.6
Mozambique	B	17.5	4.8	12.7
Russia	BBB+	125.8		125.8
Venezuela	BB-	2.6		2.6
Ukraine	BB-	1.9		1.9
Dutch Antilles		3.2		3.2
Jersey Islands		7.4		7.4
Cayman Islands	AAA	1,406.6		1,406.6
British Virgin Islands		71.5		71.5
Other countries		4	0.8	3.2
Total		2 503.6	15.4	2 488.2

1) Net of residents' guarantees, namely, of the Agência Nacional de Crédito for exports, of exporters, or of deposits.

Market Risks

Market or price risk (interest rates, foreign exchange rates, equity prices, commodity prices, other) is defined as the possibility of incurring losses due to unexpected variations in the price of instruments or operations.

The assessment of treasury positions (short-term) and structural risk positions relating to interest or foreign exchange rates (long-term) is based on gap schedules (currency gaps, repricing gaps, duration gaps).

The Bank is structurally exposed to the risk of falling interest rates, with an amount of capital at risk of EUR 40.7 million associated with the stress test of a 200 basis points fall in interest rates.

Interest rate risk – repricing gaps¹ (at 30th June, 2007)

	(EUR million)					
	1 year	1 to 2 years	2 to 5 years	5 to 7 years	7 to 15 years	> 15 years
Accumulated gap	1,151	1,202	1,449	1,528	1,510	1,554

1 Non-remunerated sight deposits are graded in the following manner: EUR 50 million in the over-night market; the remainder were considered as non-sensitive to interest rate.

The evaluation of exposure in trading operations is carried out daily through the recourse to a routine for calculating the Value at Risk ("VaR") according to standardised assumptions, generally forming part of the Bank for International Settlements' set of recommendations.

Market risk in trading books¹

	(EUR thousand)			
	2006	1st quarter 2007	2nd quarter 2007	1st half 2007
VaR (monthly average)	3,293	2,430	3,067	2,748
Interest rate risk	1,633	1,352	1,257	1,305
Currency risk	1,391	985	1,955	1,470
Equities risk	2,249	1,804	238	1,021
Commodities	264	494	53	274
Spread	250	22	1,508	765
VaR (maximum)	7,662	3,312	4,380	4,380

1) Maximum potential loss with a 99% confidence level resulting from an adverse movement in prices, indices and interest rates over a period of two weeks, taking into consideration in the calculation of the overall risk the effect of the correlation of returns. A normal distribution of returns is assumed.

Liquidity risk

Liquidity risk is monitored in terms of its two components: (i) in the tradability of the different assets; and (ii) in global terms, whereby liquidity risk is defined based on the (in)ability to keep pace with the asset's growth and to satisfy treasury needs without incurring abnormal losses.

The assessment of global exposure is effected through tables of the expected trend in liquidity as well as through stress test tables (monitored by the Bank of Portugal).

Liquidity risk – Gaps¹ (at 30th June, 2007)

	(EUR million)			
	Up to 1 year	1 to 2 years	2 to 5 years	> 5 years
Gap	-1,288	-1,800	-3,060	-1,185
Accumulated Gap	-1,288	-3,088	-6,148	-7,333

1 The Gap includes all currencies. It does not include the activity of the offshore financial branches. Growth over the next 12 months in loans and balance sheet customers' resources was taken into account. Equities and trading operations were deemed to be "without term".

Liquidity risk – indicators	30th June, 2007
Degree of transformation of deposits into loans	166.00%
Degree of transformation of total customer resources into loans	146.80%
Degree of transformation of stable resources ¹ into loans	74.90%

1) Stable resources as defined in Bank of Portugal Instruction 1/2000.

The trend in customer deposits compared to the more rapid expansion in medium and long-term loans (and in particular, mortgage loans) justified the maintenance of a strategy directed at reinforcing long-term funding. The degree of transformation of stable resources into loans was 74.9 per cent.

The Madeira Branch

The Madeira Offshore Branch of the Issuer (*"Sucursal Financeira Exterior na Zona Franca da Madeira"*) was established in 1990, under an approval of the Ministry of Finance of 22nd December, 1989. Its place of business is at Rua da Alfândega, n.º 18 – 3.º, 9000-059 Funchal.

The Madeira Offshore Branch is a full branch of Banco BPI, S.A. and not a separate legal entity from Banco BPI, S.A. The Madeira Offshore Branch merely constitutes an extension of Banco BPI, S.A., and carries out the same type of operations. Banco BPI, S.A. is fully liable for any transaction entered into by its Madeira Offshore Branch.

The Santa Maria (Azores Islands) Branch

The Santa Maria (Azores Islands) Offshore Branch of the Issuer (*"Sucursal Financeira Exterior na Zona Franca de Santa Maria"*) was established in 1992, under an approval of the Ministry of Finance of 20th March, 1992 (Portaria do Ministério das Finanças no. 111/92, published in Diário da República, II Série on 6th of April, 1992). Its place of business is at Praça da República 11, 9500 Ponta Delgada, Azores.

The Santa Maria Offshore Branch is a full branch of Banco BPI, S.A. and not a separate legal entity from Banco BPI, S.A. The Santa Maria Offshore Branch merely constitutes an extension of Banco BPI, S.A., and carries out the same type of operations. Banco BPI, S.A. is fully liable for any transaction entered into by its Santa Maria Offshore Branch.

The Cayman Islands Branch

The Cayman Islands Branch of the Issuer was established on 18th February, 1997 and holds a "B" banking licence in the Cayman Islands. Its place of business in the Cayman Islands is at Harbour Place, 4th Floor, 103 South Church Street, Grand Cayman, KY1-1102, Cayman Islands, British West Indies.

The Cayman Islands Branch is a full branch of Banco BPI, S.A. and is not a separate legal entity from Banco BPI, S.A. The Cayman Islands Branch merely constitutes an extension of Banco BPI, S.A. carrying on the same type of operations. Banco BPI, S.A. is fully liable for any transaction entered into by its Cayman Islands Branch.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF BANCO BPI, S.A.

Set out below is a summary of unaudited consolidated financial information of Banco BPI, S.A. which is derived from the audited consolidated statements of income for the year ended 31st December, 2006 and for the half-year ended 30th June, 2007 and the audited consolidated balance sheets as at those dates. This financial information was prepared in conformity with International Accounting Standards/International Financial Reporting Standards ("IAS/IFRS") as adopted by the European Union in accordance with Regulation (EC) 1606 / 2002 of 19th July of the European Parliament and Council and incorporated into Portuguese legislation through Bank of Portugal Notice 1/2005 of 21st February.

Consolidated Balance Sheets as at 31st December, 2006 and 30th June, 2007

NET ASSETS

	31st December, 2006	30th June, 2007
	(EUR thousand)	
Cash and deposits at central banks	559,940	487,298
Loans and advances to credit inst. repayable on demand	369,483	251,241
Financial assets held for trading and at fair value through profit and loss	4,345,057	4,814,238
Financial assets available for sale	3,064,911	3,676,067
Loans and advances to credit institutions	906,747	991,921
Loans and advances to Customers	24,630,086	26,892,725
Hedging derivatives	407,520	387,100
Other tangible assets	289,308	292,728
Intangible assets	8,803	10,043
Investments in associated companies and jointly controlled entities	141,768	136,676
Tax assets	133,366	115,614
Other assets	708,494	824,740
Total assets	35,565,483	38,880,391

LIABILITIES

	31st December, 2006	30th June, 2007
	(EUR thousand)	
Financial liabilities held for trading	201,847	224,456
Resources of other credit institutions	3,960,247	5,034,954
Resources of Customers and other debts	16,235,505	18,341,171
Debt securities	5,464,566	5,378,361
Financial liabilities relating to transferred assets	3,368,059	3,231,732
Hedging derivatives	480,806	408,323
Provisions	54,869	64,094
Technical provisions	2,811,111	2,654,777
Tax liabilities	85,721	98,485
Participating Bonds	27,222	27,666
Subordinated Debt	588,890	669,553
Other liabilities	559,337	739,315
Total Liabilities	33,838,180	36,872,887

SHAREHOLDERS' EQUITY

	31st December, 2006 (EUR thousands)	30th June, 2007
Subscribed share capital	760,000	760,000
Share premium account	231,306	231,306
Other equity instruments	8,714	7,542
Revaluation reserves	126,356	320,115
Other reserves and retained earnings	67,091	251,636
(Treasury shares)	-51,659	-32,373
Consolidated net income of the BPI Group	308,758	193,119
Shareholders' equity attributable to the shareholders of BPI	1,450,566	1,731,345
Minority interest	276,737	276,159
Total shareholders' Equity	1,727,303	2,007,504
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	35,565,483	38,880,391

OFF BALANCE SHEET ITEMS

	31st December, 2006 (EUR thousands)	30th June, 2007
Guarantees provided and other contingent liabilities	3,321,665	3,776,221
Of which:		
(Guarantees and sureties)	[3,113,883]	[3,582,961]
(Others)	[207,782]	[193,260]
Commitments	4,297,180	4,930,718

Consolidated Statements of Income for the half-year ended 30th June, 2006 and 30th June, 2007

	30th June, 2006	30th June, 2007
	(EUR thousands)	
Interest and similar income	842,873	1,074,357
Interest and similar expense	-578,211	-772,920
Financial margin (narrow sense)	264,662	301,437
Gross margin on unit links	3,312	5,115
Income from equity instruments	8,488	10,906
Net commission relating to amortised cost	8,504	10,700
Financial margin	284,966	328,158
Technical result of insurance contracts	3,805	5,909
Commissions received	133,407	155,947
Commissions paid	-12,672	-15,578
Other income, net	21,003	22,501
Net commission income	141,738	162,870
Gain and loss on operations at fair value	24,029	37,781
Gain and loss on assets available for sale	21,005	52,948
Interest and financial gain and loss with pensions	7,896	17,077
Net income on financial operations	52,930	107,806
Operating income	5,709	4,311
Operating expenses	-4,911	-6,899
Other taxes	-1,406	-2,024
Net operating expenses	-608	-4,612
Operating income from banking activity	482,831	600,131
Personnel costs	-162,770	-180,732
General administrative costs	-96,814	-116,110
Depreciation and amortisation	-18,992	-21,955
Overhead costs	-278,576	-318,797
Recovery of loans, interest and expenses	10,140	10,593
Impairment losses and provisions for loans and guarantees, net	-27,390	-46,819
Impairment losses and other provisions, net	-2,427	-6,932
Net income before income tax	184,578	238,176
Income tax	-41,339	-49,594
Earnings of associated companies (equity method)	11,582	12,468
Global consolidated net income	154,821	201,050
Income attributable to minority interest	-6,187	-7,931
Consolidated net income of the BPI Group	148,634	193,119

SUMMARY FINANCIAL INFORMATION OF BPI CAYMAN

Set out below is a summary of the unaudited consolidated financial information of BPI Cayman which is derived from the audited consolidated statements of income for the years ended 31st December, 2005 and 31st December, 2006 and the audited consolidated balance sheets as at those dates. The financial statements were prepared from the accounting records of BPI Cayman in conformity with the Adjusted Accounting Standards ("*Normas de Contabilidade Ajustadas*") established by the Bank of Portugal Notice 1/2005 of 21st February and defined in Bank of Portugal Regulations 9/2005 and 23/2004, pursuant to the authority conferred upon it by item 1 of Article 115 of the General Regime for Credit Institutions and Financial Companies ("*Regime Geral das Instituições de Crédito e Sociedades Financeiras*"). The Adjusted Accounting Standards correspond in general to International Financial Reporting Standards, as endorsed by the European Union, except for the portfolio of loans and advances to customers and guarantees granted, which are subject to provisions for specific and general credit risk, in accordance with Bank of Portugal Notice 3/95 of 30th June (with the changes introduced by Bank of Portugal Notice 3/2005 of 21st February).

Balance Sheets as at 31st December, 2005 and 31st December, 2006

NET ASSETS	31st December, 2005	31st December, 2006
	(EUR thousand)	
Loans and advances to credit inst. repayable on demand	3,270	622
Financial assets held for trading and at fair value through profit and loss	15,747	252,602
Financial assets available for sale		139,603
Loans and advances to credit institutions	458,217	176,211
Loans and advances to Customers	201,477	197,243
Hedging derivatives	0	1905
Investments in associated companies	1	1
Other assets	70	61
Total assets	678,782	768,248

LIABILITIES	31st December, 2005	31st December, 2006
	(EUR thousand)	
Financial liabilities held for trading	68	0
Placements of other credit institutions	526,708	614,093
Provisions	407	163
Other liabilities	22	120
Total Liabilities	527,205	614,376

	31st December, 2005	31st December, 2006
SHAREHOLDERS' EQUITY		
	(EUR thousand)	
Share capital	150,000	150,000
Revaluation Reserves		1,619
Retained Earnings	612	612
Interim Dividends	-6,032	-7,556
Net Profit for the year	6,997	9,197
Shareholders' Equity	151,577	153,872
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	678,782	768,248

Statements of Income for the years ended 31st December, 2005 and 31st December, 2006

	31st December, 2005	31st December, 2006
	(EUR thousand)	
Interest and similar income	20,389	20,051
Interest and similar expenses	-12,454	-19,886
Financial Margin (narrow sense)	7,935	8,165
Income from equity securities	0	0
Net financial margin	7,935	8,165
Commission received	629	797
Commission paid	-34	0
Net commission	595	797
Gains on operations at fair value	3,578	2,504
Losses on operations at fair value	-4,621	-2,545
Net income/ (loss) on financial operations	-1,043	-41
Operating income	16	5
Other taxes	-83	-71
Net non current expenses	-67	-66
Operating income from banking	7,420	8,855
General and administrative expenses	-107	4
Overhead costs	-107	4
Provisions and impairment losses on loans, net	-316	338
Provisions and impairment	-316	338
Net income before income tax	6,997	9,197
Income tax	0	0
Net profit for the year	6,997	9,197

SUMMARY FINANCIAL INFORMATION OF BPI CAPITAL

Set out below is a summary of unaudited consolidated financial information of BPI Capital which is derived from the unaudited consolidated statements of income for the years ended 31st December, 2006 and 31st December, 2007 and the unaudited consolidated balance sheets as at those dates. The financial statements were prepared from the accounting records of BPI Capital in conformity with the Adjusted Accounting Standards ("*Normas de Contabilidade Ajustadas*") established by the Bank of Portugal Notice 1/2005 of 21st February and defined in Bank of Portugal Regulations 9/2005 and 23/2004, pursuant to the authority conferred upon it by item 1 of Article 15 of the General Regime for Credit Institutions and Financial Companies ("*Regime Geral das Instituições de Crédito e Sociedades Financeiras*"). The Adjusted Accounting Standards correspond in general to International Financing Reporting Standards, as endorsed by the European Union, except for the portfolio of loans and advances to customers and guarantees granted, which are subject to provisions for specific and general credit risk, in accordance with Bank of Portugal Notice 1/2005 of 21st February. Up to 31st December, 2005, BPI Capital's financial statements were prepared and presented in accordance with the Charts of Accounts for the Portuguese Banking System ("*Plano de Contas para o Sistema Bancário – PCSB*") established by the Bank of Portugal through Regulation 4/96 of 17th June. In order to ensure comparability, the financial statements as of 31st December, 2005 were restated in accordance with the Adjusted Accounting Standards – Proforma Financial Statements – as defined by IFRS 1 – First Time Adoption of International Financing Reporting Statements.

Balance Sheets as at 31st December, 2005 and 31st December, 2006

	31st December, 2005	31st December, 2006
NET ASSETS		
		(EUR thousand)
Loans and advances to credit institutions repayable on demand	69	69
Loans and advances to credit institutions	549,975	550,653
Other assets	0	3
Total Assets	550,044	550,725
	31st December, 2005	31st December, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
		(EUR thousand)
Other liabilities		3
Share capital	550,004	550,005
Other reserves and retained earnings	-1,444	-1,267
Interim dividends	-11,502	-18,604
Net profit for the year	12,986	20,588
Total Liabilities and Shareholders's Equity	550,044	550,725

Statements of Income for the years ended 31st December, 2005 and 31st December, 2006

	31 st December 2005	31 st December 2006 (EUR thousand)
Interest and similar income	12,807	20,411
Financial Margin (narrow sense)	12,807	20,411
Net commission relating to amortised cost	0	178
Net financial margin	12,807	20,589
Commission recieved	182	8
Net commission	182	8
Losses on operations at fair value		-1
Net income / (loss) on financial operations		-1
Other taxes	-2	-2
Net non current expenses	-2	-2
Operating income from banking	12,987	20,594
General and administrative expensess	-1	-6
Overhead costs	-1	-6
Net income before income tax	12,986	20,588
Net profit for the year	12,986	20,588

SUMMARY 31st DECEMBER, 2007 FINANCIAL INFORMATION OF THE ISSUERS

Set out below is a summary of the unaudited consolidated financial statements of Banco BPI S.A. dated 31st December, 2007.

NET ASSETS

	31st December, 2006	31st December, 2007
	(EUR million)	
Cash and deposits at central banks	559.90	1,126.40
Amounts owed by credit institutions repayable on demand	369.50	281.50
Loans and advances to credit institutions	906.70	1,541.00
Loans and advances to Customers	24,630.10	27,230.50
Financial assets held for dealing	4,345.10	4,591.40
Financial assets available for sale	3,064.90	3,925.40
Hedging derivatives	407.50	412.20
Investments in associated companies and jointly controlled entities	141.80	151.00
Other tangible assets	289.30	316.90
Intangible assets	8.80	15.50
Tax assets	133.40	141.40
Other assets	708.50	812.90
Total assets	35,565.50	40,546.00

LIABILITIES AND SHAREHOLDERS' EQUITY

	31st December, 2006	31st December, 2007
	(EUR million)	
Resources of central banks		
Financial liabilities held for dealing	201.80	534.70
Resources of other credit institutions	3,960.20	3,731.90
Resources of Customers and other loans	16,235.50	20,621.90
Debt securities	5,464.60	5,341.90
Technical provisions	2,811.10	2,774.60
Financial liabilities associated to transferred assets	3,368.10	3,008.20
Hedging derivatives	480.80	544.60
Provisions	54.90	72.90
Tax liabilities	85.70	125.30
Participating bonds	27.20	27.30
Subordinated debt	588.90	930.80
Other liabilities	559.30	926.50
Share capital	760.00	760.00
Share premium account and reserves	424.80	539.40
Other equity instruments	8.70	10.80
(Treasury stock)	-51.70	-30.20
Consolidated net income of BPI Group	308.80	355.10
Minority interest	276.70	270.30
Total Liabilities And Shareholders' Equity	35,565.40	40,546.00

CONSOLIDATED INCOME STATEMENT

	31st December, 2006	31st December, 2007
	(EUR million)	
Net interest income (narrow sense)	540.70	608.00
Unit Link products gross margin	7.50	10.70
Income from securities (variable yield)	14.70	22.30
Commissions related to deferred cost (net)	18.40	20.90
Net interest income	581.30	661.90
Technical result from insurance contracts	3.30	13.10
Commissions and other similar income (net)	301.90	342.60
Gains and losses in financial operations	123.80	197.50
Operating income and charges	7.80	0.40
Net operating income	1,018.10	1,215.50
Personnel costs	339.20	379.20
Of which: Early retirements costs	-0.10	1.00
Other administrative expenses	198.10	228.60
Depreciation of fixed assets	39.00	45.40
Administrative overheads, amortisation and depreciation	576.40	653.20
Operating profit before provisions	441.70	562.30
Recovery of loans written-off	21.00	20.90
Loan provisions and impairments	56.50	112.30
Other impairments and provisions	6.00	18.30
Profits before taxes	400.30	452.50
Corporate income tax	100.30	108.60
Equity-accounted results of subsidiaries	22.10	28.00
Minority shareholders' share of profit	13.30	16.80
Net Profit	308.80	355.10

Set out below is a summary of the unaudited financial statements of BPI Cayman dated 31st December, 2007.

NET ASSETS	31st December, 2006	31st December, 2007
	(EUR thousand)	
Loans and advances to credit inst. repayable on demand	622	186
Financial assets held for trading and at fair value through profit and loss	252,602	255,405
Financial assets available for sale	139,603	73,017
Loans and advances to credit institutions	176,211	186,499
Loans and advances to Customers	197,243	191,753
Hedging derivatives	1,905	11,576
Investments in associated companies	1	1
Other assets	61	277
Total assets	768,248	718,714

LIABILITIES	31st December, 2006	31st December, 2007
	(EUR thousand)	
Financial liabilities held for trading	0	37
Resources of other credit institutions	614,093	576,162
Provisions	163	194
Other liabilities	120	18
Total Liabilities	614,376	576,411

SHAREHOLDERS' EQUITY	31st December, 2006	31st December, 2007
	(EUR thousand)	
Share capital	150,000	150,000
Revaluation Reserves	1,119	-292
Retained Earnings	612	612
Interim Dividends	-7,556	0
Net Profit for the year	9,197	-8,016
Shareholders' Equity	153,872	142,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	768,248	718,714

INCOME STATEMENT	31st December, 2006	31st December, 2007
Interest and similar income	20,051	50,955
Interest and similar expenses	-19,886	39,822
Net financial margin	8,165	11,134
Income from equity securities	0	0
Comissions received	797	553
Comissions paid	0	2
Net income from financial assets at fair value	797	516
Net income from financial assets available for sale	-41	-294
Net income from foreign exchange revaluation	0	27
Income from sale of other assets	0	-981
Other income	-66	-242
Operating income from banking	8,855	10,710
Personal Costs	0	0
General and administrative expenses	4	24
Depreciation and amortization		0
Provisions (net)		31
Corrections in value associated to customer loans and values to be received from other debtors (net)		-532
Impairments on other financial assets (net)	338	19,203
Net income before income tax	9,197	-8,016
Income tax	0	0
Net profit for the year	9,197	-8,016

Set out below is a summary of the unaudited financial statements of BPI Capital dated 31st December, 2007.

NET ASSETS	31st December, 2006	31st December, 2007
		(EUR thousand)
Loans and advances to credit institutions repayable on demand	69	64
Loans and advances to credit institutions	550,653	551,150
Other assets	3	0
Total Assets	550,725	551,214

LIABILITIES AND SHAREHOLDERS' EQUITY	31st December, 2006	31st December, 2007
		(EUR thousand)
Other liabilities	3	15
Share capital	550,005	550,005
Other reserves and retained earnings	-1,267	-1,089
Interim dividends	-18,604	-24,934
Net profit for the year	20,588	27,217
Total Liabilities and Shareholders's Equity	550,725	551,214

INCOME STATEMENT	31st December, 2006	31st December, 2007
	(EUR thousand)	(EUR thousand)
Interest and similar income	20,411	27,061
Financial Margin (narrow sense)	20,411	27,061
Net commission relating to amortised cost	178	185
Net financial margin	20,589	27,246
Commission recieved	8	0
Net commission	8	0
Losses on operations at fair value	-1	0
Net income / (loss) on financial operations	-1	0
Other taxes	-2	-2
Net non current expenses	-2	-2
Operating income from banking	20,594	27,244
General and administrative expensess	-6	-27
Overhead costs	-6	-27
Net income before income tax	20,588	27,217
Net profit for the year	20,588	27,217

PORTUGUESE FINANCIAL SECTOR

The Portuguese financial system has undergone a steady process of deregulation and liberalisation since 1983, which has resulted in important structural and operational changes. The most significant measures included the privatisation process (initiated in 1989), the opening of the banking system to foreign competition, the gradual lifting of restrictions on capital movements and the implementation of legislation which brought Portuguese banking regulations into line with EC legislative practice.

The relevant regulations for financial institutions have been subject to a series of amendments since 1991 to reflect the changes to the financial system. In particular, the "New Banking Law" of December 1992 (DL298/92) introduced a comprehensive regulatory framework in line with EC directives. This included the abolition of the distinction between investment and commercial banks, the establishment of prudential and supervisory rules, regulation of foreign banks operating in Portugal and Portuguese banks operating abroad and the creation of a deposit guarantee fund in order to protect depositors. In January 2005, the majority of the Portuguese financial sector - representing more than 84 per cent of total liquid assets - adopted IAS/IFRS accounting rules. Additionally, in January 2008, new capital adequacy rules under the new Basel Accord (Basel II) were introduced.

Against this background, Portuguese banks have had to operate in an increasingly competitive environment. This has been characterised by a number of mergers, rapid network growth, more cross-selling initiatives, increased focus on the expanding market for personal loans, mortgages and credit cards, more frequent advertising campaigns, competitive pricing strategies and cost control programs.

Intense competition amongst Portuguese banks and efficient inflation curbing policies, promoting a controlled reduction of interest rates, have led to a marked fall in net interest margins since the early 1990s, partly offset by a rise in non-interest income. More recently, the fall of interest rates to historically low levels put additional pressure on financial margin, leading banks to diversify their income structure, namely through the increase of fees and commissions.

Currently, the Portuguese financial system is quite concentrated, with the five biggest banks accounting for over 85 per cent. of the market. These banks also have a leading position in other non-traditional banking business sectors, such as insurance activity and on the most important brokers on the Portuguese stock exchange.

Adverse economic conditions in the past years do not appear to have weakened the banking system. Indeed, in the end of the third quarter of 2007, the non-performing ratio fell to 1.74 per cent. against 1.88 per cent. in September 2006. This performance was contributed to by the adoption of more accurate models of valuation of credit risk. In addition, it also benefited from write-offs, renegotiation of credits and continuous credit expansion. In the near future these indicators may show some deterioration, as the higher degree of uncertainty in the financial market will reduce willingness to debt renegotiation.

According to the Bank of Portugal, profitability levels should remain solid, as losses related to the subprime market in the Portuguese banking system are not significant due to the lower exposure of Portuguese banking to this segment.

Profits (corrected of non regular operations) increased by 25 per cent. in the first half of 2007 when compared with the same period of 2006, benefiting from strong gains in capital markets and a more moderate growth of operational costs. Return on average assets rose to 0.93 per cent. in the same period from 0.77 per cent. in June 2006. The solvability ratio was 10.2 per cent., less 0.7 per cent. than in the first half of 2006, due to legal changes related to participation in the insurance sector.

In average terms, consolidated assets grew 11.8 per cent. in the first semester of 2007, due to an expansion of credit. Credit to the private sector, gross of securitisation, grew 7.9 per cent., which compares with 8.8 per cent. in

December 2006. This performance was led credit to non-financial corporates. Despite the sluggish environment in the corporate sector, credit to non financial corporates accelerated markedly in the period, growing 11.1 per cent., in comparison to 8.1 per cent. in 2006. This performance was driven by an increment of debt restructuring operations. Household credit growth slowed to 9.2 per cent. in the first half of 2007 from 10 per cent. in 2006, reflecting a more moderate pace of growth of mortgage credit (9.5 per cent. in the first six months of the year compared to 11.2 per cent. over the same period in 2006). In the meantime consumer credit accelerated, growing 8.3 per cent., well above the 4.9 per cent. seen in 2006. Despite the more adverse scenario, credit accelerated in the third quarter, growing 9.7 per cent.. However, in 2008, the pace of growth of credit may decelerate, reflecting more restrictive conditions and the slowdown of securitisation activities. Indeed, we observed a decrease in the weight of securitised credit on total credit from 4.9 per cent. in December 2006 to 4.1 per cent. in October 2007.

Deposits grew 5.8 per cent. in the first half of 2007, benefiting from the increase of term deposits of corporates. Household term deposits also accelerated in that period, growing 6.3 per cent. in the first half of the year, well above the 0.8 per cent. growth reached in 2006. In the third quarter, higher market interest rates and increased risk aversion led to the acceleration of deposits which advanced 9.4 per cent..

FORM OF THE NOTES, CLEARING AND PAYMENTS

1. GLOBAL NOTES AND DEFINITIVE NOTES IN BEARER FORM

Each Tranche of Notes (as defined under "*Terms and Conditions*" below) will initially be issued in the form of a temporary global (a "*Temporary Global Note*") or if so specified in the applicable Final Terms, a permanent global note (a "*Permanent Global Note*") which in either case will:

- (i) if the Global Notes are 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 to a common safekeeper (the "*Common Safekeeper*") for Euroclear and CBL; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "*Common Depositary*") for Euroclear and CBL.

A. Notes represented by a TEFRA C Global Note

(i) *Payments*

Payments of principal and interest (if any) on a TEFRA C Global Note (as defined on page 17) will be made to, or to the order of, Euroclear and/or CBL against presentation or surrender (as the case may be) of the TEFRA C Global Note without any requirement for certification.

(ii) *Exchange of TEFRA C Global Note*

A TEFRA C Global Note will be exchangeable in whole or, in the circumstances described in the Notes, in part for Definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or CBL (acting on the instructions of any holder of an interest in such TEFRA C Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "*Exchange Event*" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and CBL 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 successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the TEFRA C Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or CBL (acting on the instructions of any holder of an interest in such TEFRA C 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 Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

B. Notes represented initially by a Temporary Global Note

(i) *Payments*

Whilst any Note is represented by a Temporary Global Note (as defined on page 17), payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not

intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or CBL and Euroclear and/or CBL, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

(ii) *Exchange of Temporary Global Note*

On and after the date (the "*Exchange Date*") which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note (as defined on page 17) without receipts, interest coupons or talons of the same Series or (ii) for Definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

(iii) *Payments on Permanent Global Note*

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or CBL (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

(iv) *Exchange of Permanent Global Note*

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/ or CBL (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event (as defined above, and construing any references to a TEFRA C Global Note as references to a Permanent Global Note).

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or CBL (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event where the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the TEFRA C Global Note in definitive form, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and 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 Notes, receipts or interest coupons and will not be entitled to capital gains treatment 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 Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or CBL or any additional or alternative clearing system, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions*"), the 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, 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 (if applicable) at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or CBL 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.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or CBL, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or CBL on and subject to the terms of a deed of covenant (the "*Deed of Covenant*") dated 2nd March, 2007, executed by the Issuer.

INTERBOLSA NOTES

Form of the Interbolsa Notes

The Interbolsa Notes will be represented in dematerialised book-entry form ("*escriturais*") and are registered notes ("*nominativas*"). The Interbolsa Notes will be held through the accounts of affiliate members of the Portuguese central securities depository and the manager of the Portuguese settlement system, *Interbolsa–Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("*Interbolsa*"), as operator and manager of the "*Central de Valores Mobiliários*" (the "*CVM*").

Clearing and Settlement

Interbolsa manages the operation of the central securities depository in the Republic of Portugal known as *sistema centralizado* in which all securities in book entry form must be registered (the "*Book-Entry Registry*" and each entry a "*Book-Entry*"). The CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred. Issuers of securities, financial intermediaries which are Affiliate Members (Direct Registration Entities) of Interbolsa and the Bank of Portugal, all participate in the CVM.

The CVM provides for all the procedures which allow the owners of securities to exercise their rights.

In relation to each issue of securities, CVM comprises *inter alia*, (i) the issue account, opened by the issuer in the CVM and which reflects the full amount of securities issued and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect, at all times, the

aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa (as defined below).

Title to the Interbolsa Notes passes upon registration in the records of an Affiliate Member of Interbolsa. Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Interbolsa Notes shall be treated as the holder of the principal amount of the Interbolsa Notes recorded.

The expression "*Affiliate Member of Interbolsa*" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by: (i) Euroclear and CBL, for the purposes of holding accounts on behalf of Euroclear and CBL with Interbolsa; or (ii) other financial intermediaries that do not hold control accounts directly with Interbolsa, but which hold accounts with an Affiliate Member of Interbolsa, which in turn has an account with Interbolsa.

Interbolsa Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa's codification system and will be accepted for clearing through Central de Valores Mobiliários, the clearing system operated at Interbolsa as well as through the clearing systems operated by Euroclear and CBL and settled by Interbolsa's settlement system.

Payments

Payment of principal and interest in respect of the Interbolsa Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission, the "*CMVM*") and Interbolsa.

The Issuer or, as the case may be, the Guarantor must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, notably the identity of the financial intermediary integrated in Interbolsa appointed by the relevant Issuer to act as the paying agent in respect of the Interbolsa Notes (the "*Portuguese Paying Agent*") responsible for the relevant payment.

Prior to any payment the Portuguese Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Portuguese Paying Agent.

Interbolsa must notify the Portuguese Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the accounts of the Affiliate Members of Interbolsa.

On the date on which any payment in respect of the Interbolsa Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa in the Bank of Portugal current accounts held by the Portuguese Paying Agent and by the Affiliate Members of Interbolsa.

Accordingly, payments of principal and interest in respect of the Interbolsa Notes will be (i) credited by the Issuer or, as the case may be, the Guarantor in the payment current account held with the Bank of Portugal by the Portuguese Paying Agent, (ii) transferred, on the payment date and according to the applicable procedures and regulations of Interbolsa, from the payment current account held with the Bank of Portugal by the Portuguese Paying Agent to the payment current accounts held with the Bank of Portugal by the Affiliate Members of Interbolsa, and thereafter (iii) transferred by such Affiliate Members of Interbolsa from the respective payment current accounts held with the Bank of Portugal to the accounts of the Noteholders or of Euroclear or CBL with said Affiliate Members of Interbolsa, as the case may be.

GENERAL

In the case of Notes admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and listed on the Luxembourg Stock Exchange or publicly offered in the Grand Duchy of Luxembourg, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Notes listed on any other stock exchange or publicly offered in one or more member states of the European Economic Area other than the Grand Duchy of Luxembourg, the Final Terms will be displayed on the website (www.ir.bpi.pt) of the Issuer.

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.

[Banco BPI, S.A.]

(incorporated with limited liability in the Republic of Portugal)

[acting through its Lisbon Office](*)

[acting through its Cayman Islands Branch](*)

[acting through its Madeira Branch](*)

[acting through its Santa Maria branch]](*)

[Banco BPI Cayman Ltd.]

(incorporated with limited liability in the Cayman Islands))]()*

[BPI Capital Finance Ltd.]

(incorporated with limited liability in the Cayman Islands))]()*

[with obligations under Notes issued by [Banco BPI Cayman Ltd.] [BPI Capital Finance Ltd.]

unconditionally and irrevocably guaranteed by

Banco BPI, S.A. acting through its Cayman Islands Branch]](*)

(*) delete as appropriate

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 10,000,000,000

Euro Medium Term Note Programme

for the issue of Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes

[Date]

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 Prospectus dated 3 March, 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "*Prospectus Directive*"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and for Notes issued by Banco BPI Cayman Ltd or by BPI Capital Finance Ltd, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at www.ir.bpi.pt, and collection from Rua Tenente Valadim, 284, Porto.

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

[When adding any final terms, or adding any other final terms or information Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. [(a)] Issuer: [Banco BPI, S.A.
[acting through its Lisbon Office](*)
[acting through its Cayman Islands Branch](*)
[acting through its Madeira Branch](*)
[acting through its Santa Maria Branch](*)]
[Banco BPI Cayman Ltd.](*)
[BPI Capital Finance Ltd.](*)]

2. [Guarantor: Banco BPI, S.A. acting through its Cayman Islands Branch](*)¹
(*) delete as appropriate

3. (a) Series Number: []

4. Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

5. Specified Currency or Currencies:² []

6. Aggregate Nominal Amount [of Notes admitted to trading]*:

7. [Series: []]

8. [Tranche: []]

9. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]

⁽¹⁾ Applicable if the Issuer is Banco BPI Cayman Ltd. or BPI Capital Finance, Ltd.

⁽²⁾ The minimum denomination of the Notes will be, if in euro, EUR 1,000, if in any currency other than euro, in an amount in such other currency exceeding the equivalent of EUR 1,000 at the time of the issue of the Notes.

10. (a) Specified Denominations³:

[]

[]

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

"[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]."

(N.B. As indicated under "Summary of the Programme" the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.)

(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€50,000] minimum denominations is not required.)

11. Calculation Amount

(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

12. (a) Issue Date:

[]

⁽³⁾ If the Notes are to be issued by Banco BPI Cayman Ltd. or BPI Capital Finance, Ltd. and the Notes have a maturity of less than one year, the minimum denomination needs to be £100,000 or its equivalent in any other currency if the proceeds of the issue are accepted in the United Kingdom.

13. Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
14. Maturity Date⁴: [Fixed rate - specify date/
Floating rate - Interest Payment Date falling in or nearest to [specify month]]
15. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]⁵
[Equity Linked Interest]⁵
[Dual Currency Interest]
[specify other]
(further particulars specified below)
16. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]⁶
[Equity Linked Redemption]⁶
[Dual Currency Redemption][Partly Paid]
[Instalment]
[specify other]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
17. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
18. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
19. [(a)] Status of the Notes: [Senior/[Dated/Undated] Subordinated]

⁽⁴⁾ There will be no final Maturity Date in the case of Undated Subordinated Notes.

⁽⁵⁾ See Schedule for [Index/Equity] Linked [Interest/Redemption] Notes.

⁽⁶⁾ See Schedule for [Index/Equity] Linked [Interest/Redemption] Notes.

20. [Status of the Guarantee:] [Senior/[Dated/Undated] Subordinated]
21. [Date [Board] approval for issuance of Notes
[and Guarantee] obtained: [] [and [], respectively]]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee.)
22. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

23. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
24. Rate(s) of Interest: [] per cent. per annum [payable
[annually/semi-annually/quarterly/other (specify)] in
arrear]
(If payable other than annually, consider amending
Condition 5)
25. Interest Payment Date(s): [[] in each year up to and including the
Maturity Date]/[specify other]
- (N.B. This will need to be amended in the case of
long or short coupons)
26. Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
27. Broken Amount(s): [] per Calculation Amount, payable on the
(Applicable to Notes in definitive form.) Interest Payment Date falling [in/on] []
28. Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
29. Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue
date or maturity date in the case of a long or short
first or last coupon.
N.B. This will need to be amended in the case of
regular interest payment dates which are not of
equal duration.
N.B. Only relevant where Day Count Fraction is
Actual/Actual (ICMA)]

30. Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
31. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
32. Specified Period(s)/Specified Interest Payment Dates: []
33. Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
34. Additional Business Centre(s): []
35. Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
36. Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
37. Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

38. ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
39. Margin(s): [+/-] [] per cent. per annum
40. Minimum Rate of Interest: [] per cent. per annum
41. Maximum Rate of Interest: [] per cent. per annum
42. Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
1/1
Other]
(See Condition 5 for alternatives)
43. Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
44. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
45. Accrual Yield: [] per cent. per annum
46. Reference Price: []
47. Any other formula/basis of determining amount payable: [] (Consider applicable day count fraction if euro denominated)
48. Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 1(e)(iii) and 1(j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)

49. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
50. Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
51. Calculation Agent, if any, responsible for calculating the interest payable: [give or annex details including name and address]
52. Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
53. Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

54. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
55. Optional Redemption Date(s): []
56. Optional Redemption Amount and method, if any, of calculation of such amount(s):
[[] per Calculation Amount/specify other/see Appendix]
57. If redeemable in part:
- (i) Minimum Redemption Amount: []
 - (ii) Maximum Redemption Amount: []

58. Notice period (if other than as set out in the Conditions):
[]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
59. Investor Put:
[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
60. Optional Redemption Date(s):
[]
61. Optional Redemption Amount and method, if any, of calculation of such amount(s):
[[] per Calculation Amount/specify other/see Appendix]
62. Notice period (if other than as set out in the Conditions):
[]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
63. Final Redemption Amount:
[] per Calculation Amount/specify other/see Appendix
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
64. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 1(e)):
[[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

65. (i) Form of Notes: [TEFRA C Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent 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]]
- [Dematerialised book-entry, nominative form (Interbolsa Notes)] *[N.B. If Interbolsa Notes, Portuguese law must be selected in (b) below.]*
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 10 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
- (b) Governing law: [English law]/[Portuguese law]
- (N.B. In case of Subordinated Notes issued by Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch, Conditions 1(b), 1(c) and 1(d) shall always be governed by Portuguese law. In case of Notes issued by Banco BPI Cayman Ltd. or by BPI Capital Finance Ltd., Conditions 1(b), 1(c) and 1(d) shall always be governed by Cayman law.)*

(c)	[New Global Note:	Yes] [No]
66.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	<p>[Not Applicable/give details] <i>(Note that this item relates to the place of payment and not Interest Period end dates to which item 16(c) and 18(f) relates)</i></p>
67.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
68.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	<p>[Not Applicable/give details.] <i>(N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues.)</i></p>
69.	Details relating to Instalment Notes:	
70.	Instalment Amount(s):	[Not Applicable/give details]
71.	Instalment Date(s):	[Not Applicable/give details]
72.	Redenomination applicable:	<p>Redenomination [not] applicable <i>[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))] [(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]</i></p>
73.	Other final terms:	<p>[Not Applicable/give details] <i>[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]</i></p>

DISTRIBUTION

74. (a) If syndicated, names and addresses⁷ of Managers [and underwriting commitments]: [Not Applicable/give names and addresses [and underwriting commitments]⁷]
- (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers)⁷
75. Date of [Subscription] Agreement:⁷ []⁷
(the above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)
76. Stabilising Manager (if any): [Not Applicable/give name]⁷
77. If non-syndicated, name [and address]⁷ of relevant Dealer: [Not Applicable/Name [and address]]
78. Total commission and concession:⁷ [] per cent. of the Aggregate Nominal Amount⁷
79. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable] [N.B. TEFRA is not applicable to Interbolsa Notes].
80. Additional selling restrictions: [Not Applicable/give details]

[LISTING APPLICATION

These Final Terms comprise the final terms required to list on the Official List of the Luxembourg Stock Exchange and have admitted to trading on the Bourse de Luxembourg the issue of Notes described herein pursuant to the EUR 10,000,000,000 Euro Medium Term Note Programme of Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch or Banco BPI Cayman Ltd. or BPI Capital Finance, Ltd.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and

⁽⁷⁾ Delete if minimum denomination is EUR 50,000.

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.]

Signed on behalf of the Issuer:

[Signed on behalf of the Guarantor:

By:.....
Duly authorised

By:
Duly authorised]

PART B – OTHER INFORMATION

1. [ADDITIONAL RISK FACTORS]

[Include any product specific risk factors which are not covered under "Risk Factors" in the Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investor's right to withdraw their acceptances within a 48 hour time period.]

LISTING AND ADMISSION TO TRADING

(i) Listing: [Luxembourg Stock Exchange/other (specify)/None]

(ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the Bourse de Luxembourg with effect from []./Application has been made for the Notes to be admitted to trading on [] with effect from []./Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)**

(iii) Estimate of total expenses related to admission to trading: []

RATINGS

Ratings: The Notes to be issued have been rated:

[S & P:[]]
[Moody's:[]]
[[Other]:[]]

*[Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]**

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

NOTIFICATION [AND AUTHORISATION]

The CSSF [has been requested to provide/has provided] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

[The Issuer [and the Guarantor] [has/have] authorised the use of these Final Terms and the Prospectus dated 3 March, 2008 by the Managers and [*include names [and addresses] of other financial intermediaries involved in the offer*] (the "*Distributors*" and, together with the Managers, the "*Financial Intermediaries*") in connection with offers of the Notes to the public in [*insert jurisdiction where the Prospectus has been approved and published and jurisdictions into which it has been passported*] for the period set out in paragraph below.]

PUBLIC OFFERS

Offer Period: ● to ●.

(Should be from the date of publication of the Final Terms to a specified date or a formula such as "the Issue Date" or "the date which falls ● Business Days thereafter".)

Offer Price:

[The Issuer has offered the Notes to the Managers at the initial issue price of ● less a total commission of ●. OR (where the price is not determined at the date of the Final Terms) The issue price of the Notes will be determined by the Issuer and the [Managers] on or about [] in accordance with market conditions then prevailing, including [supply and demand for the Notes and other similar securities] [and] [the then current market price of [insert relevant benchmark security, if any]].]

Conditions to which the offer is subject:

[Offers of the Notes are conditional on their issue [and on any additional conditions set out in the standard terms of business of the Financial Intermediaries, notified to investors by such relevant Financial Intermediaries]]

[Description of the application process:

N/A unless full application process is being followed in relation to the issue]

[Details of the minimum and/or maximum amount of application:

N/A unless full application process is being followed in relation to the issue]

[Description of possibility to reduce subscriptions and manner for refunding excess

N/A unless full application process is being followed in

amount paid by applicants:	relation to the issue]
Details of the method and time limits for paying up and delivering the Notes:	[The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys. Investors will be notified by the relevant Financial Intermediary of their allocations of Notes and the settlement arrangements in respect thereof.]
[Manner and date in which results of the offer are to be made public:	N/A unless the issue is an "up to" issue when disclosure must be included]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	N/A unless full application process is being followed in relation to the issue]
Categories of potential investors to which the Notes are offered:	[Offers may be made by the Financial Intermediaries in [insert jurisdiction where the Prospectus has been approved and published and jurisdictions into which it has been passported] to any person [insert suitability criteria, if any are deemed appropriate pursuant to any applicable conduct of business rules]. In other EEA countries, offers will only be made by the Financial Intermediaries pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Process for notification – N/A unless full application process is being followed in relation to the issue.]
	No dealings in the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC may take place prior to the Issue Date.]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[]]

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

ESTIMATED NET PROCEEDS AND TOTAL EXPENSES*

(iv) Estimated net proceeds: []

(Also see "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(v) Estimated Total Expenses: [] *[Include breakdown of expenses]*

YIELD *(Fixed Rate Notes Only)*

Indication of yield: []

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

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

HISTORIC INTEREST RATES *(Floating Rate Notes only)**

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

PERFORMANCE OF INDEX/FORMULA [, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS*] *(Index-Linked Interest Notes only)*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained, the name of the index and a description of the index if it is composed by the Issuer. If the index is not composed by the Issuer, where information about the index can be obtained. Need to include a description of any market disruption or settlement disruption events that affect the underlying and adjustment rules with relation to events concerning the underlying [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]**

PERFORMANCE OF RATE[S] OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]* *(Dual Currency Notes only)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained and a clear [and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]]**

OPERATIONAL INFORMATION

(vi) ISIN Code: []

- (vii) Common Code: []
- (viii) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme or Interbolsa and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/Central de Valores Mobiliários identification number***]
- (ix) Delivery: Delivery [against/free of] payment
- (x) Names and addresses of Additional Paying Agent(s) (if any): []
- (xi) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case notes other than Interbolsa Notes must be issued in NGN form]* [NB Banco BPI Cayman Ltd., BPI Capital Finance Ltd, and Banco BPI, S.A. acting through its Cayman Islands Branch will not issue Notes in NGN form]

POST-ISSUANCE INFORMATION

The Issuer [will/will not] provide [any]** post-issuance information [in relation to the underlying]**.

OTHER REGULATED MARKETS

To the knowledge of the Issuer, securities of the same class as the Notes are already admitted to trading on the regulated markets of:

[Luxembourg Stock Exchange]

[Euronext Lisbon]

Notes:

- * *There is no obligation to complete in the case of Notes with a minimum denomination of at least EUR 50,000 or its equivalent in any other currency or, as the case may be, in the case of Notes with a minimum transfer amount of at least EUR 50,000 or its equivalent in any other currency.***
- ** *This is only relevant for issues of derivative securities.***
- *** *For Interbolsa Notes only.***

TERMS AND CONDITIONS

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Note settled by Central de Valores Mobiliários the clearing system operated at Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários S.A., each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer, the Guarantor (in the case of Notes issued by the Cayman Issuers) and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note and will be incorporated into and applicable to each Interbolsa Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch or by Banco BPI Cayman Ltd. ("BPI Cayman") or by BPI Capital Finance, Ltd. ("BPI Capital" and together with BPI Cayman, the "Cayman Issuers") as indicated in the applicable Final Terms (together Banco BPI, S.A., BPI Cayman and BPI Capital, the "Issuers" and each an "Issuer") pursuant to the Agency Agreement (as defined below).

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 (a "Global Note"), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any Definitive Notes issued in exchange for a Global Note; and
- (iv) any Interbolsa Note (as defined below).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 3rd March, 2008, and made between, *inter alia*, the Issuers, Banco BPI, S.A. acting through its Cayman Islands Branch in its capacity as guarantor (the "Guarantor"), Banco BPI, S.A. as paying agent in Portugal (the "Portuguese Paying Agent" which expression shall include any successor Portuguese paying agent), Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "Agent", which expression shall include any successor agent) and the other paying agents named therein (together with the Portuguese Paying Agent and the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents).

Interest bearing Definitive Notes have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Neither Interbolsa Notes nor Global Notes have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are attached to, endorsed on or incorporated into this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "*applicable Final Terms*" are to the Final Terms (or the relevant provisions thereof) attached to, endorsed on or incorporated into this Note.

The Final Terms for each Tranche of Notes will state in particular whether this Note is (i) a senior Note (a "*Senior Note*"), (ii) a dated subordinated Note (a "*Dated Subordinated Note*") or (iii) an undated subordinated Note ("*Undated Subordinated Note*"). Dated Subordinated Notes and Undated Subordinated Notes are together referred to as "*Subordinated Notes*".

The payment of all amounts in respect of Notes issued by either of the Cayman Issuers have been guaranteed by the Guarantor pursuant to a guarantee (the "*Guarantee*") dated 3rd March, 2008 and executed by the Guarantor. The original of the Guarantee is held by the Agent on behalf of the Noteholders at its specified office.

Any reference to "*Noteholders*" or "*holders*" in relation to any Notes shall mean (i) the holders of the Global Notes and Definitive Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below or (ii) if integrated in and held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("*Interbolsa*"), as operator of the Portuguese centralised securities system ("*CVM*"), each person shown in the book-entry records of a financial institution, which is licensed to act as a financial intermediary under the Portuguese Securities Code ("*Código dos Valores Mobiliários*", the "*Portuguese Securities Code*") and the regulations issued by Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the "*CMVM*"), by Interbolsa or otherwise applicable rules and regulations and which is entitled to hold control accounts (each such institution an "*Affiliate Member of Interbolsa*"), as having an interest in the principal amount of the Interbolsa Notes.

Any reference herein to "*Receiptholders*" shall mean the holders of the Receipts and any reference herein to "*Couponholders*" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "*Tranche*" means Notes which are identical in all respects (including as to listing) 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) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The holders of Global Notes, Definitive Notes, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "*Deed of Covenant*") dated 3rd March, 2008 executed by the Issuers. The original of the Deed of Covenant are held by the common depositary for Euroclear (as defined below) and CBL (as defined below).

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee are available for viewing during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing and obtainable during normal business hours at the registered office of the Issuer and of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Guarantee and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in 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 applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION, TITLE AND TRANSFER

The Notes are in bearer form in the case of Global Notes and Definitive Notes and in the case of Definitive Notes, serially numbered, or represented in dematerialised book-entry ("*escriturais*") and nominative ("*nominatives*") form in the case of Interbolsa Notes, in each case, in the Specified Currency and the Specified Denomination(s)⁽⁸⁾ as specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Final Terms.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Note (where payment in respect of interest is linked to an index and/or formula), an Equity Linked Note (where payment of interests is linked to an equity and/or formula), a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note (where payment in respect of principal is linked to an index and/or formula), an Equity Linked Redemption Note (where payment of principal is linked to an equity and/or formula), an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Global Notes, Definitive Notes, Receipts and Coupons will pass by delivery. The Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers), and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Global Note, Definitive Note, Receipt or Coupon 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 succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("*Euroclear*") and/or Clearstream Banking, société anonyme, Luxembourg ("*CBL*"), each person (other than Euroclear or CBL) who is for the time being shown in the records of Euroclear or of CBL as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or CBL 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 (in the case of Notes issued by either of the Cayman Issuers), and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers), and any Paying Agent 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

⁽⁸⁾ The minimum denomination of Notes will be, if in euro, EUR 1,000, or if in any currency other than Euro, in an amount in such other currency equal to or exceeding the equivalent of EUR 1,000.

construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and CBL, as the case may be.

References to Euroclear and/or CBL and/or Interbolsa (as defined above) 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.

Title to the Notes held through Interbolsa (each an "*Interbolsa Note*") will be evidenced by book-entries in accordance with the Portuguese Securities Code and the regulations issued by the CMVM, by Interbolsa or otherwise applicable thereto. Each person shown in the book-entry records of an Affiliate Member of Interbolsa as having an interest in the Interbolsa Notes shall be deemed to be the holder of the principal amount of the Interbolsa Notes recorded.

Title to the Interbolsa Notes is subject to compliance with all rules, restrictions and requirements applicable to the activities of Interbolsa.

One or more certificates in relation to the Interbolsa Notes (each, a "*Certificate*") will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Interbolsa Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures pursuant to article 78 of the Portuguese Securities Code.

The Interbolsa Notes will be registered in the relevant issue account of the Issuer with Interbolsa and will be held in control accounts opened by each Affiliate Member of Interbolsa on behalf of the Noteholders. The control account of a given Affiliate Member of Interbolsa will reflect at all times the aggregate principal amount of Interbolsa Notes held in the individual securities' accounts of the Noteholders with that Affiliate Member of Interbolsa.

The person or entity registered in the book-entry registry of the Central de Valores Mobiliários (the "*Book-Entry Registry*") and each such entry therein, a "*Book Entry*") as the holder of any Interbolsa Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

The Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and the Paying Agents may (to the fullest extent permitted by applicable law) deem and treat the person or entity registered in the Book-Entry Registry as the holder of any Interbolsa Note and the absolute owner for all purposes. Proof of such registration is made by means of a Certificate issued by the relevant Affiliate Member of Interbolsa pursuant to article 78 of the Portuguese Securities Code.

No Noteholder will be able to transfer Interbolsa Notes, or any interest therein, except in accordance with Portuguese law and regulations. Interbolsa Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the CMVM or Interbolsa, as the case may be, and the relevant Affiliate Members of Interbolsa through which the Interbolsa Notes are held.

2. STATUS OF THE NOTES AND OF THE GUARANTEE

(a) Status of the Senior Notes

The Senior Notes and any relative Receipts and Coupons are direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) *pari passu* with all other present and

future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, from time to time outstanding.

(b) *Status of the Dated Subordinated Notes*

The Dated Subordinated Notes and any relative Receipts and Coupons are direct, unsecured and subordinated obligations of the Issuer, rank and will rank pari passu without any preference among themselves and (save for certain obligations required to be preferred by law) at least pari passu with all other present and future dated subordinated debt and obligations of the Issuer.

If the Issuer becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Issuer to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors (as defined in Condition (d)).

(c) *Status of the Undated Subordinated Notes*

The Undated Subordinated Notes and any relative Receipts and Coupons are direct, unsecured and subordinated obligations of the Issuer, and rank and will rank pari passu without any preference among themselves and (save for certain obligations required to be preferred by law) at least pari passu with all other present and future undated subordinated debt and obligations of the Issuer.

If the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons or the rights of persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) against the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), as the case may be, to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors (as defined in Condition (d)). The subordination of the Notes is for the benefit of the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and all Senior Creditors.

The payment of principal in respect of the Undated Subordinated Notes is subject to the prior consent of the Bank of Portugal. Accordingly, payment of interest and/or any other amount in respect of the Undated Subordinated Notes will be conditional upon the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) being solvent at the time of payment by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined below) and still be solvent immediately thereafter. For this purpose, each of the Issuer and the Guarantor shall be solvent if (i) it is able to pay its debts as they fall due, and (ii) its Assets exceed its Liabilities (each as defined below). If, following a liquidation of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), amounts due to holders of Undated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) are not paid in full, the obligations of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in respect of the Undated Subordinated Notes will terminate. A report as to the solvency of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) by (i) two members of the Board of Directors of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or, (ii) the auditors of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or, (iii) (if the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) is being wound-up) its liquidator shall, in the absence of proven error, be treated and accepted by the

Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and holders of Undated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) as correct and sufficient evidence thereof.

In the event of any voluntary or involuntary liquidation, insolvency or similar proceeding with respect to the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), no holder of an Undated Subordinated Note will, if such holder is indebted or under liability to the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in respect of such Undated Subordinated Note.

In order to allow each of the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under these Terms and Conditions would be payable as principal or interest in respect of the Undated Subordinated Notes, will be made available to meet the losses of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers), provided that, prior to such time, the total shareholders' equity of the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) (including any interest represented by preference shares guaranteed by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers)) has been reduced to zero.

Subject to the provisions contained in the preceding paragraph, all accrued but unpaid amounts of interest will be utilised to the extent necessary to meet the losses of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and, in the event of a shortfall, the outstanding principal amount of such Undated Subordinated Notes shall be utilised. The total amount so utilised to meet the losses of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers) is hereinafter referred to as the "*Absorbed Amount*" and the period during which the Absorbed Amount is so utilised is hereinafter referred to as the "*Absorbed Amount Period*". Subject to reinstatement as provided for in the next paragraph, the Absorbed Amount (or any part thereof) may not be claimed by the Noteholders and shall not give rise to any payment obligation (including, without limitation, any payment obligation pursuant to Condition 1(e)) of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to such Noteholders in respect of the Absorbed Amount (or any part thereof).

The Absorbed Amount (in whole but not in part) shall be subsequently reinstated, with the ranking as set out in this Condition (c), on the earlier of the day prior to the day on which the event set out in (A) below occurs and the day on which the event set out in (B) below occurs (such earlier day being the "*Reinstatement Day*"):

- (A) the commencement of winding up, liquidation or bankruptcy proceedings in relation to the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers); and
- (B) a resolution being passed by the shareholders of the Issuer or of the Guarantor approving any dividend payment and/or the reinstatement of the Absorbed Amount,

in each case subject to the prior approval of the Bank of Portugal.

From (and including) the first day of the Absorbed Amount Period to (but excluding) the Reinstatement Day, the Absorbed Amount shall not bear interest. From (and including) the Reinstatement Day, the Absorbed Amount (as so reinstated) shall bear interest in accordance with these Terms and Conditions.

(d) *Definitions*

For the purpose of Conditions 1(a), (b) and (c):

- (i) "Assets" means the total consolidated gross assets of the Issuer and in the case of the Guarantor means the total consolidated gross assets of the Guarantor;
- (ii) "Liabilities" means the total consolidated gross liabilities of the Issuer, and in the case of the Guarantor means the total consolidated gross liabilities of the Guarantor, all as shown (i) in the case of the Issuer, by the latest published audited consolidated balance sheet of the Issuer, or (ii) in the case of the Guarantor, by the latest published audited consolidated balance sheet of the Guarantor but in each case, adjusted for contingencies and/or subsequent events, as more particularly described in the annual report or, as the case may be, the semi annual report of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and as valued in such manner as such members of the Board of Directors of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), the auditors or the liquidator (as the case may be) may determine;
- (iii) "Other *Pari Passu* Claims" means claims of creditors of the Issuer or, as the case may be, the Guarantor, which are expressed to be subordinated so as to rank *pari passu* with or junior to the claims of (A) holders of Undated Subordinated Notes or (B) persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers); and
- (iv) "Senior Creditors" means creditors of the Issuer or, as the case may be, the Guarantor, who (A) are depositors or other unsubordinated creditors of the Issuer or, as the case may be, the Guarantor, or (B) are subordinated creditors of the Issuer or, as the case may be, the Guarantor other than (x) in the case of Dated Subordinated Notes, those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Dated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers) and (y) in the case of Undated Subordinated Notes or persons entitled to claim under the Guarantee in respect of such Notes (in the case of Notes issued by either of the Cayman Issuers), Other *Pari Passu* Claims (as defined above).

Conditions (b), (c) and (d) describe the legal and regulatory regime applicable to Dated Subordinated Notes and Undated Subordinated Notes and accordingly the provisions of Conditions (b), (c) and (d) are subject to any changes in that legal and regulatory regime.

(e) *Status of the Guarantee*

(i) *In respect of Senior Notes*

In respect of Senior Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Guarantor, from time to time outstanding.

(ii) *In respect of Dated Subordinated Notes*

In respect of Dated Subordinated Notes and any relative Receipts and Coupons issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for

certain obligations required to be preferred by law) at least pari passu with all other present and future dated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition (f)).

(iii) *In respect of Undated Subordinated Notes*

In respect of Undated Subordinated Notes issued by either of the Cayman Issuers, the obligations of the Guarantor under the Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank pari passu without any preference among themselves and (save for certain obligations required to be preferred by law) at least pari passu with all other present and future undated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding, (to the extent permitted by applicable law) the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Condition (f)).

The payment of principal in respect of the Undated Subordinated Notes by the Guarantor is subject to the prior consent of the Bank of Portugal. Accordingly, payment of interest and/or any other amount in respect of the Undated Subordinated Notes by the Guarantor will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Guarantor could make such payment, in whole or in part, rateably with payments in respect of Other Pari Passu Claims (as defined below) and still be solvent immediately thereafter. For this purpose, the Guarantor shall be solvent if (i) it is able to pay its debts as they fall due, and (ii) its Assets (as defined below) exceed its Liabilities (as defined below). If, following a liquidation of the Guarantor, amounts due to holders of Undated Subordinated Notes are not paid in full, the obligations of the Guarantor in respect of the Undated Subordinated Notes will terminate. A report as to the solvency of the Guarantor by two members of the Board of Directors of the Guarantor or the auditors of the Guarantor or (if the Guarantor is being wound-up) its liquidator shall, in the absence of proven error, be treated and accepted by the Guarantor and holders of Undated Subordinated Notes as correct and sufficient evidence thereof.

In the event of any voluntary or involuntary liquidation, insolvency or similar proceeding with respect to the Guarantor, no holder of an Undated Subordinated Note will, if such holder is indebted or under liability to the Guarantor, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Guarantor in respect of such Undated Subordinated Note.

In order to allow the Guarantor to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under the Guarantee would be payable by the Guarantor in respect of the Undated Subordinated Notes, will be made available to meet the losses of the Guarantor, provided that, prior to such time, the total shareholders' equity of the Guarantor (including any interest represented by preference shares guaranteed by the Guarantor) has been reduced to zero.

Subject to the provisions contained in the preceding paragraph, all accrued but unpaid amounts of interest will be utilised to the extent necessary to meet the losses of the Guarantor and, in the event of a shortfall, the outstanding principal amount of payments to be made on the Undated Subordinated Notes shall be utilised. The total amount

so utilised to meet the losses of the Guarantor is hereinafter referred to as the "*Absorbed Amount*" and the period during which the Absorbed Amount is so utilised is hereinafter referred to as the "*Absorbed Amount Period*". Subject to reinstatement as provided for in the next paragraph, the Absorbed Amount (or any part thereof) may not be claimed by the Noteholders and shall not give rise to any payment obligation (including, without limitation, any payment obligation arising pursuant to Condition 1(e)) of the Guarantor to such Noteholders in respect of the Absorbed Amount (or any part thereof).

The Absorbed Amount (in whole but not in part) shall be subsequently reinstated, with the ranking as set out in this Condition 1(e)(iii), on the earlier of the day prior to the day on which the event set out in (A) below occurs and the day on which the event set out (B) below occurs (such earlier day being the "*Reinstatement Day*"):

- (A) the commencement of winding up, liquidation or bankruptcy proceedings in relation to the Guarantor; and
- (B) a resolution being passed by the shareholders of the Guarantor approving any dividend payment and/or the reinstatement of the Absorbed Amount, in each case subject to the prior approval of the Bank of Portugal.

From (and including) the first day of the Absorbed Amount Period to (but excluding) the Reinstatement Day, the Absorbed Amount shall not bear interest. From (and including) the Reinstatement Day, the Absorbed Amount (as so reinstated) shall bear interest in accordance with these Terms and Conditions.

(f) *Definitions*

For the purpose of Condition (e):

- (i) "*Assets*" means the total consolidated gross assets of the Guarantor;
- (ii) "*Liabilities*" means the total consolidated gross liabilities of the Guarantor, all as shown by the latest published audited consolidated balance sheet of the Guarantor, but adjusted for contingencies and/or subsequent events, as more particularly described in the annual report or, as the case may be, the semi annual report of the Guarantor and as valued in such manner as such members of the Board of Directors of the Guarantor, the auditors or the liquidator (as the case may be) may determine;
- (iii) "*Other Pari Passu Claims*" means claims of creditors of the Guarantor which are expressed to be subordinated so as to rank pari passu with or junior to the claims of holders of Undated Subordinated Notes under the Guarantee; and
- (iv) "*Senior Creditors of the Guarantor*" means creditors of the Guarantor who (A) are depositors of the Guarantor or other unsubordinated creditors of the Guarantor, or (B) are subordinated creditors of the Guarantor other than (x) in the case of Dated Subordinated Notes, those whose claims rank, or are expressed to rank, pari passu with, or junior to, the claims of the holders of the Dated Subordinated Notes under the Guarantee and (y) in the case of Undated Subordinated Notes, Other Pari Passu Claims (as defined above).

Conditions 1(e)(ii), 1(e)(iii) and 1(f) describe the legal and regulatory regime applicable to the Guarantor's obligations under its Guarantee of Dated Subordinated Notes and Undated Subordinated Notes and accordingly the provisions of Conditions 1(e)(ii), 1(e)(iii) and 1(f) are subject to any changes in that legal and regulatory regime.

3. NEGATIVE PLEDGE

This Condition 3 shall apply only to Senior Notes and the Guarantee of the Guarantor of obligations in respect of Senior Notes issued by either of the Cayman Issuers and references to "*Notes*", "*Noteholders*", "*Receiptholders*" and "*Couponholders*" shall be construed accordingly.

So long as any of the Notes remains outstanding, the Issuer shall not create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of an encumbrance or security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

In respect of the Guarantee, the Guarantor shall not create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of an encumbrance or security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

As used herein:

"*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) but excluding any Covered Bonds (as defined below):

- (i) where more than 50 per cent. in aggregate principal amount of such bonds, notes, debentures or other securities are initially offered outside the Republic of Portugal by or with the authorisation of the Issuer or the Guarantor, as the case may be; and
- (ii) which with the authorisation of the Issuer or, in the case of Notes issued by either of the Cayman Issuers, the Guarantor, are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing).

"*Covered Bonds*" means any bonds or notes issued by the Issuer or the Guarantor the obligations of which benefit from a special creditor privilege ("*privilégio creditório especial*") as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other loans permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

4. REDENOMINATION

- (a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and CBL and at least 30 days' prior notice to the Noteholders in accordance with Condition 22, elect that, with effect from the Redenomination Date specified in the notice, the Global Notes or Definitive Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Global Notes, Definitive Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Global Note, Definitive Note and Receipt equal to the principal amount of that Global Note, Definitive Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Global Notes or Definitive Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Global Notes or Definitive Notes will be calculated by reference to the aggregate principal amount of Global Notes or Definitive Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (A) in the case of Relevant Notes in the denomination of euro 50,000 and/or such higher amounts as the Agent may determine and notify the Noteholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 6; and (B) in the case of Global Notes or Definitive Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Global Notes or Definitive Notes) will become void with effect from the date on which the Issuer gives notice (the "*Exchange Notice*") that replacement euro-denominated Global Notes, Definitive Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Global Notes, Definitive Notes and Receipts so issued will also become void on that date although those Global Notes, Definitive Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Global Notes, Definitive Notes, Receipts and Coupons will be issued in exchange for Global Notes, Definitive Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Global Notes or Definitive Notes;
- (v) after the Redenomination Date, all payments in respect of the Global Notes, Definitive Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Global Notes and Definitive Notes to the Specified Currency were to euro. Payments will be made in euro 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;
- (vi) if the Global Notes or Definitive Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

- (A) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the full nominal amount outstanding of the Notes, 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; and
- (B) in the case of Definitive Notes, by applying the Rate of Interest to the Calculation Amount, 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 and then multiplying such rounded figure by the number of times the relevant Definitive Note can be divided by the Calculation Amount; and
- (vii) if the Global Notes or Definitive Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.
- (b) *Definitions*

For the purposes of these Terms and Conditions:

"*Established Rate*" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"*euro*" means the single currency of certain member states of the European Union;

"*Redenomination Date*" means (in the case of interest bearing Global Notes or Definitive Notes) any date for payment of interest under the Global Notes or Definitive Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

"*Relevant Notes*" means all Global Notes or Definitive Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Denomination in the Specified Currency which is equivalent to at least euro 1,000 and which are admitted to trading on a regulated market in the European Economic Area; and

"*Treaty*" means the Treaty establishing the European Community, as amended from time to time.

5. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If the Fixed Rate Notes are Interbolsa Notes or for so long as any of the Fixed Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Interbolsa or Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up).

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.

As used in these Terms and Conditions, "*Fixed Interest Period*" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in case of Notes in Definitive form, no Fixed Coupon Amount is specified in the Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are Interbolsa Notes or are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up); or
- (B) in the case of Fixed Rate Notes in Definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in Definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"*Day Count Fraction*" means, in respect of the calculation of an amount of interest in accordance with this Condition 1(a):

- (i) if "*Actual/Actual (ICMA Rule 251)*" is specified in the applicable Final Terms, the number of days in the Accrual Period (as defined below) divided by the number of days in the Fixed Interest Period;
- (ii) 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;
- (iii) 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 a year of 360 days with twelve 30-day months) divided by 360; and
- (iv) if "1/1" is specified in the applicable Final Terms, 1.

For the purposes of these Terms and Conditions:

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

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

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

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked 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 the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). If the Floating Rate Notes or Index Linked Interest Notes are Interbolsa Notes or for so long as any of the Floating Rate Notes or Index Linked Interest Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Interbolsa or Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note or Index Linked Interest Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up).

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 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 1(i)(2)(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 shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment 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 shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "*Business Day*" means a day which is both:

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

(ii) *Rate of Interest*

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

(A) *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 (A), "*ISDA Rate*" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent 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:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;

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

For the purposes of this sub-paragraph (A), "*Floating Rate*", "*Calculation Agent*", "*Floating Rate Option*", "*Designated Maturity*" and "*Reset Date*" have the meanings given to those terms in the ISDA Definitions.

(B) *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:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to, if the Reference Rate is EURIBOR, the third decimal place, with 0.0005 being rounded upwards or, if the Reference Rate is not EURIBOR, 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 which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify 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 provisions of paragraph (ii) above 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 specify 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 provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, and the Calculation Agent (as specified in the applicable Final Terms), in the case of Index Linked Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "*Interest Amount*") payable on the Floating Rate Notes or Index Linked Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are Interbolsa Notes or are represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in Definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in Definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising 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*", "*360/360*" 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:

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:

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;

- (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:

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; and

[H] if "1/1" is specified in the applicable Final Terms, 1.

(v) *Notification of Rate of Interest and Interest Amounts*

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 and any stock exchange on which the relevant Floating Rate Notes or Index Linked Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Notes are for the time being listed and to the Noteholders in accordance with Condition 14. 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.

(vi) *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 1(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers), the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

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

(d) *Interest on Partly Paid Notes*

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

(e) *Interest on Undated Subordinated Notes*

Interest on Undated Subordinated Notes shall accrue from day to day and shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on (but excluding) such Compulsory Interest Payment Date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects and gives not less than 30 days' notice of such election to the holders of Undated Subordinated Notes in accordance with Condition 14) the interest accrued in the Interest Period ending on (but excluding) such Optional Interest Payment Date (an "*Accrual Period*") but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose; and any interest not so paid shall, so long as the same remains unpaid, constitute "*Arrears of Interest*". The Issuer may at its option, after obtaining the prior consent of the Bank of Portugal, and after giving notice to the holders of Undated Subordinated Notes in accordance with Condition 14 at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Undated Subordinated Notes during any one or more Accrual Period(s)) but so that, in the case of such partial payment, the interest accrued during any Accrual Period shall not be paid prior to that accrued during any earlier Accrual Period. All Arrears of Interest shall become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers), (ii) the date set for any repayment permitted under Condition 1(b)) or 1(c), and (iii) the commencement of the winding up of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers). If notice is given by the Issuer of its intention to pay all or part of the Arrears of Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Neither Arrears of Interest nor any Interest due but unpaid shall bear interest.

As used herein:

(i) "*Compulsory Interest Payment Date*" means any Interest Payment Date in relation to which any dividend or other distribution has been declared, paid or made on any class of the stock or share capital of the Issuer or of the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in the immediately preceding interest period; and

(ii) "*Optional Interest Payment Date*" means any Interest Payment Date other than a Compulsory Interest Payment Date.

(f) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless (subject to due presentation thereof in the case of bearer Notes) payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

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 Noteholder with, or, at the option of the Noteholder, 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 Melbourne or Wellington, 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 Noteholder or, at the option of the Noteholder, by a euro cheque.

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

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

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

Payments of instalments of principal (if any) in respect of Definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

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

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

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, 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 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 Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such 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 any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

(d) *Payments in respect of Interbolsa Notes*

Payment of principal and interest in respect of Interbolsa Notes will be (i) credited by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) in the payment current account held with the Bank of Portugal by the Portuguese Paying Agent, (ii) transferred, on the payment date and according to the applicable procedures and regulations of Interbolsa, from the payment current account held with the Bank of Portugal by the Portuguese Paying Agent to the payment current accounts held with the Bank of Portugal by the Affiliate Members of Interbolsa, and thereafter (iii) transferred by such Affiliate Members of Interbolsa from the respective payment current accounts held with the Bank of Portugal to the accounts of the Noteholders or of Euroclear or CBL with said Affiliate Members of Interbolsa, as the case may be.

The holders of Interbolsa Notes are reliant upon the procedures of Interbolsa to receive payment in respect of Interbolsa Notes.

(e) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or CBL as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or CBL, as the case may be, for his share of each payment so made by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) to, or to the order of, the holder of such Global Note. The Issuer will be discharged by payment to Interbolsa in respect of each amount so paid. Each of the entities shown in the records of Interbolsa as the beneficial holder of a particular nominal amount of Interbolsa Notes must look solely to Interbolsa for his share of

each payment so made by the Issuer or in the case of Notes issued by either of the Cayman Issuers, the Guarantor to, or to the order of, the holder of such Interbolsa Notes.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has 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 Notes in the manner provided above when due;
 - (ii) 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 on the full payment or receipt of principal and interest in U.S. dollars; and
 - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers), adverse tax consequences to the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers).
- (f) *Payment Day for Notes in Global or Definitive form*

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

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) each Additional Financial Centre specified in the applicable Final Terms; and
 - (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET System is open and Euroclear and/or CBL, as the case may be, are open for general business.
- (g) *Payment Day for Interbolsa Notes*

If the date for payment of any amount in respect of any Interbolsa Note 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, "*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) London;
 - (B) Lisbon;
 - (C) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET System is open and Interbolsa, Euroclear and/or CBL, as the case may be, are open for general business.
- (h) *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;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 1(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer 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.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. If the Note is an Undated Subordinated Note, it has no final maturity and is only redeemable in accordance with the following provisions of this Condition 7 or Condition 1(b).

(b) *Redemption for tax reasons*

With the exception of Notes issued by Banco BPI, S.A. acting through its Lisbon Office, which are not issued by Banco BPI, S.A. acting through its Lisbon Office within the scope of the Decree Law 193/2005, of 7th November, as amended (the "*Decree Law*"), 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, an Index Linked Note or a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, an Index Linked Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) save in circumstances where the obligation to pay such additional amounts is as a result of the Issuer on-lending the proceeds of the issue of the relevant Notes in a way which attracts any withholding or deduction for or on account of tax, 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 the Guarantor (in the case of Notes issued by either of the Cayman Issuers) would be unable for reasons outside its control to procure payment by either of the Cayman Issuers 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 date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) 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 the Guarantor (in the case of Notes issued by either of the Cayman Issuers) 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 Agent a certificate signed by two Directors of the Issuer or two Directors of the Guarantor (in the case of Notes issued by either of the Cayman Issuers), stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may (after obtaining the consent of the Bank of Portugal whenever it is required in the case of Subordinated Notes), having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not

less than the Minimum Redemption Amount or not more than a 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 (i) selected individually by lot in the case of Redeemed Notes represented by Definitive Notes, (ii) in accordance with the rules of Euroclear and/or CBL (to be reflected in the records of Euroclear and CBL as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "*Selection Date*") or (iii) in the case of Redeemed Notes represented by Interbolsa Notes, in accordance with the rules of Interbolsa. 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 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

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

If Investor Put is specified in the applicable Final Terms (provided that Investor Put may not be specified if this is a Subordinated Note), upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and CBL, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "*Put Notice*") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or CBL, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depositary for them by electronic means) in a form acceptable to Euroclear and CBL from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly. If this Note is an Interbolsa Note and held through Interbolsa, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice by way of a Put Notice to the Portuguese Paying Agent of such exercise in accordance with the standard procedures of Interbolsa in a form acceptable to Interbolsa from time to time and, at the same time present or procure the presentation of a Certificate to the Portuguese Paying Agent.

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 payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

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

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) 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 Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, 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 a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of twelve months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

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

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) *Purchases*

The Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or any subsidiary of the Issuer or Guarantor may (after obtaining the consent of the Bank of Portugal whenever it is required in the case of Subordinated Notes) at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), or the relevant subsidiary, cancelled by, in the case of bearer Notes, any Paying Agent or, in the case of Interbolsa Notes, by Interbolsa. Notes purchased, while held by or on

behalf of the Issuer, the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or any subsidiary of the Issuer or Guarantor shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15 or the Agency Agreement.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together, in the case of Definitive Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (h) above (together, in the case of Definitive Notes, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded, in the case of bearer Notes, to the Agent and, in any case, cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

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

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

(a) *Taxation relating to all payments by Banco BPI, S.A. acting through its Lisbon Office in respect of bearer Notes not issued within the scope of the Decree Law*

All payments of principal and interest in respect of the Global Notes, Definitive Notes, Receipts and Coupons by Banco BPI, S.A. acting through its Lisbon Office and not issued within the scope of the Decree Law will be made after withholding (except where the Noteholder is either a Portuguese resident financial institution or a non resident financial institution having a permanent establishment in the Portuguese territory to which the income is attributable or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law) 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 the Republic of Portugal which are required by law. No additional amounts will be paid by Banco BPI, S.A. acting through its Lisbon Office in respect of such withholding or deduction.

(b) *Taxation relating to all payments by Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch*

All payments of principal and interest in respect of Notes, Receipts and Coupons by Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch 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 or regulation. In such event, Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such

withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Notes, Receipts or Coupons:

- (i) where such withholding or deduction is imposed on a payment of principal or interest in respect of Notes, Receipts or Coupons issued by Banco BPI, S.A. acting through its Madeira Branch or acting through its Santa Maria Branch and such withholding or deduction is required to be made due to the fact that the holders of such Notes, Receipts or Coupons are:
 - (A) individuals residing for tax purposes in the Republic of Portugal; or
 - (B) corporate entities whose registered office or effective management is located in the Republic of Portugal or which have a permanent establishment located in the Republic of Portugal to which income is attributable for tax purposes; or
 - (C) entities established in the Santa Maria or Madeira Free Trade Zones which are credit institutions or financial companies or financial branches: (a) that carry out transactions related to their activities with residents, for tax purposes in the Republic of Portugal; or (b) that carry out such transactions with any permanent establishments located in the Republic of Portugal of entities considered as non-resident in such jurisdiction for tax purposes; or
 - (D) due to the fact that the holders of such Notes, Receipts or Coupons do not comply with the certification requirements imposed by Portuguese tax legislation or regulations; and/or
- (ii) 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
- (iii) where the relevant Certificate, Note, Receipt or Coupon presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Certificate, Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (iv) where the relevant Certificate, Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date (as defined in Condition 1(c)) except to the extent that the holder hereof 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) *Taxation relating to all payments by Banco BPI, S.A. acting through its Cayman Islands Branch or either of the Cayman Issuers or, as the case may be, the Guarantor*

All payments of principal and interest in respect of Notes, Receipts and Coupons by Banco BPI, S.A. acting through its Cayman Islands Branch or by either of the Cayman Issuers or by the Guarantor (in the case of Notes issued by either of the Cayman Issuers) 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 or regulation. In such event, Banco BPI, S.A. acting through its Cayman Islands Branch, either of the Cayman Issuers or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons in relation to

any payment in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Certificate, Note, Receipt or Coupon:

- (i) presented for payment in the Cayman Islands or the Republic of Portugal; and/or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Certificate, Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Certificate, Note, Receipt or Coupon; and/or
- (iii) 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 or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or
- (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Certificate, Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (v) 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 1(f)).

For the purposes of Conditions 1(b) and 1(c) "*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 (in the case of bearer Notes) or the Portuguese Paying Agent (in the case of Interbolsa Notes) 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 14.

- (d) *Taxation relating to all payments by Banco BPI, S.A. acting through its Lisbon Office in respect of Interbolsa Notes issued within the scope of the Decree Law*

All payments of principal and interest in respect of the Interbolsa Notes issued within the scope of the Decree Law by Banco BPI, S.A. acting through its Lisbon Office 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 the Tax Jurisdiction unless such withholding or deduction is required by law or regulation. In such event, Banco BPI, S.A. acting through its Lisbon Office will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Interbolsa Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Interbolsa Notes issued within the scope of the Decree Law in relation to any payment in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

- (i) to, or to a third party on behalf of, a Noteholder in the Tax Jurisdiction; and/or
- (ii) to, or to a third party on behalf of, a Noteholder who is liable for such taxes or duties in respect of such Interbolsa Note by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note; and/or
- (iii) 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 or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or

- (iv) to, or to a third party on behalf of, a Noteholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a Member State of the European Union; and/or
- (v) where the relevant Certificate is 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 1(g)); and/or
- (vi) to, or to a third party on behalf of, a Noteholder in respect of whom the information (which may include certificates) required in order to comply with the Decree Law, and any implementing legislation, is not received by no later than the second ICSD Business Day prior to Relevant Date, or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; and/or
- (vii) to, or to a third party on behalf of, a Noteholder (i) resident for tax purposes in the Tax Jurisdiction or when the investment income is imputable to a permanent establishment of the Noteholder located in Portuguese territory or (ii) resident in a tax haven jurisdiction as defined in Ministerial Order ("*Portaria*") 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 (iii) which is a non resident legal entity held, directly or indirectly, in more than 20% by entities resident in the Republic of Portugal; and/or
- (viii) to, or to a third party on behalf of (a) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a waiver of Portuguese withholding tax or from Portuguese income tax exemptions), or (b) a legal entity not resident in the Republic of Portugal acting with respect to the holding of the Notes through a permanent establishment in the Republic of Portugal.

For the purposes of this Condition 1(d):

ICSD Business Day means any day which

- (i) is not a Saturday or Sunday; and
- (ii) is not 25 December or 31 December.

"*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 Portuguese Paying Agent 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 14.

For the purposes of these Conditions:

"*Tax Jurisdiction*" means (a) the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer acting through its Lisbon Office, Madeira Branch or Santa Maria Branch) or (b) the Republic of Portugal or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by Banco BPI, S.A. acting through its Cayman Islands Branch); or (c) the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by either of the Cayman Issuers).

9. PRESCRIPTION

The Global Notes, Definitive Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 1(c)) 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 1(b) or any Talon which would be void pursuant to Condition 1(b).

Claims for principal and interest in respect of the Interbolsa Notes shall become void unless the relevant Certificates are surrendered within twenty years and five years respectively of the Relevant Date.

10. EVENTS OF DEFAULT

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

If any one or more of the following events (each an "*Event of Default*") shall occur and be continuing with respect to any Senior Note (any reference to "*Note*" and "*Notes*" shall be construed accordingly):

- (i) the Issuer fails to make payment of any principal or interest due in respect of the Notes and such failure to pay continues, in the case of principal, for a period of seven days or, in the case of interest, for a period of 14 days; or
- (ii) the Issuer defaults or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) defaults in the performance or observance of or compliance with any other obligation on its part in respect of the Notes or the Guarantee (in the case of Notes issued by either of the Cayman Issuers) and (except where such default is not capable of remedy, where no such notice shall be required) such default shall continue for a period of 30 days after written notice of such default shall have been given to the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) (as the case may be) by a holder of the Note; or
- (iii) bankruptcy or insolvency proceedings are commenced by a court against the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) or the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) institutes such proceedings or suspends payments or offers or makes a general arrangement for the benefit of all its creditors; or
- (iv) any order shall be made by any competent court or resolution passed for the dissolution of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers), except a dissolution for the purposes of or pursuant to a reorganisation, merger, consolidation or amalgamation whereby the continuing entity or entity formed as a result of the reorganisation, merger, consolidation or amalgamation effectively assumes the entire obligations of the Issuer under the Notes or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) under the Guarantee; or
- (v) the repayment of any Indebtedness for Borrowed Money (as defined in Condition 1(c)) owing by the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) 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 for Borrowed Money or in the honouring of any guarantee or indemnity in respect of any Indebtedness for Borrowed Money provided that no such event referred to in this sub-paragraph (v) shall constitute an Event of Default unless the Indebtedness for Borrowed Money whether alone or when aggregated with other Indebtedness for Borrowed Money relating to all (if any) other such events which

shall have occurred shall exceed EUR 25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to one per cent. of BPI's Shareholders' Funds (as defined in Condition 1(c)); or

- (vi) in the case of Notes issued by BPI Cayman, BPI Cayman ceases to be a subsidiary wholly owned and controlled, directly or indirectly by Banco BPI, S.A.; or
- (vii) in the case of Notes issued by BPI Capital, BPI Capital ceases to be a subsidiary wholly owned and controlled, directly or indirectly by Banco BPI, S.A.; or
- (viii) in the case of Notes issued by either of the Cayman Issuers, the Guarantee ceases to be, or is claimed by either of the Cayman Issuers or the Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 1(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

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

If any one or more of the following events (each an "*Event of Default*") shall occur with respect to any Subordinated Note (any reference to "*Note*", "*Notes*" and "*Noteholders*" shall be construed accordingly):

- (i) the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) shall default in the payment of principal in respect of the Notes as and when the same becomes due and payable; or
- (ii) the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) shall default in the payment of interest due as and when the same becomes due and payable in respect of any Note; or
- (iii) any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Guarantor (in the case of Notes issued by either of the Cayman Issuers) (other than for the purpose of an amalgamation, merger or reconstruction approved by an Extraordinary Resolution of the Noteholders),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any such Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 1(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

Notwithstanding that the holders of the Notes have declared the outstanding Notes to be immediately due and repayable, the Issuer may only redeem the Notes with the prior approval of the Bank of Portugal. Upon the Issuer receiving any notice given by the holders of the Notes under this Condition 1(b) the Issuer shall apply to the Bank of Portugal for its approval to redeem the Notes.

There can be no assurance that the Bank of Portugal will give its approval to any such redemption. Holders of the Notes should be aware of the fact that the Bank of Portugal's approval will depend on the capital adequacy of the Issuer and the Guarantor.

(c) *Definitions*

For the purposes of this Condition 10:

"Indebtedness for Borrowed Money" means any present or future indebtedness for or in respect of (i) money borrowed, or (ii) any notes, bonds, debentures, loan stock or other securities offered, issued or distributed whether by way of public offer, private placement, acquisition consideration or otherwise and whether issued in cash or in whole or in part for consideration other than cash; and

"BPI's Shareholders' Funds" means, at any relevant time, a sum equal to the aggregate of Banco BPI, S.A.'s shareholders' equity as certified by the independent auditors of Banco BPI, S.A. by reference to the latest audited consolidated financial statements of Banco BPI, S.A.

11. REPLACEMENT OF GLOBAL NOTES, DEFINITIVE NOTES, RECEIPTS, COUPONS AND TALONS

Should any Global Note, Definitive Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent or the Paying Agent in Luxembourg upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Global Notes, Definitive Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is 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:

- (a) there will at all times be a Paying Agent with its specified office in a country outside the Tax Jurisdiction;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying 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);
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in Portugal capable of making payment in respect of the Notes as contemplated by these terms and conditions of the Notes, the Agency Agreement and applicable Portuguese law and regulation.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 1(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains

provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date 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.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given on the date of such publication if published (i) in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times), (ii) if and for so long as the Notes are admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange) and to listing on the Luxembourg Stock Exchange, a leading daily newspaper of general circulation in Luxembourg (which is expected to be the d'Wort or the Tageblatt) and on the website of the Luxembourg Stock Exchange (iii) if the Notes are Interbolsa Notes, by registered mail, by publication in a leading newspaper having general circulation in Portugal (which is expected to be Diário de Notícias) or by any other way which complies with the Portuguese Security Code and Interbolsa's rules on notices to investors, notably the disclosure of information through the CMVM official website (www.cmvm.pt). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any 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 or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers, and, in the case of publication on the website of the Luxembourg Stock Exchange (www.bourse.lu), or on the CMVM official website (www.cmvm.pt) on the date of such publication.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or CBL, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or CBL 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 the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or CBL.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or CBL, as the case may be, in such manner as the Agent and Euroclear and/or CBL, as the case may be, may approve for this purpose. Any holder of an Interbolsa Note may give notice to the Portuguese Paying Agent through Interbolsa in such manner as the Portuguese Paying Agent, the Agent and Interbolsa may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

(a) *Notes governed by English law*

If the applicable Final Terms specify that the Notes shall be governed by English law, this Condition 1(a) shall apply and Condition 1(b) shall not apply.

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Any modification to the Conditions in respect of Subordinated Notes is, however, conditional upon the approval of the Bank of Portugal when required and, notwithstanding its sanctioning by Extraordinary Resolution, such modification will only take effect upon the Bank of Portugal granting such approval. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. 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, the Receipts or the Coupons (including 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, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or
- (ii) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or Agency Agreement which is not prejudicial to the interests of the Noteholders.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

(b) *Notes governed by Portuguese law*

If the applicable Final Terms specify that the Notes shall be governed by Portuguese law, this Condition 1(b) shall apply and Condition 1(a) shall not apply.

Meetings may be convened by the Common Representative (if any) or, if (i) no Common Representative has been appointed or (ii) if appointed, the relevant Common Representative has failed to convene a meeting, by the chairman of the general meeting of shareholders of the Issuer, and shall be convened if requested by Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding. The quorum required for a meeting convened to pass a resolution other than an Extraordinary Resolution will be any person or persons holding or representing Notes then outstanding, regardless of the principal amount thereof; and the quorum required for a meeting convened to pass an Extraordinary Resolution will be a person or persons holding

or representing at least 50 per cent. of the Notes then outstanding or, at any adjourned meeting, any person or persons holding or representing any of the Notes then outstanding, regardless of the principal amount thereof.

The number of votes required to pass a resolution other than an Extraordinary Resolution is a majority of the votes cast at the relevant meeting; the majority required to pass an Extraordinary Resolution, including, without limitation, a resolution relating to the modification or abrogation of certain of the provisions of these Conditions, is at least 50 per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting regardless of any quorum. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

"*Extraordinary Resolution*" means a resolution passed at a meeting of Noteholders in respect of any of the following matters:

- (i) any modification or abrogation of any Condition (including without limiting, 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, the Receipts or the Coupons); or
- (ii) to approve any amendment to this definition.

The Agent and the Issuer and the Guarantor (in the case of Notes issued by either of the Cayman Issuers) may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall (after obtaining the consent of the Bank of Portugal whenever it is required in the case of Subordinated Notes) be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

If this Note is governed by English law, 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.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing law*

- (i) If the Notes are Interbolsa Notes, the Notes shall be construed in accordance with Portuguese law (except in the case of Subordinated Notes issued by either of the Cayman Issuers, Conditions (b), (c) and (d)). Conditions (b), (c) and (d) are in the case of Subordinated Notes issued by either of the Cayman Issuers governed by Cayman law. This Condition 1(a) and Condition 1(b) shall apply to Interbolsa Notes. Conditions 1(c) and (d) shall not apply to Interbolsa Notes.
- (ii) If the Notes are represented by Global Notes or Definitive Notes, the applicable Final Terms shall specify whether the Notes, the Receipts and the Coupons are governed by English law or Portuguese law (except Conditions (b), (c) and (d)). Conditions (b), (c) and (d) shall be governed:
 - (A) in the case of Subordinated Notes governed by English law and (x) issued by Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch, by Portuguese law; or (y) issued by either of the Cayman Issuers, by Cayman law; or
 - (B) in the case of Subordinated Notes governed by Portuguese law and issued by either of the Cayman Issuers, by Cayman law.

If the Notes are governed by English law, this Condition 1(a) and Conditions 1(c) and (d) shall apply and Condition 1(b) shall not apply.

(b) *Submission to jurisdiction for Interbolsa Notes or Global Notes and Definitive Notes governed by Portuguese law*

In relation to Interbolsa Notes or Global Notes and Definitive Notes governed by Portuguese law, the Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of Portugal are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "*Proceedings*") arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives 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 hereby further irrevocably agrees that a judgment in any such Proceedings brought in the Portuguese courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer 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.

(c) *Submission to jurisdiction for Global Notes and Definitive Notes governed by English law*

In relation to Interbolsa Notes or Global Notes and Definitive Notes governed by English law, the Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts

and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as "*Proceedings*") arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives 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 hereby further irrevocably agrees that a judgment 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 jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer 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) *Appointment of Process Agent for Global Notes and Definitive Notes governed by English law*

Banco BPI, S.A. acting through its Lisbon Office or through its Cayman Islands Branch or through its Madeira Branch or through its Santa Maria Branch, BPI Cayman and BPI Capital each appoint Banco BPI S.A. (London Office) at its registered office at 2-3 Market Place, London, W1W 8DU, as its agent for service of process, and undertakes that, in the event of Banco BPI S.A. (London Office) ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(e) *Other documents*

The Issuer and, where applicable, the Guarantor, has in the Agency Agreement, the Guarantee and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above. In respect of Subordinated Notes, Clauses 6(a)(ii), 6(a)(iii) and 6(d) of the Guarantee are governed by, and shall be construed in accordance with, Portuguese law.

19. COMMON REPRESENTATIVE

If the applicable Final Terms specify that the Notes shall be governed by Portuguese law, the holders of the Notes shall at all times be entitled to appoint and dismiss a Common Representative by means of a Resolution. Upon the appointment of a new Common Representative by the holders of the Notes pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the holders of the Notes all documents and information then held by such Common Representative pertaining to the Notes.

As used herein: "*Common Representative*" means a law firm, an accountant's firm or an individual person (which is not a holder of Notes), which may be appointed by the holders of Notes under Article 358 of the Portuguese Companies Code.

ADDITIONAL TERMS AND CONDITIONS OF THE NOTES IN RELATION TO INDEX LINKED INTEREST, EQUITY LINKED INTEREST, INDEX LINKED REDEMPTION OR EQUITY LINKED REDEMPTION NOTES

A schedule, substantially in the following form, will be attached to the relevant Final Terms for issues of Index Linked Interest, Equity Linked Interest, Index Linked Redemption or Equity Linked Redemption Notes.

SCHEDULE TO THE FINAL TERMS FOR [INDEX/EQUITY] LINKED [INTEREST/REDEMPTION] NOTES

This Schedule (the "*Schedule*") is supplemental to, and forms part of, the Final Terms relating to the issue of Notes described herein. The conditions set out in this Schedule shall apply to the Notes and terms defined in the Notes will, unless defined otherwise herein, have the same meaning in this Schedule.

- | | | |
|----|--|---|
| 1. | Interest Basis: | [Index Linked Interest]
[Equity Linked Interest]
(further particulars specified below) |
| 2. | Redemption/Payment Basis: | [Index Linked Redemption]
[Equity Linked Redemption]
[at par] |
| 3. | Index Linked Interest Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| | (a) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant sponsors: | [Basket of Indices/Single Index] <i>[(Give or annex details)]</i> |
| | (b) Formula for calculating interest rate including provisions for determining coupon where calculation by reference to Index/Indices is impossible or impracticable and other back up provisions: | [Give or annex details] |
| | (c) Calculation Agent responsible for calculating the interest due: | [] |
| | (d) Exchange(s): | [] |
| | (e) Related Exchange(s): | [/All Exchanges] |
| | (f) Redemption Amount: | [] |
| | (g) Valuation Date: | [] |
| | (h) Valuation Time: | [§ [1] ⁹ (c) applies/other] |

⁹ § references to be renumbered as appropriate.

(i)	Disrupted Day:	[Applicable/Not Applicable]
		[If Applicable consider provisions for calculation of the Reference Price if a Disrupted Day occurs included in § [1](c) and if not appropriate insert appropriate provisions]
(j)	Other terms or special conditions:	<i>[Insert details. In relation to Index Linked [Interest/Redemption] Notes linked to the performance of certain inflation linked indices, see relevant definitions set out in § [1](d) below]</i>
4.	Equity Linked Interest Note Provisions	[Applicable/Not Applicable]
		<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>
(a)	Whether the Notes relate to a basket of equity securities or a single equity security, and the identity of the relevant issuer(s) of the Underlying Equity/Equities):	[Basket of Underlying Equities/Single Underlying Equity] [Give or annex details]
(b)	Formula for calculating interest rate including back up provisions:	[Give or annex details]
(c)	Calculation Agent responsible for calculating the interest due:	[]
(d)	Exchange:	[]
(e)	Related Exchange(s):	[/ All Exchanges]
(f)	Potential Adjustment Events:	[Applicable/Not Applicable]
(g)	De-listing, Merger Event, Nationalisation and Insolvency:	[Applicable/Not Applicable]
(h)	Tender Offer:	[Applicable/Not Applicable]
(i)	Redemption Amount:	<i>[Express per lowest Specified Denomination/Not Applicable]</i>
(j)	Valuation Date:	[]
(k)	Valuation Time:	[§ [2](e) applies/other]
(l)	Disrupted Day:	[Applicable/Not Applicable] <i>[If Applicable consider provisions for calculation of the Reference Price if a Disrupted Day occurs included in § [2](e) and if not appropriate insert appropriate provisions]</i>
(m)	Other terms or special conditions:	[]

5. Index Linked Redemption Notes: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant sponsors: [Basket of Indices/Single Index]
[(Give or annex details)]
- (b) Calculation Agent responsible for making calculations: []
- (c) Exchange(s): []
- (d) Related Exchange(s): [/All Exchanges]
- (e) Redemption Amount: [Express per lowest Specified Denomination/Not Applicable]
[if Not Applicable: [Call Index Linked Redemption Notes/Put Index Linked Redemption Notes]]
- (f) Valuation Date: []
- (g) Valuation Time: [§ [1]¹⁰(c) applies/other]
- (h) Strike Price: []
- (i) Disrupted Day: [Applicable/Not Applicable]
[If Applicable consider provisions for calculation of the Reference Price if a Disrupted Day occurs included in § [1](c) and if not appropriate insert appropriate provisions]
- (j) Multiplier for each Index comprising the basket: [Insert details/Not Applicable]
- (k) Other terms or special conditions: [Insert details. In relation to Index Linked [Interest/Redemption] Notes linked to the performance of certain inflation linked indices, see relevant definitions set out in section [1](d) below]
6. Equity Linked Redemption Notes: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Whether the Notes relate to a basket of equity securities or a single equity security, and the identity of the relevant issuer(s) of the Underlying Equity/Equities: [Basket of Underlying Equities/Single Underlying Equity]
[Give or annex details]

⁽¹⁰⁾ § references to be renumbered as appropriate.

- (b) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery]
(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)
- []
- (c) Calculation Agent responsible for making calculations:
- (d) Exchange: []
- (e) Related Exchange(s): [/ All Exchanges]
- (f) Potential Adjustment Events: [Applicable/Not Applicable]
- (g) De-listing, Merger Event, Nationalisation and Insolvency: [Applicable/Not Applicable]
- (h) Tender Offer: [Applicable/Not Applicable]
- (i) Redemption Amount: [Express per lowest Specified Denomination/Not Applicable]
[If Not Applicable: [Call Equity Linked Redemption Notes/Put Equity Linked Redemption Notes]]
- (j) Valuation Date: []
- (k) Valuation Time: [§ 2](e) applies/*other*]
- (l) Strike Price: []
- (m) Exchange Rate: [Applicable/Not Applicable]
[Insert details]
- (n) Disrupted Day: [Applicable/Not Applicable]
[If Applicable consider provisions for calculation of the Reference Price if a Disrupted Day occurs included in § 2](e) and if not appropriate insert appropriate provisions]
- (o) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in § 2)(b)(iii)). [Insert details/Not Applicable]
- (p) Trade Date: []
- (q) Relevant Assets: []
- (r) Asset Amount: [Express per lowest Specified Denomination]
- (s) Cut-Off Date: []

- (t) Delivery provisions for Asset Amount (including details of who is to make such delivery): []
- (u) Failure to deliver due to Illiquidity: [Applicable/Not Applicable]
(NB: Only applicable to certain types of Equity Linked Redemption Notes).
- (v) Other terms or special conditions: []
7. Additional Disruption Events: [Applicable/Not Applicable]
[Additional Disruption Events are only applicable to certain types of Index Linked Redemption Notes or Equity Linked Redemption Notes]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [Change in Law]
 [Hedging Disruption]
 [Increased Cost of Hedging]
 [Increased Cost of Stock Borrow]
 [Insolvency Filing]
(NB: Only applicable in the case of Equity Linked Redemption Notes)
 [Loss of Stock Borrow]
 [The Maximum Stock Loan Rate in respect of *[specify in relation to each Underlying Equity/Security]* is []]
(NB: Only applicable if Loss of Stock Borrow is applicable)
 [The Initial Stock Loan rate in respect of *[specify in relation to each Underlying Equity/Security]*]
(NB: Only applicable if Increased Cost of Stock Borrow is applicable)

1. [11INDEX LINKED INTEREST NOTES OR INDEX LINKED REDEMPTION NOTES]

Redemption of Index Linked Redemption Notes

Unless previously redeemed or purchased and cancelled as specified below, each nominal amount (the "*Specified Amount*") of the Index Linked Redemption Notes equal to the lowest Specified Denomination set out in these Final Terms will be redeemed by the Issuer by payment of the Redemption Amount (as defined below) on the Maturity Date.

Adjustments to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the "*Successor Index*") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the Valuation Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an Index Modification) or permanently cancels the Index and no Successor Index exists (an Index Cancellation), or (ii) on the Valuation Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an Index Disruption and, together with an Index Modification and an Index Cancellation, each an Index Adjustment Event), then the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (ii) give notice to the Holders in accordance with § [14] and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

(c) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Holders in accordance with § [14] giving details of the action proposed to be taken in relation thereto.

Definitions applicable to Index Linked Interest Notes or Index Linked Redemption Notes

For the purposes of this § [1]:

⁽¹¹⁾ § references to be renumbered as appropriate.

"*Disrupted Day*" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"*Exchange*" means, in relation to an Index, each exchange or quotation system specified as such for such Index in these Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"*Exchange Business Day*" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and/or any day on which the Index Sponsor publishes the level of the Index (as specified in the Final Terms).

"*Indices*" and "*Index*" mean, subject to adjustment in accordance with § [1](b), the indices or index specified in these Final Terms and related expressions shall be construed accordingly.

"*Index Sponsor*" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in these Final Terms.

"*Market Disruption Event*" means, in respect of an Index:

(a) *the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:*

- (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
 - in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

(b) *the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.*

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

"Redemption Amount" means the Redemption Amount specified in these Final Terms or, if no such amount is specified in these Final Terms, an amount equal to:

(a) *in the case of a Call Index Linked Redemption Note:*

(i) if the Reference Price is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

(ii) if the Reference Price is equal to or less than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount}; \text{ or}$$

(b) *in the case of a Put Index Linked Redemption Note:*

(i) if the Reference Price is less than the Strike Price:

$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

(ii) if the Reference Price is equal to or greater than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount},$$

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Price" means:

(a) *where the Notes are specified in these Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in these Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date (as defined below), without regard to any subsequently published correction; and*

(b) *where the Notes are specified in these Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in these Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time) on the Valuation Date, without regard to any subsequently published correction, multiplied by the relevant Multiplier specified in these Final Terms.*

"Related Exchange" means, in relation to an Index, each exchange or quotation system specified as such for such Index in these Final Terms, any successor to such exchange or quotation system or any substitute exchange or

quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where "All Exchanges" is specified as the Related Exchange in these Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"*Scheduled Closing Time*" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"*Scheduled Trading Day*" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"*Scheduled Valuation Date*" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"*Valuation Date*" means the date specified as such in these Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in these Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (a) where the Notes are specified in these Final Terms to relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine the Reference Price in the manner set out in these Final Terms or, if not set out or not practicable, determine the Reference Price by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) where the Notes are specified in these Final Terms to relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an "**Affected Index**") shall be the next following Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Reference Price using, in relation to the Affected Index, the level of that Index determined in the manner set out in these Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

"*Valuation Time*" means the Valuation Time specified in these Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

Applicable to Index Linked Interest Notes and Index Linked Redemption Notes where the components shares of the Index are traded in several exchanges

"*Exchange(s)*" means in respect of each component security of the Index (each a "*Component Security*"), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

"*Scheduled Trading Day*" means any day on which: (i) the Index Sponsor is scheduled to publish the level of the Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session(s).

"*Exchange Business Day*" means any Scheduled Trading Day on which: (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session(s), notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

"*Final Price*" means in respect of each Valuation Date, the official closing level of the Index as of the Valuation Time on the Valuation Date.

"*Valuation Time*" means (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

"*Market Disruption Event*", means either:

- (i) (a) the occurrence or existence, in respect of any Component Security, of:
 - (1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - (2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; OR
 - (3) an Early Closure in respect of such Component Security; AND
- (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption Event; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

"Trading Disruption" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

"Exchange Disruption" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the Related Exchange.

"Early Closure" means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

"Disrupted Day" means any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

Inflation Definitions applicable to Index Linked Interest Notes and Index Linked Redemption Notes where the relevant index is a measure of inflation

The following definitions will apply to the Index Linked [Interest/Redemption] Notes linked to the performance of certain inflation linked indices:

"Affected Payment Date" means each Payment Date in respect of which an Index has not been published or announced.

"Fallback Bond" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Termination Date, (b) the next longest maturity after the Termination Date if there is no such bond maturing on the Termination Date, or (c) the next shortest maturity before the Termination Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Effective Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible 2 bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"Index" means each index specified as such in the related Final Terms, or any Successor Index.

"*Reference Month*" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month is the period for which the Index level was reported.

"*Related Bond*" means the Bond specified as such in the relevant Final Terms, or if no bond is so specified, the Fallback Bond. If the Related Bond is "Fallback Bond", then for any Related Bond determination pursuant to these Conditions, the Calculation Agent shall use the Fallback Bond. If no bond is specified as the Related Bond and "Fallback Bond: Not applicable" is specified in the related Final Terms there will be no Related Bond for purposes of these Conditions. If a bond is selected as the Related Bond in the related Final Terms, and that bond redeems or matures whilst the Notes remain outstanding, unless "Fallback Bond: Not applicable" is specified in the related Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination under these Conditions.

"*Substitute Index Level*" means an Index level, determined by the Calculation Agent pursuant to the provisions set out in "*Delay of Publication*" below in respect of an Affected Interest Payment Date.

"*Successor Index*" has the meaning specified in ("*Cessation of Publication*") below.

Index Descriptions

(i) Australia

"*AUD – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices for Weighted Average of Eight Capital Cities: All – Groups Index before Seasonal Adjustment", or relevant Successor Index, measuring the rate of inflation in Australia, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(ii) Belgium

"*BLG – Non-revised Harmonised Consumer Price Index (HICP)*" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(iii) Brazil

(A) "*BRL – Non-revised Consumer Price Index (IPCA)*" means the "Non-revised Extensive National Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(B) "*BRL – Non-revised Price Index (IGP-M)*" means the "IGP-M General Price Index", or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(iv) Canada

"*CAD – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Canada, expressed as an index and published

by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(v) Denmark

"*DEK – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Denmark, expressed as an index and published by the relevant index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(vi) European Union

(A) "*EUR – Excluding Tobacco-Non-revised Consumer Price Index*" means the "Non-revised Index of Consumer Prices excluding Tobacco", or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(B) "*EUR – All Items-Non-revised Consumer Price Index*" means the "Non-revised Harmonised Index of Consumer Prices All Items", or relevant Successor Index, measuring the rate of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(C) "*EUR – All Items–Revised Consumer Price Index*" means the "Revised Harmonised Index of Consumer Prices All Items", or relevant Successor Index, measuring the rate of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, provided that such revisions are published or announced up to and including the day that is two Business Days prior to any relevant Payment Date.

(vii) France

"*FRC – Excluding Tobacco-Non-Revised Consumer Price Index*" means the "Non-revised Index of Consumer Prices excluding Tobacco", or relevant Successor Index, measuring the rate of inflation in France excluding tobacco expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(viii) Germany

"*DEM – Non-revised Consumer Price Index (CPI)*" means the "Non-revised All Items Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Germany, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

- (ix) Greece
- (A) "*GRD – Harmonised-Non-revised Consumer Price Index (HICP)*" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (B) "*GRD – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (x) Ireland
- "*IRL – Non-revised Consumer Price Index (CPI)*" means the "Consumer Price Index-All Items", or relevant Successor Index, measuring the rate of inflation in Ireland, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (xi) Iceland
- (A) "*ISK – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (B) "*ISK – Harmonised Consumer Price Index (HICP)*" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (xii) Italy
- (A) "*ITL – Whole Community – Excluding Tobacco Consumer Price Index*" means the "Indice nazionale dei prezzi al consumo per l'intera collettività (NIC) senza tabacchi" or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (B) "*ITL – Whole Community – Including Tobacco Consumer Price Index*" means the "Indice nazionale dei prezzi al consumo per l'intera collettività (NIC) con tabacchi", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

- (C) "*ITL – Inflation for Blue Collar Workers and Employees – Excluding Tobacco Consumer Price Index*" means the "Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) senza tabacchi", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (D) "*ITL – Inflation for Blue Collar Workers and Employees – Including Tobacco Consumer Price Index*" means the "Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) con tabacchi", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xiii) Japan

"*JPY – Non-revised Consumer Price Index Nationwide General Excluding Fresh Food (CPI)*" means the "Non-revised Consumer Price Index Nationwide General Excluding Fresh Food", or relevant Successor Index, measuring the rate of inflation excluding fresh food in Japan, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xiv) Mexico

- (A) "*MXN – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Mexico, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (B) "*MXN – Unidad de Inversion Index (UDI)*" means the "Unidad de Inversion Index", or relevant Successor Index, reporting the daily peso value of an Unidad de Inversion (an "*UDI*"), expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index shall be final and conclusive and later revisions to the level will not be used in any calculations.

(xv) Netherlands

"*NLG – Harmonised-Non-revised Consumer Price Index (HICP)*" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in the Netherlands, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xvi) New Zealand

"*NZD – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in New Zealand, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xvii) Poland

"*PLN – Non-Revised Consumer Price Index (CPI)*" means the "Non-revised Price Indices of Consumer Goods and Services", or relevant Successor Index, measuring the rate of inflation in Poland, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xviii) South Korea

"*KRW – Non-revised Consumer Price Index (CPI)*" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in South Korea, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xix) Spain

- (A) "*ESP – National-Revised Consumer Price Index (CPI)*" means the "Year on Year Revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Spain, expressed as an annual percentage and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, provided that such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Payment Date.
- (B) "*ESP – National-Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.
- (C) "*ESP – Harmonised-Revised Consumer Price Index HCPI*" means the "Harmonised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, provided that such revisions are published or announced up to and including the day that is two Business Days prior to the relevant Payment Date.
- (D) "*ESP – Harmonised-Non-revised Consumer Price Index (HCPI)*" means the "Non-revised Harmonised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xx) South Africa

- (A) "*ZAR – Non-revised Consumer Price Index Excluding Mortgages (CPIX)*" means the "Non-revised Index of Consumer Prices excluding Mortgage", or relevant Successor Index, measuring the rate of inflation excluding mortgages in South Africa, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a

Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

- (B) "ZAR – *Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in South Africa, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xxi) Sweden

"SEK – *Non-revised Consumer Price Index (CPI)*" means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Sweden, expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xxii) United Kingdom

"GBP – *Non-revised Retail Price Index (UKRPI)*" means the "Non-revised Retail Price Index in the United Kingdom", or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

(xxiii) United States

"USA – *Non-revised Consumer Price Index – Urban (CPI-U)*" means the "Non-revised Index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment", or relevant Successor Index, measuring the rate of inflation in the United States expressed as an index and published by the relevant Index Sponsor. The first publication or announcement of a level of such Index for such Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.

Delay of Publication

- (a) If any level of an Index for a Reference Month which is relevant to the calculation of a payment of any amount due and payable in respect of the Notes (a "*Relevant Level*") has not been published or announced by the day that is five Business Days prior to the next Payment Date, the Calculation Agent shall determine a Substitute Index Level (in place of such Relevant Level) by using the following methodology:
- (i) If applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
 - (ii) If (A) does not result in a Substitute Index Level for the Affected Payment Date for any reason, the Calculation Agent shall determine the Substitute Index Level as follows:

Substitute Index Level = Base Level x (Latest Level/Reference Level)

Where:

"*Base Level*" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

"*Latest Level*" means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated.

"*Reference Level*" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "*Latest Level*" above.

- (b) If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the next Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to the provisions of this [(e)] Delay of Publication, will be the definitive level for that Reference Month.

Cessation of Publication

- (a) If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Notes by using the following methodology:
 - (i) If at any time, a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "*Successor Index*" for the purposes of all subsequent Payment Dates in relation to the Notes, notwithstanding that any other Successor Index may previously have been determined under (ii), (iii) or (iv) hereof; or
 - (ii) If a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by an Index Sponsor, specifying that the Index will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index for purposes of the Notes from the date that such replacement Index comes into effect; or
 - (iii) If a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "*Successor Index*". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "*Successor Index*". If fewer than three responses are received, the Calculation Agent will proceed to subparagraph (iv) hereof; or
 - (iv) If no Successor Index has been deemed under (i), (ii) or (iii) above by the fifth Business Day prior to the next Affected Payment Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "*Successor Index*".

Rebasing of the Index

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "*Rebased Index*") will be used for purposes of determining the level of an Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made in respect of the Notes.

Material Modification Prior to a Payment Date

If, on or prior to the day that is five Business Days before a Payment Date, an Index Sponsor announces that it will make a material change to an Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

Manifest Error in Publication

If, within thirty days of publication, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the Issuer and the Holders in accordance with Condition 14 as soon as practicable of (i) that correction, and (ii) the amount that is payable as a result of that correction and (iii) take such other action as it may deem necessary to give effect to such connection.

2. [EQUITY LINKED INTEREST NOTES OR EQUITY LINKED REDEMPTION NOTES]

Redemption of Equity Linked Redemption Notes

Unless previously redeemed or purchased and cancelled as specified below, each nominal amount (the "*Specified Amount*") of Equity Linked Redemption Notes equal to the lowest Specified Denomination set out in these Final Terms will be redeemed by the Issuer (A) if Cash Settlement is specified in these Final Terms, by payment of the Redemption Amount on the Maturity Date or (B) if Physical Delivery is specified in these Final Terms, by delivery of the Asset Amount on the Maturity Date or (C) if Cash Settlement and/or Physical Delivery is specified in these Final Terms, by payment of the Redemption Amount and/or by delivery of the Asset Amount on the terms set out in these Final Terms, in each case on the Maturity Date (subject as provided below).

Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency and Adjustments for Equity Linked Redemption Notes in respect of Underlying Equities quoted in European Currencies

- (a) If Potential Adjustment Events are specified as applying in these Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Underlying Equities and, if so, will (a) make the corresponding adjustment, if any, to any one or more of the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or these Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Equity) and (b) determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with § [14], stating the adjustment to the Redemption Amount and/or the Asset Amount, the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or these Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this § [2]:

"*Potential Adjustment Event*" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (1) such Underlying Equities or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;

- (iv) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
 - (v) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
 - (vii) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.
- (b) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified as applying in these Final Terms and/or (y) if Tender Offer is specified as applying in these Final Terms and (in the case of (x)), a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or these Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
 - (ii) give notice to the Holders in accordance with § [14] and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of § [2](b)(ii)(a) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with § [14] stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

For the purposes of these Terms and Conditions:

"De-Listing" means, in respect of any relevant Underlying Equities, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same

country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer (A) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them;

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

"Merger Event" means, in respect of any relevant Underlying Equities, any (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer, all such Underlying Equities outstanding to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date;

"Nationalisation" means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

- (c) In respect of Equity Linked Redemption Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or these Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this § [2](b)(iii) will affect the currency denomination of any payments in respect of the Notes.

Physical Delivery

If any Notes are to be redeemed by delivery of the Asset Amount, in order to obtain delivery of the Asset Amount(s) in respect of any Note:

- (a) if such Note is represented by a Global Note, the relevant Holder must deliver to Euroclear or CBL (as applicable), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out in the [Supplemental Agency Agreement dated []] (the "*Asset Transfer Notice*"); and
- (b) if such Note is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or CBL, as the case may be, which is expected to be by authenticated SWIFT message or (ii) if such Note is in definitive form, in writing.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

The delivery of the Asset Amount shall be made in the manner specified in these Final Terms or in such other commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery and shall notify to the Holders in accordance with § [14].

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together "*Delivery Expenses*") arising from the delivery and/or transfer of any Asset Amount shall be for the account of the relevant Holder and no delivery and/or transfer of any Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

An Asset Transfer Notice must:

- (a) specify the name and address of the relevant Holder, any account details required for delivery as set out in these Final Terms and the person from whom the Issuer may obtain details for the delivery of the Asset Amount if such delivery is to be made otherwise than in the manner specified in these Final Terms;
- (b) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such Notes on or before the Maturity Date;
- (c) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (d) specify an account to which any dividends payable pursuant to this § [2](c) or any other cash amounts specified in these Final Terms as being payable are to be paid; and
- (e) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg, or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder and, in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Holder.

Subject as provided in this § [2], in relation to each Note which is to be redeemed by delivery of the Asset Amount, the Asset Amount will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with this § [2], the "*Delivery Date*"), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Holder in the manner provided above. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

If, prior to the delivery of the Asset Amount in accordance with this § [2], a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with § [14]. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this paragraph. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "*Election Notice*") is given to the Holders in accordance with § [14]. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with § [14].

For such period of time after the Maturity Date as any person other than the relevant Holder shall continue to be the legal owner of the securities comprising the Asset Amount (the "*Intervening Period*"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Note, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Note during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or

suffer as a result, whether directly or indirectly, of that person being the legal owner of such Notes during such Intervening Period.

Any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the Underlying Equity executed on the Maturity Date and to be delivered in the same manner as the Asset Amount. Any such interest dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Holders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Holders in accordance with § [14].

For the purposes of this § [2](c):

"*Disruption Cash Settlement Price*" means an amount equal to the fair market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to § [3 (*Interest/Indexation*))] on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion; and

"*Settlement Disruption Event*" means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Final Terms is not practicable.

Failure to Deliver due to Illiquidity

If Failure to Deliver due to Illiquidity is specified as applying in these Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the "*Affected Relevant Assets*"), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "*Failure to Deliver*"), then:

- (a) subject as provided elsewhere in these Terms and Conditions and/or these Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with § [2] (c); and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Holders in accordance with § [14]. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Holders in accordance with § [14]. ● as the Delivery Agent shall give notice (such notice a "*Failure to Deliver Notice*") as soon as reasonably practicable to the Holders in accordance with § [14] that the provisions of this § [2](d) apply.

In these Terms and Conditions:

"*Affiliate*" means in relation to any entity (the "*First Entity*"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "*control*" means ownership of a majority of the voting power of an entity.

"*Failure to Deliver Settlement Price*" means, in respect of each nominal amount of the Notes equal to the lowest Specified Denomination, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Notes, all as calculated by the Calculation Agent in its sole and absolute discretion.

Definitions applicable to Equity Linked Interest Notes of Equity Linked Redemption Notes

For the purposes of this § [2]:

"*Disrupted Day*" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"*Equity Issuer*" means, in relation to an Underlying Equity, the issuer of such Underlying Equity.

"*Exchange*" means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in these Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

"*Exchange Business Day*" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"*Market Disruption Event*" means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
 - (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) relating to the Underlying Equity on the Exchange; or
 - (B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
 - (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Redemption Amount" means the Redemption Amount specified in these Final Terms or, if no such amount is specified in these Final Terms, an amount calculated by the Calculation Agent equal to:

- I. in the case of a Call Equity Linked Redemption Note:

- (a) if the Reference Price is greater than the Strike Price:

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

- (b) if the Reference Price is equal to or less than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount}; \text{ or}$$

- II. in the case of a Put Equity Linked Redemption Note

- (a) if the Reference Price is less than the Strike Price:

$$100 \text{ per cent.} + \frac{\text{Strike Price} - \text{Reference Price}}{\text{Strike Price}} \times \text{Specified Amount}; \text{ or}$$

- III. Reference Price is equal to or greater than the Strike Price:

$$100 \text{ per cent.} \times \text{Specified Amount},$$

provided always that the Redemption Amount shall in no event be less than zero. The Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

"Reference Price" means:

- (a) where the Notes are specified in these Final Terms to relate to a single Underlying Equity, the price at the Valuation Time on the Valuation Date (or, if no Valuation Time is specified in these Final Terms, the official closing price) of the Underlying Equity quoted on the Relevant Exchange without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, no such official closing price) can be determined at such time and, if Disrupted Day is specified as applying in these Final Terms and the Valuation Date is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the fair market buying price at the Valuation Time on the Valuation Date and the fair market selling price at the Valuation Time on the Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in these Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

- (b) where the Notes are specified in these Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the price at the Valuation Time on the Valuation Date (or, if no Valuation Time is specified in these Final Terms, the official closing price) of the Underlying Equity quoted on the Relevant Exchange as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction (or if, in the opinion of the Calculation Agent, no such price (or, as the case may be, any such official closing price) can be determined at such time and, if Disrupted Day is specified as applying in these Final Terms, and the Valuation Date is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the fair market buying price at the Valuation Time (or, as the case may be, of the closing fair market buying price) on the Valuation Date and the fair market selling price at the Valuation Time (or, as the case may be, of the closing fair market selling price) on the Valuation Date for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier. Each value determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in these Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts to be the Reference Price.

"*Related Exchange*" means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in these Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where "All Exchanges" is specified as the Related Exchange in these Final Terms, "*Related Exchange*" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

"*Scheduled Closing Time*" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"*Scheduled Trading Day*" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"*Scheduled Valuation Date*" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"*Underlying Equities*" and "*Underlying Equity*" mean, subject to adjustment in accordance with §[2](b)(i) or (ii) or (iii), the equity securities or equity security specified as such in these Final Terms and related expressions shall be construed accordingly.

"*Valuation Date*" means the date specified as such in these Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applying in these Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (a) where the Notes are specified in these Final Terms to relate to a single Underlying Equity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in these Final Terms or, if not set out or not so

practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or

- (b) where the Notes are specified in these Final Terms to relate to a Basket of Underlying Equities the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Equity affected (each an "*Affected Equity*") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine, where practicable, the Reference Price using, in relation to the Affected Equity, a price determined in the manner set out in these Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

"*Valuation Time*" means the Valuation Time specified in these Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

3. [ADDITIONAL DISRUPTION EVENTS APPLICABLE TO INDEX LINKED INTEREST NOTES, INDEX LINKED REDEMPTION NOTES, EQUITY LINKED INTEREST NOTES AND EQUITY LINKED REDEMPTION NOTES]

Additional Disruption Event

If the Notes are Index Linked Interest Notes or Index Linked Redemption Notes or Equity Linked Interest Notes and Equity Linked Redemption Notes and Additional Disruption Events are specified as applicable in these Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or these Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (b) give notice to the Holders in accordance with § [14] and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with § [14] stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

Definitions applicable to Additional Disruption Events

"*Additional Disruption Event*" means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in these Final Terms.

"*Change in Law*" means that, on or after the Trade Date (as specified in these Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Underlying Equity (in the case of Equity Linked Redemption Notes) or any relevant security/commodity comprised in an Index (in the case of Index Linked Redemption Notes) or (Y) it or any of its hedging counterparties will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"*Hedging Disruption*" means that the Issuer and/or any of its Affiliates and/or any of its hedging counterparties is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"*Hedging Shares*" means the number of Underlying Equities (in the case of Equity Linked Redemption Notes) or securities/commodities comprised in an Index (in the case of Index Linked Redemption Notes) that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Underlying Equity (in the case of Equity Linked Redemption Notes) or any security/commodity comprised in an Index (in the case of Index Linked Redemption Notes) that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, in respect of an Underlying Equity (in the case of Equity Linked Redemption Notes) or a security/commodity comprised in an Index (in the case of Index Linked Redemption Notes), the Initial Stock Loan Rate specified in relation to such Underlying Equity, security or commodity in these Final Terms.

"Insolvency Filing" means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Linked Redemption Notes) or any securities/commodities comprised in an Index (in the case of Index Linked Redemption Notes) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means, in respect of an Underlying Equity (in the case of Equity Linked Redemption Notes) or a security/commodity comprised in an Index (in the case of Index Linked Redemption Notes), the Maximum Stock Loan Rate specified in these Final Terms.

[Disclaimer by the Issuer]

All information in these Final Terms relating to the Indices, including, without limitation, its compositions, methods of calculation and changes in their components, is derived from publicly available information released by the Index Sponsor and other public sources, and the Issuer has not independently verified any such information. The Issuer shall not have any responsibility for any errors, omissions or subsequent corrections in the calculation and publication of the Indices.

Index Disclaimer

No Index Sponsor makes any representation whatsoever, whether express or implied, to the Holders or any other person either as to the results to be obtained from the use of the relevant Index and/or the levels at which the relevant Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor is liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, to the Holders or any other person as to advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer nor the Calculation Agent shall have any liability to the Holders or to any other party for any act or failure to act by any Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer nor the Calculation Agent have any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or

dissemination of the Indices. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Indices.]

THE GUARANTEE

EUR 10,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME

DEED POLL

GUARANTEE of BANCO BPI, S.A. acting through its Cayman Islands Branch

THIS GUARANTEE (which for any Portuguese law purposes shall be construed as a "*Fiança*") is given on 3 March 2008 by Banco BPI, S.A. acting through its Cayman Islands Branch (the "*Guarantor*").

WHEREAS:

- (A) The Guarantor has agreed to guarantee the obligations of Banco BPI Cayman Ltd. and BPI Capital Finance, Ltd. (each an "*Issuer*" and together the "*Issuers*") in respect of Notes to be issued by each Issuer (the "*Notes*") under a EUR 10,000,000,000 Euro Medium Term Note Programme and issued pursuant to an Agency Agreement (the "*Agency Agreement*") dated 3 March 2008 between, among others, the Issuers, the Guarantor and Deutsche Bank AG, London Branch as Agent (the "*Agent*").
- (B) Terms defined in the Conditions of the Notes (the Conditions) and in the Agency Agreement and not otherwise defined in this Guarantee shall have the same meaning when used in this Guarantee.

NOW THIS DEED WITNESSETH as follows:

1. The Guarantor as primary obligor (which for any Portuguese law purposes shall be construed as "*Principal Pagador*") unconditionally and irrevocably (which for any Portuguese law purposes shall be construed as an express renouncement of the benefit of "*excussão prévia*", pursuant to article 64o of the Portuguese Civil Code):
 - (a) guarantees to the holder from time to time of each Note, Coupon or Receipt by way of continuing guarantee (i) the due and punctual payment of all amounts payable by each Issuer on or in respect of the Note, Coupon or Receipt (including any premium or any other amounts of whatever nature or additional amounts which may become payable under Condition 8) as and when the same shall become due according to the Conditions and (ii) the performance of all other obligations of each Issuer under the Conditions (including, if applicable, the delivery of underlying securities or obligations); and
 - (b) agrees that, in the case of (a)(i) above, if and each time that the relevant Issuer shall fail to make any payments as and when the same become due, the Guarantor will on demand (without requiring the relevant Noteholder, Couponholder or Receiptholder first to take steps against the relevant Issuer or any other person) pay to the relevant Noteholder, Couponholder or Receiptholder the amounts (as to which the certificate of the relevant Noteholder, Couponholder or Receiptholder shall in the absence of manifest error be conclusive) in the currency in which the amounts are payable by the relevant Issuer and, in the case of (a)(ii) above, it hereby undertakes to cause such performance or the procurement of such performance to occur punctually when and as the same shall become due to be performed, in each case whether at maturity, upon redemption by acceleration of maturity or otherwise, as if such payment or delivery, as the case may be, were made or performed by the relevant Issuer in accordance with the Conditions.
2. The Guarantor covenants in favour of each Noteholder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 8. In particular, if in respect of any payment to

be made under this Deed of Guarantee, any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is payable, the Guarantor shall pay the additional amounts referred to in Condition 8, all subject to and in accordance with the provisions of Condition 8.

3. The obligations of the Guarantor under this Guarantee shall not be affected by any matter or thing which but for this provision might operate to affect the obligations including, without limitation:
 - (a) any time or indulgence granted to or composition with the relevant Issuer or any other person;
 - (b) the taking, variation, renewal or release of remedies or securities against the relevant Issuer or any other person; or
 - (c) any unenforceability, invalidity or irregularity.
4. Where any discharge (whether in respect of the obligations of the relevant Issuer or any security for the obligations of the relevant Issuer or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue as if there had been no discharge or arrangement. The holder of any Note, Coupon or Receipt, acting in good faith, shall be entitled to concede or compromise any claim that any payment, security or other disposition is liable to avoidance or repayment.
5. The Guarantor shall not create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of an encumbrance or security interest, at the same time and, in any other case, promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

As used herein:

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) but excluding any Covered Bonds (as defined below):

- (a) where more than 50% in aggregate principal amount of such bonds, notes, debentures or other securities are initially offered outside the Republic of Portugal by or with the authorisation of the relevant Issuer or the Guarantor, as the case may be; and
- (b) which with the authorisation of the relevant Issuer or the Guarantor, are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing).

Covered Bonds means any bonds or notes issued by the relevant Issuer or the Guarantor the obligations of which benefit from a special creditor privilege (*privilegio creditório especial*) as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other loans permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

6. (a) (i) In respect of Senior Notes

In respect of Senior Notes and any relative Receipts and Coupons issued by either of the Issuers, the obligations of the Guarantor under this Guarantee are direct, unsecured (subject to the provisions of Clause 5) and unsubordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) *pari passu* with all other present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Guarantor, from time to time outstanding.

(ii) In respect of Dated Subordinated Notes

In respect of Dated Subordinated Notes and any relative Receipts and Coupons issued by either of the Issuers, the obligations of the Guarantor under this Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future dated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding (to the extent permitted by applicable law), the rights of holders of Dated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest on the Dated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Clause 6(b)(iv)).

(iii) In respect of Undated Subordinated Notes

In respect of Undated Subordinated Notes issued by either of the Issuers, the obligations of the Guarantor under this Guarantee are direct, unsecured and subordinated obligations of the Guarantor, and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all other present and future undated subordinated debt and obligations of the Guarantor.

If the Guarantor becomes the subject of a voluntary or involuntary liquidation, insolvency or similar proceeding (to the extent permitted by applicable law), the rights of holders of Undated Subordinated Notes and any relative Receipts and Coupons against the Guarantor to payment of principal and interest and other amounts on the Undated Subordinated Notes will be subordinated in right of payment to the claims of all Senior Creditors of the Guarantor (as defined in Clause 6(b)(iv)).

The payment of principal in respect of the Undated Subordinated Notes by the Guarantor is subject to the prior consent of the Bank of Portugal. Accordingly, payment of interest and/or any other amount in respect of the Undated Subordinated Notes by the Guarantor will be conditional upon the Guarantor being solvent at the time of payment by the Guarantor and no such interest and/or any other amount shall be due and payable in respect of the Undated Subordinated Notes, except to the extent that the Guarantor could make such payment, in whole or in part, rateably with payments in respect of Other *Pari Passu* Claims (as defined below) and still be solvent immediately thereafter. For this purpose, the Guarantor shall be solvent if (A) it is able to pay its debts as they fall due, and (B) its Assets (as defined below) exceed its Liabilities (as defined below). If, following a liquidation of the Guarantor, amounts due to holders of Undated Subordinated Notes are not paid in full, the obligations of the Guarantor in respect of the

Undated Subordinated Notes will terminate. A report as to the solvency of the Guarantor by two members of the Board of Directors of the Guarantor or the auditors of the Guarantor or (if the Guarantor is being wound-up) its liquidator shall, in the absence of proven error, be treated and accepted by the Guarantor and holders of Undated Subordinated Notes as correct and sufficient evidence thereof.

In the event of any voluntary or involuntary liquidation, insolvency or similar proceeding with respect to the Guarantor, no holder of an Undated Subordinated Note will, if such holder is indebted or under liability to the Guarantor, be entitled to exercise any right of set-off or counterclaim against moneys owed by the Guarantor in respect of such Undated Subordinated Note.

In order to allow the Guarantor to continue its business activities (in accordance with the Bank of Portugal Regulation 12/92, as amended), any amount which, under this Guarantee would be payable by the Guarantor in respect of the Undated Subordinated Notes, will be made available to meet the losses of the Guarantor, provided that, prior to such time, the total shareholders' equity of the Guarantor (including any interest represented by preference shares guaranteed by the Guarantor) has been reduced to zero.

Subject to the provisions contained in the preceding paragraph, all accrued but unpaid amounts of interest will be utilised to the extent necessary to meet the losses of the Guarantor and, in the event of a shortfall, the outstanding principal amount of payments to be made on the Undated Subordinated Notes shall be utilised. The total amount so utilised to meet the losses of the Guarantor is hereinafter referred to as the "*Absorbed Amount*" and the period during which the Absorbed Amount is so utilised is hereinafter referred to as the "*Absorbed Amount Period*". Subject to reinstatement as provided for in the next paragraph, the Absorbed Amount (or any part thereof) may not be claimed by the Noteholders and shall not give rise to any payment obligation (including, without limitation, any payment obligation arising pursuant to Condition 1(e)) of the Guarantor to such Noteholders in respect of the Absorbed Amount (or any part thereof).

The Absorbed Amount (in whole but not in part) shall be subsequently reinstated, with the ranking as set out in this Clause 6(a)(iii), on the earlier of the day prior to the day on which the event set out in I. below occurs and the day on which the event set out in II. below occurs (such earlier day being the "*Reinstatement Day*");

- I. the commencement of winding up, liquidation or bankruptcy proceedings in relation to the Guarantor; and
- II. a resolution being passed by the shareholders of the Guarantor approving any dividend payment and/or the reinstatement of the Absorbed Amount, in each case subject to the prior approval of the Bank of Portugal.

From (and including) the first day of the Absorbed Amount Period to (but excluding) the Reinstatement Day, the Absorbed Amount shall not bear interest. From (and including) the Reinstatement Day, the Absorbed Amount (as so reinstated) shall bear interest in accordance with these Terms and Conditions.

(b) Definitions

For the purpose of Clause 6(a):

- (i) "Assets" means the total consolidated gross assets of the Guarantor;

- (ii) “*Liabilities*” means the total consolidated gross liabilities of the Guarantor, all as shown by the latest published audited consolidated balance sheet of the Guarantor, but adjusted for contingencies and/or subsequent events, as more particularly described in the annual report or, as the case may be, the semi annual report of the Guarantor and as valued in such manner as such members of the Board of Directors of the Guarantor, the auditors or the liquidator (as the case may be) may determine;
 - (iii) “*Other Pari Passu Claims*” means claims of creditors of the Guarantor which are expressed to be subordinated so as to rank *pari passu* with or junior to the claims of holders of Undated Subordinated Notes under this Guarantee; and
 - (iv) “*Senior Creditors of the Guarantor*” means creditors of the Guarantor who (A) are depositors of the Guarantor or other unsubordinated creditors of the Guarantor, or (B) are subordinated creditors of the Guarantor other than (x) in the case of Dated Subordinated Notes, those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Dated Subordinated Notes under this Guarantee and (y) in the case of Undated Subordinated Notes, Other Pari Passu Claims (as defined above).
- (c) Clauses 6(a)(ii) and (iii) and 6(b) describe the legal and regulatory regime applicable to the Guarantor's obligations under this Guarantee of Dated Subordinated Notes and Undated Subordinated Notes and accordingly the provisions of Clauses 6(a)(ii) and (iii) and 6(b) are subject to any changes in that legal and regulatory regime.
- (d) All necessary governmental and regulatory consents and authorisations for the giving and implementation of this Guarantee have been obtained.
7. Until all amounts which may be or become payable under the Notes and the Coupons have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any holder of any Note or Coupon or claim in competition with the holders against the relevant Issuer.
8. This Guarantee shall ensure for the benefit of the Noteholders, Couponholders and Receiptholders and shall be deposited with and held by the Fiscal Agent.
9. As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable or delivery obligation expressed to be owed by an Issuer under any Note, any Coupon or any Receipt but which is for any reason (whether or not now known or becoming known to the relevant Issuer, the Guarantor or any Noteholder) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Noteholder or otherwise delivered by it on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by any Noteholder.
10. This Guarantee (except Clauses 6(a)(ii), 6(a)(iii) and 6(b)) is governed by, and shall be construed in accordance with, the laws of England. Clauses 6(a)(ii), 6(a)(iii) and 6(b) are governed by, and shall be construed in accordance with, the laws of the Republic of Portugal.
11. (a) Subject to subparagraph (c) below, the Guarantor irrevocably agrees for the benefit of the Noteholders, Couponholders and Receiptholders that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Guarantee and accordingly submit to the exclusive jurisdiction of the English courts.
- (b) The Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

- (c) The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with this Guarantee (together referred to as "*Proceedings*") against the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.
- (d) The Guarantor appoints Banco BPI S.A. (London Office) at its registered office for the time being in London to accept service of process on its behalf. If such person shall cease to have an office in London, the Guarantor shall appoint another person with an office in London to accept service. The Guarantor will procure that, so long as any of the Notes remains outstanding, a person with an office in London shall be appointed to accept service.
- (e) Nothing in this Guarantee shall affect the right to serve process in any other manner permitted by law.

IN WITNESS whereof this Guarantee has been entered into as a deed by the Guarantor on the date which appears first on page 1.

TAXATION

The following description summarises the material anticipated tax consequences relating to an investment in the Notes according to Cayman, Portuguese and Luxembourg law. The description does not deal with all possible consequences of an investment in the Notes and is not intended as tax advice. Accordingly, each prospective investor should consult its own professional advisor regarding the tax consequences to it of an investment in the Notes under local or foreign laws to which it may be subject. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Cayman Islands Taxation

BPI Cayman was established on 29th May, 2002 and holds a "B" banking licence in the Cayman Islands.

Banco BPI, S.A.'s Cayman Islands Branch was established on 18th February, 1997 and holds a "B" banking licence in the Cayman Islands.

BPI Capital was established on 15th November, 1996 and holds a "B" banking licence in the Cayman Islands.

Payments in respect of Notes issued by Banco BPI, S.A. acting through its Cayman Islands Branch, BPI Cayman or BPI Capital or in respect of the Guarantee by Banco BPI, S.A. Cayman Islands Branch will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to holders of Notes nor will gains derived from the sale of Notes be subject to Cayman Islands individual or corporate income tax. The Cayman Islands currently have no individual or corporate income tax, capital gains tax and no estate duty, inheritance or gift tax.

The holder of any Note (or the legal representative of such holder) whose Note is presented for payment in the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes.

Republic of Portugal Taxation

Portuguese taxation relating to all payments by Banco BPI, S.A. acting through its Lisbon Office in respect of Bearer Notes not issued within the scope of the Decree Law

Investment income (i.e. economic benefits derived from interest, amortisation, reimbursement, premiums and other instances of remuneration) arising from Global Notes, Definitive Notes, Receipts or Coupons issued by Banco BPI, S.A., acting through its Lisbon office paid to noteholders deemed as effective beneficiaries of the Global Notes, Definitive Notes, Receipts and Coupons ("*Noteholders*") considered to be resident in Portuguese territory for tax purposes or to a non-Portuguese resident having a permanent establishment therein to which the income is imputable, is subject to withholding tax at a rate of 20 per cent., except where the Noteholder is either a Portuguese resident financial institution (or a non resident financial institution having a permanent establishment in Portuguese territory to which the income is imputable) or benefits from a reduction or withholding tax exemption as specified by current Portuguese tax law.

In case of Noteholders that are corporate entities resident in Portuguese territory (or non residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and therefore such Noteholders are entitled to claim appropriate credit against their final corporate income tax liability. In relation to Noteholders that are individuals resident in Portuguese territory, withholding tax shall be considered as final.

Investment income paid to Noteholders considered to be non-residents in the Republic of Portugal (and having no permanent establishment herein to which the income is imputable) is subject to a final withholding tax at the rate of 20 per cent. Reduction of this withholding rate may be available in accordance with any applicable double taxation

treaty, subject to compliance with certain procedures and certifications required by Portuguese tax authorities, aimed at verifying the non-resident status and eligibility for the respective tax treaty benefits.

Neither CBL or Euroclear offer any tax relief service to the Noteholders, who should provide the relevant Issuer with any documents necessary to evidence compliance with the procedures and certification requirements of the Portuguese tax authorities aimed at verifying the non-residence status and eligibility for the respective tax treaty benefits, as these may apply.

Subject as provided below, the Terms and Conditions provide that Banco BPI, S.A. acting through its Lisbon Office will not gross-up for amounts withheld on such Global Notes or Definitive Notes, Receipts or Coupons. There will be no option for Banco BPI, S.A. acting through its Lisbon Office to redeem such Global Notes, Definitive Notes, Receipts or Coupons for taxation reasons.

Capital gains obtained on the disposal of Global Notes Definitive Notes, Receipts or Coupons issued by Banco BPI, S.A. through its Lisbon office, by individuals and by incorporated entities not resident in the Republic of Portugal and without a permanent establishment therein to which the income is attributable for tax purposes are exempt of taxation. This exemption shall not apply, if the Noteholder (i) is a legal entity ("*peessoa colectiva*") held, directly or indirectly, in more than 25 per cent. by an entity resident in Portugal, or (ii) is resident in a jurisdiction with a more favourable tax regime than Portugal, as in Ministerial Order ("*Portaria*") no. 150/2004, of 13th February, as amended.

Portuguese taxation relating to all payments by Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch

Madeira and Santa Maria Free Trade Zones are Free Trade Zones established within Portuguese territory and are subject to a special taxation regime.

Under this regime, income paid by Banco BPI, S.A., acting through its Madeira or Santa Maria branch, in respect of Notes, Receipts and Coupons issued for the purpose of financing its balance sheet liabilities is exempt from individual or corporate income tax, provided that the beneficiaries of the income are:

- (a) entities established in the free trade zones of Santa Maria or Madeira which are not credit institutions or financial companies or financial branches that carry out transactions related to their activities with residents, for tax purposes, in the Republic of Portugal or with permanent establishments in the Republic of Portugal of non-resident entities;
- (b) entities not resident in Portuguese territory, except for permanent establishments located in the said territory and outside the free trade zones of Madeira or Santa Maria.

In order to ascertain the non-residency status of the beneficiaries for the purposes of the above tax exemptions specific certification requirements are imposed by Portuguese tax legislation. Consequently, all payments of principal and interest in respect of Notes, Receipts and Coupons by Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch 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 or regulation. In such event, Banco BPI, S.A. acting through its Madeira Branch or through its Santa Maria Branch will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Notes, Receipts or Coupons:

- (i) where such withholding or deduction is imposed on a payment of principal or interest in respect of Notes, Receipts or Coupons issued by Banco BPI, S.A. acting through its Madeira Branch or acting through its

Santa Maria Branch and such withholding or deduction is required to be made due to the fact that the holders of such Notes, Receipts or Coupons are:

- (A) individuals residing for tax purposes in the Republic of Portugal; or
 - (B) corporate entities whose registered office or effective management is located in the Republic of Portugal or which have a permanent establishment located in the Republic of Portugal to which income is attributable for tax purposes; or
 - (C) entities established in the Santa Maria or Madeira free trade zones which are credit institutions or financial companies or financial branches: (a) that carry out transactions related to their activities with residents, for tax purposes in the Republic of Portugal; or (b) that carry out such transactions with any permanent establishments located in the Republic of Portugal of entities considered as non-resident in such jurisdiction for tax purposes; or
 - (D) due to the fact that the holders of such Notes, Receipts or Coupons do not comply with the certification requirements imposed by Portuguese tax legislation or regulations; and/or
- (ii) 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
 - (iii) where the relevant Certificate, Note, Receipt or Coupon presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Certificate, Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
 - (iv) where the relevant Certificate, Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date (as defined in Condition 1(c) except to the extent that the holder hereof 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).

Portuguese taxation relating to all payments by Banco BPI, S.A. acting through its Cayman Islands Branch, BPI Cayman, BPI Capital or, as the case may be, the Guarantor

All payments of principal and interest in respect of the Notes, Receipts and Coupons by Banco BPI, S.A. acting through its Cayman Islands Branch, or by either of the Cayman Issuers or by the Guarantor (in the case of Notes issued by either of the Cayman Issuers) and not issued within the Decree Law 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 or regulation. In such event, Banco BPI, S.A. acting through its Cayman Islands Branch, either of the Cayman Issuers or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons in relation to any payment in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Certificate, Note, Receipt or Coupon:

- (i) presented for payment in the Cayman Islands or the Republic of Portugal; and/or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Certificate, Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Certificate, Note, Receipt or Coupon; and/or

- (iii) 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 or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or
- (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Certificate, Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or
- (v) presented for payment more than 30 days after the Relevant Date (as defined below in Condition 1(c)) 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 1(f)).

Portuguese taxation relating to all payments by Banco BPI, S.A., acting through its Lisbon Office in respect of Interbolsa Notes issued within the scope of the Decree Law

This section summarises the tax consequences of holding Interbolsa Notes issued by Banco BPI, S.A., acting through its Lisbon office when such Interbolsa Notes are centralised within Interbolsa and have been issued within the scope of the Decree Law 193/2005, of 7th November, 2005, as amended from time to time (the "*Decree Law*"). References in this section are construed accordingly.

Investment income (i.e. economic benefits derived from interest, amortisation or reimbursement premiums as well as other forms of remuneration which may be paid under the Notes) on Interbolsa Notes, paid to a holder of Interbolsa Notes (who is the effective beneficiary thereof (the "*Beneficiary*")) resident for tax purposes in Portuguese territory or to a non-Portuguese resident having a permanent establishment therein to which income is imputable, is subject to withholding tax at a rate of 20 per cent., except where the Beneficiary is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law.

In relation to Beneficiaries that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and, therefore, such Beneficiaries are entitled to claim appropriate credit against their final corporate income tax liability. In relation to Beneficiaries that are individuals resident in Portuguese territory, withholding tax shall be considered as final.

Under the Decree Law, investment income classified as obtained in Portuguese territory paid to Beneficiaries considered non-Portuguese resident in respect of debt securities registered with a clearing system recognised by the Portuguese Securities Code (currently Interbolsa), as well as capital gains derived from a sale or other disposition of such Interbolsa Notes, will be exempt from Portuguese taxation.

For the withholding tax exemption to apply, the Decree Law requires that the Beneficiary: (i) is neither resident in Portuguese territory (nor has any registered or deemed permanent establishment therein to which interest is imputable); (ii) is not resident in the countries and territories included in the Portuguese "blacklist" (countries and territories listed in "Portaria" 150/2004, of 13th February, 2004), with the exception of central banks and governmental agencies of those blacklisted jurisdictions and (iii) has not more than 20 per cent. of its share capital held, directly or indirectly, by Portuguese residents.

Under the Decree Law, the Interbolsa Notes must be held through an account with one of the following entities: (i) a direct registered entity, which is an entity affiliated with the clearing system recognised by the Portuguese Securities Code; (ii) an indirect registered entity, which, although not assuming the role of the "*direct registered entities*", is a client of the latter; or (iii) entities managing an international clearing system, which are entities operating with the international market to clear and settle securities transactions. For purposes of the Decree Law,

the Portuguese Government has recognised both Euroclear Bank S.A./N.V. ("*Euroclear*") and Clearstream Banking, société anonyme ("*CBL*") as entities managing an international clearing system.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the Beneficiary, to be provided by the Noteholder to the direct registered entity (this will have to be made by no later than the second ICSD Business Day prior to the Relevant Date, as defined in Condition 8 (**TAXATION**)), as follows:

- (i) if the Beneficiary is a central bank, public institution, international body, credit or financial institution, a pension fund or an insurance company, with its head office in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty, it must provide (a) its tax identification; or (b) a certificate issued by the entity responsible for its supervision or registration, confirming the legal existence of the Beneficiary and its domicile; or (c) a declaration of tax residence issued by the Noteholder itself, duly signed and authenticated, if the Noteholder is a central bank, a public law entity taking part in the public administration (either central, regional or peripheral, indirect or autonomous of the relevant country), or an international body; or (d) proof of non- residence pursuant to the terms of paragraph (iii) below;
- (ii) if the Beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty, it must provide (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iii) below;
- (iii) other investors will be required to prove of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country.

The Beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

If the Interbolsa Notes issued under the Decree Law are registered in an account with an international clearing system (either with Euroclear and CBL) and the management entity of such international clearing system undertakes not to provide registration services in respect of the Interbolsa Notes to (i) Portuguese tax residents that do not benefit from either an exemption or waiver of Portuguese withholding tax, and (ii) to non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, the proof required to benefit from the exemption will be made (by no later than the second ICSD Business Day prior to the Relevant Date, as defined in Condition 8 (**TAXATION**)), as follows:

- (i) through the presentation of a certificate, on an annual basis, with the name of each beneficial owner, their address, their tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The current form of this certificate is attached as Annex 1.;

- (ii) alternatively, through an annual declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is accompanied by a disclosure list provided on each coupon payment date, indentifying each beneficial owner and showing their name, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The current form of this declaration is attached as Annex 2.

The two documents referred to in (i) or (ii) shall be provided by the participants (i.e. the entities that operate in the international clearing system) to the direct registering entities, through the international clearing system managing entity, and must take into account the total number of accounts under their management relating to each Noteholder that is tax exempt or benefits from the waiver of Portuguese withholding tax.

The delivery of these documents by the participants to the respective international clearing system managing entities shall follow the procedures that are from time to time applicable for this purpose by said international clearing system managing entities.

The international clearing system managing entities shall inform the direct registering entity of the income paid to each participant for each security payment.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime shall result in the loss of the tax exemption and consequent submission to applicable Portuguese general tax provisions.

ANNEX 1

CERTIFICATE FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 1 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE LAW 193/2005, OF 7TH NOVEMBER)

The undersigned Participant hereby declares that he holds debt securities covered by the special tax regime approved by Decree Law 193/2005, of 7th November (the "*Securities*"), in the following securities account number (the "*Account*") with (name and complete address of the international clearing system managing entity).

We will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners[, including ourselves,] if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):.....

Tax ID Number:

2. We hereby certify that, from the date hereof until the expiry date of this certificate:

A. We are the Beneficial Owner of the following Securities:

Security ISIN or Common Code	Security description	Nominal position
------------------------------	----------------------	------------------

And we hereby declare that we are not liable to Portuguese withholding tax, in accordance with the applicable legislation, indicated hereafter:

- Special Tax Regime approved by the Decree Law 193/2005, of 7th November
- Art. 90 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax

B. We are intermediaries of the following Securities:

Security ISIN or Common Code	Security description	Nominal position
------------------------------	----------------------	------------------

1. We hereby undertake to provide the (name of the international clearing system managing entity) with a document proving the exemption of personal or corporate income tax referred in the attached statement of beneficial ownership, whenever the beneficial owner is not a central bank, public institution, international body, credit institution, financing company, pension fund and insurance company resident in

any OECD country or in a country with which Portugal has concluded a Convention for the Avoidance of International Double Taxation, on behalf of which we hold Portuguese debt securities in the Account.

2. We hereby undertake to notify the (name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.
3. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (name of the international clearing system managing entity) and its Depositary to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.
4. This certificate is valid for a period of twelve months as from the date of signature:

Place: _____ Date: _____

Authorised Signatory

Authorised Signatory

Name

Name

Title/Position

Title/Position

APPENDIX

STATEMENT OF BENEFICIAL OWNERSHIP

The undersigned beneficiary:

Name:
.....
.....

Address:
.....

Tax identification number:
.....

Holding via the following financial intermediary:

Name of the financial intermediary:
.....

Account number:
.....

The following securities:

Common/ISIN code:
.....

Security name:
.....

Payment date:
.....

Nominal position:
.....

1. Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal position at the payment date ____/____/____ ; and
2. Hereby declares that he/she/it is not liable for withholding tax, in accordance with the applicable legislation as listed below (tick where applicable):
 - Special Tax Regime approved by the Decree Law 193/2005, of 7th November.....
 - Art. 90 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
 - Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
 - Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities; exemption by the Ministerial Regulation nº, published in Diário da República.....
 - Art. 14 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds

- Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E)
- Art. 22-A of EBF – Venture Capital Investment Funds
- Art. 24 of EBF – Stock Savings Funds (FPA) Other legislation (indicate which)

This document is to be provided to the Portuguese tax authorities, if requested by the latter, as foreseen in the Article 17 of the Special Tax Regime approved by the Decree Law 193/2005, of 7th November.

Authorised signatory:

Name:

.....

Function:

Signature:

ANNEX 2

STATEMENT FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 2 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE LAW 193/2005, OF 7TH NOVEMBER)

The undersigned Participant hereby declares that he holds or will hold debt securities covered by the special tax regime approved by Decree Law 193/2005, of 7th November (the "*Securities*"), in the following securities account number (the "*Account*") with (name and complete address of the international clearing system managing entity).

We hold or will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners[, including ourselves,] if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):.....

Tax ID Number:

2. We hereby undertake to provide the (name of the international clearing system managing entity) with a list of Beneficial Owners at each relevant record date containing the name, residence for tax purposes, Tax Identification Number and nominal position of Portuguese debt Securities for each Beneficial Owner[, including ourselves,] on behalf of which we hold or will hold Portuguese debt securities in the Account.

3. We hereby undertake to notify the(name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

4. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (name of the international clearing system managing entity) and its Depositary to collect and forward this certificate or a copy of it, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.

5. This statement is valid for a period of twelve months as from the date of signature:

Place: _____ Date: _____

Authorised Signatory

Authorised Signatory

Name

Name

Title/Position

Title/Position

APPENDIX

LIST OF BENEFICIAL OWNERS

For:

Interest due __/__/__

Security code (ISIN or Common Code): _____

Security description: _____

Securities Clearance Account Number: _____

We certify that the above Portuguese debt securities are held on behalf of the following Beneficial Owners:

Name	Tax identification number	Residence for tax purposes	Quantity of Securities	Legal basis of the exemption from withholding tax	
				Code (*)	Legislation(**)

(*) Indicate the legal basis of the exemption from withholding tax in accordance with the following table:

Code	Legal basis of the exemption
1	Special tax Regime approved by the Decree Law 193/2005, 7th of November
2	Art. 90 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
3	Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
4	Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities
5	Art. 14 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
6	Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E)
7	Art. 22 – A of EBF – Venture Capital Investments Funds
8	Art. 24 of EBF – Stock Savings Funds (FPA)
9	Other legislation

(**) The fulfilment of this column is mandatory when the code "9" is indicated in the previous column.

Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21st June, 2005 (the "*Laws*") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3rd June, 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "*Territories*"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1st July, 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15%.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005 (the "*Law*") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10%.

EU Directive on Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg are required (unless during that period they elect otherwise) to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 15 per cent. for the first three years from application of the provisions of such directive, of 20 per cent. for the subsequent three years, and of 35

per cent. from the seventh year after application of the provisions of such directive. This Directive has been implemented in French law under article 242 of the French Tax Code by a law dated 30th December, 2003 amending the 2003 budget (*Loi de finances rectificative pour 2003*) and by a law dated 30th December, 2004 amending the 2004 budget (*Loi de finances rectificative pour 2004*). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the "*Programme Agreement*") dated 2nd March, 2007, agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes, Clearing and Payments*" and "*Terms and Conditions*". In the Programme Agreement, the Issuers and the Guarantor have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

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 the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, 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.

If the TEFRA C Rules apply to the Notes in bearer form (as specified in the applicable Final Terms), each Dealer understands that, and each further Dealer appointed under the Programme will be required to understand that, under the TEFRA C Rules, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or the prospective purchaser is within the United States or its possessions or otherwise involve a U. S. office of the Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA C Rules.

If the TEFRA D Rules apply to the Notes in bearer form (as specified in the applicable Final Terms), except to the extent permitted under the TEFRA D Rules, (i) each Dealer has represented, and each further Dealer appointed under the Programme will be required to represent, that (a) it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its

possessions or to a United States person, and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Definitive Notes in bearer form that are sold during the restricted period, (ii) each Dealer has represented, and each further Dealer appointed under the Programme will be required to represent, that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules, (iii) if it is a United States person, each Dealer has represented, and each further Dealer appointed under the Programme will be required to represent, that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6), and (iv) with respect to each affiliate that acquires Notes in bearer form from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer has repeated and confirmed the representations and agreements contained in (i), (ii) and (iii) above on such affiliate's behalf. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes to be issued by the Issuer acting through its Cayman Islands Branch, BPI Cayman or BPI Capital 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 ("FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or, in the case of Notes issued by a Cayman Issuer, the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Cayman Islands

The Issuers are prohibited from making an invitation to the public in the Cayman Islands to subscribe for the Notes, unless the Notes are listed on the Cayman Islands Stock Exchange. No such invitation is made by this Prospectus or any Final Terms or any supplement to the Prospectus to any of the foregoing. Each Dealer has represented and agreed, and each further 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "*FIEL*") and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

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 Dealer has represented and agreed, and each further 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 Prospectus 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, published in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuers or any Dealer to publish a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "*Prospectus Directive*" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France

Each of the Dealers and the Issuers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the *Code monétaire et financier*. This Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

In the following jurisdiction, prior to the date on which the Prospectus Directive is implemented in the relevant jurisdiction, the following restrictions shall apply:

Portugal

No document, circular, advertisement or any offering material in relation to any Notes has been or will be approved by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the "CMVM"). Each Dealer has represented and agreed that: (i) it has not, directly or indirectly, taken any action or offered, advertised, distributed, submitted to an investment gathering procedure, sold or delivered and will not, directly or indirectly, offer, advertise, distribute, submit to an investment gathering procedure, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer of securities pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "CVM") or in circumstances which could qualify as an issue or public placement of securities in the Portuguese market or addressed to Portuguese residents or to entities having a permanent establishment in the Portuguese territory; and (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any documents, circulars, advertisements or any offering material in relation to the Notes in The Portuguese Republic except in accordance with all applicable laws and regulations, namely, the provisions of the CVM, the regulations issued by CMVM and Directive 2003/71/EC of the European Parliament and of the Council of 4th November, 2003. Should any Dealer directly or indirectly offer, advertise, distribute, submit to an investment gathering procedure sell, re-sell, re-offer or deliver any Notes issued by the Issuers in circumstances which could qualify as a private offer pursuant to the CVM, information in respect thereof must be provided to the CMVM, for statistic purposes.

Mexico

The Notes have not been registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) and, therefore, the Notes may not be offered or sold publicly in Mexico, save if the applicable registration is obtained. The Notes, however, may be offered in Mexico to institutional and accredited investors, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*).

General

Each Dealer has agreed, and each further 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 Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of Banco BPI, S.A. dated 7th December, 2000 and approved by the Supervisory Board of Banco BPI, S.A. on 7th December, 2000. The update and maintenance of the Programme and the addition of BPI Cayman and BPI Capital as an issuer, the addition of Banco BPI, S.A. through its Cayman Islands Branch in its capacity as Guarantor and the addition and issue of the Interbolsa Notes have been duly authorised by a resolution of the Board of Directors of Banco BPI, S.A. dated 24 January, 2008 and approved by a resolution of the Executive Committee of the Board of Directors of Banco BPI, S.A. dated 8 February, 2008 by resolution of the Board of Directors of BPI Cayman dated 8 February, 2008 and by resolution of the Board of Directors of BPI Capital dated 15 February, 2008.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by each of Banco BPI, S.A and BPI Cayman for its general corporate purposes and BPI Capital will lend the net proceeds from each issue of Notes by it to other entities within the BPI Group. If, in respect of any particular issue there is a particular identified use of proceeds, this will be in the applicable Final Terms.

Significant or Material Change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of any Issuer, the Guarantor or the BPI Group since 31st December, 2007 or material adverse change in the financial position or prospects of (i) Banco BPI, S.A. or the Guarantor since 30th June, 2007 or (ii) either of the Cayman Issuers since 31st December, 2006.

Litigation

There are no, nor have there been any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which any of the Issuers or the Guarantor are aware) during the previous 12 months which have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuers, the Guarantor or the BPI Group.

Ratings Information

The rating definitions found on page 202 of the Prospectus have been sourced from the websites of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., Moody's Rating Services Ltd. and Fitch Ratings. As far as the Issuers are aware and are able to ascertain from the ratings information published by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., by Moody's Rating Services Ltd. and by Fitch Ratings, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Auditors

Deloitte & Associados SROC, S.A., associated with *Ordem dos Revisores Oficiais de Contas ("OROC")* under nr. 43 and registered with *Comissão do Mercado de Valores Mobiliários ("CMVM")* under nr. 231, have audited the accounts of Banco BPI, S.A. in accordance with generally accepted auditing standards in Portugal for the half-year ended 30th June, 2007, for the year ended 31st December, 2006, , and for the year ended 31st December 2005. These auditors' reports were unqualified.

Deloitte & Touche, a member of the Cayman Islands Society of Professional Accountants, have audited the accounts of BPI Cayman in accordance with generally accepted auditing standards in Portugal for the years ended 31st December, 2006 and 31st December, 2005. These auditors' reports were unqualified but included emphasis paragraphs as described below.

A summary of the auditors' report on the financial statements for the year ended 31st December, 2005 is as follows:

- Emphasis paragraph related to the transition to Adjusted Accounting Standards, including the following main aspects:
 - in 2005 BPI Cayman adopted for the first time the Adjusted Accounting Standards established by the Bank of Portugal in preparing its financial statements;
 - BPI Cayman followed the requirements of IFRS 1, in the transition process from the previous accounting policies (Chart of Accounts for the Portuguese Banking System or Plano de Contas para o Sistema Bancário ("PCSB")) to the Adjusted Accounting Standards, the transition date being 1st January, 2004;
 - the main differences between the Adjusted Accounting Standards and the International Financing Reporting Standards as endorsed by the European Union are explained in Note 2 to the financial statements;
 - the financial information as of 31st December, 2004 and for the year ended, presented previously in accordance with PCSB, has been restated for comparison purposes, to the Adjusted Accounting Standards, except as regards IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement), which were applied for the first time in the financial statements for the year beginning 1st January, 2005, as allowed by IFRS 1; and
 - the additional disclosures required regarding the transition process to the Adjusted Accounting Standards established by the Bank of Portugal are included in Note 3 to the financial statements.

Deloitte & Associados SROC, S.A. have audited the accounts of BPI Capital in accordance with generally accepted auditing standards in Portugal for the years ended 31st December, 2006 and 31st December, 2005. These auditors' reports were unqualified but included emphasis paragraphs as described below.

A summary of the auditors' report on the financial statements for the year ended 31st December, 2006 is as follows:

- Emphasis paragraph related to the transition to Adjusted Accounting Standards, including the following main aspects:
 - in 2006 BPI Capital adopted for the first time the Adjusted Accounting Standards established by the Bank of Portugal in preparing its financial statements;
 - the main differences between the Adjusted Accounting Standards and the International Financing Reporting Standards as endorsed by the European Union are explained in Note 2 to the financial statements;
 - BPI Capital followed the requirements of IFRS 1, in the transition process from the previous accounting policies (Chart of Accounts for the Portuguese Banking System or Plano de Contas para o Sistema Bancário ("PCSB")) to the Adjusted Accounting Standards, the transition date being 1st January, 2005;

- the financial information as of 31st December, 2005 and for the year ended, presented previously in accordance with PCSB, has been restated for comparison purposes, to the Adjusted Accounting Standards;
- the additional disclosures required regarding the transition process to the Adjusted Accounting Standards established by the Bank of Portugal are included in Note 3 to the financial statements.

Listing, Approval and Admission to Trading Information

Application has been made to the Competent Authority to approve this document as a base prospectus. Application has been made to the CSSF of the Grand Duchy of Luxembourg in its capacity as the Competent Authority under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to approve the Prospectus and application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), and to listing on the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

However, Notes may be issued pursuant to the Programme which will not be admitted to trading on the Bourse de Luxembourg (the regulated market of the Luxembourg Stock Exchange), or listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the life of the Prospectus, copies of the following documents will, when published, be available for inspection during normal business hours from the registered office of each Issuer and from the specified offices of the Paying Agents for the time being in London, Luxembourg and Lisbon:

- (i) the Programme Agreement, the Agency Agreement, the Deed of Covenant, the Guarantee, any agreement appointing a common representative and the forms of the Global Notes, the Notes in definitive form, any Receipts, any Coupons and any Talons;
- (ii) a copy of this Prospectus (which will also be available on the website of Banco BPI, S.A. (www.ir.bpi.pt));
- (iii) any future prospectuses, information memoranda and supplements to the Prospectus including Final Terms (save that the Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Paying Agent as to its holding of Notes and identity) to this Prospectus and any other documents incorporated herein or therein by reference; and
- (iv) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Banco BPI, S.A.

- (v) the constitutional documents (in English) of Banco BPI, S.A.;
- (vi) the consolidated audited financial statements of Banco BPI, S.A. and Auditors' reports contained in Banco BPI, S.A.'s Annual Report in respect of the financial years ended 31st December, 2005 and 31st December, 2006, the consolidated audited interim financial statements for the half-year ended 30th June, 2007 and the consolidated unaudited financial statement for the year ended 31st December, 2007 (each in English); and

- (vii) the most recently published audited annual financial statements of Banco BPI, S.A. (which includes consolidated and non-consolidated financial statements) and related Auditors' report and the most recently published semi-annual audited interim financial statements of Banco BPI, S.A. (each in English);

Banco BPI Cayman Ltd.

- (viii) the constitutional documents (in English) of BPI Cayman;
- (ix) the audited financial statements of BPI Cayman and Auditors' reports contained in BPI Cayman's Annual Report in respect of the financial years ended 31st December, 2005 and 31st December, 2006 and the unaudited financial statements for the year ended 31st December, 2007 (each in English); and
- (x) the most recently published audited annual financial statements of BPI Cayman and related Auditors' report (each in English);

BPI Capital Finance, Ltd.

- (xi) the constitutional documents (in English) of BPI Capital;
- (xii) the audited financial statements of BPI Capital and Auditors' reports contained in BPI Capital's Annual Report in respect of the financial years ended 31st December, 2005 and 31st December, 2006 and the unaudited financial statements for the year ended 31st December, 2007 (each in English); and
- (xiii) the most recently published audited annual financial statements of BPI Capital and related Auditors' report (each in English).

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu) and copies of the documents set out in (ii), (iii) and (iv) above can be obtained free of charge from the specified office of the relevant Paying Agent where so required by the rules of the relevant stock exchange on which any Series of Notes is to be listed.

Clearing Systems

The Global Notes and Definitive Notes will be accepted for clearance through Euroclear and CBL (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and CBL 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, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

The Interbolsa Notes will be integrated in and held through Interbolsa as operator of the CVM. The appropriate Portuguese securities code for each Tranche of Notes allocated by Interbolsa will be specified in the Final Terms.

The address of Interbolsa is Avenida da Boavista, 3433, 4100-138 Porto, Portugal.

For the time being, Interbolsa will only settle and clear Notes denominated in Euro.

Bank of Portugal Requirements

No Subordinated Notes shall be redeemed unless in compliance with the applicable capital adequacy regulations of the Bank of Portugal from time to time in force. At the date hereof, such redemption may not occur within five years from the Issue Date of the relevant Notes and may only occur with the prior consent of the Bank of Portugal.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any issues of Note except if required by any applicable laws and regulations.

Dealers transacting with the Issuers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuers and their affiliates in the ordinary course of business.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Competent Authority shall be incorporated in, and form part of, this Prospectus:

Banco BPI, S.A.

1. Commercial registry certificate (being the Portuguese equivalent of the memorandum of association) and articles of association of Banco BPI., S.A.
2. Unaudited consolidated financial statement for the financial year ended 31st December, 2007.
3. Consolidated financial statements for the financial half-year ended 30th June, 2007.
4. Annual Report 2006.
5. Annual Report 2005.

Banco BPI Cayman Ltd.

1. Memorandum and articles of association of Banco BPI Cayman Ltd.
2. Unaudited financial statement for year ended 31st December, 2007.
3. Financial statements for the financial year ended 31st December, 2006.
4. Financial statements for the financial year ended 31st December, 2005.

BPI Capital Finance, Ltd.

1. Memorandum and articles of association of Banco BPI Capital, Finance, Ltd.
2. Unaudited financial statement for year ended 31st December, 2007.
3. Financial statements for the financial year ended 31st December, 2006.
4. Financial statements for the financial year ended 31st December, 2005.

Following the publication of this Prospectus, a supplement to this Prospectus approved by the CSSF pursuant to Article 16 of the Prospectus Directive may be prepared by the Issuers (a "*Prospectus Supplement*").

Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of each Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu). Requests for such documents should be directed to any Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. (acting in its capacity as Luxembourg Listing Agent) for Notes admitted to official list and to trading on the Regulated Market on the Luxembourg Stock Exchange.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. Furthermore, each Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Prospectus, including any

modification of the terms and conditions or any material adverse change in the financial position of such Issuer, whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of such Issuer and the rights attaching to the Notes, the Issuers shall prepare an supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement to this Prospectus as such Dealer may reasonably request.

BANCO BPI, S.A.	
Information incorporated by reference	Reference
Unaudited Consolidated Financial Statement for the financial year ended 31 st December 2007	
Consolidated Balance Sheet	Page 26
Consolidated Income Statement	Page 25
Consolidated financial statements for the financial half-year ended 30th June, 2007	
Auditors' Report relating to the accounts for the half-year ended 30th June, 2007	Pages 113-114
Consolidated Balance Sheet (additional information)	Page 2
Consolidated Statements of Income (additional information)	Page 3
Consolidated Statements of Cash Flows (additional information)	Page 5
Notes to the consolidated financial statements	Pages 6-112
Annual Report 2006	
Auditors' Report relating to the accounts for the period ended 31st December, 2006	Pages 270-272
Outside Activities of the Board of Directors	Pages 362-368
Consolidated Balance Sheet (additional information)	Page 166
Consolidated Statements of Income (additional information)	Page 167
Consolidated Statements of Cash Flows (additional information)	Pages 170-171
Notes to the consolidated financial statements	Pages 173-269

BANCO BPI, S.A.	
Information incorporated by reference	Reference
Annual Report 2005	
Auditors' Report relating to the accounts for the period ended 31st December, 2005	Pages 248-250
Outside Activities of the Board of Directors	Pages 328-334
Consolidated Balance Sheet (additional information)	Pages 156
Consolidated Statements of Income (additional information)	Pages 157
Consolidated Statements of Cash Flows (additional information)	Pages 160-161
Notes to the consolidated financial statements	Pages 163-247

Banco BPI Cayman Ltd.	
Information Incorporated by Reference	Reference
Unaudited Financial Statement for the financial year ended 31 st December 2007	
Balance Sheet	Page 1
Income Statement	Page 2
Financial statements for the financial year ended 31st December, 2006	
Auditors' Report relating to the accounts for the period ended 31st December, 2006	Page 1
Balance Sheet (additional information)	Page 2
Statements of Income (additional information)	Page 3
Statements of Cash Flows (additional information)	Page 4
Notes to the financial statements	Pages 6-28
Financial statements for the financial year ended 31st December, 2005	
Auditors' Report relating to the accounts for the period ended 31st December, 2005	Page 1
Balance Sheet (additional information)	Page 2

Statements of Income (additional information)	Page 3
Statements of Cash Flows (additional information)	Page 5
Notes to the financial statements	Pages 6-22

<i>BPI Capital Finance, Ltd.</i>	
Information Incorporated by Reference	Reference
Unaudited Financial Statement for the financial year ended 31 st December 2007	
Balance Sheet	Page 1
Income Statement	Page 2
Financial statement for the financial year ended 31st December, 2006	
Auditors' Report relating to the accounts for the period ended 31st December, 2006	Page 4
Balance Sheet (additional information)	Page 6
Statements of Income (additional information)	Page 7
Statements of Cash Flows (additional information)	Page 9
Notes to the financial statements	Pages 10
Financial statement for the financial year ended 31st December, 2005	
Auditors' Report relating to the accounts for the period ended 31st December, 2005	Pages 12
Balance Sheet (additional information)	Page 2
Statements of Income (additional information)	Page 3
Statements of Cash Flows (additional information)	Page 4
Notes to the financial statements	Pages 5-11

The information incorporated by reference in this Prospectus but not listed in the cross-reference table above is given for information purposes only.

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Madeira

Banco BPI, S.A.

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Santa Maria
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Switzerland

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United Kingdom

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